Summary of Consolidated Financial Results for the Fiscal Year ended December 31, 2014 (Japanese Accounting Standards)

February 13, 2015

Listed Company Name:	FUJI SOFT INCORPORATED	Listing Exchanges:	Tokyo Stock Exchange
Securities Code:	9749	URL:	http://www.fsi.co.jp
Representative:	Satoyasu Sakashita, President & Representative Director		
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Scheduled date of Annual General Meeting of Shareholders:	March 20, 2015
Scheduled date of dividend payment:	March 23, 2015
Scheduled date to submit the annual securities report *(Yukashoken Hokokusho)*:	March 23, 2015
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, 2014 (January 1, 2014 – December 31, 2014)

(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 12/14	148,452	–	8,305	–	9,269	–	4,874	–
Year ended 12/13	105,399	–	5,713	–	6,585	–	3,695	–

(Note) Comprehensive income (million yen): Year ended 12/14: 6,350 (–%) Year ended 12/13: 6,475 (–%)

	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 12/14	156.55	156.30	5.6	5.9	5.6
Year ended 12/13	118.73	118.52	4.5	4.3	5.4

Reference: Equity in earnings of affiliates (million yen): Year ended 12/14: 660 Year ended 12/13: 757

The Company has revised the settlement date from March 31 to December 31 from the fiscal year ended December 2013. Accordingly, year-on-year percentage changes are not stated because the period of the fiscal year under review (from January 1, 2014 to December 31, 2014) is different from the period of the previous fiscal year (from April 1, 2013 to December 31, 2013), which will be compared. (The Company and its consolidated companies with a settlement date of March 31 in the previous fiscal year made the period from April 1, 2013 to December 31, 2013 the period of consolidation, and the Company's consolidated companies with a settlement date of December 31 in the previous fiscal year made the period from January 1, 2013 to December 31, 2013 the period of consolidation.)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended 12/14	157,587	100,526	56.8	2,873.47
Year ended 12/13	154,522	95,072	54.9	2,723.46

(Reference) Shareholders' equity (million yen): Year ended 12/14: 89,474 Year ended 12/13: 84,806

(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 12/14	14,119	-3,697	-8,891	16,135
Year ended 12/13	6,342	-2,538	-3,375	14,342

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 12/13	–	14.00	–	7.00	21.00	653	17.7	0.8
Year ended 12/14	–	14.00	–	14.00	28.00	871	17.9	1.0
Year ending 12/15 (forecast)	–	14.00	–	14.00	28.00		18.2	

3. Forecast for Consolidated Business Results for the Fiscal Year Ending December 31, 2015 (Jan. 1, 2015 – Dec. 31, 2015)

(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)	76,500	1.7	3,950	0.3	4,065	-2.3	2,080	-5.8	66.80
Full year	152,000	2.4	8,500	2.3	8,800	-5.1	4,800	-1.5	154.15

* 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.: Not applicable

(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 shares):
Year ended 12/14: 33,700,000 shares Year ended 12/13: 33,700,000 shares

(ii) Number of treasury stock at the end of period:
Year ended 12/14: 2,561,793 shares Year ended 12/13: 2,560,948 shares

(iii) Average number of shares during the period:
Year ended 12/14: 31,138,640 shares Year ended 12/13: 31,123,171 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Business Results for the Fiscal Year Ended December 31, 2014 (January 1, 2014 – December 31, 2014)

(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 12/14	88,027	–	5,212	–	5,869	–	3,802	–
Year ended 12/13	61,316	–	3,781	–	4,125	–	2,933	–

	Net income per share	Net income per share/diluted
	Yen	Yen
Year ended 12/14	122.12	122.08
Year ended 12/13	94.24	–

The Company has revised the settlement date from March 31 to December 31 from the fiscal year ended December 2013. Accordingly, year-on-year percentage changes are not stated because the period of the fiscal year under review (from January 1, 2014 to December 31, 2014) is different from the period of the previous fiscal year (from April 1, 2013 to December 31, 2013), which will be compared.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended 12/14	125,539	77,876	62.0	2,499.77
Year ended 12/13	121,021	73,595	60.8	2,363.05

(Reference) Shareholders' equity (million yen): Year ended 12/14: 77,840 Year ended 12/13: 73,585

* 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)

	Net sales (billion yen)	Operating income (billion yen)	Ordinary income (billion yen)	Net income (billion yen)	Net income per share (yen)
Year ended December 2014	148.4	8.3	9.2	4.8	156.55
Same period of previous fiscal year (*1)	141.4	7.6	9.1	5.2	166.96
Year-on-year percentage change	4.9%	8.2%	1.0%	-6.3%	-6.2%
(Reference) Year ended December 2013 (*2)	105.3	5.7	6.5	3.6	118.73

*1: The same period of the previous fiscal year is the period from January 1, 2013 to December 31, 2013, which corresponds to the fiscal year under review (January 1, 2014 to December 31, 2014).

*2: The Company and its consolidated companies with the settlement date of March 31 in fiscal year 2013 made the period from April 1, 2013 to December 31, 2013 as the period of consolidation, and the Company's consolidated companies with the settlement date of December 31 in fiscal year 2013 made the period from January 1, 2013 to December 31, 2013 as the period of consolidation.

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 fiscal year under review, the Japanese economy remained on a modest recovery trend, partly reflecting the improvement in corporate earnings centering on large companies despite a delay in the recovery of consumer spending due to the effect of the consumption tax hike. In the IT industry, while there was improvement in investments in software, and investments in the renewal of existing systems and advanced ICT technologies expanded, there was also a shortfall in human resources, and demand remained on a rising trend.

