



# Non-consolidated Financial Results for the Second Quarter of 2017 (Six Months Ended June 30, 2017)

[Japanese GAAP]

August 10, 2017

Company name: Nomura System Corporation Co., Ltd.

Listing: Tokyo Stock Exchange (JASDAQ)

Stock code: 3940

URL: <http://www.nomura-system.co.jp>

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Scheduled date of filing of Quarterly Report:

August 10, 2017

Scheduled date of dividend payment:

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Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

Yes (for institutional investors and analysts)

(All amounts are rounded off to the nearest million yen)

## 1. Financial Results for the Second Quarter (January 1 to June 30, 2017) of 2017

### (1) Results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Jun. 30, 2017	1,239	4.8	209	26.6	207	25.5	147	48.5
Six months ended Jun. 30, 2016	1,182	-	165	-	165	-	99	-

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Jun. 30, 2017	26.42	25.48
Six months ended Jun. 30, 2016	23.17	-

Notes: 1. As Nomura System Corporation ("Nomura System") did not prepare a quarterly financial statement for 2015, the year-on-year changes for the six months ended June 30, 2016 are not indicated.

2. Nomura System conducted a 100-for-1 common stock split on May 27, 2016 and a 3-for-1 common stock split on July 1, 2017. Net income per share and diluted net income per share have calculated as if these stock splits had taken place at the beginning of 2016.

3. Diluted net income per share for the six months ended June 30, 2016 is not indicated. Although there were residual securities, it is not possible to determine an average stock price because the Company's stock was listed on the Tokyo Stock Exchange, JASDAQ Market on September 16, 2016.

### (2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2017	2,193	1,897	86.5
As of Dec. 31, 2016	2,277	1,934	84.9

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2017: 1,896 As of Dec. 31, 2016: 1,934

## 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Dec. 31, 2016	-	0.00	-	102.00	102.00
Year ending Dec. 31, 2017	-	0.00	-	-	-
Year ending Dec. 31, 2017 (Forecast)	-	-	-	-	-

Notes: 1. Revisions to the most recently announced dividend forecast: None

2. Breakdown of the 2016 dividend: Ordinary dividend: 51.00 yen; Commemorative dividend: 51.00 yen

3. Nomura System conducted a 3-for-1 common stock split on July 1, 2017. The year-end dividend per share for 2016 has not been adjusted to reflect this stock split.

4. The dividend forecast for 2017 is undecided. Based on the December 2016 policy of constant and stable dividend returns, Nomura System plans to pay dividends targeting a payout ratio greater than 40%.

## 3. Forecast for 2017 (January 1 to December 31, 2017)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,501	2.4	337	7.7	335	7.4	204	4.9	36.63

Notes: 1. Revisions to the most recently announced forecast: None

2. Nomura System conducted a 3-for-1 common stock split on July 1, 2017. Net income per share has been calculated as if this stock split had taken place at the beginning of 2017.

**\* Notes**

(1) Application of special accounting methods for presenting quarterly financial statements: None

(2) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Jun. 30, 2017:	5,576,100 shares	As of Dec. 31, 2016:	5,558,400 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2017:	165 shares	As of Dec. 31, 2016:	0 share
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3) Average number of shares outstanding during the period

Six months ended Jun. 30, 2017:	5,565,918 shares	Six months ended Jun. 30, 2016:	4,273,467 share
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Note: Nomura System conducted a 100-for-1 common stock split on May 27, 2016 and a 3-for-1 common stock split on July 1, 2017. Number of shares has been calculated as if these stock splits had taken place at the beginning of 2016.

\* The current quarterly financial report is not subject to quarterly review procedures.

\* Cautionary statement with respect to forward-looking statements, and other special items

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to the management, but are not promises by Nomura System regarding future performance. Actual results may differ materially from the forecasts for a number of reasons.

\* Disclosure of the information meeting materials

Nomura System plans to hold a financial results meeting for institutional investors and analysts on Friday, August 18, 2017. Materials to be distributed at this event will be available on the Company's website immediately thereafter.

