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February 7, 2017

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2017 <under Japanese GAAP>

Company name: **DTS Corporation**
Stock listing: Tokyo Stock Exchange, First Section
Stock code: 9682
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Scheduled date to file quarterly securities report: February 10, 2017
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(Million yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2017 (from April 1, 2016 to December 31, 2016)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2016	57,739	(4.0)	5,563	0.2	5,708	1.1	3,671	(6.4)
December 31, 2015	60,159	12.2	5,553	27.5	5,646	27.3	3,922	60.2

Note: Comprehensive income
Nine months ended December 31, 2016: ¥4,010 million [0.7%]
Nine months ended December 31, 2015: ¥3,982 million [56.1%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2016	159.37	–
December 31, 2015	168.56	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
December 31, 2016	53,742	42,168	75.6
March 31, 2016	55,131	40,355	70.4

Reference: Equity
As of December 31, 2016: ¥40,614 million As of March 31, 2016: ¥38,814 million

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	–	20.00	–	40.00	60.00
Fiscal year ending March 31, 2017	–	25.00	–		
Fiscal year ending March 31, 2017 (Forecasts)				35.00	60.00

Note: Revisions to the forecasts of dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2017	78,000	(5.5)	7,000	(7.9)	7,100	(7.9)	4,500	3.6	195.35

Note: Revisions to the earnings forecasts most recently announced: None

* Notes

(1) Changes in significant subsidiaries during the nine months under review (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of specific accounting for preparing quarterly consolidated financial statements: Yes

Note: For the details, please refer to '(1) Application of specific accounting for preparing quarterly consolidated financial statements in 2. Matters Regarding Summary Information (Notes)' on page 5 of the attached materials.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: None
d. Restatement of prior period financial statements after error corrections: None

Note: For the details, please refer to '(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections in 2. Matters Regarding Summary Information (Notes)' on page 5 of the attached materials.

(4) Number of issued shares (common stock)

a. Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2016	25,222,266 shares
As of March 31, 2016	25,222,266 shares

b. Number of treasury shares at the end of the period

As of December 31, 2016	2,246,861 shares
As of March 31, 2016	1,997,593 shares

c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2016	23,034,501 shares
Nine months ended December 31, 2015	23,270,593 shares

* **Indication regarding execution of quarterly review procedures**
  The completion of quarterly review procedures in accordance with the Financial Instruments and Exchange Act is not required for preparing this quarterly financial results report. At the time of disclosure of this quarterly financial results report, the review procedures for quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act are incomplete.

* **Proper use of earnings forecasts, and other special matters**
  The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors.
  For matters regarding the above earnings forecasts, please refer to '(3) Information regarding consolidated earnings forecasts and other forward-looking statements' in '1. Qualitative Information Regarding Settlement of Accounts for the First Nine Months,' on page 4 of the attached materials.

Attached Materials

Contents

1. Qualitative Information Regarding Settlement of Accounts for the First Nine Months

(1) Information regarding consolidated operating results

In the nine months under review, the Japanese economy recovered at a moderate pace due to improvements in corporate capital investment and the employment environment. However, the outlook has remained uncertain due mainly to rising uncertainty in overseas economies in association with regime changes in the USA and the UK, as well as fluctuations in financial and capital markets.

With regard to the environment surrounding the information services industry, investment in information technology increased at a moderate pace, supported by improving corporate earnings. Although there are slowdown concerns, investment is projected to remain firm going forward.

Amid this environment, the DTS Group is working toward achieving three “Changes”: Management innovation, Business reform and Marketing reform, guided by the vision of “Creating New Value Change! for the Next” under the medium-term management plan (April 2016 to March 2019). Specifically, through executing the corresponding key activities of “introducing segment-specific growth strategies,” “implementing corporate reorganization” and “accelerating management activities,” the Group is focusing on strengthening marketing capability and SI capability, carrying out initiatives for new business, enhancing the management foundation, and strengthening the overall capabilities of all group companies.

The Group forecasts a decline in sales year on year for the fiscal year under review due to the impacts of the end of the peak of large-scale system integration projects for banks and transfer of part of the staffing services business of DATALINKS CORPORATION, but will work to drive further sustained growth in order to achieve the plan’s final year financial targets of net sales of ¥90.0 billion or higher and an operating margin of 9% or higher.

