# Summary of Consolidated Financial Results for the Fiscal Year ended December 31, 2015 (Japanese Accounting Standards)

February 10, 2016

| | | | |
|---|---|---|---|
| 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 | | |
| Contact: | Tatsuya Naito, Operating Officer, General Manager of Corporate Planning Department<br>Phone: +81-45-650-8811 (main) | | |

| | |
|---|---|
| Scheduled date of Annual General Meeting of Shareholders: | March 18, 2016 |
| Scheduled date of dividend payment: | March 22, 2016 |
| Scheduled date to submit the annual securities report *(Yukashoken Hokokusho)*: | March 22, 2016 |
| 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, 2015 (January 1, 2015 – December 31, 2015)

(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 12/15 | 153,661 | 3.5 | 8,418 | 1.4 | 9,093 | -1.9 | 4,922 | 1.0 |
| Year ended 12/14 | 148,452 | – | 8,305 | – | 9,269 | – | 4,874 | – |

(Note) Comprehensive income (million yen): Year ended 12/15: 4,719 (-25.7%) Year ended 12/14: 6,350 (–%)

| | 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 12/15 | 158.06 | 157.97 | 5.4 | 5.8 | 5.5 |
| Year ended 12/14 | 156.55 | 156.30 | 5.6 | 5.9 | 5.6 |

Reference: Equity in earnings of affiliates (million yen): Year ended 12/15: 415 Year ended 12/14: 660

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 fiscal year ended December 2014 (from January 1, 2014 to December 31, 2014) is different from the period of the fiscal year ended December 31, 2013 (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 fiscal year ended December 31, 2013 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 fiscal year ended December 31, 2013 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 12/15 | 153,833 | 104,078 | 60.3 | 2,977.06 |
| Year ended 12/14 | 157,587 | 100,526 | 56.8 | 2,873.47 |

(Reference) Shareholders' equity (million yen): Year ended 12/15: 92,814 Year ended 12/14: 89,474

(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 12/15 | 7,595 | -549 | -7,414 | 15,688 |
| Year ended 12/14 | 14,119 | -3,697 | -8,891 | 16,135 |

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 12/14 | – | 14.00 | – | 14.00 | 28.00 | 871 | 17.9 | 1.0 |
| Year ended 12/15 | – | 14.00 | – | 14.00 | 28.00 | 872 | 17.7 | 1.0 |
| Year ending 12/16 (forecast) | – | 14.00 | – | 14.00 | 28.00 | | 17.4 | |

3. Forecast for Consolidated Business Results for the Fiscal Year Ending December 31, 2016 (Jan. 1, 2016 – Dec. 31, 2016)

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

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Net income per share |
|---|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Second consolidated quarter (cumulative) | 80,000 | 2.4 | 3,500 | 0.8 | 3,600 | -6.3 | 2,050 | 7.1 | 65.75 |
| Full year | 157,000 | 2.2 | 8,500 | 1.0 | 8,700 | -4.3 | 5,000 | 1.6 | 160.38 |

* Notes
(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None
New: — (company name) Exception: — (company name)

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

(3) Number of outstanding shares (common shares)
(i) Number of shares outstanding at the end of period (including treasury shares):
Year ended 12/15: 33,700,000 shares Year ended 12/14: 33,700,000 shares
(ii) Number of treasury shares at the end of period:
Year ended 12/15: 2,523,336 shares Year ended 12/14: 2,561,793 shares
(iii) Average number of shares during the period:
Year ended 12/15: 31,142,570 shares Year ended 12/14: 31,138,640 shares

(Reference) Summary of Non-Consolidated Financial Results
1. Non-Consolidated Business Results for the Fiscal Year Ended December 31, 2015 (January 1, 2015 – December 31, 2015)
(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 12/15 | 92,651 | 5.3 | 5,357 | 2.8 | 6,073 | 3.5 | 4,434 | 16.6 |
| Year ended 12/14 | 88,027 | – | 5,212 | – | 5,869 | – | 3,802 | – |

| | Net income per share | Net income per share/diluted |
|---|---|---|
| | Yen | Yen |
| Year ended 12/15 | 142.38 | 142.31 |
| Year ended 12/14 | 122.12 | 122.08 |

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 fiscal year ended December 2014 (from January 1, 2014 to December 31, 2014) is different from the period of the fiscal year ended December 31, 2013 (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 12/15 | 123,002 | 81,356 | 66.1 | 2,608.26 |
| Year ended 12/14 | 125,539 | 77,876 | 62.0 | 2,499.77 |

(Reference) Shareholders' equity (million yen): Year ended 12/15: 81,318 Year ended 12/14: 77,840

* 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

During the fiscal year under review, the Japanese economy continued to stage a moderate recovery, with improvement in areas such as corporate earnings and the employment and income situation mainly due to the effects of economic stimulus by the Japanese Government and monetary easing by the Bank of Japan, despite uncertainty over the outlook fuelled largely by the slowdown in China and other emerging economies, and low oil prices.

In the IT industry, IT investment-related themes, such as preparations for the “My Number” system and electricity liberalization, abounded and, with the cloud revolution in full swing, interest in strategically investing in innovative information technologies, such as M2M (Machine to Machine), IoT (Internet of Things), FinTech (Financial Technology) and autonomous driving, also increased, and demand was strong. Meanwhile, a shortage of IT engineers became the norm, and hiring and training human resources was a major issue.

