

Summary of Consolidated Financial Results for the First Three Quarters of Fiscal Year ending December 31, 2014 (Japanese Accounting Standards)



November 6, 2014

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 Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): November 7, 2014
 Scheduled date of dividend payment: –
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes (for institutional investors and analysts)

(Figures less than one million yen are omitted)

1. Consolidated Business Results for the Nine Months Ended September 30, 2014 (January 1, 2014 – September 30, 2014)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended 9/14	112,425	–	6,262	–	6,816	–	3,764	–
Nine months ended 9/13	–	–	–	–	–	–	–	–

(Note) Comprehensive income (million yen) Nine months ended 9/14: 4,398 (–%)
 Nine months ended 9/13: – (–%)

	Net income per share	Net income per share/diluted
	Yen	Yen
Nine months ended 9/14	120.90	120.72
Nine months ended 9/13	–	–

The Company has revised the settlement date from March 31 to December 31 from fiscal year 2013. Accordingly, year-on-year percentage changes for the first three quarters of the fiscal year ending December 31, 2014 and consolidated operating results (cumulative) for the first three quarters of the fiscal year ended December 31, 2013 are omitted, as the Company did not prepare consolidated financial statements for the first three quarters of the fiscal year ended December 31, 2013.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Nine months ended 9/14	157,150	98,587	55.9
Year ended 12/13	154,522	95,072	54.9

Reference: Shareholders' equity (million yen) Nine months ended 9/14: 87,900 Year ended 12/13: 84,806

2. Dividends

	Dividend per share				
	End of first quarter	End of interim period	End of third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended 12/13	–	14.00	–	7.00	21.00
Year ending 12/14	–	14.00	–	–	–
Year ending 12/14 (forecast)	–	–	–	14.00	28.00

(Note) Revisions to dividend forecasts published most recently: No

3. Forecast for Consolidated Business Results for the Fiscal Year Ending December 31, 2014

(January 1, 2014 – December 31, 2014)

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	149,200	—	8,300	—	8,500	—	4,800	—	154.15

(Note) Revisions to forecast for consolidated business results published most recently: No

The Company has changed its settlement date, and the previous fiscal year 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) Important changes in subsidiaries during the nine-month period under review (changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable
- (2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles and changes or restatement of accounting estimates
- (i) Changes in accounting principles due to amendment of accounting standards, etc.: Not applicable
 - (ii) Changes in accounting principles other than (i): Not applicable
 - (iii) Changes in accounting estimates: Not applicable
 - (iv) Restatement: Not applicable

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of period (including treasury shares):	9/14:	33,700,000 shares	Year ended 12/13:	33,700,000 shares
2) Number of treasury shares at the end of period	9/14:	2,561,514 shares	Year ended 12/13:	2,560,948 shares
3) Average number of shares during the period (quarterly consolidated cumulative period)	9/14:	31,138,743 shares	9/13:	– shares

The Company has revised the settlement date from March 31 to December 31 from fiscal year 2013. Accordingly, the average number of shares during the period (quarterly consolidated cumulative period) for the first three quarters of the fiscal year ended December 31, 2013 is omitted, as the Company did not prepare consolidated financial statements for the first three quarters of the fiscal year ended December 31, 2013.

* Status of a quarterly review

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements have not been reviewed at the time of the announcement of this financial summary.

* Cautionary statement with respect to forward-looking statements

The above forecast has been prepared based on data available on the announcement date. Since the data contains uncertainties, actual results may differ materially from the projections above due to changes in business performance and other factors.

For assumptions concerning financial forecasts, please refer to 1. Qualitative Information on Consolidated Results for the First Three Quarters Ended September 30, 2014, (3) Information on the future outlook, including forecast for consolidated business results on page 3 of the accompanying materials.

Accompanying Materials – Contents

1. Qualitative Information on Consolidated Results for the First Three Quarters Ended September 30, 2014	2
(1) Details of consolidated results	2
(2) Details of financial position	3
(3) Information on the future outlook, including forecast for consolidated business results	3
2. Matters Relating to Summary Information (Notes)	4
(1) Important changes in subsidiaries during the nine-month period under review	4
(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements	4
(3) Changes in accounting principles and changes or restatement of accounting estimates	4
3. Consolidated Financial Statements	5
(1) Consolidated balance sheet	5
(2) Consolidated statements of income and consolidated statements of comprehensive income	7
(3) Notes to consolidated financial statements	9
Note on going concern assumptions	9
Note when there is a considerable change in the amount of shareholders' equity	9
Segment information	9

1. Qualitative Information on Consolidated Results for the First Three Quarters Ended September 30, 2014

(1) Details of consolidated results

	Net sales (billion yen)	Operating income (billion yen)	Ordinary income (billion yen)	Net income (billion yen)	Net income per share (yen)
Nine months ended September 2014	112.4	6.2	6.8	3.7	120.90
Same period of previous fiscal year (Note)	105.9	6.1	7.3	3.9	126.64
Year-on-year percentage change	6.1%	2.6%	-6.9%	-4.6%	-4.5%

Note: Same period of previous fiscal year is the same period of the previous fiscal year (from January 1, 2013 to September 30, 2013) corresponding to the first nine months under review (from January 1, 2014 to September 30, 2014).