In the fiscal year under review, the first year of the medium-term management plan, as part of its focus on strengthening its marketing capability, the Company established the Sales Sector in April 2016 to change the Company’s sales structure from one based on individual business sectors to a company-wide cross-sectional sales structure and took steps to enhance marketing resources and strengthen account marketing and solution marketing. Through such changes the Company is proceeding to expand its business so that in addition to its existing contracted-out business model it will also operate business centered on an SI solutions service model.

With respect to “strengthening SI capability,” the Group has reorganized business units into segments that take into account the synergies of businesses, technologies and human resources in order to respond rapidly to changes in the market environment. The Group is now reinforcing group management in order to fully utilize its strengths in each segment, such as new business creation tailored to their specific characteristics. Moreover, as part of reforming the business model, the Company has established a development system that is able to serve as a one-stop service provider for all services ranging from application development to system infrastructure architecture by assigning system infrastructure engineers to the Financial Sector and the Enterprise and Communication Sector. As part of efforts to enhance cost competitiveness, the Company is promoting cooperation with DTS SOFTWARE VIETNAM CO., LTD in an effort to increase its utilization of off-shore resources for the Company’s solutions development and other operations.

With respect to “carrying out initiatives for new business,” the Company newly established the Solution Sector to enhance solution and service provision-based businesses in April 2016 and strengthened planning and development system for new solutions. Concerning a hybrid-type sales management solution called Xsi:d+, a 3D presentation system for the construction industry called Walk in home 16, and a BI dashboard* called GalleriaSolo, for which sales were launched during the current fiscal year, the Company pursued sales growth through initiatives such as having booths at exhibitions and holding seminars. DTS WEST CORPORATION received the special award at the “MCPC award 2016” held by the Mobile Computing Promotion Consortium for the medical application for smartphones developed in coordination with hospitals and local governments, etc. In relation to FinTech, the Company performed demonstrative experiments of regional virtual currency in collaboration with regional financial institutions and other companies, and is otherwise working to create new businesses. Furthermore, in relation to IoT and AI, the Company started demonstration experiments of predictive maintenance of equipment, such as prediction of equipment failure, and has been strengthening cooperation with industrial equipment-related companies and others. In fields such as FinTech, IoT, AI and big data utilization, the Group continues to invest strategically and conducts research and development.

Note: BI dashboards are used to quickly communicate complex information by gathering data from various sources and presenting it in graphical form such as charts, maps and graphs for analysis.

With regard to “enhancing the management foundation,” the Company has newly established the Service Management Department, and developed the internal management structure in order to ensure smooth responses to changes to the business environment such as revisions to the Worker Dispatching Act. Furthermore, the Group has been focusing on improving business processes for the purpose of enhancing management efficiency and speeding up management decision-making. In addition, the Company is preparing to relocate headquarters and consolidate operating bases in order to improve productivity by reforming the way of working, enhancing links between organizations, etc. In October 2016, amid a dramatically changing pension system environment, the Company commenced operation of its own new corporate pension scheme as part of its policy to be a corporation that provides job satisfaction to its employees, and is now working to expand the scope of the scheme to Group companies.

With regard to “strengthening the overall capabilities of all group companies,” the Company has been preparing for the merger of YOKOGAWA DIGITAL COMPUTER CORPORATION and ART System Co., Ltd., which is scheduled in April 2017, with the aim of strengthening our embedding business. Through this merger, the Company is working towards further business expansion, with the aim of building efficient operating framework, expanding the customer base in the medical- and automobile-related markets, and enhancing competitiveness.

As a result of the above, the Group reported net sales of ¥57,739 million for the nine months under review, a decrease of 4.0% year on year. The decrease in sales mainly reflected the impacts of the end of the peak of large-scale system integration projects for banks and the transfer of part of the staffing services business.

Gross profit rose by 3.5% year on year to ¥11,405 million. This mainly reflected the improvement in the cost ratios by reinforcing project management.

Selling, general and administrative expenses increased by 7.0% year on year to ¥5,841 million, mainly reflecting strengthening sales structure.

Consequently, operating income was ¥5,563 million, up 0.2% year on year, ordinary income was ¥5,708 million, up 1.1% year on year, and profit attributable to owners of parent was ¥3,671 million, down 6.4% year on year, mainly reflecting gain on the transfer of part of the staffing services business and the booking of gain on the sale of land and buildings in the same period of the previous fiscal year.