In this business environment, the FUJISOFT Group continued to work to enhance added value, aiming to become an innovative corporate group that links ICT development to greater value for customers, which is shown in its medium-term policy. In addition, the FUJISOFT Group actively expanded human resources, strengthened cooperation with business partners and moved ahead with system development.

Concerning System Construction, the Group actively employed, developed and redeployed personnel centering on areas with significant demand, where the Company's accumulated technological strength, responsiveness and advanced know-how can be used. Specifically, the Group expanded businesses in education, medical treatment and public service in addition to machine control, including auto-related and factory automation (tool machine) projects where there was growing use of embedded/control technologies, social infrastructure where communication technologies and advanced ICT technologies are freely used, and the Internet businesses, which continues to expand and be renovated with the development of ICT.

In the Product and Service sector, moreNote, a smart document service that is increasingly utilized in paperless meetings while corporations and the government accelerate introduction of tablet terminals, and Mirai School Station, a general educational solution to promote the introduction of education ICT into schools, as well as the communication robot PALRO (Paruro), which is strengthening cooperation with local governments in the preventive care business, etc., were all vigorously promoted in the media by the Group. The Group as a whole also strengthened the cloud service business at CYBER COM Co., Ltd. Co., Ltd with the softphone Smart CC-Phone (smart CC phone), a dedicated call center device, as well as the next-generation store system CoMoBiS (Komobisu), which uses a smart device from VINX Corporation. Meanwhile, the licensing business continued to expand thanks to enhanced cooperation with vendors. In addition, the Group carried out activities proposing the next generation working style to be realized through the services and products of the Company under the concept of "work life laboratory to study a new way of working."

In overseas operations and global development, the Company established VINX Vietnam Co., Ltd. in January 2014, which performs as a support and development base for large general retail groups in the ASEAN region. In February 2014, the Company incorporated FUJISOFT TISSUE ENGINEERING Co., Ltd. to promote business in earnest using tissue engineering know-how developed by the Company as assets. In April 2014, the Company established FUJISOFT CHINA Corp. in Jinan, Shandong Province aiming to step up offshore development and further expand business in the Chinese market.

Regarding CSR (corporate social responsibility) activities, the Company held the 26th World Robot Sumo Championship and the first International Robot Sumo Tournament 2014 simultaneously, and provided participants with the chance to recognize the joy of making things through building a robot. In addition, the Company carried out activities to provide support for reconstruction of areas suffering from natural disasters and revitalizing depopulated areas using ICT in corporation with specified non-profit organizations (NPO corporation). FUJISOFT KIKAKU, Ltd., a special subsidiary, took advantage of its know-how and built a job assistance program for people with disabilities teaching “employment prep” in order to support activities for the expansion of employment of people with disabilities.

As a result of these initiatives, in the fiscal year under review, net sales stood at 148,452 million yen, up 4.9% year on year. Operating income increased 8.2% from a year earlier, to 8,305 million yen. Ordinary income rose 1.0% to 9,269 million yen offsetting a decline in gain on equity method investment for a securities-related affiliated company. Net income declined 6.3% year on year to 4,874 million yen reflecting the recording of temporary losses due to the revision of the business of the group companies.

Segment results by business were as follows:

(SI Business)

In the SI Business, sales of embedded/control software increased from the previous year reflecting brisk sales of machine control systems, including auto-related and factory automation projects, and social infrastructure systems especially in the telecommunications infrastructure field, such as telecommunications equipment and base stations, offsetting a decline in the sales of mobile software affected by a contraction in the mobile phone business of a major customer in the previous year. 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 138,108 million yen, up 4.3% year on year. Operating income amounted to 7,482 million yen, up 8.7%.

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

(Million yen)

			Net sales	YoY change (%)
SI business total			138,108	104.3
	System construction		78,603	101.3
		Embedded/control software	37,918	100.8
		Operation software	40,684	101.7
	Products and services		59,504	108.6
		Products and services	40,156	114.5
		Outsourcing	19,348	98.2

(Facility Business)

Sales stood at 2,217 million yen, up 9.4% year on year, reflecting rental income from office buildings owned by the Company and certain consolidated subsidiaries. However, operating income declined 3.4% year on year, to 538 million yen due to investments to enhance the value of real estate.

(Other Businesses)

Sales amounted to 8,126 million yen, up 14.9% year on year, mainly reflecting revenues from the data entry business, the contact center business and the tissue engineering business. Operating income rose 22.9% to 287 million yen.

2) Forecast for the next consolidated fiscal year

For the next consolidated fiscal year, the Group forecasts that net sales will stand at 152.0 billion yen, operating income will amount to 8.5 billion yen, ordinary income will come to 8.8 billion yen, and net income will be 4.8 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.

(2) Analysis of financial condition

1) Asset, liabilities and net assets

(Total assets)

Total assets stood at 157,587 million yen at the end of the consolidated fiscal year under review, up 3,065 million yen from the end of the preceding consolidated fiscal year. Current assets were 55,094 million yen (up 3,187 million yen from the end of the previous fiscal year), and noncurrent assets were 102,492 million yen (down 122 million yen).

Important factors in the change of current assets included an increase in cash and deposits by 898 million yen from the end of the previous fiscal year, to 15,244 million yen, and notes and accounts receivable-trade by 1,875 million yen from the end of the previous fiscal year, to 30,136 million yen. The main factors for the change in non-current assets included a decrease in buildings and structures by 1,320 billion yen from the end of the previous fiscal year, to 34.0 billion yen due mainly to depreciation, and an increase in investment securities by 2,324 million yen from the end of the previous fiscal year, to 20,565 million yen.

