Summary of Consolidated Financial Results for the Fiscal Year ended December 31, 2013 (Japanese Accounting Standards)

February 13, 2014

Listed Company Name:	FUJISOFT INCORPORATED	Listing Exchanges:	Tokyo Stock Exchange
Securities Code:	9749	URL:	http://www.fsi.co.jp
Representative:	Satoyasu Sakashita, President & Representative Director		
Contact:	Tatsuya Naito, Operating Officer, Manager of Business Management Group		
	Phone: +81-45-650-8811 (main)		

Scheduled date of Annual General Meeting of Shareholders:	March 17, 2014
Scheduled date of dividend payment:	March 18, 2014
Scheduled date to submit the annual securities report *(Yukashoken Hokokusho)*:	March 20, 2014
Supplementary documents for financial results:	Yes
Financial results briefing:	Yes

(Figures less than one million yen are omitted)

1. Consolidated Business Results for the Fiscal Year ended December 31, 2013 (April 1, 2013 – December 31, 2013)

(1) Consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended 12/13	105,399	–	5,713	–	6,585	–	3,695	–
Year ended 3/13	138,211	3.2	7,349	47.0	8,045	76.6	4,002	134.9

(Note) Comprehensive income (million yen): Year ended 12/13: 6,475 (–%) Year ended 3/13: 5,987 (147.3%)

	Net income per share	Net income per share/diluted	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended 12/13	118.73	118.52	4.5	4.3	5.4
Year ended 3/13	127.67	127.65	5.2	5.2	5.3

Reference: Equity in earnings of affiliates (million yen): Year ended 12/13: 757 Year ended 3/13: 664

Following the approval of the partial revision to the Articles of Incorporation at the ordinary general meeting of shareholders held on June 24, 2013, the Company has revised the settlement date from March 31 to December 31 from fiscal year 2013. As a result, in the transitional period, the fiscal year ended December 31, 2013, the consolidated period of subsidiaries whose financial period ends on March 31 is nine months from April 1, 2013 to December 31, 2013. The table above thus does not include year-on-year percentage changes for the fiscal year ended December 31, 2013. The consolidated period of subsidiaries whose financial period ends on December 31, 2013, is 12 months from January 1, 2013 to December 31, 2013.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended 12/13	154,522	95,072	54.9	2,723.46
Year ended 3/13	153,160	89,233	51.5	2,537.64

(Reference) Shareholders' equity (million yen): Year ended 12/13: 84,806 Year ended 3/13: 78,933

(3) Consolidated cash flow position

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Ending balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Year ended 12/13	6,342	-2,538	-3,375	14,342
Year ended 3/13	12,807	-2,107	-10,515	13,698

2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends/ net assets (consolidated)
	End of first quarter	End of interim period	End of third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended 3/13	–	11.00	–	13.00	24.00	749	18.8	1.0
Year ended 12/13	–	14.00	–	7.00	21.00	653	17.7	0.8
Year ending 12/14 (forecast)	–	14.00	–	14.00	28.00		20.3	

3. Forecast for Consolidated Business Results for the Fiscal Year Ending December 31, 2014 (Jan. 1, 2014 – Dec. 31, 2014)

(Percentages represent changes from the same period of previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second consolidated quarter (cumulative)	72,000	–	3,400	–	3,300	–	1,700	–	54.59
Full year	144,000	–	7,800	–	7,700	–	4,300	–	138.09

The Company has changed its settlement date, and the fiscal year under review is nine months from April 1, 2013 to December 31, 2013. The table above thus does not include year-on-year percentage changes.

* Notes

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

New: — (company name) Exception: — (company name)

(2) Changes in accounting principles and changes or restatement of accounting estimates

(i)	Changes in accounting principles due to amendment of accounting standards, etc.:	Yes
(ii)	Changes in accounting principles other than (i):	Not applicable
(iii)	Changes in accounting estimates:	Not applicable
(iv)	Restatement:	Not applicable

(3) Number of outstanding shares (common shares)

(i)	Number of shares outstanding at the end of period (including treasury stock):			
	Year ended 12/13:	33,700,000 shares	Year ended 3/13:	33,700,000 shares
(ii)	Number of treasury stock at the end of period:			
	Year ended 12/13:	2,560,948 shares	Year ended 3/13:	2,595,064 shares
(iii)	Average number of shares during the period:			
	Year ended 12/13:	31,123,171 shares	Year ended 3/13:	31,350,694 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Business Results for the Fiscal Year Ended December 31, 2013 (April 1, 2013 – December 31, 2013)

(1) Non-consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended 12/13	61,316	–	3,781	–	4,125	–	2,933	–
Year ended 3/13	79,539	8.0	4,651	56.2	4,713	53.5	4,082	111.3

	Net income per share	Net income per share/diluted
	Yen	Yen
Year ended 12/13	94.24	–
Year ended 3/13	130.23	–

The Company has changed its settlement date, and the fiscal year under review is nine months from April 1, 2013 to December 31, 2013. The table above thus does not include year-on-year percentage changes.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended 12/13	121,021	73,595	60.8	2,363.05
Year ended 3/13	123,587	69,564	56.2	2,233.82

(Reference) Shareholders' equity (million yen): Year ended 12/13: 73,585 Year ended 3/13: 69,484

* Disclosure regarding audit procedures

This summary of consolidated financial results does not constitute the audited financial statements under the Financial Instruments and Exchange Act. As of the date of disclosure of this summary of consolidated financial results, an audit of the financial statements had not been carried out in accordance with the Financial Instruments and Exchange Act.

* Cautionary statement with respect to forward-looking statements

The above forecast has been prepared based on data as of the announcement date. Since various uncertainties subsist in forecasts, actual results may differ from forecasted figures.

Accompanying Materials – Contents

1. Analysis of Operating Results and Financial Condition

(1) Analysis of operating results

1) Overview of the consolidated fiscal year under review

(Operating results for the fiscal year under review)

The Company has changed its consolidated settlement date, and the consolidated period of the Company and subsidiaries whose financial period ended on March 31 is nine months from April 1, 2013 to December 31, 2013. The consolidated period of subsidiaries whose financial period ends on December 31 is twelve months from January 1, 2013 to December 31, 2013.

	Net sales (billion yen)	Operating income (billion yen)	Ordinary income (billion yen)	Net income (billion yen)	Net income per share (yen)
Year ended December 2013	105.3	5.7	6.5	3.6	118.73
Same period of previous fiscal year	102.1	5.3	5.4	2.4	79.54
Year-on-year percentage change	3.2%	6.1%	20.7%	48.0%	49.3%
(Reference) Year ended March 2013	138.2	7.3	8.0	4.0	127.67

The amounts for the same period of the previous fiscal year and year-on-year percentage changes are calculated using results for the nine months from April 1, 2012 to December 31, 2012 at the Company and subsidiaries whose financial period ended March 31.

The operating results described below are compared with amounts for the same period of the previous fiscal year.

(Overview of performance for the fiscal year under review)

During the consolidated fiscal year under review (from April 1, 2013 to December 31, 2013), the Japanese economy showed signs of a recovery as the yen weakened and stock prices rose due to expectations of the government's policy measures (dubbed Abenomics) and corporate earnings improved, especially at large companies.

In the IT industry, demand held firm, reflecting increases in IT investment, especially in the financial and manufacturing industries, combined with expectations of new services such as public cloud services.

In this business environment, to continue executing its medium-term policy, "Creating a High Value-Added Structure," the FUJISOFT Group took steps to become an innovative corporate group that links ICT development to greater value for customers. The Group focused on "cloud (including Internet business)," "robot technologies," and "mobile (including Internet connection devices)," which are its key words, and enhanced added value, combining its technologies and expertise. The Group also continued to pursue globalization.

In System Construction, the Group allocated management resources to areas with strong market needs and growth potential, such as social infrastructure, including telecommunication control, machine control, including auto control, Internet business, including the building of e-commerce websites, education, and finance. Meanwhile, the Group took further steps to enhance added value, productivity, and product quality, while strengthening its project management capabilities and sales capabilities and cultivating human resources in the field of advanced technologies.

In Products and Services, the Group strengthened sales promotion initiatives for moreNOTE, FUJISOFT's Smart Document Service, by expanding sales agencies and undertaking promotions. The Group also stepped up sales of the Mirai School Station, a system for information distribution in schools aimed at smart learning using ICT, and the humanoid robot PALRO by exhibiting them at exhibitions and using the media. In new solution development, the Group independently developed the Raku Raku Upgrade for Windows to respond to the withdrawal of support for Windows XP, which is ending in April 2014. Meanwhile, the Group expanded its licensing business, strengthening its ties with public cloud vendors and overseas vendors.

With respect to the Group's strategy for its organization, Vinculum Japan Corporation and VIXUS INCORPORATED merged and made a start as VINX CORP. on April 1, 2013. The Group strengthened synergies among Group companies, which promoted collaboration with each other in sales of their products and shared human resources, expertise in development, and purchases. The Group also pursued globalization, expanding offshore development and support to Japanese companies in Asia, especially in China.

Turning to CSR activities, the Group organized the 25th All Japan Robot-Sumo Tournament, encouraging the research of participants and providing them with an opportunity to demonstrate their creativity through the creation of robots. The Group is meanwhile giving support to reconstruction after the Great East Japan Earthquake, using ICT, in collaboration with NPOs. As a special subsidiary that employs a number of persons with mental disabilities, Fujisoft Kikaku Ltd. has developed an employment support program, using its expertise. Fujisoft Kikaku supports people with disabilities who wish to work and gives support for the expansion of their employment, for example by holding lecture meetings and seminars on employment of disabled workers.