In this operating environment, the FUJISOFT Group actively engaged in activities to win orders, especially in areas involving the latest technologies and in system development, where the Company has extensive experience and can draw on its expertise in a range of technologies accumulated through past involvement in research and development projects. At the same time, the Group strengthened its structure by increasing hiring, training engineers to meet short-term needs and cooperating with business partners, created new products and services, expanded sales of existing products, and generated business and hired human resources in overseas markets. In addition, the Group also promoted the commercialization of R&D themes in the long term, aiming to become an innovative corporate group that links ICT development to greater value for customers, which is shown in its medium-term policy, and focused on upfront investment for further growth and the enhancement of added value.

Concerning System Construction, orders remained brisk in machine control, including auto-related and factory automation (tool machine) projects, where the development of cutting-edge technologies is required due to the increasing sophistication and complexity of electronic control. Also, after being allocated shares of APTJ Co., Ltd. (Automotive Platform Technology Japan) in a private placement, the Company focused on software platform development for domestically produced vehicle control systems based on the specifications of AUTOSAR (Automotive Open System Architecture), which is basic automotive software architecture widely used in Europe. Orders were also strong in the aerospace, electric power, and Internet business fields, where demand for new equipment, environments and services using advanced ICT technologies is increasing largely due to the development of high-speed communication networks and rapid spread of mobile terminals, as well as in the development of business systems for the financial, distribution and manufacturing industries.

In the Products and Service sector, a new model of the communication robot PALRO based on an experiment demonstrating care prevention effects in Robot Town Sagami was launched in December 2015, and the Company also supplied a model of PALRO for consumers, named Palmi, to DMM.com. The Company also sought to roll out robot technology in various other sectors, including commencing use in financial education for elementary and junior high school students in the finance sector. The Company also focused on the introduction of the moreNOTE service for smart devices, which is used for paperless meetings and to revolutionize working styles, and the general education solution Mirai School Station, which seeks to promote the use of ICT in educational settings, to government offices, companies, and schools. In February 2016, the Company also received transfer of SYNCEL business, with the aim of expanding its share in the mobile content file management and distribution service business. The Company also continued strengthening its sales capability and working to expand sales in the licensing business.

In the field of regenerative medicine, making the most of its experience and expertise in research on implant-type tissue-engineered cartilage using autologous cells, the Company started to supply the Tissue Engineering Academia Model, a one-stop service for both non-clinical testing and clinical testing that is helping commercialize research on tissue engineering at universities.

In overseas operations and global development, the Group continued to actively use its bases in China and the ASEAN region to develop and expand it offshore operations and business base in these markets. In Europe and the United States, the Group pursued cooperation with advanced companies in the automotive and robotics fields.

Regarding corporate social responsibility (CSR) activities, the All Japan Robot Sumo Tournament, Japan’s largest robot competition which has been organized by the Group since 1990 to provide participants with the chance of recognizing the joy of making things, was held for the 27th time. The International Robot Sumo Tournament 2015, the Group’s second international competition, was also held simultaneously. 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 (NPOs). FUJISOFT KIKAKU, Ltd., a special subsidiary, engaged in support activities for the expansion of employment of people with disabilities, through initiatives such as the establishment of a job assistance program for people with disabilities and the employment transition support service “employment prep.”

As a result of these initiatives, in the fiscal year under review, net sales stood at 153,661 million yen, up 3.5% year on year. Although SG&A expenses increased, with upfront investment in research and development, sales promotion, and the hiring and training of human resources from medium-to long-term perspectives, this was offset by the elimination of unprofitable products and strong performance in System Construction, where high value is added through efforts to promote system development. Consequently, operating income increased 1.4% from a year earlier, to 8,418 million yen, ordinary income declined 1.9%, to 9,093 million yen, and net income rose 1.0%, to 4,922 million yen.

Results by business segment were as follows:

(SI Business)

In the SI business, sales of embedded/control software were strong from the previous year, reflecting continued brisk sales of machine control systems, including auto-related and factory automation projects, and of systems in the aerospace, defense, and electric power-related industries, offsetting a decline in sales of mobile software. Sales of operation software increased, reflecting growth in the financial, distribution and manufacturing sectors. In Products and Services, sales were brisk in the licensing business and other businesses. In the outsourcing business, sales fell mainly because of a decline in transactions in the distribution sector and the effects of contract cancellations due to the management integration of a major customer.

As a result, net sales increased 3.4% year on year, to 142,782 million yen, but operating income declined 2.7%, to 7,283 million yen due to the effect of an increase in SG&A expenses associated with upfront investment in the hiring and training of human resources.

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

(Million yen)

| | | | Net sales | YoY change (%) |
|---|---|---|---|---|
| SI business total | | | 142,782 | 103.4 |
| | System construction | | 84,775 | 107.9 |
| | | Embedded/control software | 41,806 | 110.3 |
| | | Operation software | 42,969 | 105.6 |
| | Products and services | | 58,007 | 97.5 |
| | | Products and services | 40,815 | 101.6 |
| | | Outsourcing | 17,191 | 88.9 |

(Facility Business)

Net sales stood at 2,478 million yen, up 11.8% year on year, reflecting rental income from office buildings owned by the Company and certain consolidated subsidiaries. Operating income grew 68.2% year on year, to 905 million yen.