(Liabilities)

At the end of the fiscal year under review, total liabilities amounted to 57,061 million yen, down 2,389 million yen from the end of the previous fiscal year. Current liabilities were 38,039 million yen (falling 1,815 million yen from the end of the previous fiscal year), and noncurrent liabilities were 19,021 million yen (dropping 573 million yen).

Primary factors in the change of current liabilities included a decline in short-term loans payable by 3,852 million yen from the end of the previous fiscal year, to 2,010 million yen, and a rise in income taxes payable by 2.036 million yen from the end of the previous fiscal year, to 2,312 million yen.

The main factor in the change in noncurrent liabilities included a 1,195 million yen fall in long-term loans payable, to 8,230 million yen.

(Net assets)

Net assets rose 5,454 million yen from the end of the preceding fiscal year, to 100,526 million yen at the end of the consolidated fiscal year under review. This increase was mainly attributable to retained earnings of 43,646 million yen, rising 4,100 million yen.

As a result, the equity ratio rose to 56.8% from 54.9% 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 16,135 million yen, an increase of 1,793 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities stood at 14,119 million yen.

The principal factors included income before income taxes of 8,982 million yen, depreciation of 4,908 million yen, and income taxes paid amounting to 1,050 million yen.

(Cash flows from investment activities)

Net cash used in investing activities came to 3,697 million yen.

The principal factors were payments of 2,985 million yen for the purchase of property, plant and equipment and intangible assets, and payments of 2,309 million yen for securities and investment securities.

(Cash flows from financing activities)

Net cash used in financing activities was 8,891 million yen.

Principal factors included proceeds of 4,140 million from short-term loans, repayments of 7,992 million yen for short-term loans, proceeds of 4,785 million yen from long-term loans, and repayments of 9,653 million yen for long-term loans.

(Reference) Cash flow-related indicators

	FY2010	FY2011	FY2012	FY2013	FY2014
Equity ratio (%)	43.5	48.0	51.5	54.9	56.8
Equity ratio based on market value (%)	25.2	31.6	45.9	48.7	48.6
The ratio of interest-bearing debt to operating cash flow (years)	4.4	3.3	2.5	4.6	1.5
Interest coverage ratio (times)	15.3	18.7	30.1	29.8	97.4

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 14.00 yen per share for the consolidated fiscal year under review, bringing dividend payments on an annual basis to 28.00 yen per share.

For the consolidated fiscal year ending December 31, 2015, 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, 2015).

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 FUJI SOFT INCORPORATED ("the Company"), 27 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.

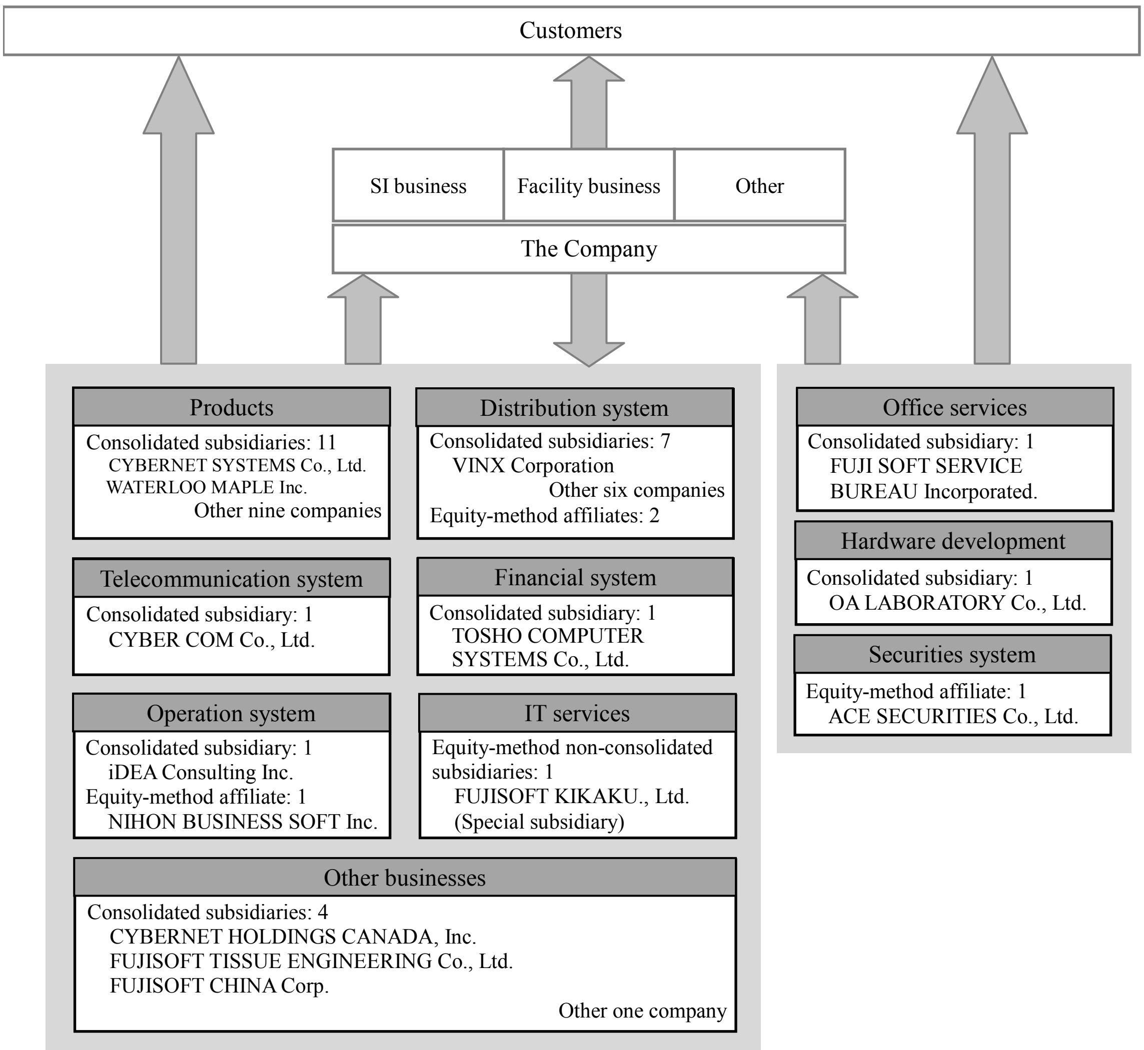
The positioning of each company in the group is shown in the diagram below.