As a result of these initiatives, in the consolidated fiscal year under review, net sales stood at 105,399 million yen (up 3.2% year on year). Selling, general, and administrative expenses rose 4.5% year on year, to 19,759 million yen, and operating income was 5,713 million yen (up 6.1% year on year). Ordinary income stood at 6,585 million yen (rising 20.7% year on year), given the recording of equity in the earnings of a financial affiliate. Net income amounted to 3,695 million yen, up 48.0% year on year, reflecting the recording of a gain on change in equity as extraordinary income and a loan on the impairment of fixed assets as extraordinary loss.

Segment results by business were as follows:

(SI Business)

In the SI Business, sales of embedded/control software decreased, chiefly reflecting a decline in sales of mobile software due to the effect of business contraction among domestic mobile phone manufacturers, which outweighed solid orders for social-infrastructure-related projects such as network infrastructure projects for network device vendors. Sales of operation software increased due to strong sales related to financial institutions, education-related sectors and internet business on a non-consolidated basis, which offset the effect of the exclusion of a consolidated subsidiary the previous year. In products and services, sales increased given the strong performance in the licensing business of FUJISOFT INCORPORATED and at consolidated subsidiary CYBERNET SYSTEMS. In the outsourcing business, sales fell, mainly reflecting the effects of the management integration of a major customer. As a result, net sales stood at 98,658 million yen, up 3.1% year on year. Operating income was 5,144 million yen, climbing 9.6%.

* Exclusion of a consolidated subsidiary: The Company transferred all shares in FUJISOFT KCS Co., Ltd., its consolidated subsidiary, on July 31, 2012
* The following table shows a breakdown of net sales in the SI business.
  From the fiscal year under review, the Group has also revised the constitution of the operations of the SI business to embedded/control software, operation software, products and services and outsourcing. (Thousand yen)

	Net sales	YoY change (%)
SI business total	98,658,156	103.1
System construction	57,321,122	101.2
Embedded/control software	27,270,304	96.1
Operation software	30,050,818	106.2
Products and services	41,337,033	105.9
Products and services	26,620,674	111.8
Outsourcing	14,716,358	96.6

(Facility Business)

Sales were 1,497 million yen, up 0.1% year on year, reflecting rent income from office buildings owned by the Company and certain consolidated subsidiaries. Operating income declined 19.6% year on year, to 431 million yen partly because of the effect of the replacement of tenants.

(Other Businesses)

Sales were 5,244 million yen, up 6.5% from the same period of the previous fiscal year, reflecting revenues in the data entry business and contact center business. Other businesses produced operating income of 136 million yen, down 11.5% year on year.

2) Forecast for the next consolidated fiscal year

For the next consolidated fiscal year, the Group forecasts that net sales will stand at 144.0 billion yen, operating income will amount to 7.8 billion yen, ordinary income will come to 7.7 billion yen, and net income will be 4.3 billion yen, given business expansion and improvements in the management efficiency of Group companies.

The Group plans to pay a dividend of 28.00 yen per share in the next fiscal year.

* The above forecast has been prepared based on data as of the announcement date. Actual results may differ materially from the forecast figures due to various factors. Due to the change in the settlement date, the fiscal year under review is for nine months, and the forecast for the next fiscal year (from January 1 to December 31, 2014) does not include year-on-year comparisons.

(2) Analysis of financial condition

1) Asset, liabilities and net assets

(Total assets)

Total assets stood at 154,522 million yen at the end of the consolidated fiscal year under review, up 1,362 million yen from the end of the preceding consolidated fiscal year. Current assets were 51,907 million yen (down 518 million yen from the end of the previous fiscal year), and noncurrent assets were 102,615 million yen (up 1,881 million yen).

Important factors in the change in current assets included a decline in deferred tax assets of 1,117 million yen from the end of the preceding consolidated fiscal year, to 1,742 million yen. The main factors for the change in noncurrent assets included a decrease in buildings and structures of 977 million yen, to 35,321 million yen, due mainly to depreciation, a 3,424 million yen increase in investment securities, to 18,241 million yen, and a 885 million yen decline in deferred tax assets, to 1,325 million yen.

(Liabilities)

At the end of the fiscal year under review, total liabilities amounted to 59,450 million yen, down 4,475 million yen from the end of the previous fiscal year. Current liabilities were 39,855 million yen (falling 846 million yen from the end of the previous fiscal year), and noncurrent liabilities were 19,595 million yen (dropping 3,629 million yen).

Primary factors in the change of current liabilities included a 861 million yen decline in accounts payable-trade from the end of the previous fiscal year, to 7,433 million yen, a 2,186 million yen fall in income taxes payable, to 275 million yen, a 1,915 million yen decrease in provision for bonuses, to 2,397 million yen, and a 4,000 million yen increase in commercial paper, to 4,000 million yen.

The main factor in the change in noncurrent liabilities included a 5,419 million yen fall in long-term loans payable, to 9,426 million yen.

(Net assets)

Net assets rose 5,838 million yen from the end of the preceding fiscal year, to 95,072 million yen at the end of the consolidated fiscal year under review. This increase was mainly attributable to a valuation difference on available-for-sale securities of 3,902 million yen, up 2,122 million yen from the end of the previous fiscal year, and retained earnings of 39,546 million yen, rising 2,849 million yen.

As a result, the equity ratio rose to 54.9% from 51.5% at the end of the previous fiscal year.

2) Cash flows

Consolidated cash and cash equivalents (“cash”) at the end of the fiscal year under review were 14,342 million yen, an increase of 644 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities stood at 6,342 million yen, a fall of 6,465 million yen in the inflow compared with a year ago.

The principal factors included income before income taxes of 6,610 million yen, depreciation of 4,748 million yen, a decrease in accounts payable-labor cost of 2,151 million yen, and income taxes paid of 2,739 million yen.

(Cash flows from investment activities)

Net cash used in investing activities came to 2,538 million yen, an increase of 430 million yen in the outflow from a year ago.

The principal factors were payments of 3,091 million yen for purchase of property, plant and equipment, and intangible assets, payments associated with securities of 2,238 million yen, and proceeds associated with securities of 2,517 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 3,375 million yen, a decrease of 7,140 million yen from the outflow recorded in the previous fiscal year.

Principal factors included proceeds of 10,980 million from short-term loans, repayments of 11,468 million yen for short-term loans, proceeds of 3,100 million yen from long-term loans, and repayments of 8,583 million yen for long-term loans.

(Reference) Cash flow-related indicators

	FY2009	FY2010	FY2011	FY2012	FY2013
Equity ratio (%)	42.8	43.5	48.0	51.5	54.9
Equity ratio based on market value (%)	29.5	25.2	31.6	45.9	48.7
The ratio of interest-bearing debt to operating cash flow (years)	6.9	4.4	3.3	2.5	4.6
Interest coverage ratio (times)	8.9	15.3	18.7	30.1	29.8

Equity ratio: Shareholders’ equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

* Total market value for stocks is calculated on the basis of the number of outstanding shares, excluding treasury stock.

The ratio of interest-bearing debt to operating cash flow: Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest payments

* All amounts are on a consolidated basis.

* Cash flows are cash flows from operating activities.

* Interest-bearing debt is all the debt with interest on the consolidated balance sheet.

(3) Basic profit allocation policy, and dividends for the current and new fiscal year

We pay dividends based on our basic policy of consistently returning profits to shareholders, while securing sufficient internal reserves in preparation for active business development and potential risks.

Under this policy, we have decided to pay a year-end dividend of 7.00 yen per share for the consolidated fiscal year under review, bringing dividend payments on an annual basis to 21.00 yen per share.

For the consolidated fiscal year ending December 31, 2014, we plan to pay a dividend of 28.00 yen per share on an annual basis.

(4) Business risks

Below we discuss risks we believe could have an important influence on the investment decisions of investors.

Forward-looking statements are based on the judgment of management as of the release of this fiscal report (February 13, 2014).

1) Contracted software development

Our group designs, develops, manufactures, and maintains software on contracted from clients and in line with their needs. We are thorough in controlling the quality of our products, we guarantee the quality of our products, and we constantly work to improve customer satisfaction.

We acquired ISO 9001 certification in June 1995, and have established a quality manual and targets to ensure thorough quality control.

Regarding systems development, we are thorough in managing projects from the inquiry, estimate, and order-receipt stages, and we continue to work to strengthen our project management ability in order to prevent the occurrence of unprofitable projects.

However, quality problems may arise in the services that the Group provides, and if quality problems did arise, it may face additional costs, and perhaps a damages suit. This could affect the Group’s operations and financial position.

2) Product development

When providing products, the Group works our investment and sales plans, considering market needs. If our products become obsolete due to changes in market needs, rapid innovation, and other factors, and if the products do not sell as expected, additional depreciation and amortization and impairment losses would be caused by the products.

We are thorough in quality control when providing products. However, if bugs occur, the Group may be liable for damages. If its products are embedded in other companies’ products, the Group may face claims for larger amounts of compensation than expected.

The Group acquires and protects intellectual property rights, being careful not to infringe on the intellectual property rights of others. However, if it does infringe on intellectual property rights of others that the Group is not aware of, it may face claims for damages and claims for the costs of the intellectual property rights, and this could affect its operations and financial position.

3) Outsourcing operations

The Group provides outsourcing services, including the building of mission-critical systems and the development, maintenance, and operation of network environments using data centers. To provide stable outsourcing services, it is essential to take appropriate precautions and responses to system instability and trouble. The Group therefore continues to work to improve data center facilities, build systems for stable operation, and develop an organizational framework that is responsive to sudden system trouble.

However, if it fails to provide a certain level of stable operation due to human error, such as failure to follow operational procedures, and equipment failure, the Group's operations and financial position could be adversely affected.