(Other Businesses)

Net sales from other businesses, including the data entry business and the contact center business rose 3.4% year on year, to 8,400 million yen, but operating income declined 22.6%, to 222 million yen due to the effect of unprofitable projects.

2) Forecast for the next consolidated fiscal year

For the next consolidated fiscal year, the Group forecasts that net sales will stand at 157.0 billion yen, operating income will amount to 8.5 billion yen, ordinary income will come to 8.7 billion yen, and profit attributable to owners of parent will be 5.0 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 153,833 million yen at the end of the consolidated fiscal year under review, down 3,754 million yen from the end of the preceding consolidated fiscal year. Current assets were 55,032 million yen (down 61 million yen from the end the previous fiscal year), and non-current asset were 98,800 million yen (down 3,692 million yen).

Important factors in the change of current assets included a decrease in cash and deposits of 2,459 million yen from the end of the previous fiscal year, to 12,784 million yen, mainly due to the repayment of borrowings and an increase in notes and accounts receivable-trade of 1,349 million yen, to 31,485 million yen associated with a rise in sales.

The main factors for the change in non-current assets included a decrease in goodwill of 937 million yen from the end of the previous fiscal year, to 2,689 million yen, and a decrease in investment securities of 2,825 million yen from the end of the previous fiscal year, to 17,739 million yen mainly due to the sale of shares of subsidiaries and associates and a change in the market value of the shares held.

(Liabilities)

At the end of the fiscal year under review, total liabilities amounted to 49,754 million yen, down 7,307 million yen from the end of the previous fiscal year. Current liabilities were 27,556 million yen (declining 10,483 million yen from the end of the previous fiscal year), and non-current liabilities were 22,197 million yen (rising 3,176 million yen).

Primary factors in the change of current liabilities included a decrease in short-term loans payable of 9,015 million yen from the end of the previous fiscal year, to 3,967 million yen.

The main factor in the change in non-current liabilities included a 3,012 million yen increase in long-term loans payable, to 11,242 million yen.

(Net assets)

Net assets rose 3,552 million yen from the end of the preceding fiscal year, to 104,078 million yen at the end of the consolidated fiscal year under review.

As a result, the equity ratio rose to 60.3% from 56.8% 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 15,688 million yen, a decrease of 447 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities stood at 7,595 million yen.

The principal factors included income before income taxes of 8,755 million yen, depreciation of 4,859 million yen, and income taxes paid amounting to 4,135 million yen.

(Cash flows from investment activities)

Net cash used in investing activities came to 549 million yen.

The principal factors were payments of 3,607 million yen for the purchase of property, plant and equipment and intangible assets, and proceeds of 1,239 million yen from the sale of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities was 7,414 million yen.

Principal factors included proceeds of 2,530 million from short-term loans, repayments of 1,890 million yen for short-term loans, payments of 5,000 million yen for the redemption of commercial paper, proceeds of 4,348 million yen from long-term loans, and repayments of 5,991 million yen for long-term loans.

(Reference) Cash flow-related indicators

| | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 |
|---|---|---|---|---|---|
| Equity ratio (%) | 48.0 | 51.5 | 54.9 | 56.8 | 60.3 |
| Equity ratio based on market value (%) | 31.6 | 45.9 | 48.7 | 48.6 | 53.9 |
| The ratio of interest-bearing debt to operating cash flow (years) | 3.3 | 2.5 | 4.6 | 1.5 | 2.0 |
| Interest coverage ratio (times) | 18.7 | 30.1 | 29.8 | 97.4 | 117.2 |

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, 2016, 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 10, 2016).

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"), 25 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.