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**1. Quarterly Financial Statements and Notes****(1) Quarterly Balance Sheet**

(Thousands of yen)

	2016 (As of Dec. 31, 2016)	Second Quarter of 2017 (As of Jun. 30, 2017)
Assets		
Current assets		
Cash and deposits	1,828,785	1,818,721
Accounts receivable-trade	372,696	302,047
Work in process	7,012	6,074
Other	20,324	20,494
Total current assets	2,228,816	2,147,336
Non-current assets		
Property, plant and equipment	12,904	10,885
Intangible assets	218	218
Investments and other assets	35,300	34,134
Total non-current assets	48,423	45,238
Total assets	2,277,238	2,192,574
Liabilities		
Current liabilities		
Accounts payable-trade	204,279	161,489
Income taxes payable	74,407	81,806
Other	61,109	49,321
Total current liabilities	339,794	292,616
Non-current liabilities		
Asset retirement obligations	3,423	3,442
Total non-current liabilities	3,423	3,442
Total liabilities	343,217	296,058
Net assets		
Shareholders' equity		
Capital stock	290,207	292,420
Capital surplus	246,707	248,920
Retained earnings	1,397,107	1,355,175
Treasury stock	-	(202)
Total shareholders' equity	1,934,022	1,896,313
Stock acquisition rights	-	203
Total net assets	1,934,022	1,896,516
Total liabilities and net assets	2,277,238	2,192,574

**(2) Quarterly Statement of Income**  
**(For the Six-month Period)**

	(Thousands of yen)	
	First six months of 2016 (Jan. 1 – Jun. 30, 2016)	First six months of 2017 (Jan. 1 – Jun. 30, 2017)
Net sales	1,182,303	1,238,700
Cost of sales	872,366	881,437
Gross profit	309,937	357,264
Selling, general and administrative expenses	145,018	148,396
Operating income	164,919	208,868
Non-operating income		
Interest income	123	8
Other	213	0
Total non-operating income	336	9
Non-operating expenses		
Valuation loss on investment securities	-	1,645
Other	131	9
Total non-operating expenses	131	1,654
Ordinary income	165,124	207,223
Extraordinary income		
Gain on sale of fixed assets	577	-
Total extraordinary income	577	-
Profit before income taxes	165,701	207,223
Income taxes-current	63,571	59,300
Income taxes-deferred	3,114	869
Total income taxes	66,685	60,168
Profit	99,016	147,054

**(3) Quarterly Statement of Cash Flows****(For the Six-month Period)**

	(Thousands of yen)	
	First six months of 2016 (Jan. 1 – Jun. 30, 2016)	First six months of 2017 (Jan. 1 – Jun. 30, 2017)
Cash flows from operating activities		
Net income before income taxes	165,701	207,223
Depreciation and amortization	2,310	2,019
Loss (gain) on sales of property, plant and equipment	(577)	-
Loss (gain) on valuation of investment securities	-	1,645
Decrease (increase) in accounts receivable-trade	20,501	70,649
Decrease (increase) in inventories	(104)	938
Increase (decrease) in accounts payable-trade	(15,385)	(42,789)
Increase (decrease) in accrued consumption taxes	(3,509)	(1,446)
Other	(3,454)	(12,209)
Subtotal	165,483	226,029
Income taxes paid	(57,431)	(51,594)
Net cash provided by operating activities	108,052	174,435
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,440)	-
Proceeds from sales of property, plant and equipment	4,167	-
Net cash used in investing activities	(7,273)	-
Cash flows from financing activities		
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	10,125	4,425
Purchase of treasury stock	-	(202)
Dividend paid	-	(188,721)
Net cash provided by (used in) financing activities	10,125	(184,499)
Increase (decrease) in cash and cash equivalents	110,904	(10,063)
Cash and cash equivalents at beginning of period	1,264,137	1,828,785
Cash and cash equivalents at end of period	1,375,041	1,818,721

**(3) Notes to Quarterly Financial Statements**

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

*This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*