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

During the first three quarters of the consolidated fiscal year under review (from January 1, 2014 to September 30, 2014), the Japanese economy was on a moderate recovery path, with signs of improvement in the employment environment on the strength of the government's policy measures. In the IT industry, with a recovery in corporate earnings, investment in the renewal of existing systems and in advanced ICT technologies expanded.

In this business environment, the FUJISOFT Group continued to promote its medium term policy, "Creating a high value-added structure," aiming to become an innovative corporate group that links ICT development to greater value for customers. In System Construction, the Group expanded sales mainly in the field of machine control, including auto-related and factory automation projects, in the field of social infrastructure, where steps need to be taken in response to the emergence of high-speed networks, and in the Internet businesses, where the use of ICT technologies is being promoted. Sales in this segment rose due to a rise in sales in these fields, which more than offset declining sales over time in mobile phone development. The Group has been cautious on hiring new graduates and midcareer professionals, but to expand operations further, the Group substantially expanded its recruitment and also put effort into strengthening human resource development.

In Products and Services, the Group aggressively promoted, using events, exhibitions and the media, strategic products including the communication robot PALRO, moreNOTE and Mirai School Station. Meanwhile, the licensing business continued to perform strongly thanks to enhanced cooperation with vendors.

In overseas operations, the group's consolidated subsidiary VINX CORP. used its experience in Malaysia and Vietnam to expand business in the ASEAN region, including providing comprehensive IT support services to the Cambodian subsidiary of a large general retail group on the opening of its first mall in Cambodia. In addition, the Group established FUJISOFT CHINA INCORPORATED in Jinan, Shandong Province in April 2014 to step up offshore development, especially in the telecommunications and control fields, and to further expand business in the Chinese market.

As a result of these initiatives, in the consolidated first three quarters under review, net sales stood at 112,425 million yen, up 6.1% year on year. Selling, general and administrative expenses rose 3.0% year on year to 19,606 million yen, reflecting the impact of upfront investment in the recruitment and training of human resources, and operating income was 6,262 million yen, up 2.6% year on year. Given a decline in the share of profit of a securities-related affiliate accounted for using equity method, ordinary income stood at 6,816 million yen, down 6.9% year on year, and net income amounted to 3,764 million yen, down 4.6%.

Results by business segment were as follows:

(i) SI (system integration) business

In the SI Business, sales of embedded/control software decreased due to decline in sales of mobile software, affected by a contraction in the mobile phone business of major customers the previous year, which outweighed strong sales for machine control systems, including auto-related and factory automation projects, and social infrastructure systems especially in the telecommunications infrastructure field, including telecommunications equipment and base stations. Sales of operation software increased due mainly to growth in the Internet business, which more than offset a dip in sales attributable to the absence of a non-life insurer integration project and large education-related project recorded the previous fiscal year. In Products and Services, sales rose sharply, mainly owing to a strong performance in licensing business, especially non-consolidated sales of Microsoft products. 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 104,815 million yen, up 5.7% year on year. Operating income was 5,794 million yen, climbing 6.4%.

* The following table shows a breakdown of net sales in the SI business.

(Thousand yen)		
	Net sales	YoY change (%)
SI business total	104,815,040	105.7
System construction	58,820,813	100.1
Embedded/control software	28,276,822	98.9
Operation software	30,543,990	101.3
Products and services	45,994,227	113.7
Products and services	31,448,479	122.5
Outsourcing	14,545,747	98.5

(ii) Facility business

Sales were 1,603 million yen, up 3.5% year on year, reflecting rent income from office buildings owned by the Company and certain consolidated subsidiaries. Operating income declined 42.1% year on year, to 267 million yen.

(iii) Other businesses

Sales were 6,006 million yen, up 15.1% year on year, reflecting revenues in the data entry business and contact center business. Other businesses produced operating income of 200 million yen, up 4.9% year on year.