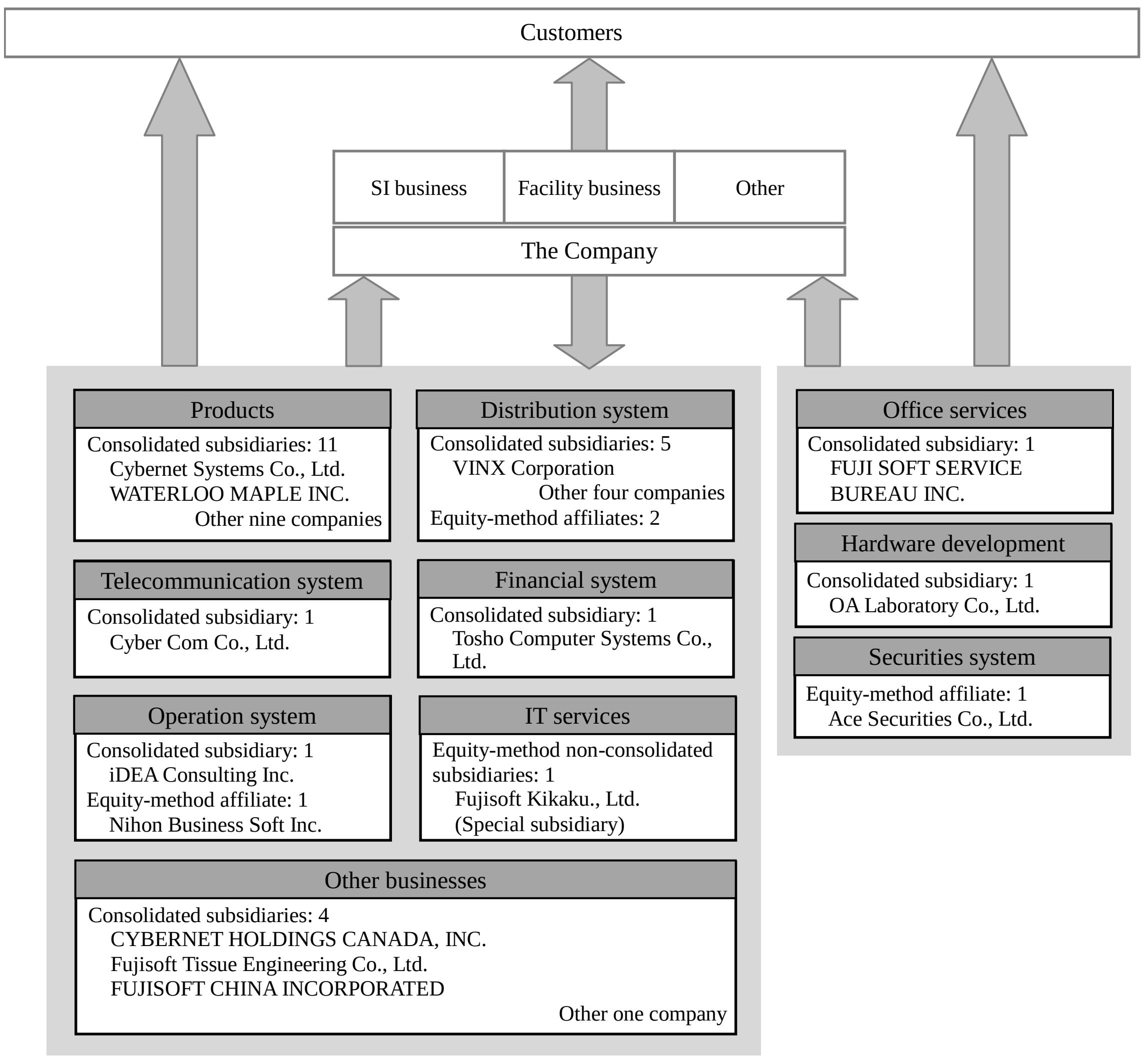
The positioning of each company in the group is shown in the diagram below.

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, 2015)
Consolidated subsidiaries (25 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 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 planning new products with a focus on 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 on a modest recovery path, partly due to government stimulus, amid continued improvement in the employment and income situation. There is, however, increased uncertainty in face of downside risks to the world economy from slowdown in China and other emerging economies.

In the IT industry, IT investments increased against a backdrop of a recovery in corporate earnings. In addition, demand in the field of advanced ICT technologies continued to rise, as companies reformed their business models on the basis of higher levels of IT use.

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. Basic Stance on Selection of Accounting Standards

Taking the comparability of accounts between periods and the comparability of accounts between companies into consideration, the FUJISOFT Group plans to prepare its consolidated financial statements based on Japan GAAP for the present time.

The Group’s policy is respond appropriately, in view of developments regarding the application of IFRS both in Japan and overseas.

## 5. Consolidated Financial Statements

(1) Consolidated balance sheet

(Thousand yen)

| | | FY2014 (As of December 31, 2014) | | FY2015 (As of December 31, 2015) |
|---|---|---|---|---|
| Assets | | | | |
| Current assets | | | | |
| Cash and deposits | | 15,244,226 | | 12,784,328 |
| Notes and accounts receivable - trade | *3 | 30,136,350 | *3 | 31,485,501 |
| Short-term investment securities | | 3,010,186 | | 3,800,041 |
| Merchandise | | 262,720 | | 260,121 |
| Work in process | *4 | 1,674,898 | *4 | 2,034,854 |
| Raw materials and supplies | | 31,372 | | 31,173 |
| Deferred tax assets | | 2,150,893 | | 1,953,717 |
| Other | | 2,595,633 | | 2,691,412 |
| Allowance for doubtful accounts | | -11,294 | | -8,158 |
| Total current assets | | 55,094,987 | | 55,032,993 |
| Non-current assets | | | | |
| Property, plant and equipment | | | | |
| Buildings and structures | | 56,929,021 | | 57,674,741 |
| Accumulated depreciation | | -22,928,028 | | -24,318,034 |
| Buildings and structures, net | | 34,000,993 | | 33,356,706 |
| Land | *2 | 30,415,744 | *2 | 30,415,744 |
| Construction in progress | | 56,447 | | 17,916 |
| Other | | 15,251,067 | | 15,737,278 |
| Accumulated depreciation | | -12,210,542 | | -12,514,411 |
| Other, net | | 3,040,525 | | 3,222,866 |
| Total property, plant and equipment | | 67,513,710 | | 67,013,234 |
| Intangible assets | | | | |
| Goodwill | | 3,626,885 | | 2,689,471 |
| Software | | 3,823,192 | | 3,395,276 |
| Other | | 191,541 | | 188,363 |
| Total intangible assets | | 7,641,618 | | 6,273,111 |
| Investments and other assets | | | | |
| Investment securities | *1 | 20,565,444 | *1 | 17,739,548 |
| Net defined benefit asset | | 3,834,235 | | 4,662,182 |
| Deferred tax assets | | 1,564,889 | | 1,540,625 |
| Other | | 1,398,726 | | 1,577,129 |
| Allowance for doubtful accounts | | -25,843 | | -5,797 |
| Total investments and other assets | | 27,337,453 | | 25,513,688 |
| Total non-current assets | | 102,492,782 | | 98,800,034 |
| Total assets | | 157,587,770 | | 153,833,028 |