(Million yen)

	Consolidated	Year-on-year change (%)	Non-consolidated (Reference)	Year-on-year change (%)
Net sales	57,739	(4.0)	40,925	(0.7)
Operating income	5,563	0.2	5,026	6.6
Ordinary income	5,708	1.1	5,267	8.9
Profit attributable to owners of parent	3,671	(6.4)	–	–
Profit (Non-consolidated)	–	–	3,698	1.5

<Breakdown of net sales>

(Million yen)

	Consolidated	Ratio (%)
Finance and Public Sector	21,663	37.5
Corporate, Communications and Solutions	13,993	24.2
Operation BPO	9,036	15.7
Regional, Overseas, Etc.	13,046	22.6
Total	57,739	100.0

Summaries of the operational conditions of each segment are as follows.

Finance and Public Sector Segment
Although there were impacts of the end of the peak of large-scale system integration projects for banks, development projects for the financial industry such as life insurance companies and securities companies and for local governments were firm. As a result, sales in this segment totaled ¥21,663 million.

Corporate, Communications and Solutions Segment
Although performance was poor in terms of securing development projects for the telecommunications and manufacturing industries, etc., projects were steady in the ERP solution introduction support field and the in-vehicle and broadcast equipment embedding field. As a result, sales in this segment totaled ¥13,993 million.

Operation BPO Segment
Although system operation and maintenance projects for the financial industries, etc. declined, system operation and maintenance services as well as operational support were firm in industries such as information and telecommunications and government agencies. As a result, sales in this segment totaled ¥9,036 million.

Regional, Overseas, Etc. Segment
Sales of equipment and related infrastructure architecture projects were firm. However, as a result of the poor performance in securing new regional and overseas projects and the transfer of part of the staffing services business of DATALINKS CORPORATION, sales in this segment totaled ¥13,046 million.

(2) Information regarding consolidated financial position

Total assets as of December 31, 2016 were ¥53,742 million, a decrease of ¥1,389 million from the previous fiscal year-end. The main factors for this were increases of ¥798 million in work in process and ¥1,373 million in investment securities included in other under investments and other assets on one hand, and decreases of ¥1,996 million in notes and accounts receivable - trade and ¥1,528 million in cash and deposits on the other hand.

Liabilities were ¥11,573 million, a decrease of ¥3,202 million from the previous fiscal year-end. The main factors for this were decreases of ¥1,771 million in provision for bonuses, ¥1,055 million in allowance for loss on employees' pension fund withdrawal, and ¥448 million in accounts payable - trade.

Net assets were ¥42,168 million, an increase of ¥1,812 million from the previous fiscal year-end. Although there was an increase of ¥549 million in treasury shares, this was offset by an increase in retained earnings due to ¥3,671 million in profit attributable to owners of parent, despite a decrease of ¥1,503 million of dividends of surplus.

(3) Information regarding consolidated earnings forecasts and other forward-looking statements

With respect to the future outlook, the recovery trend in the economy is expected to continue. However, there are concerns of a slowdown due to rising uncertainties in overseas economies and developments in financial and capital markets. As a result, the outlook is unclear for investment in information technology by customer companies.

In accordance with the above, there is no change from the earnings forecasts announced on May 12, 2016.

2. Matters Regarding Summary Information (Notes)

(1) Application of specific accounting for preparing quarterly consolidated financial statements

Taxes are calculated first by reasonably estimating the effective tax rate after applying tax effect accounting against profit before income taxes for the fiscal year including the third quarter under review, and next by multiplying the quarterly profit before income taxes by such estimated effective tax rate.

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

Changes in accounting policies

(Application of Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016)

Following the revision to the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016” (ASBJ PITF No. 32, June 17, 2016) from the first quarter ended June 30, 2016, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

This has immaterial effect on profit or loss.