4) Global risks

The Group provides goods and services overseas and has developed operations in foreign countries, especially in countries in Asia. Unexpected problems in foreign countries and territories, including different business practices and legal regulations, changes in political systems, violent fluctuations in exchange rates, terrorist acts, and infectious diseases, could impact the Group's result of operations and financial position.

5) Management of classified information

We understand that our group, which handles corporate client information and personal information, has the social responsibility to appropriately manage this classified information and ensure its safety.

Our group has implemented a variety of measures to prevent information leaks, including formulating and observing internal information protection standards such as computer virus countermeasures and network management, introducing building access security systems, ensuring thorough training of employees regarding information management, and concluding nondisclosure agreements with vendors.

The occurrence of an information leak, despite these preventative measures, could lead to damages suits and disrupt our ability to continue commissioned software development activities, thereby impacting our group's result of operations and financial position.

6) Risks related to the application of impairment accounting for fixed assets

Our group owns fixed assets including land and buildings for business purposes. We adopted accounting standards for the impairment of fixed assets starting in the fiscal year ended March 31, 2006, and the necessity to recognize impairment losses due to changes in the market value of assets, and changes in future profit forecasts, could impact our group's result of operations and financial position.

7) Risks related to investment activities

To strengthen our operating base, we invest in corporate acquisitions, the establishment of subsidiaries, and venture companies for starting new businesses and boosting results. Before making investments, we examine profitability and returns on the investments. However, if the businesses that we invest in do not produce results as planned due to changes in the business environment and other factors, we could lose part or all of the investments or need to make additional investments, and our operating results and financial position could be adversely affected.

2. Outline of the Corporate Group

Our corporate Group, which consists of FUJISOFT INCORPORATED ("the Company"), 22 consolidated subsidiaries, one equity method non-consolidated subsidiary, and four equity method affiliates, is principally engaged in the System Integration (SI) business and the Facility business. In addition to the companies described above, there are two non-consolidated subsidiaries.

Each company in the Group is responsible for its own sales strategy, but they also cooperate with one another.

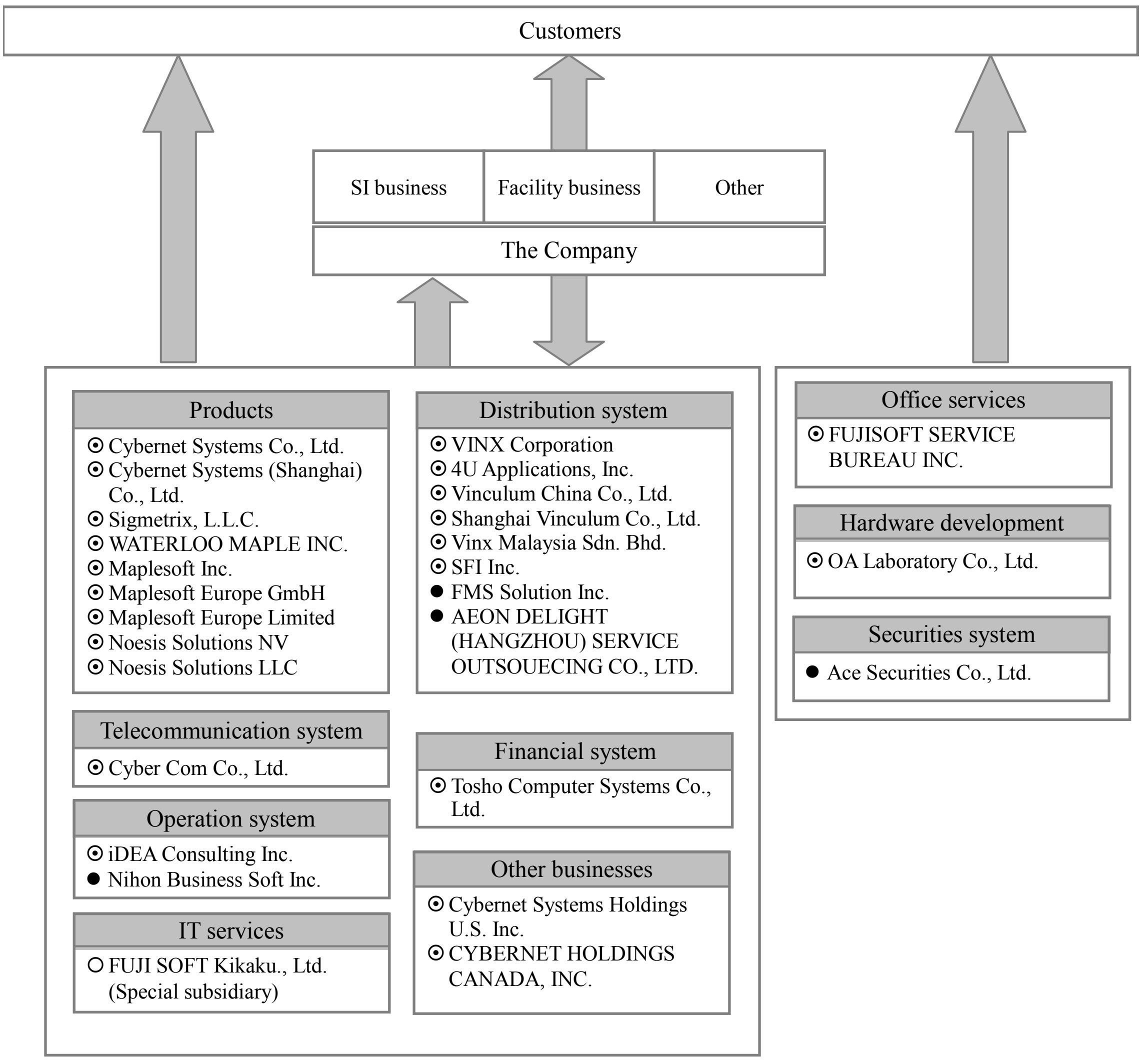
The positioning of each company in the group is shown in the diagram below.

With respect to the positioning of Group companies in the SI business, the Company handles all systems development, while Group companies deal mostly with software development.

Category	Business description
System Integration (SI) business	Contract software development of telecommunication control systems, machine control systems, operating systems and operation applications used in different industries, quality evaluation and control support, consulting, product development and sales, and design, manufacture, sales and other activities of personal computer related devices, overall system maintenance and operation services
Facility business	Leasing of office buildings
Other businesses	Data entry business, contact center business, etc.

The operational diagram is as follows:

(As of December 31, 2013)
⊙: Consolidated subsidiaries (22 companies) / ○: Equity-method non-consolidated subsidiaries (1 company) /
●: Equity-method affiliates (4 companies)



* Other group companies (Two non-consolidated subsidiaries)

3. Management Policies

(1) Basic management policies

The FUJISOFT Group has set “creating a high value-added structure” as a priority management issue. The Group aims to become an “innovative corporate group linking ICT development to the enhancement of value for customers” by enhancing on-site strength, increasing profitability, creating added value, and improving operating efficiency.

(2) Management target

We consider consistent and overall improvements in profits and consistent and stable dividends to be an important management target.

(3) Medium and long-term management strategies

With rapid innovation in the business environment, the Group will enhance its existing businesses, while promoting innovations in its business structure and adding value by carrying out the following strategies:

1) Strengthening and expanding prime businesses

We aim to become a prime vendor by developing operations in cutting-edge ICT fields, allocating management resources to growth fields and fields where demand is expanding, and aim for expansion through direct transactions by enhancing our price competitiveness, productivity, and ability to make proposals to customers.

2) Promoting our product business

We aim to enhance our existing products and create new products and services. Meanwhile, we will conduct aggressive promotions to expand market share and earnings power.

3) Promoting global business

We position Asia, particularly China, as our key area and will expand offshore activities and step up support for Japanese companies seeking to advance overseas. We will also create local businesses.

4) Bolstering Group synergies

We will provide the best services for customers by enhancing cooperation among Group companies in sales of products and in terms of human resources and expertise in development. We will improve business efficiency across the entire Group, optimizing human resources and other management resources.

5) Curbing administrative expenses continuously

We will strive to continuously curb administrative expenses primarily by improving business efficiency.

(4) Future challenges

The Japanese economy will likely continue to recover, backed by last-minute demand before the consumption tax hike, the government’s 6 trillion yen economic stimulus package, and increasing exports associated with a weaker yen.

In the IT industry, existing systems are expected to be replaced, given increasing appetite for IT investment with corporate earnings recovering, and demand is expanding in advanced ICT fields associated with smart devices, cloud computing services, and high-speed networks.

To respond to this business environment, we believe it is important to accelerate changes in our business structure, which we have been making, and to add value to our customers. We have been accumulating advanced expertise in technologies for mobile telecommunications, cloud computing, and robotics in addition to the technical capabilities and readiness we have been cultivating primarily in operation and embedded software development. Moreover, as we have extensive business experience and a strong customer base across a broad array of industries, we will create new businesses, increase added value, and respond to our customers’ diversified needs by expanding these strengths individually and connecting them with each other organically.

More specifically, while continuing to add value in existing business fields, we will promote new services using smart devices, including mobile phones and tablet computers, and cutting-edge technologies, including cloud computing, reinforcing human resources. With these initiatives, we will aim to “create a high value-added structure,” our medium-term policy, and will operate our businesses with the aim of becoming an “innovative corporate group linking ICT development to the enhancement of value for customers.”