(Thousand yen)

| | | FY2014 (As of December 31, 2014) | | FY2015 (As of December 31, 2015) |
|---|---|---|---|---|
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable - trade | | 7,493,810 | | 7,625,523 |
| Short-term loans payable | | 2,010,000 | | 2,650,000 |
| Commercial papers | | 5,000,000 | | – |
| Current portion of long-term loans payable | | 5,973,025 | | 1,317,800 |
| Accrued expenses | | 3,048,498 | | 3,225,264 |
| Income taxes payable | | 2,312,208 | | 1,210,345 |
| Deferred tax liabilities | | 18,157 | | 14,993 |
| Provision for bonuses | | 2,825,215 | | 2,594,988 |
| Provision for directors' bonuses | | 173,981 | | 155,944 |
| Provision for loss on construction contracts | *4 | 140,324 | *4 | 107,192 |
| Other | | 9,044,723 | | 8,654,097 |
| Total current liabilities | | 38,039,945 | | 27,556,148 |
| Non-current liabilities | | | | |
| Long-term loans payable | | 8,230,494 | | 11,242,708 |
| Deferred tax liabilities | | 3,697,069 | | 3,343,974 |
| Provision for directors' retirement benefits | | 339,145 | | 372,009 |
| Net defined benefit liability | | 5,117,912 | | 5,438,613 |
| Other | | 1,636,670 | | 1,800,681 |
| Total non-current liabilities | | 19,021,291 | | 22,197,987 |
| Total liabilities | | 57,061,237 | | 49,754,135 |
| Net assets | | | | |
| Shareholders' equity | | | | |
| Capital stock | | 26,200,289 | | 26,200,289 |
| Capital surplus | | 28,505,941 | | 28,521,268 |
| Retained earnings | | 43,646,746 | | 47,666,063 |
| Treasury shares | | -5,178,604 | | -5,101,298 |
| Total shareholders' equity | | 93,174,372 | | 97,286,322 |
| Accumulated other comprehensive income | | | | |
| Valuation difference on available-for-sale securities | | 4,685,283 | | 4,185,128 |
| Deferred gains or losses on hedges | | – | | -8,523 |
| Revaluation reserve for land | *2 | -9,051,088 | *2 | -9,051,120 |
| Foreign currency translation adjustment | | 568,391 | | 305,390 |
| Remeasurements of defined benefit plans | | 97,758 | | 97,491 |
| Total accumulated other comprehensive income | | -3,699,655 | | -4,471,634 |
| Subscription rights to shares | | 41,338 | | 37,285 |
| Minority interests | | 11,010,478 | | 11,226,919 |
| Total net assets | | 100,526,533 | | 104,078,892 |
| Total liabilities and net assets | | 157,587,770 | | 153,833,028 |

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

Consolidated income statement

(Thousand yen)

| | | FY2014 (From January 1, 2014 to December 31, 2014) | | FY2015 (From January 1, 2015 to December 31, 2015) |
|---|---|---|---|---|
| Net sales | | 148,452,096 | | 153,661,999 |
| Cost of sales | *1 | 113,799,125 | *1 | 117,552,516 |
| Gross profit | | 34,652,971 | | 36,109,483 |
| Selling, general and administrative expenses | | | | |
| Advertising expenses | | 371,228 | | 498,171 |
| Directors' compensations | | 759,297 | | 763,203 |
| Employees' salaries | | 12,192,109 | | 12,857,651 |
| Provision for bonuses | | 845,142 | | 740,346 |
| Retirement benefit expenses | | 555,518 | | 450,946 |
| Legal welfare expenses | | 1,992,941 | | 2,099,684 |
| Provision for directors' retirement benefits | | 65,150 | | 63,836 |
| Provision for directors' bonuses | | 173,981 | | 155,944 |
| Welfare expenses | | 582,607 | | 641,709 |
| Recruiting and training expenses | | 588,021 | | 786,857 |
| Traveling and transportation expenses | | 695,409 | | 826,589 |
| Stationery expenses | | 301,123 | | 312,765 |
| Rent expenses | | 42,159 | | 44,860 |
| Rents | | 730,227 | | 807,078 |
| Taxes and dues | | 789,886 | | 781,281 |
| Provision of allowance for doubtful accounts | | -6,183 | | 2,965 |
| Depreciation | | 645,044 | | 592,005 |
| Research study expenses | | 582,985 | | 585,638 |
| Operations consignment expenses | | 1,361,050 | | 1,515,179 |
| Amortization of goodwill | | 483,645 | | 481,159 |
| Other | | 2,596,118 | | 2,683,320 |
| Total selling, general and administrative expenses | | 26,347,462 | | 27,691,195 |
| Operating income | | 8,305,508 | | 8,418,287 |
| Non-operating income | | | | |
| Interest income | | 37,185 | | 33,626 |
| Dividends income | | 152,221 | | 155,666 |
| Equity in earnings of affiliates | | 660,023 | | 415,385 |
| Subsidy income | | 131,381 | | 136,500 |
| Cancellation income for system services | | 249,354 | | 12,219 |
| Other | | 143,068 | | 152,021 |
| Total non-operating income | | 1,373,235 | | 905,420 |
| Non-operating expenses | | | | |
| Interest expenses | | 144,936 | | 64,813 |
| Foreign exchange losses | | – | | 38,509 |
| Loss on retirement of non-current assets | | 38,583 | | 37,303 |
| Other | | 225,764 | | 89,768 |
| Total non-operating expenses | | 409,284 | | 230,395 |
| Ordinary income | | 9,269,459 | | 9,093,312 |