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, tissue engineering business, etc.

The operational diagram is as follows:

(As of December 31, 2014)
Consolidated subsidiaries (27 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 will realize sustainable growth and the enhancement of added value aiming to become an "innovative corporate group linking ICT development to greater value for customers."

(2) Management target

We consider consistent improvements in sales and profits and consistent and stable dividends to be important management targets.

(3) Medium and long-term management strategies

With rapid innovation in the business environment, the Group will enhance its existing businesses, provide customers with the best services and aim to continuously increase sales and added value by carrying out the following strategies.

1) Strengthening and expanding prime businesses

We will establish systems to use management resources effectively and aim to increase direct transactions by strengthening the ability to make proposals to customers and enhancing added value, productivity, as well as our price competitiveness.

2) Promoting our product business

We will aim to expand market share and earnings by actively promoting existing products and aggressively creating new products for a support for change in work style in the fields of cloud services and robot and mobile technologies, which are the strengths of the Company.

3) Promoting global business

We will expand offshore business in Asia, particularly China, providing support to Japanese companies and services to local companies, and thus promoting global business.

4) Bolstering Group synergies

We will provide customers with the best services by further enhancing cooperation among Group companies for sales of products, development base, as well as know-how. We will improve business efficiency across the entire Group through the Group's joint purchasing and administrative services.

5) Curbing administrative expenses continuously

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

(4) Future challenges

In the future, the Japanese economy is expected to remain steady thanks to the continued depreciation of the yen attributable to an increasing difference in interest rates between Japan and the United States, the improvement of the environments for employment and income owing to Abenomics, and domestic demand supported by the postponement of the consumption tax hike.

In the IT industry, IT investments increased against a backdrop of a recovery in corporate earnings. In addition, companies introducing ICT, which continues to be developed, stepped up their use of mobile and cloud services. Thus, demand in the field of advanced ICT technologies continued to rise reflecting smart device-related services, cloud services and the high speed of networks.

To respond to this business environment, we believe it is important to contribute to the enhancement of values for customers while promoting system establishment aimed at strengthening technological power, business capabilities and development capabilities. 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.

By continuing to add value in existing business areas, reinforcing personnel, and taking advantage of the numerous areas of know-how related to ICT held by the Company, it is possible to meet the needs of society, and to realize added value improvement and sustainable growth with the aim of becoming an "innovative corporate group linking ICT development to greater value for customers."

4. Consolidated Financial Statements

(1) Consolidated balance sheet

(Thousand yen)

		FY2013 (As of December 31, 2013)		FY2014 (As of December 31, 2014)
Assets				
Current assets				
Cash and deposits		14,345,725		15,244,226
Notes and accounts receivable - trade	*3	28,260,519	*3	30,136,350
Short-term investment securities		2,302,205		3,010,186
Merchandise		270,467		262,720
Work in process	*4	1,810,083	*4	1,674,898
Raw materials and supplies		38,686		31,372
Deferred tax assets		1,742,172		2,150,893
Other		3,173,971		2,595,633
Allowance for doubtful accounts		-36,394		-11,294
Total current assets		51,907,437		55,094,987
Non-current assets				
Property, plant and equipment				
Buildings and structures		56,784,117		56,929,021
Accumulated depreciation		-21,462,708		-22,928,028
Buildings and structures, net		35,321,408		34,000,993
Land	*2	30,415,744	*2	30,415,744
Construction in progress		79,087		56,447
Other		15,321,201		15,251,067
Accumulated depreciation		-11,643,816		-12,210,542
Other, net		3,677,385		3,040,525
Total property, plant and equipment		69,493,626		67,513,710
Intangible assets				
Goodwill		3,965,908		3,626,885
Software		3,942,693		3,823,192
Other		192,390		191,541
Total intangible assets		8,100,993		7,641,618
Investments and other assets				
Investment securities	*1	18,241,090	*1	20,565,444
Net defined benefit asset		4,243,759		3,834,235
Deferred tax assets		1,325,691		1,564,889
Other		1,247,792		1,398,726
Allowance for doubtful accounts		-37,658		-25,843
Total investments and other assets		25,020,675		27,337,453
Total non-current assets		102,615,295		102,492,782
Total assets		154,522,732		157,587,770

(Thousand yen)