4. Consolidated Financial Statements

(1) Consolidated balance sheet

(Thousand yen)

		FY2012 (As of March 31, 2013)		FY2013 (As of December 31, 2013)
Assets				
Current assets				
Cash and deposits		12,990,227		14,345,725
Notes and accounts receivable-trade	*3	29,000,687	*3	28,260,519
Short-term investment securities		3,024,552		2,302,205
Merchandise		437,426		270,467
Work in process	*4	2,101,571	*4	1,810,083
Raw materials and supplies		27,538		38,686
Deferred tax assets		2,859,751		1,742,172
Other		2,050,406		3,173,971
Allowance for doubtful accounts		-66,357		-36,394
Total current assets		52,425,804		51,907,437
Noncurrent assets				
Property, plant and equipment				
Buildings and structures		56,702,822		56,784,117
Accumulated depreciation		-20,404,301		-21,462,708
Buildings and structures, net		36,298,521		35,321,408
Land	*2	30,415,744	*2	30,415,744
Construction in progress		104,348		79,087
Other		16,389,951		15,321,201
Accumulated depreciation		-11,863,382		-11,643,816
Other, net		4,526,569		3,677,385
Total property, plant and equipment		71,345,183		69,493,626
Intangible assets				
Goodwill		3,304,085		3,965,908
Software		4,268,065		3,942,693
Other		229,406		192,390
Total intangible assets		7,801,557		8,100,993
Investments and other assets				
Investment securities	*1	14,816,269	*1	18,241,090
Net defined benefit asset		–		4,243,759
Deferred tax assets		2,211,404		1,325,691
Other		4,606,902		1,247,792
Allowance for doubtful accounts		-47,028		-37,658
Total investments and other assets		21,587,548		25,020,675
Total noncurrent assets		100,734,289		102,615,295
Total assets		153,160,094		154,522,732

(Thousand yen)

		FY2012 (As of March 31, 2013)		FY2013 (As of December 31, 2013)
Liabilities				
Current liabilities				
Accounts payable-trade		8,295,215		7,433,520
Short-term loans payable		6,351,235		5,862,270
Commercial papers		–		4,000,000
Current portion of bonds		5,000		–
Current portion of long-term loans payable		9,708,848		9,645,058
Accrued expenses		3,114,754		3,349,520
Income taxes payable		2,461,725		275,376
Deferred tax liabilities		8,314		25,941
Provision for bonuses		4,312,667		2,397,009
Provision for directors' bonuses		201,301		121,186
Provision for loss on construction contracts	*4	257,389	*4	79,963
Other		5,985,865		6,665,627
Total current liabilities		40,702,315		39,855,474
Noncurrent liabilities				
Long-term loans payable		14,845,271		9,426,177
Deferred tax liabilities		1,391,247		3,086,550
Provision for retirement benefits		4,755,794		–
Provision for directors' retirement benefits		315,628		293,938
Net defined benefit liability		–		5,032,272
Other		1,916,415		1,756,319
Total noncurrent liabilities		23,224,357		19,595,258
Total liabilities		63,926,673		59,450,732
Net assets				
Shareholders' equity				
Capital stock		26,200,289		26,200,289
Capital surplus		28,438,965		28,505,941
Retained earnings		36,696,948		39,546,398
Treasury stock		-5,161,787		-5,176,648
Total shareholders' equity		86,174,415		89,075,980
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		1,779,466		3,902,435
Deferred gains or losses on hedges		26,338		9,021
Revaluation reserve for land	*2	-9,051,088	*2	-9,051,088
Foreign currency translation adjustment		3,994		351,393
Remeasurements of defined benefit plans		–		518,317
Total accumulated other comprehensive income		-7,241,288		-4,269,919
Subscription rights to shares		95,597		21,082
Minority interests		10,204,695		10,244,856
Total net assets		89,233,420		95,072,000
Total liabilities and net assets		153,160,094		154,522,732

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

Consolidated income statement

(Thousand yen)

		FY2012 (From April 1, 2012 to March 31, 2013)		FY2013 (From April 1, 2013 to December 31, 2013)
Net sales		138,211,477		105,399,996
Cost of sales	*1	105,483,814	*1	79,926,451
Gross profit		32,727,662		25,473,545
Selling, general and administrative expenses				
Advertising expenses		395,360		340,412
Directors' compensations		703,341		523,769
Employees' salaries		11,131,965		9,011,915
Provision for bonuses		1,183,648		692,083
Retirement benefit expenses		608,910		500,790
Legal welfare expenses		1,943,047		1,465,419
Provision for directors' retirement benefits		52,333		51,791
Provision for directors' bonuses		251,169		121,186
Welfare expenses		493,857		463,226
Recruiting and training expenses		247,307		244,985
Traveling and transportation expenses		624,807		559,111
Stationery expenses		427,628		237,438
Rent expenses		43,880		35,157
Rents		764,847		564,388
Taxes and dues		774,923		588,545
Provision of allowance for doubtful accounts		33,837		-27,857
Depreciation		944,156		575,849
Research study expenses		664,320		396,778
Operations consignment expenses		1,102,253		1,013,726
Amortization of goodwill		328,418		401,072
Other		2,658,246		2,000,144
Total selling, general and administrative expenses		25,378,262		19,759,934
Operating income		7,349,400		5,713,610
Non-operating income				
Interest income		12,671		24,581
Dividends income		135,165		113,020
Equity in earnings of affiliates		664,582		757,465
Subsidy income		96,704		116,879
Cancellation income for system services		127,630		173,789
Other		180,209		165,722
Total non-operating income		1,216,963		1,351,458
Non-operating expenses				
Interest expenses		427,141		213,137
Cancellation loss for system services		4,242		137,960
Loss on retirement of noncurrent assets		50,731		19,719
Other		38,506		108,550
Total non-operating expenses		520,622		479,367
Ordinary income		8,045,741		6,585,701

(Thousand yen)

		FY2012 (From April 1, 2012 to March 31, 2013)		FY2013 (From April 1, 2013 to December 31, 2013)
Extraordinary income				
Gain on sales of investment securities		61,214		48,559
Gain on sales of subsidiaries and affiliates' stocks		284,266		6,083
Gain on reversal of loss on the closure of offices		10,492		5,041
Gain on change in equity		–		455,926
Total extraordinary income		355,973		515,610
Extraordinary loss				
Loss on sales of investment securities		37,538		–
Loss on sales of stocks of subsidiaries and affiliates		5,731		–
Impairment loss on noncurrent assets	*3	618,517	*3	387,831
Office transfer expenses		56,860		4,098
Compensation expenses		–		40,565
System migration expenses		–		58,100
Merger expenses		187,545		–
Total extraordinary loss		906,192		490,594
Income before income taxes		7,495,522		6,610,717
Income taxes-current		3,090,775		492,610
Income taxes-deferred		154,567		2,350,905
Total income taxes		3,245,343		2,843,515
Income before minority interests		4,250,178		3,767,202
Minority interests in income		247,595		72,071
Net income		4,002,582		3,695,130

Consolidated statements of comprehensive income

(Thousand yen)

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to December 31, 2013)
Income before minority interests	4,250,178	3,767,202
Other comprehensive income		
Valuation difference on available-for-sale securities	917,072	1,989,702
Deferred gains or losses on hedges	3,788	-32,102
Foreign currency translation adjustment	480,771	602,417
Share of other comprehensive income of associates accounted for using equity method	335,553	148,035
Total other comprehensive income	1,737,185	2,708,052
Comprehensive income	5,987,364	6,475,254
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,467,616	6,145,842
Comprehensive income attributable to minority interests	519,747	329,411

(3) Consolidated statements of changes in net assets

FY2012 (From April 1, 2012 to March 31, 2013)

(Thousand yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance at the beginning of current period	26,200,289	28,438,965	35,421,262	-6,669,954	83,390,562	588,796	24,294
Changes of items during the period							
Dividends from surplus			-659,093		-659,093		
Net income			4,002,582		4,002,582		
Purchase of treasury stock				-567,079	-567,079		
Retirement of treasury stock			-2,075,247	2,075,247			
Change of scope of consolidation			7,443		7,443		
Net changes of items other than shareholders' equity						1,190,670	2,043
Total changes of items during the period			1,275,686	1,508,167	2,783,853	1,190,670	2,043
Balance at the end of current period	26,200,289	28,438,965	36,696,948	-5,161,787	86,174,415	1,779,466	26,338

(Thousand yen)

	Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of current period	-9,051,088	-261,647	-8,699,644	95,620	10,401,767	85,188,306
Changes of items during the period						
Dividends from surplus						-659,093
Net income						4,002,582
Purchase of treasury stock						-567,079
Retirement of treasury stock						
Change of scope of consolidation						7,443
Net changes of items other than shareholders' equity		265,642	1,458,356	-23	-197,072	1,261,260
Total changes of items during the period		265,642	1,458,356	-23	-197,072	4,045,114
Balance at the end of current period	-9,051,088	3,994	-7,241,288	95,597	10,204,695	89,233,420

FY2013 (From April 1, 2013 to December 31, 2013)

(Thousand yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance at the beginning of current period	26,200,289	28,438,965	36,696,948	-5,161,787	86,174,415	1,779,466	26,338
Changes of items during the period							
Dividends from surplus			-840,337		-840,337		
Net income			3,695,130		3,695,130		
Purchase of treasury stock				-435,229	-435,229		
Retirement of treasury stock		66,976		420,368	487,344		
Change of scope of consolidation			-5,343		-5,343		
Net changes of items other than shareholders' equity						2,122,968	-17,316
Total changes of items during the period		66,976	2,849,449	-14,861	2,901,564	2,122,968	-17,316
Balance at the end of current period	26,200,289	28,505,941	39,546,398	-5,176,648	89,075,980	3,902,435	9,021

(Thousand yen)