(Thousand yen)

| | FY2014 (From January 1, 2014 to December 31, 2014) | FY2015 (From January 1, 2015 to December 31, 2015) |
|---|---|---|
| Extraordinary income | | |
| Gain on sales of investment securities | 31,075 | 65,125 |
| Gain on sales of subsidiaries and affiliates' stocks | – | 7,542 |
| Gain on change in equity | – | 9,558 |
| Total extraordinary income | 31,075 | 82,226 |
| Extraordinary loss | | |
| Impairment loss on non-current assets | 54,420 | 16,350 |
| Loss on retirement of non-current assets | 85,225 | – |
| Loss on sales of shares of subsidiaries and associates | – | 357,533 |
| Office transfer expenses | 86,857 | 30,177 |
| Loss on agency contract cancellation | 54,620 | 3,941 |
| Loss on liquidation of subsidiaries and associates | 37,231 | – |
| Loss on employees’ pension fund withdrawal | – | 12,526 |
| Total extraordinary loss | 318,354 | 420,529 |
| Income before income taxes | 8,982,179 | 8,755,009 |
| Income taxes - current | 3,505,391 | 2,762,609 |
| Income taxes - deferred | -167,889 | 306,702 |
| Total income taxes | 3,337,501 | 3,069,311 |
| Income before minority interests | 5,644,678 | 5,685,697 |
| Minority interests in income | 769,770 | 763,334 |
| Net income | 4,874,908 | 4,922,362 |

Consolidated statements of comprehensive income

(Thousand yen)

| | FY2014 (From January 1, 2014 to December 31, 2014) | FY2015 (From January 1, 2015 to December 31, 2015) |
|---|---|---|
| Income before minority interests | 5,644,678 | 5,685,697 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,098,994 | -314,155 |
| Deferred gains or losses on hedges | -15,372 | -15,802 |
| Foreign currency translation adjustment | 329,843 | -492,386 |
| Remeasurements of defined benefit plans, net of tax | -488,431 | -50,310 |
| Share of other comprehensive income of associates accounted for using equity method | -219,152 | -93,304 |
| Total other comprehensive income | 705,881 | -965,959 |
| Comprehensive income | 6,350,560 | 4,719,737 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 5,464,057 | 4,188,246 |
| Comprehensive income attributable to minority interests | 886,502 | 531,491 |

## (3) Consolidated statements of changes in net assets

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 |
| Cumulative effects of changes in accounting policies | | | | | | | |
| Restated balance | 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 shares | | | | -1,955 | -1,955 | | |
| Disposal of treasury shares | | | | | | | |
| 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 |
| Cumulative effects of changes in accounting policies | | | | | | | |
| Restated balance | -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 shares | | | | | | | -1,955 |
| Disposal of treasury shares | | | | | | | |
| 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 |

FY2015 (From January 1, 2015 to December 31, 2015)

(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 | 43,646,746 | -5,178,604 | 93,174,372 | 4,685,283 | – |
| Cumulative effects of changes in accounting policies | | | -27,456 | | -27,456 | | |
| Restated balance | 26,200,289 | 28,505,941 | 43,619,289 | -5,178,604 | 93,146,915 | 4,685,283 | – |
| Changes of items during the period | | | | | | | |
| Dividends from surplus | | | -871,888 | | -871,888 | | |
| Net income | | | 4,922,362 | | 4,922,362 | | |
| Purchase of treasury shares | | | | -2,119 | -2,119 | | |
| Disposal of treasury shares | | 15,327 | | 79,425 | 94,752 | | |
| Change of scope of consolidation | | | -3,699 | | -3,699 | | |
| Net changes of items other than shareholders' equity | | | | | | -500,154 | -8,523 |
| Total changes of items during the period | | 15,327 | 4,046,773 | 77,305 | 4,139,406 | -500,154 | -8,523 |
| Balance at the end of current period | 26,200,289 | 28,521,268 | 47,666,063 | -5,101,298 | 97,286,322 | 4,185,128 | -8,523 |

(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 | 568,391 | 97,758 | -3,699,655 | 41,338 | 11,010,478 | 100,526,533 |
| Cumulative effects of changes in accounting policies | | | | | | | -27,456 |
| Restated balance | -9,051,088 | 568,391 | 97,758 | -3,699,655 | 41,338 | 11,010,478 | 100,499,076 |
| Changes of items during the period | | | | | | | |
| Dividends from surplus | | | | | | | -871,888 |
| Net income | | | | | | | 4,922,362 |
| Purchase of treasury shares | | | | | | | -2,119 |
| Disposal of treasury shares | | | | | | | 94,752 |
| Change of scope of consolidation | | | | | | | -3,699 |
| Net changes of items other than shareholders' equity | -31 | -263,001 | -266 | -771,978 | -4,053 | 216,441 | -559,590 |
| Total changes of items during the period | -31 | -263,001 | -266 | -771,978 | -4,053 | 216,441 | 3,579,815 |
| Balance at the end of current period | -9,051,120 | 305,390 | 97,491 | -4,471,634 | 37,285 | 11,226,919 | 104,078,892 |