3. Quarterly Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousand yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	30,491,032	28,962,278
Notes and accounts receivable - trade	13,576,801	11,579,854
Merchandise and finished goods	200,470	243,531
Work in process	516,097	1,314,467
Raw materials and supplies	33,385	37,171
Other	2,283,953	2,585,898
Allowance for doubtful accounts	(8,693)	(6,905)
Total current assets	47,093,046	44,716,297
Non-current assets		
Property, plant and equipment	3,264,763	3,204,903
Intangible assets		
Goodwill	868,051	571,128
Other	607,390	509,775
Total intangible assets	1,475,441	1,080,904
Investments and other assets		
Other	3,303,262	4,760,586
Allowance for doubtful accounts	(4,647)	(20,427)
Total investments and other assets	3,298,615	4,740,159
Total non-current assets	8,038,820	9,025,967
Total assets	55,131,867	53,742,265

(Thousand yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	4,781,841	4,333,329
Income taxes payable	1,802,067	1,356,866
Provision for bonuses	3,166,222	1,394,869
Provision for directors' bonuses	67,642	45,171
Provision for loss on order received	24,280	2,970
Allowance for loss on employees' pension fund withdrawal	1,231,962	176,760
Other	3,040,132	3,535,593
Total current liabilities	14,114,148	10,845,561
Non-current liabilities		
Provision for directors' retirement benefits	57,818	66,790
Net defined benefit liability	433,969	421,818
Other	169,933	239,143
Total non-current liabilities	661,721	727,752
Total liabilities	14,775,869	11,573,314
Net assets		
Shareholders' equity		
Capital stock	6,113,000	6,113,000
Capital surplus	6,190,917	6,166,328
Retained earnings	28,865,886	31,033,602
Treasury shares	(2,649,308)	(3,199,281)
Total shareholders' equity	38,520,495	40,113,649
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	297,200	512,318
Foreign currency translation adjustment	68,207	2,545
Remeasurements of defined benefit plans	(71,168)	(14,207)
Total accumulated other comprehensive income	294,239	500,656
Non-controlling interests	1,541,262	1,554,644
Total net assets	40,355,997	42,168,951
Total liabilities and net assets	55,131,867	53,742,265

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income (cumulative)

(Thousand yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	60,159,967	57,739,979
Cost of sales	49,145,271	46,334,406
Gross profit	11,014,695	11,405,572
Selling, general and administrative expenses	5,461,147	5,841,765
Operating income	5,553,548	5,563,807
Non-operating income		
Interest income	11,646	7,291
Dividend income	39,482	47,295
Foreign exchange gains	3,992	37,672
Other	39,182	73,264
Total non-operating income	94,304	165,524
Non-operating expenses		
Interest expenses	894	1,665
Loss on investments in partnership	–	7,982
Other	591	11,651
Total non-operating expenses	1,485	21,299
Ordinary income	5,646,367	5,708,031
Extraordinary income		
Gain on sales of non-current assets	1,160,924	–
Gain on transfer of business	–	161,287
Other	23,775	97
Total extraordinary income	1,184,699	161,385
Extraordinary losses		
Loss on sales of non-current assets	558,160	32
Loss on retirement of non-current assets	8,895	741
Office transfer expenses	244	–
Provision for loss on employees’ pension fund withdrawal	–	176,760
Other	–	35,156
Total extraordinary losses	567,300	212,691
Profit before income taxes	6,263,766	5,656,725
Income taxes	2,258,028	1,853,467
Profit	4,005,737	3,803,257
Profit attributable to non-controlling interests	83,200	132,166
Profit attributable to owners of parent	3,922,537	3,671,090

Consolidated statements of comprehensive income (cumulative)

(Thousand yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	4,005,737	3,803,257
Other comprehensive income		
Valuation difference on available-for-sale securities	(21,974)	214,860
Foreign currency translation adjustment	(6,848)	(65,661)
Remeasurements of defined benefit plans, net of tax	5,348	57,704
Total other comprehensive income	(23,474)	206,903
Comprehensive income	3,982,263	4,010,160
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,897,599	3,877,507
Comprehensive income attributable to non-controlling interests	84,664	132,652