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	-9,051,088	3,994	–	-7,241,288	95,597	10,204,695	89,233,420
Changes of items during the period							
Dividends from surplus							-840,337
Net income							3,695,130
Purchase of treasury stock							-435,229
Retirement of treasury stock							487,344
Change of scope of consolidation							-5,343
Net changes of items other than shareholders' equity		347,398	518,317	2,971,369	-74,515	40,161	2,937,015
Total changes of items during the period		347,398	518,317	2,971,369	-74,515	40,161	5,838,579
Balance at the end of current period	-9,051,088	351,393	518,317	-4,269,919	21,082	10,244,856	95,072,000

(4) Consolidated cash flow statement

(Thousand yen)

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to December 31, 2013)
Net cash provided by operating activities		
Income before income taxes	7,495,522	6,610,717
Depreciation	6,724,528	4,748,425
Impairment loss on noncurrent assets	618,517	387,831
System migration expenses	–	58,100
Amortization of goodwill	328,418	401,072
Increase (decrease) in provision for retirement benefits	175,165	-1,443,290
Increase (decrease) in net defined benefit liability (asset)	–	1,632,571
Interest expenses	427,141	213,137
Equity in (earnings) losses of affiliates	-664,582	-757,465
Loss (gain) on sales of investment securities	-23,676	-48,559
Loss (gain) on valuation of investment securities	2,683	–
Loss (gain) on sales of stocks of subsidiaries and affiliates	-278,534	-6,083
Decrease (increase) in notes and accounts receivable-trade	-1,174,066	881,290
Decrease (increase) in inventories	-595,934	453,606
Increase (decrease) in notes and accounts payable-trade	537,061	-914,244
Increase (decrease) in accounts payable-labor cost	244,478	-2,151,594
Increase (decrease) in accrued consumption taxes	-188,361	70,791
Increase (decrease) in accounts payable-other	-47,257	-538,118
Decrease (increase) in long-term prepaid expenses	-167,971	-321,587
Increase (decrease) in provision for loss on construction contracts	204,130	-177,425
Loss (gain) on change in equity	–	-455,926
Other	1,188,645	364,127
Subtotal	14,805,907	9,007,376
Interest and dividends income received	142,868	260,355
Interest expenses paid	-409,759	-185,675
Income taxes paid	-1,731,272	-2,739,782
Net cash provided by operating activities	12,807,744	6,342,274
Net cash used in investing activities		
Purchase of property, plant and equipment	-712,147	-837,754
Purchase of intangible assets	-2,511,312	-2,253,543
Purchase of securities	-2,085,923	-2,238,589
Purchase of investment securities	-668,422	-773,558
Proceeds from sales of investment securities	3,399,584	1,003,511
Purchase of investments in subsidiaries	-461,126	-47,600
Proceeds from sales of securities	–	2,517,951
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	784,234	–
Other	147,567	91,394
Net cash used in investing activities	-2,107,545	-2,538,188

(Thousand yen)

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to December 31, 2013)
Net cash used in financing activities		
Increase in short-term loans payable	14,748,000	10,980,000
Decrease in short-term loans payable	-17,265,965	-11,468,965
Proceeds from long-term loans payable	3,322,389	3,100,822
Repayment of long-term loans payable	-9,360,560	-8,583,706
Proceeds from issuance of commercial papers	–	4,000,000
Purchase of treasury stock	-567,171	-435,067
Cash dividends paid	-658,686	-807,475
Cash dividends paid to minority shareholders	-226,399	-225,379
Repayments of lease obligations	-500,945	-375,499
Proceeds from exercise of stock option	–	445,253
Other	-5,909	-5,000
Net cash used in financing activities	-10,515,247	-3,375,018
Effect of exchange rate change on cash and cash equivalents	123,123	202,466
Net increase (decrease) in cash and cash equivalents	308,075	631,534
Cash and cash equivalents at beginning of period	13,279,487	13,698,127
Net increase in cash and cash equivalents as a result of the consolidation of subsidiaries	110,564	12,664
Cash and cash equivalents at end of period	*1 13,698,127	*1 14,342,325

(5) Notes to consolidated financial statements

(Note on going concern assumptions)

Not applicable.

(Basis of presenting consolidated financial statements)

1. Scope of consolidation

(1) Number and name of consolidated subsidiaries

22 consolidated subsidiaries (22 consolidated subsidiaries in the previous fiscal year):

iDEA Consulting Inc.
VINX Corporation
4U Applications, Inc.
Vinculum China Co., Ltd.
Shanghai Vinculum Co., Ltd.
Vinx Malaysia Sdn. Bnd.
SFI Inc.
OA LABORATORY CO, LTD.
Cyber Com Co., Ltd.
CYBERNET SYSTEMS CO., LTD.
Cybernet Systems (Shanghai) Co., Ltd.
CYBERNET HOLDINGS CANADA, INC.
WATERLOO MAPLE INC.
Maplesoft Europe GmbH
Maplesoft Europe Limited
Maplesoft Inc.
Cybernet Systems Holdings U.S. Inc.
Sigmetrix, L.L.C.
Noesis Solutions NV
Noesis Solutions LLC
Tosho Computer Systems Co., Ltd.
FUJISOFT SERVICE BUREAU INCORPORATED

(Notes)
1. VIXUS INCORPORATED, which was a consolidated subsidiary of the Company, merged with Vinculum Japan Corporation, which is the surviving company. Vinculum Japan Corporation has changed its business name to VINX Corporation.
2. With Vinculum Japan Corporation changing its business name, Vinculum Malaysia Sdn.Bhd. has changed its business name to Vinx Malaysia Sdn.Bhd.
3. Maplesoft Europe Limited has been established by CYBERNET SYSTEMS CO., LTD., a consolidated subsidiary of the Company, and has been included in the scope of consolidation.
4. Cybernet CAE Systems (Shanghai) Co., Ltd. has merged with CCA Engineering Simulation Software (Shanghai) Co., Ltd. and has changed its business name to Cybernet Systems (Shanghai) Co., Ltd.

(2) Number and name of non-consolidated subsidiaries

Three non-consolidated subsidiaries (four non-consolidated subsidiaries in the previous fiscal year):

Fujisoft Kikaku, LTD.
Cybernet Systems Taiwan Co., Ltd.
Cybernet Systems Korea Co., Ltd.

(Note) CCA Engineering Simulation Software (Shanghai) Co., Ltd. has been merged with Cybernet CAE Systems (Shanghai) Co., Ltd., a consolidated subsidiary of the Company, and has been excluded from the scope of non-consolidated subsidiaries.

Cybernet CAE Systems (Shanghai) Co., Ltd. has changed its business name to Cybernet Systems (Shanghai) Co., Ltd.

(3) The reason for exclusion from the scope of consolidation

The reason for exclusion from consolidation is:

Fujisoft Kikaku, LTD., CYBERNET SYSTEMS TAIWAN Co., Ltd. and Cybernet Systems Korea Co., LTD. are small in size, and their total assets, sales, net income or loss (amounts equivalent to the equity holding), and retained earnings (amounts equivalent to the equity holding) for the fiscal year under review do not have any material effect on the consolidated financial statements.

2. Application of equity method

Five companies to which the equity method is applied (five companies in the previous fiscal year):

(1) Number and name of non-consolidated subsidiaries to which the equity method is applied

One non-consolidated subsidiary to which the equity method is applied (one company in the previous fiscal year):

Fujisoft Kikaku, Ltd.

(2) Number and name of affiliates to which the equity method is applied

Four affiliates to which the equity method is applied (four companies in the previous fiscal year):

Ace Securities Co., Ltd.
Nihon Business Soft, Inc.
FMS Solution Inc.
AEON DELIGHT (HANGZHOU) SERVICE OUTSOUECING CO., LTD.

(3) The reason for exclusion from the scope of application of equity method

CYBERNET SYSTEMS TAIWAN Co., Ltd. and Cybernet Systems Korea Co., LTD. were excluded from the scope of application of equity method, because their impact on net income/loss (the amount matching the equity) and retained earnings (the amount matching the equity), etc. was minor.

(4) For equity method affiliates whose settlement date is different from the consolidated settlement date, financial statements based on a provisional settlement of accounts as of the consolidated settlement date are used.

3. Change in the consolidated settlement date

To avoid any overlap between the busiest period for business and administrative procedures, particularly account closing procedures, improve efficiency in performance management and business operations, and disclose management information effectively and in a timely manner by unifying the consolidated settlement date and the settlement dates of overseas subsidiaries, given further globalization, the Company’s 43rd ordinary general meeting of shareholders held on June 24, 2013, resolved to revise the Articles of Incorporation and change the consolidated settlement date (fiscal year end) from March 31 to December 31. The fiscal year under review, the transitional period, is nine months from April 1 to December 31, 2013.

The consolidated results reflect the main overseas consolidated subsidiaries’ results from January 1 to December 31, 2013. With the change of the consolidated settlement date, the settlement date of certain domestic consolidated subsidiaries has changed from March 31 to December 31.

4. Fiscal year of consolidated subsidiaries

Of the consolidated subsidiaries, the fiscal year end of VINX CORP., 4U Applications, Inc., Vinx Malasia Sdn.Bhd., SFI Inc., Cyber Com Co., Ltd., and FUJISOFT SERVICE BUREAU INCORPORATED is March 31. The fiscal year end of the other 16 consolidated subsidiaries is December 31.

The financial statements of the companies whose settlement date is different from the consolidated settlement date used in the consolidated financial statements are based on their provisional settlements of accounts as of the consolidated settlement date.

5. Significant accounting policies

(1) Valuation of major assets

(i) Securities

a. Bonds held to maturity

Stated at amortized cost. (Straight-line method)

b. Available-for-sale securities

(For those with market value)

Stated at market value based on market prices, etc., as of the period-end. (Unrealized valuation gains or losses are reported in the shareholders’ equity, and sales costs are determined by the moving average method.)

(For those without market value)

Stated at cost as determined by the moving average method.