## (4) Consolidated cash flow statement

(Thousand yen)

| | FY2014 (From January 1, 2014 to December 31, 2014) | FY2015 (From January 1, 2015 to December 31, 2015) |
|---|---|---|
| Net cash provided by operating activities | | |
| Income before income taxes | 8,982,179 | 8,755,009 |
| Depreciation | 4,908,666 | 4,859,902 |
| Impairment loss on non-current assets | 54,420 | 16,350 |
| Loss on agency contract cancellation | 54,620 | 3,941 |
| Loss on employees’ pension fund withdrawal | – | 12,526 |
| Amortization of goodwill | 483,645 | 481,159 |
| Increase (decrease) in net defined benefit liability | -445,436 | 28,840 |
| Decrease (increase) in net defined benefit asset | 144,481 | -653,129 |
| Interest expenses | 144,936 | 64,813 |
| Equity in (earnings) losses of affiliates | -660,023 | -415,385 |
| Loss (gain) on sales of investment securities | -31,075 | -65,125 |
| Loss (gain) on sales of stocks of subsidiaries and affiliates | – | 349,991 |
| Decrease (increase) in notes and accounts receivable-trade | -1,704,302 | -1,441,655 |
| Decrease (increase) in inventories | 156,526 | -355,643 |
| Increase (decrease) in notes and accounts payable-trade | -2,262 | 157,156 |
| Increase (decrease) in accounts payable-labor cost | 149,282 | -227,131 |
| Increase (decrease) in accrued consumption taxes | 1,897,507 | -277,436 |
| Increase (decrease) in accounts payable-other | -103,797 | 472,388 |
| Decrease (increase) in long-term prepaid expenses | -8,778 | -49,840 |
| Increase (decrease) in provision for loss on construction contracts | 60,361 | -33,132 |
| Loss (gain) on change in equity | – | -9,558 |
| Other | 889,709 | -220,512 |
| Subtotal | 14,970,662 | 11,453,526 |
| Interest and dividends income received | 403,818 | 355,554 |
| Interest expenses paid | -149,392 | -74,649 |
| Income taxes paid | -1,050,863 | -4,135,691 |
| Payment due to agency contract cancellation | -54,620 | -3,275 |
| Net cash provided by operating activities | 14,119,604 | 7,595,465 |
| Net cash used in investing activities | | |
| Purchase of property, plant and equipment | -1,021,184 | -2,009,499 |
| Purchase of intangible assets | -1,964,580 | -1,597,998 |
| Purchase of securities | -500,000 | – |
| Purchase of investment securities | -1,809,609 | -180,000 |
| Proceeds from sales of investment securities | 31,075 | 1,239,378 |
| Purchase of investments in subsidiaries | -293,205 | -25,300 |
| Proceeds from sales of shares of subsidiaries | – | 95,800 |
| Proceeds from sales of securities | 2,202,893 | 2,000,000 |
| Other | -342,592 | -71,993 |
| Net cash used in investing activities | -3,697,202 | -549,613 |

(Thousand yen)

| | | FY2014<br>(From January 1, 2014<br>to December 31, 2014) | | FY2015<br>(From January 1, 2015<br>to December 31, 2015) |
|---|---|---|---|---|
| Net cash used in financing activities | | | | |
| Increase in short-term loans payable | | 4,140,000 | | 2,530,000 |
| Decrease in short-term loans payable | | -7,992,270 | | -1,890,000 |
| Proceeds from long-term loans payable | | 4,785,742 | | 4,348,764 |
| Repayment of long-term loans payable | | -9,653,458 | | -5,991,775 |
| Net increase (decrease) in commercial papers | | 1,000,000 | | -5,000,000 |
| Purchase of treasury stock | | -2,025 | | -2,119 |
| Cash dividends paid | | -687,208 | | -872,182 |
| Cash dividends paid to minority shareholders | | -288,016 | | -334,616 |
| Repayments of lease obligations | | -268,438 | | -351,359 |
| Proceeds from exercise of stock option | | 28,854 | | 110,595 |
| Other | | 45,000 | | 37,998 |
| Net cash used in financing activities | | -8,891,821 | | -7,414,694 |
| Effect of exchange rate change on cash and cash equivalents | | 127,652 | | -16,717 |
| Net increase (decrease) in cash and cash equivalents | | 1,658,232 | | -385,560 |
| Cash and cash equivalents at beginning of period | | 14,342,325 | | 16,135,626 |
| Net increase in cash and cash equivalents as a result of the consolidation of subsidiaries | | 135,068 | | – |
| Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation | | – | | -61,807 |
| Cash and cash equivalents at end of period | *1 | 16,135,626 | *1 | 15,688,258 |

## (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

25 consolidated subsidiaries (27 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 INC.
FUJISOFT Tissue Engineering Co., Ltd.
FUJISOFT CHINA INCORPORATED
Other 14 companies

SFI Co., Ltd. and two other companies, which were consolidated subsidiaries in the previous fiscal year, are excluded from the scope of consolidation in the fiscal year under review due to their merger with VINX Corporation, a consolidated subsidiary of the Company, the sale of their shares, and the completion of their liquidation.