		FY2013 (As of December 31, 2013)		FY2014 (As of December 31, 2014)
Liabilities				
Current liabilities				
Accounts payable - trade		7,433,520		7,493,810
Short-term loans payable		5,862,270		2,010,000
Commercial papers		4,000,000		5,000,000
Current portion of long-term loans payable		9,645,058		5,973,025
Accrued expenses		3,349,520		3,048,498
Income taxes payable		275,376		2,312,208
Deferred tax liabilities		25,941		18,157
Provision for bonuses		2,397,009		2,825,215
Provision for directors' bonuses		121,186		173,981
Provision for loss on construction contracts	*4	79,963	*4	140,324
Other		6,665,627		9,044,723
Total current liabilities		39,855,474		38,039,945
Non-current liabilities				
Long-term loans payable		9,426,177		8,230,494
Deferred tax liabilities		3,086,550		3,697,069
Provision for directors' retirement benefits		293,938		339,145
Net defined benefit liability		5,032,272		5,117,912
Other		1,756,319		1,636,670
Total noncurrent liabilities		19,595,258		19,021,291
Total liabilities		59,450,732		57,061,237
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		43,646,746
Treasury shares		-5,176,648		-5,178,604
Total shareholders' equity		89,075,980		93,174,372
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		3,902,435		4,685,283
Deferred gains or losses on hedges		9,021		–
Revaluation reserve for land	*2	-9,051,088	*2	-9,051,088
Foreign currency translation adjustment		351,393		568,391
Remeasurements of defined benefit plans		518,317		97,758
Total accumulated other comprehensive income		-4,269,919		-3,699,655
Subscription rights to shares		21,082		41,338
Minority interests		10,244,856		11,010,478
Total net assets		95,072,000		100,526,533
Total liabilities and net assets		154,522,732		157,587,770

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

Consolidated income statement

(Thousand yen)

		FY2013 (From April 1, 2013 to December 31, 2013)		FY2014 (From January 1, 2014 to December 31, 2014)
Net sales		105,399,996		148,452,096
Cost of sales	*1	79,926,451	*1	113,799,125
Gross profit		25,473,545		34,652,971
Selling, general and administrative expenses				
Advertising expenses		340,412		371,228
Directors' compensations		523,769		759,297
Employees' salaries		9,011,915		12,192,109
Provision for bonuses		692,083		845,142
Retirement benefit expenses		500,790		555,518
Legal welfare expenses		1,465,419		1,992,941
Provision for directors' retirement benefits		51,791		65,150
Provision for directors' bonuses		121,186		173,981
Welfare expenses		463,226		582,607
Recruiting and training expenses		244,985		588,021
Traveling and transportation expenses		559,111		695,409
Stationery expenses		237,438		301,123
Rent expenses		35,157		42,159
Rents		564,388		730,227
Taxes and dues		588,545		789,886
Provision of allowance for doubtful accounts		-27,857		△6,183
Depreciation		575,849		645,044
Research study expenses		396,778		582,985
Operations consignment expenses		1,013,726		1,361,050
Amortization of goodwill		401,072		483,645
Other		2,000,144		2,596,118
Total selling, general and administrative expenses		19,759,934		26,347,462
Operating income		5,713,610		8,305,508
Non-operating income				
Interest income		24,581		37,185
Dividends income		113,020		152,221
Equity in earnings of affiliates		757,465		660,023
Subsidy income		116,879		131,381
Cancellation income for system services		173,789		249,354
Other		165,722		143,068
Total non-operating income		1,351,458		1,373,235
Non-operating expenses				
Interest expenses		213,137		144,936
Loss on compensation		–		52,030
Cancellation loss for system services		137,960		128,282
Loss on retirement of non-current assets		19,719		38,583
Other		108,550		45,451
Total non-operating expenses		479,367		409,284
Ordinary income		6,585,701		9,269,459

(Thousand yen)

		FY2013 (From April 1, 2013 to December 31, 2013)		FY2014 (From January 1, 2014 to December 31, 2014)
Extraordinary income				
Gain on sales of investment securities		48,559		31,075
Gain on sales of subsidiaries and affiliates' stocks		6,083		–
Gain on reversal of loss on the closure of offices		5,041		–
Gain on change in equity		455,926		–
Total extraordinary income		515,610		31,075
Extraordinary loss				
Impairment loss on non-current assets	*3	387,831	*3	54,420
Loss on retirement of non-current assets		–		85,225
Office transfer expenses		4,098		86,857
Loss on agency contract cancellation		–		54,620
Loss on liquidation of subsidiaries and associates		–		37,231
Compensation expenses		40,565		–
System migration expenses		58,100		–
Total extraordinary loss		490,594		318,354
Income before income taxes		6,610,717		8,982,179
Income taxes - current		492,610		3,505,391
Income taxes - deferred		2,350,905		-167,889
Total income taxes		2,843,515		3,337,501
Income before minority interests		3,767,202		5,644,678
Minority interests in income		72,071		769,770
Net income		3,695,130		4,874,908

Consolidated statements of comprehensive income

(Thousand yen)

	FY2013 (From April 1, 2013 to December 31, 2013)	FY2014 (From January 1, 2014 to December 31, 2014)
Income before minority interests	3,767,202	5,644,678
Other comprehensive income		
Valuation difference on available-for-sale securities	1,989,702	1,098,994
Deferred gains or losses on hedges	-32,102	-15,372
Foreign currency translation adjustment	602,417	329,843
Remeasurements of defined benefit plans, net of tax	–	-488,431
Share of other comprehensive income of associates accounted for using equity method	148,035	-219,152
Total other comprehensive income	2,708,052	705,881
Comprehensive income	6,475,254	6,350,560
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,145,842	5,464,057
Comprehensive income attributable to minority interests	329,411	886,502