(2) Details of financial position

(Total assets)

Total assets stood at 157,150 million yen at the end of the consolidated first three quarters under review, up 2,627 million yen from the end of the preceding consolidated fiscal year. Current assets were 55,372 million yen (up 3,464 million yen from the end of the previous fiscal year), and non-current assets were 101,778 million yen (down 836 million yen).

Important factors in the change in current assets included an increase in notes and accounts receivable - trade of 2,659 million yen from the end of the preceding consolidated fiscal year, to 30,919 million yen.

The main factors for the change in non-current assets included a decrease in property, plant and equipment of 1,415 million yen, to 68,078 million yen, due mainly to depreciation, and an increase in investment securities included in investments and other assets of 679 million yen, to 18,920 million yen.

(Liabilities)

At the end of the first three quarters under review, total liabilities amounted to 58,563 million yen, down 887 million yen from the end of the previous fiscal year. Current liabilities were 42,934 million yen (rising 3,078 million yen from the end of the previous fiscal year), and non-current liabilities were 15,629 million yen (dropping 3,966 million yen).

Primary factors in the change of current liabilities included a 2,057 million yen increase in income taxes payable, to 2,333 million yen, and a 2,046 million yen rise in provision for bonuses, to 4,443 million yen.

The main factor in the change in non-current liabilities was a 4,251 million yen fall in long-term loans payable, to 5,174 million yen, due to the repayment of loans payable.

(Net assets)

Net assets rose 3,515 million yen from the end of the preceding fiscal year, to 98,587 million yen at the end of the consolidated first three quarters under review. The equity ratio rose to 55.9%, up from 54.9% at the end of the previous fiscal year.

(3) Information on the future outlook, including forecast for consolidated business results

For the full-year results forecasts for the fiscal year ending December 2014, there is no change in the forecasts announced on August 7, 2014.

2. Matters Relating to Summary Information (Notes)

(1) Important changes in subsidiaries during the nine-month period under review

Not applicable.

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements

(Calculation of tax expense)

Certain consolidated subsidiaries make a reasonable estimate of the effective tax rate after the application of tax effect accounting to income before income taxes for the current fiscal year and multiply quarterly income before income taxes by the estimated effective tax rate.

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

Not applicable.

3. Consolidated Financial Statements

(1) Consolidated balance sheet

	(Thousand yen)	
	FY2013 (As of December 31, 2013)	Q3 FY2014 (As of September 30, 2014)
Assets		
Current assets		
Cash and deposits	14,345,725	14,000,082
Notes and accounts receivable - trade	28,260,519	30,919,972
Short-term investment securities	2,302,205	3,009,402
Merchandise	270,467	470,709
Work in process	1,810,083	1,378,168
Raw materials and supplies	38,686	33,927
Other	4,916,143	5,580,425
Allowance for doubtful accounts	-36,394	-20,636
Total current assets	51,907,437	55,372,052
Non-current assets		
Property, plant and equipment		
Buildings and structures	56,784,117	56,906,190
Accumulated depreciation	-21,462,708	-22,564,139
Buildings and structures, net	35,321,408	34,342,051
Land	30,415,744	30,415,744
Construction in progress	79,087	52,423
Other	15,321,201	15,235,084
Accumulated depreciation	-11,643,816	-11,966,855
Other, net	3,677,385	3,268,228
Total property, plant and equipment	69,493,626	68,078,447
Intangible assets		
Goodwill	3,965,908	3,572,547
Software	3,942,693	3,780,447
Other	192,390	190,553
Total intangible assets	8,100,993	7,543,549
Investments and other assets		
Investment securities	18,241,090	18,920,476
Net defined benefit asset	4,243,759	4,551,994
Other	2,573,484	2,694,817
Allowance for doubtful accounts	-37,658	-10,960
Total investments and other assets	25,020,675	26,156,327
Total non-current assets	102,615,295	101,778,324
Total assets	154,522,732	157,150,376