(ii) Derivatives

Stated at market value.

(iii) Inventories

Valuation standards are based on the cost method (the method of writing down the book value based on a fall in profitability).

a. Merchandise:

Stated at cost as determined with the moving average method.

b. Work in process:

Stated at cost on a specific identification method.

c. Raw materials:

Stated at cost as determined with the moving average method.

d. Supplies:

Stated at cost on a specific identification method.

(2) Depreciation of major depreciable assets

(i) Property, plant and equipment (except leased assets)

Property, plant and equipment are depreciated on the straight-line method.

The useful life of major assets is as follows:

Building and structures:	2 to 50 years
Machinery, equipment and vehicles:	2 to 17 years
Tools, furniture and fixtures:	2 to 20 years

(ii) Intangible assets (except leased assets)

a. Software for sale:

Stated at the larger amount of either an amortizable amount based on the estimated sales volume during the valid sales period (less than 3 years) or an amortizable amount based on a straight-line method over the remaining valid sales period.

b. Software for the Company’s own use:

Amortized on a straight-line method over an estimated useful life (5 years) in the Company.

c. Other:

Amortized on a straight-line method.

(iii) Leased assets

Lease assets associated with finance leases other than those for which the ownership rights of the leased property are deemed to transfer to the lessee are amortized using the straight line method, with the lease period being the useful life and the residual value being zero.

(iv) Investments and other assets (Long-term prepaid expenses)

Computed with a straight-line method.

(3) Standards for major allowances

(i) Allowance for doubtful accounts

To provide for possible bad debt losses on accounts receivable as at the end of the consolidated fiscal year, the Company records an allowance based on historical percentage for ordinary receivables and on an estimate of the collectability of receivables from companies in financial difficulty.

(ii) Provision for bonuses

To provide for payments of bonuses to employees, an allowance is recorded in the amount recognized to have accrued at the end of the consolidated fiscal year based on estimated amounts of payment at the end of the fiscal year.

(iii) Provision for directors' bonuses

To provide for payments of bonuses to directors and corporate auditors, an allowance is recorded in the amount recognized to have accrued at the end of the consolidated fiscal year based on estimated amounts of payment at the end of the fiscal year.

(iv) Provision for loss on construction contracts

To provide for possible losses associated with made-to-order software development, the Company recorded estimated losses as at the end of the consolidated fiscal year under review from contracts for made-to-order software development, in which losses were expected and the amount of the losses could be estimated in an appropriate manner.

(v) Provision for directors' retirement benefits

The company that submits consolidated financial statements and some of its consolidated subsidiaries record amounts that they are required to pay upon the retirement of directors and corporate auditors at the end of the fiscal year, based on internal policies.

(4) Accounting for retirement benefits

(i) Method of recording expected retirement benefits in proper terms

In calculating expected retirement benefits, the Company basically employs a standard for recording a fixed amount for each term.

(ii) Accounting for actuarial difference and prior service costs

An actuarial difference is primarily expensed equally from the fiscal year following its accrual over a certain period within the average remaining service period (10 to 14 years) of employees at the time of the accrual each consolidated fiscal year.

Prior service costs are expensed for a certain period within the average remaining service period (10 to 14 years) of employees at the time of the accrual using the straight-line method.

(5) Standards for recording important revenues and costs

Standards for recording revenues and costs relating to made-to-order software development

The Company applied the percentage-of-completion method (the construction-cost-percentage method for estimating the degree of completion of software development) for contracts whose outcome at the end of the consolidate fiscal year under review was deemed certain. The Company applied the completed contract method to contracts other than the above.

(6) Hedge accounting

(i) Hedge accounting

Deferral hedge accounting is, in principle, adopted. Appropriation accounting is applied to forward foreign exchange contracts and currency option transactions that meet the requirements for appropriation accounting, and special accounting is applied to the interest-rate swap transactions that meet the requirements for special accounting.

(ii) Hedging instruments and hedged items

Hedging instruments:

Interest-rate swaps, forward foreign exchange contracts and currency options

Hedged items:

Borrowings, and claims and liabilities denominated in foreign currencies

(iii) Hedging policy

Forward foreign exchange contracts and currency options transactions are entered to deter risks involved in transactions denominated in foreign currencies from the fluctuations in the foreign exchange market. Interest-rate swap transactions are entered to deter risks involved in borrowings from the fluctuations of interest rates. These transactions will never be entered for speculative purpose.

(iv) Assessment of hedge effectiveness

The Company assesses the effectiveness of hedging based on the extent of the fluctuations of hedged items and hedging instruments by semi-annually comparing the fluctuations of the market of hedged items or the fluctuations of accumulative cash flows with the fluctuations in the market of hedging instruments or the fluctuations of accumulative cash flows.

(7) Amortization of goodwill

Goodwill is amortized evenly over a valid period (5 to 15 years) reasonably estimated, except minor goodwill which is expensed as incurred.

(8) Cash and cash equivalents in the consolidated cash flow statement

In preparing the consolidated cash flow statements, cash on hand, readily available deposits, and short-term liquid investments with maturities not exceeding three months at the time of purchase and with little risk of changing value are considered to be cash and cash equivalents.

(9) Other important matters for the preparation of consolidated financial statements

Consumption tax

Amounts reflected are stated exclusive of consumption tax.

(Changes in accounting principles)

Starting the consolidated fiscal year under review, the Company is applying the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan Statement No. 26, May 17, 2012; hereinafter the “Accounting Standard for Retirement Benefits”) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012; hereinafter the “Guidance on Retirement Benefits”) (except for the provisions set forth in Clause 35 of the Accounting Standard for Retirement Benefits and in Clause 67 of the Guidance on Retirement Benefits).

The Company has changed its accounting method to post retirement benefit obligations less pension assets as liabilities associated with retirement benefits and posts an unrecognized actuarial difference, unrecognized prior service costs, and an unrecognized transition difference due to the change in accounting standard as liabilities associated with retirement benefits. If pension assets exceed retirement benefit obligations, the Company posts the difference as assets associated with retirement benefits.

The application of the Accounting Standard for Retirement Benefits and the Guidance on Retirement Benefits is subject to the transitional accounting treatment set forth in Clause 37 of the Accounting Standard for Retirement Benefits. In the consolidated fiscal year under review, the Company has added the effect of the change in the accounting principle to the accumulated adjustment associated with retirement benefits in accumulated other comprehensive income.

The result is an increase of 518,317,000 yen in accumulated other comprehensive income (accumulated adjustment associated with retirement benefits) at the end of the consolidated fiscal year.

(Accounting standards etc. yet to be applied)

- Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012)
- Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)

(1) Outline

The accounting standard and guidance are a revised accounting standard and a revised guidance. The revision focuses on the accounting for unrecognized actuarial differences and past service costs, the calculation of retirement benefit obligations and current service costs, and the enhancement of disclosure to improve financial reporting in consideration of international trends.

(2) Scheduled date of application

The revision of the computation method for retirement benefit obligations and current service costs is planned to be applied from the beginning of the fiscal year ending December 31, 2015. The accounting standard and guidance have already been applied except for the revision.

(3) Effect of the application of the accounting standard etc.

The Company has been assessing the effect since it created these consolidated financial statements.

(Change in presentation)

(Consolidated balance sheet)

In the previous consolidated fiscal year, accrued bonuses in current liabilities were included in accrued expenses. However, with the change of the consolidated settlement date, the Company has decided to post a provision for bonuses in accordance with the actual situation from the consolidated fiscal year under review and has changed the consolidated financial statements for the previous consolidated fiscal year accordingly.

An accrued expenses of 7,427,421,000 yen in current liabilities in the consolidated balance sheet for the previous consolidated fiscal year has changed to an accrued expenses of 3,114,754,000 yen and provision for bonuses of 4,312,667,000 yen.

(Consolidated income statement)

In the previous consolidated fiscal year, accrued bonuses in selling, general and administrative expenses were included in employees’ salaries. However, with the change of the consolidated settlement date, the Company has decided to post a provision for bonuses in accordance with the actual situation from the consolidated fiscal year under review and has changed the consolidated financial statements for the previous consolidated fiscal year accordingly.

Employees’ salaries of 12,315,613,000 yen in selling, general and administrative expenses in the consolidated income statement for the previous consolidated fiscal year has changed to employees’ salaries of 11,131,965,000 yen and provision for bonuses of 1,183,648,000 yen.

(Consolidated balance sheet)

*1 Shares of non-consolidated subsidiaries and affiliates (Thousand yen)

	FY2012 (As of March 31, 2013)	FY2013 (As of December 31, 2013)
Investment securities (stocks)	6,259,474	7,042,628

*2 In accordance with the Law Concerning Revaluation of Land (Law No. 34 enacted on March 31, 1998, and revised on March 31, 2001), the Company revaluated its business-use land on March 31, 2002. In accordance with the Law Partially Revising the Law Concerning Revaluation of Land (Law No. 24 enacted on March 31, 1999), the Company booked the amount equivalent to the tax on the revaluation difference in Net assets as "Land revaluation difference."

Method of revaluation:

The Company computed by making reasonable adjustments to the obtained with the method decided and announced by the Commissioner of the National Tax Administration Agency for calculation of the land price as the basis of the taxable price for the land tax specified by Article 16 of the Land Tax Law (Law No. 69, 1991) defined by Article 2-4 of the Enforcement Order (Ordinance No. 119 issued on March 31, 1998) of the Law Concerning Revaluation of Land.

<Date of revaluation: March 31, 2002> (Thousand yen)

	FY2012 (As of March 31, 2013)	FY2013 (As of December 31, 2013)
Difference between the market price of the land at the end of the fiscal year when revaluation is made, and the book value after revaluation	-1,943,778	-1,959,992

*3 Notes matured on the year end date are settled on clearing date.