(3) Consolidated statements of changes in net assets

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

FY2014 (From January 1, 2014 to December 31, 2014)

(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	28,505,941	39,546,398	-5,176,648	89,075,980	3,902,435	9,021
Changes of items during the period							
Dividends from surplus			-653,930		-653,930		
Net income			4,874,908		4,874,908		
Purchase of treasury stock				-1,955	-1,955		
Change of scope of consolidation			-120,629		-120,629		
Net changes of items other than shareholders' equity						782,847	-9,021
Total changes of items during the period			4,100,348	-1,955	4,098,392	782,847	-9,021
Balance at the end of current period	26,200,289	28,505,941	43,646,746	-5,178,604	93,174,372	4,685,283	–

(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	351,393	518,317	-4,269,919	21,082	10,244,856	95,072,000
Changes of items during the period							
Dividends from surplus							-653,930
Net income							4,874,908
Purchase of treasury stock							-1,955
Change of scope of consolidation							-120,629
Net changes of items other than shareholders' equity		216,997	-420,559	570,263	20,256	765,621	1,356,141
Total changes of items during the period		216,997	-420,559	570,263	20,256	765,621	5,454,533
Balance at the end of current period	-9,051,088	568,391	97,758	-3,699,655	41,338	11,010,478	100,526,533

(4) Consolidated cash flow statement

(Thousand yen)

	FY2013 (From April 1, 2013 to December 31, 2013)	FY2014 (From January 1, 2014 to December 31, 2014)
Net cash provided by operating activities		
Income before income taxes	6,610,717	8,982,179
Depreciation	4,748,425	4,908,666
Impairment loss on noncurrent assets	387,831	54,420
System migration expenses	58,100	–
Loss on agency contract cancellation	–	54,620
Amortization of goodwill	401,072	483,645
Increase (decrease) in provision for retirement benefits	-1,443,290	–
Increase (decrease) in net defined benefit liability	-3,294,874	-445,436
Decrease (increase) in net defined benefit asset	4,927,445	144,481
Interest expenses	213,137	144,936
Equity in (earnings) losses of affiliates	-757,465	-660,023
Loss (gain) on sales of investment securities	-48,559	-31,075
Loss (gain) on sales of stocks of subsidiaries and affiliates	-6,083	–
Decrease (increase) in notes and accounts receivable-trade	881,290	-1,704,302
Decrease (increase) in inventories	453,606	156,526
Increase (decrease) in notes and accounts payable-trade	-914,244	-2,262
Increase (decrease) in accounts payable-labor cost	-2,151,594	149,282
Increase (decrease) in accrued consumption taxes	70,791	1,897,507
Increase (decrease) in accounts payable-other	-538,118	-103,797
Decrease (increase) in long-term prepaid expenses	-321,587	-8,778
Increase (decrease) in provision for loss on construction contracts	-177,425	60,361
Loss (gain) on change in equity	-455,926	–
Other	364,127	889,709
Subtotal	9,007,376	14,970,662
Interest and dividends income received	260,355	403,818
Interest expenses paid	-185,675	-149,392
Income taxes paid	-2,739,782	-1,050,863
Payment due to agency contract cancellation	–	-54,620
Net cash provided by operating activities	6,342,274	14,119,604
Net cash used in investing activities		
Purchase of property, plant and equipment	-837,754	-1,021,184
Purchase of intangible assets	-2,253,543	-1,964,580
Purchase of securities	-2,238,589	-500,000
Purchase of investment securities	-773,558	-1,809,609
Proceeds from sales of investment securities	1,003,511	31,075
Purchase of investments in subsidiaries	-47,600	-293,205
Proceeds from sales of securities	2,517,951	2,202,893
Other	91,394	-342,592
Net cash used in investing activities	-2,538,188	-3,697,202

(Thousand yen)

	FY2013 (From April 1, 2013 to December 31, 2013)	FY2014 (From January 1, 2014 to December 31, 2014)
Net cash used in financing activities		
Increase in short-term loans payable	10,980,000	4,140,000
Decrease in short-term loans payable	-11,468,965	-7,992,270
Proceeds from long-term loans payable	3,100,822	4,785,742
Repayment of long-term loans payable	-8,583,706	-9,653,458
Proceeds from issuance of commercial papers	4,000,000	1,000,000
Purchase of treasury stock	-435,067	-2,025
Cash dividends paid	-807,475	-687,208
Cash dividends paid to minority shareholders	-225,379	-288,016
Repayments of lease obligations	-375,499	-268,438
Proceeds from exercise of stock option	445,253	28,854
Other	-5,000	45,000
Net cash used in financing activities	-3,375,018	-8,891,821
Effect of exchange rate change on cash and cash equivalents	202,466	127,652
Net increase (decrease) in cash and cash equivalents	631,534	1,658,232
Cash and cash equivalents at beginning of period	13,698,127	14,342,325
Net increase in cash and cash equivalents as a result of the consolidation of subsidiaries	12,664	135,068
Cash and cash equivalents at end of period	*1 14,342,325	*1 16,135,626

(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

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

iDEA Consulting Inc,
VINX Corporation
OA LABORATORY Co., Ltd.
CYBER COM Co., Ltd.
CYBERNET SYSTEMS Co., Ltd.
CYBERNET HOLDINGS CANADA, INC.
WATERLOO MAPLE INC.
TOSHO COMPUTER SYSTEMS Co., Ltd.
FUJI SOFT SERVICE BUREAU Incorporated
FUJISOFT TISSUE ENGINEERING Co., Ltd.
FUJISOFT CHINA Corp.
Other 16 companies

FUJISOFT TISSUE ENGINEERING Co., Ltd. and FUJISOFT CHINA Corp., which are shown above, were newly established by the Company and included in the scope of consolidation. Two companies out of the other 16 companies were included in the scope of consolidation during the fiscal year under review due to increased importance. Another company out of the other 16 companies was established by VINX Corporation, a consolidated subsidiary of the Company, as a joint company, and was included in the scope of consolidation.