	(Thousand yen)	
	FY2013 (As of December 31, 2013)	Q3 FY2014 (As of September 30, 2014)
Liabilities		
Current liabilities		
Accounts payable-trade	7,433,520	9,336,312
Short-term loans payable	5,862,270	1,050,000
Commercial papers	4,000,000	6,000,000
Current portion of long-term loans payable	9,645,058	9,593,557
Accrued expenses	3,349,520	2,390,943
Income taxes payable	275,376	2,333,347
Provision for bonuses	2,397,009	4,443,061
Provision for directors' bonuses	121,186	137,851
Provision for loss on construction contracts	79,963	97,296
Other	6,691,568	7,551,738
Total current liabilities	39,855,474	42,934,108
Non-current liabilities		
Long-term loans payable	9,426,177	5,174,691
Provision for directors' retirement benefits	293,938	321,889
Net defined benefit liability	5,032,272	5,100,751
Other	4,842,870	5,031,741
Total non-current liabilities	19,595,258	15,629,073
Total liabilities	59,450,732	58,563,182
Net assets		
Shareholders' equity		
Capital stock	26,200,289	26,200,289
Capital surplus	28,505,941	28,505,941
Retained earnings	39,546,398	42,536,507
Treasury shares	-5,176,648	-5,177,885
Total shareholders' equity	89,075,980	92,064,852
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,902,435	3,915,464
Deferred gains or losses on hedges	9,021	5,503
Revaluation reserve for land	-9,051,088	-9,051,088
Foreign currency translation adjustment	351,393	352,947
Remeasurements of defined benefit plans	518,317	613,167
Total accumulated other comprehensive income	-4,269,919	-4,164,005
Subscription rights to shares	21,082	35,873
Minority interests	10,244,856	10,650,472
Total net assets	95,072,000	98,587,193
Total liabilities and net assets	154,522,732	157,150,376

- (2) Consolidated statements of income and consolidated statements of comprehensive income
 Consolidated statements of income
 Consolidated first three quarters results

	(Thousand yen)
	Q3 FY2014 (From January 1, 2014 to September 30, 2014)
Net sales	112,425,842
Cost of sales	86,557,571
Gross profit	25,868,270
Selling, general and administrative expenses	19,606,236
Operating income	6,262,033
Non-operating income	
Interest income	27,742
Dividends income	82,332
Share of profit of entities accounted for using equity method	326,311
Foreign exchange gains	45,811
Subsidy income	105,170
Grants	19,115
Cancellation income for system services	238,514
Other	73,207
Total non-operating income	918,205
Non-operating expenses	
Interest expenses	117,578
Loss on compensation	52,030
Cancellation loss for system services	130,124
Loss on retirement of non-current assets	30,198
Other	34,176
Total non-operating expenses	364,107
Ordinary income	6,816,131
Extraordinary income	
Gain on sales of investment securities	31,075
Total extraordinary income	31,075
Extraordinary losses	
Loss on retirement of non-current assets	85,225
Office transfer expenses	21,347
Loss on agency contract cancellation	54,620
Total extraordinary losses	161,192
Income before income taxes	6,686,014
Income taxes-current	3,127,821
Income taxes-deferred	-730,589
Total income taxes	2,397,232
Income before minority interests	4,288,781
Minority interests in income	524,112
Net income	3,764,669

Consolidated statements of comprehensive income
 Consolidated first three quarters results

	(Thousand yen)
	Q3 FY2014 (From January 1, 2014 to September 30, 2014)
Income before minority interests	4,288,781
Other comprehensive income	
Valuation difference on available-for-sale securities	166,849
Deferred gains or losses on hedges	-6,522
Foreign currency translation adjustment	-12,261
Remeasurements of defined benefit plans, net of tax	28,853
Share of other comprehensive income of entities accounted for using equity method	-66,952
Total other comprehensive income	109,966
Comprehensive income	4,398,747
Comprehensive income attributable to	
Comprehensive income attributable to owners of the parent	3,885,368
Comprehensive income attributable to minority interests	513,379

(3) Notes to consolidated financial statements

(Note on going concern assumptions)

Not applicable.

(Note when there is a considerable change in the amount of shareholders' equity)

Not applicable.

(Segment Information)

[Segment Information]

I. Q3 FY2014 (From January 1, 2014 to September 30, 2014)

1. Information on Sales and Profit and Loss by Reported Segment

(Thousand yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statements of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	104,815,040	1,603,970	106,419,011	6,006,830	112,425,842	–	112,425,842
Inter-segment sales or transfers	125,140	472,807	597,947	805,421	1,403,369	-1,403,369	–
Total	104,940,181	2,076,778	107,016,959	6,812,252	113,829,211	-1,403,369	112,425,842
Segment profit	5,794,895	267,435	6,062,330	200,660	6,262,991	-957	6,262,033

Notes:

1. "Others" is a business segment that is not included in the reported segments and includes the data entry business and contact center business etc.
2. An adjustment of segment profit of minus 957,000 yen includes an elimination of inter-segment transactions of minus 957,000 yen.
3. The segment profit has been adjusted to the operating income stated in the consolidated income statement.

2. Information on Impairment Loss in Fixed Assets and Goodwill by Reported Segment

The presentation of information has been omitted due to its lack of material significance.