As the last day of the fiscal year under review was a non-business day of financial institutions, the following notes maturing on the year-end date are included in the year-end balance. (Thousand yen)

	FY2012 (As of March 31, 2013)	FY2013 (As of December 31, 2013)
Notes receivable	158,233	6,766

*4 Inventories relating to made-to-order software development that is likely to incur losses and provision for loss on construction contracts are separately presented, without being set off.

Of inventories relating to made-to-order software development that is likely to incur losses, the amount corresponding to the provision for loss on construction contracts is as follows: (Thousand yen)

	FY2012 (As of March 31, 2013)	FY2013 (As of December 31, 2013)
Work in process	216,525	57,807

(Consolidated income statement)

*1 Provision for loss on construction contracts that is included in cost of sales is as follows: (Thousand yen)

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to December 31, 2013)
Provision for loss on construction contracts	204,130	-177,425

*2 Research and development expenses that are included in selling, general, and administrative expenses are as follows:

(Thousand yen)

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to December 31, 2013)
Research and development expenses	790,314	488,711

*3 Impairment loss of noncurrent assets

FY2012 (From April 1, 2012 to March 31, 2013)

The FUJISOFT Group posted impairment loss of the following assets in the consolidated fiscal year under review.

(Thousand yen)

Location	Intended purpose	Category	Impairment loss
Chiyoda-ku, Tokyo, etc.	Business assets	Software	84,517
Koto-ku, Tokyo	Business assets	Software	534,000

We group the assets mainly based on the division on management accounting in which revenue and expenditure are grasped.

If the values of assets fall significantly because the revenue plan is not achieved, the book values of the assets are reduced to the recoverable amounts, and the reductions are recorded as impairment losses (6,739,000 yen in Buildings and structures, 359,856,000 yen in “Other” in Property, plant and equipment, and 251,921,000 yen in Software) in extraordinary loss.

The recoverable amounts of asset groups are measured by their use value and are calculated by discounting the future cash flows 5.37%.

FY2013 (From April 1, 2013 to December 31, 2013)

The FUJISOFT Group posted impairment loss of the following assets in the consolidated fiscal year under review.

(Thousand yen)

Location	Intended purpose	Category	Impairment loss
Koto-ku, Tokyo	Business assets	Software	351,092
Chiyoda-ku, Tokyo, etc.	Business assets	Other	36,738

We group the assets mainly based on the division on management accounting in which revenue and expenditure are grasped.

The book value of the business assets in Koto-ku, Tokyo was posted as an impairment loss in extraordinary loss with a change in the business.

The book value of the business assets in Chiyoda-ku, Tokyo as posted as an impairment loss in extraordinary loss with the Group’s decision to withdraw from part of the business.

(Consolidated statements of changes in net assets)

FY2012 (From April 1, 2012 to March 31, 2013)

1. Outstanding shares

Category	As of April 1, 2012	Increase	Decrease	As of March 31, 2013
Common stock (shares)	34,746,000	–	1,046,000	33,700,000

Note:

Main component of decrease is as follows:

Decrease due to the retirement of treasury stock: 1,046,000 shares

2. Treasury stock

Category	As of April 1, 2012	Increase	Decrease	As of March 31, 2013
Common stock (shares)	3,361,324	279,740	1,046,000	2,595,064

Note:

Main component of increase or decrease is as follows:

Increase from the purchase of the Company’s own shares: 279,400 shares

Increase from the purchase of odd-lot shares: 340 shares

Decrease due to the retirement of treasury stock: 1,046,000 shares

3. Subscription rights to shares

Company name	Item	Category of shares to be issued upon exercise	Number of shares to be issued upon exercise				Balance at the end of the consolidated fiscal year under review (Thousand yen)
			As of April 1, 2012	Increase	Decrease	As of March 31, 2013	
The Company	Subscription rights to shares	–	–	–	–	–	80,500
Consolidated subsidiaries	Subscription rights to shares	–	–	–	–	–	15,097
Total		–	–	–	–	–	95,620

4. Dividends

(1) Dividend payments

Resolution	Category	Total amount of dividend (Thousand yen)	Dividend per share (Yen)	Dividend record date	Effective date
Board of directors meeting held on May 9, 2012	Common stock	313,854	10	March 31, 2013	June 26, 2012
Board of directors meeting held on November 6, 2012	Common stock	345,238	11	September 30, 2012	December 10, 2012

(2) Dividends with a record date in the fiscal year 2012 but an effective date in the following fiscal year

Resolution	Category	Funds for dividend	Total amount of dividend (Thousand yen)	Dividend per share (Yen)	Dividend record date	Effective date
Board of directors meeting held on May 9, 2013	Common stock	Retained earnings	404,374	13	March 31, 2013	June 25, 2013

FY2013 (From April 1, 2013 to December 31, 2013)

1. Outstanding shares

Category	As of April 1, 2013	Increase	Decrease	As of December 31, 2013
Common stock (shares)	33,700,000	–	–	33,700,000

2. Treasury stock

Category	As of April 1, 2013	Increase	Decrease	As of December 31, 2013
Common stock (shares)	2,595,064	173,885	208,000	2,560,948

Note:

Main component of increase or decrease is as follows:

Increase from the purchase of the Company's own shares: 173,000 shares

Increase from the purchase of odd-lot shares: 885 shares

Decrease from the exercise of stock options: 208,000 shares

3. Subscription rights to shares

Company name	Item	Category of shares to be issued upon exercise	Number of shares to be issued upon exercise				Balance at the end of the consolidated fiscal year under review (Thousand yen)
			As of April 1, 2013	Increase	Decrease	As of December 31, 2013	
The Company	Subscription rights to shares	–	–	–	–	–	10,660
Consolidated subsidiaries	Subscription rights to shares	–	–	–	–	–	10,422
Total		–	–	–	–	–	21,082

4. Dividends

(1) Dividend payments

Resolution	Category	Total amount of dividend (Thousand yen)	Dividend per share (Yen)	Dividend record date	Effective date
Board of directors meeting held on May 9, 2013	Common stock	404,374	13	March 31, 2013	June 25, 2013
Board of directors meeting held on November 6, 2013	Common stock	435,962	14	September 30, 2013	December 10, 2013

(2) Dividends with a record date in the fiscal year 2013 but an effective date in the following fiscal year

Resolution	Category	Funds for dividend	Total amount of dividend (Thousand yen)	Dividend per share (Yen)	Dividend record date	Effective date
Board of directors meeting held on February 13, 2014	Common stock	Retained earnings	217,978	7	December 31, 2013	March 18, 2014

(Consolidated cash flow statement)

*1 The relationship between the ending balance of cash and cash equivalents and the accounts and their amounts on the consolidated balance sheet is as follows: (Thousand yen)

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to December 31, 2013)
Cash and time deposits	12,990,227	14,345,725
Securities	3,024,552	2,302,205
Time deposits with maturity of more than 3 months	-92,020	-103,400
Securities other than MMF	-2,224,632	-2,202,205
Cash and cash equivalents	13,698,127	14,342,325

(Rental properties)

The Company and certain of its consolidated subsidiaries own rental office buildings in Tokyo and other areas. Because certain rental office buildings in Japan are used by the Company and its consolidated subsidiaries, they are classified as real estate that includes properties used as rental properties.

The amount of real estate that includes properties used as rental properties presented in the consolidated balance sheets, changes during the fiscal year under review, and its fair value are as follows:

(Thousand yen)

			FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to December 31, 2013)
Real estate that includes properties that are used as rental properties	Amount presented in the consolidated balance sheets	Beginning balance	43,861,703	43,297,866
		Changes during the period	-563,837	-632,242
		Ending balance	43,297,866	42,665,623
	Market value at the year end		47,680,755	47,562,109

(Notes) 1. The amount presented in the consolidated balance sheets is the amount calculated by deducting accumulated depreciation and the accumulated impairment loss from the acquisition costs.

2. Changes in rental properties during the period are declines mainly attributable to the depreciation of Akihabara Building.

3. The fair value as of March 31 and December 31, 2013 was determined mainly based on the amount that reflects the value appraised by real-estate appraisers, and other amounts based on indicators that are considered to appropriately reflect the market value.

Earnings from real estate that includes properties that are used as rental properties are as follows:

(Thousand yen)

		FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to December 31, 2013)
Real estate that includes properties that are used as rental properties	Rent income	1,403,258	1,108,283
	Rent expenses	789,179	609,387
	Difference	614,078	498,895
	Others (Loss (gain) from sales)	–	–

(Note) 1. Because real estate that includes properties used as rental properties also includes the supply of services and properties used by certain consolidated subsidiaries, it is not included in the above rent income. Expenses associated with the above real estate (such as depreciation, repair expenses, and taxes and dues) are included in the rent expenses.

(Segment information)

[Segment information]

1. Overview of reported segments

The reported segments of the Group are its constituents for which separate financial information is available and which the Board of Directors regularly examines to determine the distribution of management resources and evaluate performance.

The Group consists of two service units, or reported segments: the SI (system integration) business and the facility business.

- SI (system integration) business

Overall system integration including contract software development of telecommunication control systems, machine control systems, and operating systems, contract software development of business applications used in different industries, quality evaluation and control support, consulting, development and sale of products, design, production, and sale of personal computer-related devices, and systems maintenance and operations services.

- Facility business

The leasing of office buildings that the Company and certain consolidated subsidiaries own

2. Calculating of net sales, income, loss, assets, liabilities and other items by reported segment

The accounting method of the reported business segments is generally the same as the details stated in the "Important basic matters for the preparation of consolidated financial statements."

Reported segments' income is based on operating income. Internal income and the transfer amount among the segments are based on the actual market prices.