(2) Number and name of non-consolidated subsidiaries

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

FUJISOFT KIKAKU, Ltd.
Other two companies

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

The reason for exclusion from consolidation is that non-consolidated companies are small in size, and their total assets, sales, net income or loss (amounts corresponding to an equity held), and retained earnings (amounts corresponding to an equity held) 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.
Other two companies

(3) Non-consolidated subsidiaries and affiliated companies to which the equity method is not applied.

There are no major non-consolidated subsidiaries and affiliated companies to be specially noted.

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

Non-consolidated subsidiaries and affiliated companies to which the equity method is not applied were excluded from the scope of application of the equity method, because their impact on net income/loss (an amount commensurate with equity) and retained earnings (an amount commensurate with equity), etc., was negligible.

(5) 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. Fiscal year of consolidated subsidiaries

Of the consolidated subsidiaries, the fiscal year end of VINX Corporation, CYBER COM Co., Ltd. FUJI SOFT SERVICE BUREAU Incorporated, and other three companies is March 31. The fiscal year end of the other 21 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.

4. 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 a difference at the time of the change of accounting standards, actuarial difference and past service costs

A difference (5,034,915,000 yen) at the time of the change of accounting standards is primarily expensed equally over 15 years.

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 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.

(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 cash flow statement)

Increase (decrease) in net defined benefit liability (asset) which were shown in net cash provided by operating activities for the previous fiscal year were separately stated as an increase (decrease) in net defined benefit liability and a decrease (increase) in net defined benefit asset, respectively, beginning the fiscal year under review to improve the sightlines and clarity of the consolidated cash flow statement. To reflect this change in the display method, the consolidated financial statements for the previous fiscal year were rearranged.

As a result, 1,632,571,000 yen, which was shown as an increase (decrease) in the net defined benefit liability (asset) of net cash provided by operating activities in the consolidated cash flow statement for the previous fiscal year, was divided into an increase (decrease) in the net defined benefit liability of -3,294,874,000 yen and a decrease (increase) in the net defined benefit asset of 4,926,445,000 yen.

(Consolidated balance sheet)

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

	FY2013 (As of December 31, 2013)	FY2014 (As of December 31, 2014)
Investment securities (stocks)	7,042,628	7,369,357

*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)

	FY2013 (As of December 31, 2013)	FY2014 (As of December 31, 2014)
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	-1,959,992	-1,588,357

*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)

	FY2013 (As of December 31, 2013)	FY2014 (As of December 31, 2014)
Notes receivable	6,766	12,407

*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)

	FY2013 (As of December 31, 2013)	FY2014 (As of December 31, 2014)
Work in process	57,807	54,211

(Consolidated income statement)

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

	FY2013 (From April 1, 2013 to December 31, 2013)	FY2014 (From January 1, 2014 to December 31, 2014)
Provision for loss on construction contracts	-177,425	61,047

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

(Thousand yen)

	FY2013 (From April 1, 2013 to December 31, 2013)	FY2014 (From January 1, 2014 to December 31, 2014)
Research and development expenses	488,711	712,829

*3 Impairment loss of noncurrent assets

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	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.

FY2014 (From January 1, 2014 to December 31, 2014)

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	42,631
Koto-ku, Tokyo	Business assets	Tools, equipment and fixtures	11,788

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

With respect to the above business assets, the above amounts were recorded under extraordinary losses as an impairment loss, following an examination of the possibility of future recovery.

(Consolidated statements of changes in net assets)

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

FY2014 (From January 1, 2014 to December 31, 2014)

1. Outstanding shares

Category	As of January 1, 2014	Increase	Decrease	As of December 31, 2014
Common stock (shares)	33,700,000	–	–	33,700,000

2. Treasury stock

Category	As of January 1, 2014	Increase	Decrease	As of December 31, 2014
Common stock (shares)	2,560,948	845	–	2,561,793

Note:

Main component of increase or decrease is as follows:

Increase from the purchase of odd-lot shares: 845 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 January 1, 2014	Increase	Decrease	As of December 31, 2014	
The Company	Subscription rights to shares	–	–	–	–	–	36,244
Consolidated subsidiaries	Subscription rights to shares	–	–	–	–	–	5,094
Total		–	–	–	–	–	41,338

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 February 13, 2014	Common stock	217,978	7	December 31, 2013	March 18, 2014
Board of directors meeting held on August 7, 2014	Common stock	435,951	14	June 30, 2014	September 10, 2014

(2) Dividends with a record date in the fiscal year 2014 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, 2015	Common stock	Retained earnings	435,946	14	December 31, 2014	March 23, 2015

(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)

	FY2013 (From April 1, 2013 to December 31, 2013)	FY2014 (From January 1, 2014 to December 31, 2014)
Cash and time deposits	14,345,725	15,244,226
Securities	2,302,205	3,010,186
Time deposits with maturity of more than 3 months	-103,400	-108,600
Securities other than MMF	-2,202,205	-2,010,186
Cash and cash equivalents	14,342,325	16,135,626