(3) Consolidated statements of cash flows

(Thousand yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Cash flows from operating activities		
Profit before income taxes	6,263,766	5,656,725
Depreciation	384,647	335,654
Amortization of goodwill	372,062	318,283
Increase (decrease) in provision for bonuses	(1,632,153)	(1,769,718)
Increase (decrease) in provision for directors' bonuses	(24,275)	(22,470)
Increase (decrease) in provision for loss on order received	88,179	(21,310)
Increase (decrease) in allowance for loss on employees' pension fund withdrawal	–	(1,055,201)
Increase (decrease) in provision for directors' retirement benefits	5,897	8,972
Increase (decrease) in net defined benefit liability	25,031	71,309
Loss on sales of non-current assets	558,160	32
Gain on sales of non-current assets	(1,160,924)	–
Decrease (increase) in notes and accounts receivable - trade	1,424,339	1,988,799
Decrease (increase) in inventories	(1,025,062)	(845,359)
Increase (decrease) in notes and accounts payable - trade	81,652	(445,390)
Other, net	242,484	29,304
Subtotal	5,603,804	4,249,631
Interest and dividend income received	49,440	52,163
Interest expenses paid	(4,770)	(1,256)
Income taxes paid	(2,741,301)	(2,410,801)
Net cash provided by (used in) operating activities	2,907,173	1,889,736
Cash flows from investing activities		
Purchase of property, plant and equipment	(210,367)	(82,465)
Proceeds from sales of property, plant and equipment	6,096,690	150
Purchase of intangible assets	(136,098)	(130,758)
Purchase of investment securities	(75,884)	(1,091,317)
Proceeds from sales of investment securities	74,114	181
Payments into time deposits	(170,172)	(370,201)
Proceeds from withdrawal of time deposits	70,153	370,181
Proceeds from transfer of business	–	161,287
Other, net	874	(37,518)
Net cash provided by (used in) investing activities	5,649,310	(1,180,461)
Cash flows from financing activities		
Cash dividends paid	(1,283,145)	(1,497,735)
Dividends paid to non-controlling interests	(22,522)	(29,073)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(136,089)
Purchase of treasury shares	(726,579)	(551,072)
Other, net	(30,168)	–
Net cash provided by (used in) financing activities	(2,062,416)	(2,213,970)
Effect of exchange rate change on cash and cash equivalents	874	(24,078)
Net increase (decrease) in cash and cash equivalents	6,494,942	(1,528,773)
Cash and cash equivalents at beginning of period	21,728,531	30,120,850
Cash and cash equivalents at end of period	28,223,473	28,592,077

(4) Notes to quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Notes on substantial changes in the amount of shareholders' equity)

No items to report.

(Significant subsequent events)

Absorption of the Company's operations by a consolidated subsidiary via absorption-type demerger

The Company resolved at a meeting of its Board of Directors held on February 7, 2017, to transfer its embedding business to wholly owned subsidiary YOKOGAWA DIGITAL COMPUTER CORPORATION ("YOKOGAWA DIGITAL COMPUTER") by means of a demerger with an effective date of April 1, 2017. In addition, both companies concluded an agreement for an absorption-type demerger on the same date.

1. Outline of transaction

(1) Name and business to be transferred

Name: Corporate, Communications and Solutions business

Business: All aspects of the embedding business handled by the EBS Division of the Enterprise and Communication Sector

(2) Date of transaction

April 1, 2017 (planned)

(3) Legal form of transaction

An absorption-type demerger, in which the Company will be the demerging company and YOKOGAWA DIGITAL COMPUTER will be the successor company.

(4) Name of company after transaction

DTS INSIGHT CORPORATION

(5) Other items regarding outline of transaction

1) Purpose of transaction

In accordance with the "embedding area strategy," which is one of the key strategies in the medium-term management plan started in April 2016, the Company aims to further grow the business by expanding the corporate scale to build an efficient framework, grow the customer base and establish a competitive edge in the medical and automobile-related markets.

2) Details of allotments in connection with demerger

As this demerger involves the parent company and its wholly owned subsidiary, there will be no allotment of shares or any other consideration upon this demerger.

3) Financial position in most recent fiscal year of companies involved in demerger

As of March 31, 2016

(Million yen)

	Demerging company (consolidated)	Successor company (non-consolidated)
Assets	55,131	1,370
Liabilities	14,775	699
Net assets	40,355	670

2. Outline of accounting procedures to be applied

The transaction will be accounted for as a transaction under common control in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, September 13, 2013).

4. Supplementary Information

Production, orders and sales

(1) Production

Production in the nine months under review is as follows.

Segment	Production (Thousand yen)	Year-on-year change (%)
Finance and Public Sector	21,663,127	–
Corporate, Communications and Solutions	13,993,761	–
Operation BPO	9,036,862	–
Regional, Overseas, Etc.	13,046,227	–
Total	57,739,979	–

Notes: 1. The amounts presented above are selling prices, and do not include consumption taxes. Inter-segment transactions have been eliminated.