3. Information on net sales, income, loss, assets, liabilities and other items by reported segment

FY2012 (From April 1, 2012 to March 31, 2013) (Thousand yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amounts recorded in the consolidated financial statements (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	129,437,481	2,024,796	131,462,277	6,749,200	138,211,477	–	138,211,477
Inter-segment sales or transfers	44,273	697,902	742,175	1,022,694	1,764,870	-1,764,870	–
Total	129,481,754	2,722,698	132,204,452	7,771,895	139,976,347	-1,764,870	138,211,477
Segment profit	6,433,202	662,682	7,095,885	251,917	7,347,802	1,597	7,349,400
Segment assets	150,075,067	637,377	150,712,445	2,447,648	153,160,094	–	153,160,094
Other items							
Depreciation and amortization	6,501,121	86,823	6,587,945	136,583	6,724,528	–	6,724,528
Amortization of goodwill	328,418	–	328,418	–	328,418	–	328,418
Increase in property, plant and equipment and intangible assets	3,396,435	8,340	3,404,775	42,671	3,447,446	–	3,447,446

(Notes) 1. "Others" is a business segment that is not included in the reported segments and includes the data entry business, contact center business etc.

2. An adjustment of segment profit of 1,597 thousand yen includes an elimination of inter-segment transactions of 1,597 thousand yen.

3. The segment profit has been adjusted to the operating income stated in the consolidated income statement.

FY2013 (From April 1, 2013 to December 31, 2013) (Thousand yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amounts recorded in the consolidated financial statements (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	98,658,156	1,497,530	100,155,686	5,244,310	105,399,996	–	105,399,996
Inter-segment sales or transfers	51,107	464,541	515,649	838,707	1,354,357	-1,354,357	–
Total	98,709,264	1,962,071	100,671,335	6,083,017	106,754,353	-1,354,357	105,399,996
Segment profit	5,144,295	431,719	5,576,014	136,177	5,712,192	1,418	5,713,610
Segment assets	150,937,442	581,308	151,518,751	3,003,981	154,522,732	–	154,522,732
Other items							
Depreciation and amortization	4,584,728	64,149	4,648,877	99,547	4,748,425	–	4,748,425
Amortization of goodwill	401,072	–	401,072	–	401,072	–	401,072
Increase in property, plant and equipment and intangible assets	3,083,395	1,310	3,084,705	50,265	3,134,970	–	3,134,970

(Notes) 1. “Others” is a business segment that is not included in the reported segments and includes the data entry business, contact center business etc.

2. An adjustment of segment profit of 1,418 thousand yen includes an elimination of inter-segment transactions of 1,418 thousand yen.

3. The segment profit has been adjusted to the operating income stated in the consolidated income statement.

[Related information]

FY2012 (From April 1, 2012 to March 31, 2013)

1. Information about each product and service

The details have been omitted, because the FUJISOFT Group provides reports based on the management approach by product and service.

2. Information about each region

(1) Net sales

The details of net sales were omitted, because net sales that were classified as those for external customers in Japan exceeded 90% of net sales stated in the consolidated statements of income.

(2) Property, plant and equipment

The details of property, plant and equipment were omitted, because property, plant and equipment in Japan exceeded 90% of those stated in the consolidated balance sheets.

3. Information about each major customer

The details of major customers were omitted, because there were no customers who account for 10% of net sales for external customers stated in the consolidated statements of income.

FY2013 (From April 1, 2013 to December 31, 2013)

1. Information about each product and service

The details have been omitted, because the FUJISOFT Group provides reports based on the management approach by product and service.

2. Information about each region

(1) Net sales

The details of net sales were omitted, because net sales that were classified as those for external customers in Japan exceeded 90% of net sales stated in the consolidated statements of income.

(2) Property, plant and equipment

The details of property, plant and equipment were omitted, because property, plant and equipment in Japan exceeded 90% of those stated in the consolidated balance sheets.

3. Information about each major customer

The details of major customers were omitted, because there were no customers who account for 10% of net sales for external customers stated in the consolidated statements of income.

[Information on the impairment loss of noncurrent assets by reported segment]

FY2012 (From April 1, 2012 to March 31, 2013) (Thousand yen)

	Reported segments			Others	Total	Adjustment	Amounts recorded in the consolidated financial statements
	SI business	Facility business	Total				
Impairment loss	618,517	–	618,517	–	618,517	–	618,517

FY2013 (From April 1, 2013 to December 31, 2013) (Thousand yen)

	Reported segments			Others	Total	Adjustment	Amounts recorded in the consolidated financial statements
	SI business	Facility business	Total				
Impairment loss	387,831	–	387,831	–	387,831	–	387,831

[Information on the amortization of goodwill and the unamortized amount by reported segment]

FY2012 (From April 1, 2012 to March 31, 2013) (Thousand yen)

	Reported segments			Others	Total	Adjustment	Amounts recorded in the consolidated financial statements
	SI business	Facility business	Total				
Amortization during the fiscal year under review	328,418	–	328,418	–	328,418	–	328,418
Outstanding balance as at the end of the fiscal year under review	3,304,085	–	3,304,085	–	3,304,085	–	3,304,085

FY2013 (From April 1, 2013 to December 31, 2013) (Thousand yen)

	Reported segments			Others	Total	Adjustment	Amounts recorded in the consolidated financial statements
	SI business	Facility business	Total				
Amortization during the fiscal year under review	401,072	–	401,072	–	401,072	–	401,072
Outstanding balance as at the end of the fiscal year under review	3,965,908	–	3,965,908	–	3,965,908	–	3,965,908

(Per-share information)

(Yen)

	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to December 31, 2013)
Net assets per share	2,537.64	2,723.46
Net income per share	127.67	118.73
Fully diluted net income per share	127.65	118.52

(Note) 1. The calculation basis of net income per share and fully diluted net income per share are as follows:

Item	FY2012 (From April 1, 2012 to March 31, 2013)	FY2013 (From April 1, 2013 to December 31, 2013)
(1) Net income per share		
Net income (thousand yen)	4,002,582	3,695,130
Amounts which do not belong to ordinary shareholders (thousand yen)	–	–
Net income on common shares (thousand yen)	4,002,582	3,695,130
Average number of common shares during the fiscal year (thousand shares)	31,350	31,123
(2) Fully diluted net income per share		
Net income adjustment (thousand yen)	-523	-6,461
Increase in common shares (shares)	–	–
Outlines of potential shares not included in the computation of fully diluted net income per share because of the absence of diluting effect	(The Company) Stock option resolved at the annual general meeting of shareholders on June 23, 2008 Number of shares associated with stock acquisition rights: 230,000 shares Issue price: 1,993 yen	(The Company) Stock option resolved at the annual general meeting of shareholders on July 23, 2013 Number of shares associated with stock acquisition rights: 164,000 shares Issue price: 2,112 yen

2. The calculation basis of net assets per share is as follows:

Item	FY2012 (As of March 31, 2013)	FY2013 (As of December 31, 2013)
Total net assets (thousand yen)	89,233,420	95,072,000
Amount to be subtracted from total net assets (thousand yen)	10,300,293	10,265,939
Stock acquisition rights (thousand yen)	95,597	21,082
Minority interests (thousand yen)	10,204,695	10,244,856
Net assets pertaining to common shares at the year end (thousand yen)	78,933,127	84,806,060
Number of common shares at the year end used in calculation of net assets per share (thousand shares)	31,104	31,139

(Post-balance sheet events)

Not applicable.

5. Other

Production, orders, and sales situations

(1) Production performance

The table below shows production performance by business segment in the fiscal year under review.

Segment by business type	Amount (thousand yen)	Year-on-year change (%)
SI business	73,858,701	102.2
Facility business	908,195	112.1
Other	5,159,554	108.1
Total	79,926,451	102.7

(Notes) 1. Inter-segment transactions were canceled out.
2. The amount is calculated based on the manufacturing cost.
3. Amounts are not inclusive of the consumption tax.
4. The year-on-year change (%) is comparison between results in the consolidated fiscal year under review and results in nine months (from April 1 to December 31, 2012) in the previous consolidated fiscal year, including results at the Company and subsidiaries whose fiscal year ended March the previous fiscal year.

(2) Orders

The table below shows orders received by business segment in the fiscal year under review.

Segment by business type	Amount of orders (thousand yen)	Year-on-year change (%)	Outstanding balance of orders (thousand yen)	Year-on-year change (%)
SI business	97,414,150	102.0	26,337,575	99.0
Facility business	1,488,646	97.9	251,186	104.5
Other	5,410,144	105.3	1,241,726	106.4
Total	104,312,941	102.1	27,830,488	99.3

(Notes) 1. Inter-segment transactions were canceled out.
2. Amounts are not inclusive of the consumption tax.
3. The year-on-year change (%) is comparison between results in the consolidated fiscal year under review and results in nine months (from April 1 to December 31, 2012) in the previous consolidated fiscal year, including results at the Company and subsidiaries whose fiscal year ended March the previous fiscal year.

(3) Sales performance

The table below shows sales performance by business segment in the fiscal year under review.

Segment by business type	Amount (thousand yen)	Year-on-year change (%)
SI business	98,658,156	103.1
Facility business	1,497,530	100.1
Other	5,244,310	106.5
Total	105,399,996	103.2

(Notes) 1. Inter-segment transactions were canceled out.
2. Amounts are not inclusive of the consumption tax.
3. Sales by major customer and the ratio of sales by major customer to total sales in the fiscal year under review were omitted, since the ratio was less than 10%.
4. The year-on-year change (%) is comparison between results in the consolidated fiscal year under review and results in nine months (from April 1 to December 31, 2012) in the previous consolidated fiscal year, including results at the Company and subsidiaries whose fiscal year ended March the previous fiscal year.