(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)

			FY2013 (From April 1, 2013 to December 31, 2013)	FY2014 (From January 1, 2014 to December 31, 2014)
Real estate that includes properties that are used as rental properties	Amount presented in the consolidated balance sheets	Beginning balance	43,297,866	42,665,623
		Changes during the period	-632,242	-827,076
		Ending balance	42,665,623	41,838,546
	Market value at the year end		47,562,109	48,493,212

(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 December 31, 2013 and December 31, 2014 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)

		FY2013 (From April 1, 2013 to December 31, 2013)	FY2014 (From January 1, 2014 to December 31, 2014)
Real estate that includes properties that are used as rental properties	Rent income	1,108,283	1,622,762
	Rent expenses	609,387	937,431
	Difference	498,895	685,331
	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

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.

FY2014 (From January 1, 2014 to December 31, 2014) (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	138,108,292	2,217,172	140,325,465	8,126,631	148,452,096	–	148,452,096
Inter-segment sales or transfers	134,798	637,422	772,221	1,092,335	1,864,557	-1,864,557	–
Total	138,243,090	2,854,595	141,097,686	9,218,967	150,316,653	-1,864,557	148,452,096
Segment profit	7,482,471	538,460	8,020,932	287,917	8,308,849	-3,340	8,305,508
Segment assets	153,957,199	333,449	154,290,649	3,297,121	157,587,770	–	157,587,770
Other items							
Depreciation and amortization	4,702,261	62,629	4,764,891	143,775	4,908,666	–	4,908,666
Amortization of goodwill	483,645	–	483,645	–	483,645	–	483,645
Increase in property, plant and equipment and intangible assets	2,675,800	1,360	2,677,160	351,002	3,028,162	–	3,028,162

(Notes) 1. "Others" is a business segment that is not included in the reported segments and includes the data entry business, contact center business, and tissue engineering business, etc.
2. An adjustment of segment profit of -3,340 thousand yen includes an elimination of inter-segment transactions of -3,340 thousand yen.
3. The segment profit has been adjusted to the operating income stated in the consolidated income statement.

[Related information]

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.

FY2014 (From January 1, 2014 to December 31, 2014)

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]

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

FY2014 (From January 1, 2014 to December 31, 2014) (Thousand yen)

	Reported segments			Others	Total	Adjustment	Amounts recorded in the consolidated financial statements
	SI business	Facility business	Total				
Impairment loss	54,420	–	54,420	–	54,420	–	54,420

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

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

FY2014 (From January 1, 2014 to December 31, 2014) (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	483,645	–	483,645	–	483,645	–	483,645
Outstanding balance as at the end of the fiscal year under review	3,626,885	–	3,626,885	–	3,626,885	–	3,626,885

[Information on gains of negative goodwill by reported segment]

Not applicable.

(Per-share information)

(Yen)

	FY2013 (From April 1, 2013 to December 31, 2013)	FY2014 (From January 1, 2014 to December 31, 2014)
Net assets per share	2,723.46	2,873.47
Net income per share	118.73	156.55
Fully diluted net income per share	118.52	156.30

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

Item	FY2013 (From April 1, 2013 to December 31, 2013)	FY2014 (From January 1, 2014 to December 31, 2014)
(1) Net income per share		
Net income (thousand yen)	3,695,130	4,874,908
Amounts which do not belong to ordinary shareholders (thousand yen)	–	–
Net income on common shares (thousand yen)	3,695,130	4,874,908
Average number of common shares during the fiscal year (thousand shares)	31,123	31,138
(2) Fully diluted net income per share		
Net income adjustment (thousand yen)	-6,461	-6,143
Increase in common shares (shares)	–	11,296
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 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	FY2013 (As of December 31, 2013)	FY2014 (As of December 31, 2014)
Total net assets (thousand yen)	95,072,000	100,526,533
Amount to be subtracted from total net assets (thousand yen)	10,265,939	11,051,817
Stock acquisition rights (thousand yen)	21,082	41,338
Minority interests (thousand yen)	10,244,856	11,010,478
Net assets pertaining to common shares at the year end (thousand yen)	84,806,060	89,474,716
Number of common shares at the year end used in calculation of net assets per share (thousand shares)	31,139	31,138

(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	104,674,327	105.2
Facility business	1,451,138	122.4
Other	7,673,659	110.6
Total	113,799,125	105.8

(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 a rate of increase or decrease, which was obtained by comparing the fiscal year under review (January 1, 2014 to December 31, 2014) with the same period of the previous year (January 1, 2013 to December 31, 2013).

(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	140,506,622	106.4	28,735,906	109.1
Facility business	2,506,543	123.0	540,556	215.2
Other	8,246,350	115.4	1,361,445	109.6
Total	151,259,516	107.0	30,637,907	110.1

(Notes) 1. Inter-segment transactions were canceled out.
2. Amounts are not inclusive of the consumption tax.
3. The year-on-year change (%) is a rate of increase or decrease, which was obtained by comparing the fiscal year under review (January 1, 2014 to December 31, 2014) with the same period of the previous year (January 1, 2013 to December 31, 2013).

(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	138,108,292	104.3
Facility business	2,217,172	109.4
Other	8,126,631	114.9
Total	148,452,096	104.9

(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 a rate of increase or decrease, which was obtained by comparing the fiscal year under review (January 1, 2014 to December 31, 2014) with the same period of the previous year (January 1, 2013 to December 31, 2013).