2. Effective from the first quarter ended June 30, 2016, the Group has reclassified its reportable segments due to the reorganization of the Group. The previous two reportable segments, "Information Service" and "Human Resource Service" have been reclassified as four reportable segments, "Finance and Public Sector," "Corporate, Communications and Solutions," "Operation BPO," and "Regional, Overseas, Etc."

Year-on-year change in production for the reportable segments has been omitted due to practical difficulties in preparing adjusted figures for the nine months ended December 31, 2015 based on the new classifications.

3. Production based on the previous reportable segment classification is shown below. As the scope of aggregation for production has changed along with the changes in the reportable segments, the total production below does not match the total based on the reportable segment classification for the nine months under review.

Segment and services		Production (Thousand yen)	Year-on-year change (%)
Information Service	System Engineering Services	42,116,263	(2.9)
	Operation Engineering Services	10,535,913	5.7
Total		52,652,177	(1.3)

Note: The amounts presented above are selling prices, and do not include consumption taxes. Inter-segment transactions have been eliminated.

(2) Orders

Orders in the nine months under review are as follows.

Segment	Order volume (Thousand yen)	Year-on-year change (%)	Order backlog (Thousand yen)	Year-on-year change (%)
Finance and Public Sector	15,154,162	–	6,125,127	–
Corporate, Communications and Solutions	13,094,672	–	4,408,984	–
Operation BPO	2,672,658	–	2,902,712	–
Regional, Overseas, Etc.	12,755,011	–	2,892,474	–
Total	43,676,504	–	16,329,299	–

Notes: 1. The amounts presented above are selling prices, and do not include consumption taxes. Inter-segment transactions have been eliminated.

2. Effective from the first quarter ended June 30, 2016, the Group has reclassified its reportable segments due to the reorganization of the Group. The previous two reportable segments, "Information Service" and "Human Resource Service" have been reclassified as four reportable segments, "Finance and Public Sector," "Corporate, Communications and Solutions," "Operation BPO," and "Regional, Overseas, Etc."

Year-on-year changes in order volume and order backlog for the reportable segments have been omitted due to practical difficulties in preparing adjusted figures for the nine months ended December 31, 2015 based on the new classifications.

3. Orders based on the previous reportable segment classifications are shown below. As the scopes of aggregation for order volume and order backlog have changed along with the changes in the reportable segments, the total order volume and total order backlog below do not match the totals based on the reportable segment classification for the nine months under review.

Segment and services		Order volume (Thousand yen)	Year-on-year change (%)	Order backlog (Thousand yen)	Year-on-year change (%)
Information Service	System Engineering Services	34,968,034	(5.0)	12,772,765	0.5
	Operation Engineering Services	4,069,838	24.9	3,172,669	23.7
Total		39,037,873	(2.5)	15,945,435	4.4

Note: The amounts presented above are selling prices, and do not include consumption taxes. Inter-segment transactions have been eliminated.

(3) Sales

Sales in the nine months under review are as follows.

Segment	Sales (Thousand yen)	Year-on-year change (%)
Finance and Public Sector	21,663,127	–
Corporate, Communications and Solutions	13,993,761	–
Operation BPO	9,036,862	–
Regional, Overseas, Etc.	13,046,227	–
Total	57,739,979	–

Notes: 1. The amounts presented above are selling prices, and do not include consumption taxes. Inter-segment transactions have been eliminated.

2. Effective from the first quarter ended June 30, 2016, the Group has reclassified its reportable segments due to the reorganization of the Group. The previous two reportable segments, "Information Service" and "Human Resource Service" have been reclassified as four reportable segments, "Finance and Public Sector," "Corporate, Communications and Solutions," "Operation BPO," and "Regional, Overseas, Etc."

   Year-on-year change in sales for the reportable segments has been omitted due to practical difficulties in preparing adjusted figures for the nine months ended December 31, 2015 based on the new classifications.

3. Sales based on the previous reportable segment classifications are shown below.

Segment and services		Sales (Thousand yen)	Year-on-year change (%)
Information Service	System Engineering Services	42,116,263	(2.9)
	Operation Engineering Services	10,535,913	5.7
	Product Services and Others	4,202,761	(3.4)
	Subtotal	56,854,938	(1.5)
Human Resource Service	Staffing Services and Others	885,040	(64.1)
	Subtotal	885,040	(64.1)
Total		57,739,979	(4.0)

Note: The amounts presented above are selling prices, and do not include consumption taxes. Inter-segment transactions have been eliminated.