(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 CORP., Cyber Com Co., Ltd., FUJI SOFT SERVICE BUREAU INCORPORATED, and other two companies is March 31. The fiscal year end of the other 20 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 thousand 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 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 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 comparing the fluctuations of the market of hedged items or the fluctuations of accumulative cash flows with the fluctuations in the market of hedging instruments or the fluctuations of accumulative cash flows.

(7) Amortization of goodwill

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

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

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

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

Consumption tax

Amounts reflected are stated exclusive of consumption tax.

## (Changes in accounting principles)

(Application of Accounting Standard for Retirement Benefits)

Starting the consolidated fiscal year under review, the Company is applying the provisions of the body text of Article 35 of the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan Statement No. 26; May 17, 2012) and the body text of Article 67 of the Implementation Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25; March 26, 2015; hereinafter the “Implementation Guidance for Retirement Benefits”) and has reviewed the method for calculating retirement benefit obligations and service costs. The method for attributing expected retirement benefits to periods is still the straight-line basis (except for certain subsidiaries), and the method for determining the discount rate has been changed from a method using the discount rate based on approximate number of years of the average remaining service period of employees to a method using the single weighted-average discount rate that reflects the estimated periods of benefit payments and amount of expected retirement benefits every such period.

The application of the Accounting Standard for Retirement Benefits and the Implementation Guidance for Retirement Benefits is in accordance with transitional accounting stipulated in Article 37 of the Accounting Standard for Retirement Benefits, and at the beginning of the consolidated fiscal year under review, the Company made an adjustment for the amount affected by the change in the method for calculating retirement benefit obligations and service costs to retained earnings.

As a result, at the beginning of the consolidated fiscal year under review, the net defined benefit asset rose 223,294 thousand yen, the net defined benefit liability rose 338,594 thousand yen, and retained earnings declined 27,456 thousand yen. The effect of the change in accounting policy on operating income, ordinary income and income before income taxes in the consolidated fiscal year under review is minor.

## (Accounting standards etc. yet to be applied)

- Accounting Standard for Business Combination (ASBJ Statement No. 21, September 13, 2013)
- Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013)
- Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013)
- Accounting Standard for Net Income Per Share (ASBJ Statement No. 2, September 13, 2013)
- Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, September 13, 2013)
- Guidance on Accounting Standard for Net Income Per Share (ASBJ Guidance No. 4, September 13, 2013)

(1) Outline

These accounting standards and guidance were revised mainly focusing on 1) the treatment of the parent company’s changes in equity of its subsidiary while the parent company’s control is continuing because of additional acquisition of shares of the subsidiary; 2) the treatment of acquisition-related expenses; 3) the presentation of net income and the change from minority interests to non-controlling interests; and 4) the treatment of provisional accounting.

(2) Scheduled date of application

The Company expects to apply these accounting standards and guidance from the beginning of the fiscal year ending December 31, 2016. Regarding the treatment of provisional accounting, the Company expects to apply the accounting standard and guidance from business combinations implemented from the beginning of the fiscal year ending December 31, 2016.

(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)

Loss on compensation and cancellation loss for system services under non-operating expenses, which were stated separately for the previous fiscal year, were included in other from this fiscal year due to a decrease in materiality.

As a result, loss on compensation of 52,030 thousand yen, cancellation loss for system services of 128,282 thousand yen and other of 45,451 thousand yen, which were shown under non-operating expenses in the consolidated balance sheets for the previous fiscal year, were restated as other of 225,764 thousand yen.

## (Consolidated balance sheet)

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

| | FY2014 (As of December 31, 2014) | FY2015 (As of December 31, 2015) |
|---|---|---|
| Investment securities (stocks) | 7,369,357 | 6,283,456 |

*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)

| | FY2014 (As of December 31, 2014) | FY2015 (As of December 31, 2015) |
|---|---|---|
| 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 | -1,588,357 | -1,278,674 |

*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)

| | FY2014 (As of December 31, 2014) | FY2015 (As of December 31, 2015) |
|---|---|---|
| Notes receivable | 12,407 | 28,447 |

*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)

| | FY2014 (As of December 31, 2014) | FY2015 (As of December 31, 2015) |
|---|---|---|
| Work in process | 54,211 | 49,968 |

## (Consolidated income statement)

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

| | FY2014 (From January 1, 2014 to December 31, 2014) | FY2015 (From January 1, 2015 to December 31, 2015) |
|---|---|---|
| Provision for loss on construction contracts | 61,047 | -33,818 |

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

(Thousand yen)

| | FY2014 (From January 1, 2014 to December 31, 2014) | FY2015 (From January 1, 2015 to December 31, 2015) |
|---|---|---|
| Research and development expenses | 712,829 | 725,685 |

## (Consolidated statements of changes in net assets)

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 shares

| 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 |

FY2015 (From January 1, 2015 to December 31, 2015)

1. Outstanding shares

| Category | As of January 1, 2015 | Increase | Decrease | As of December 31, 2015 |
|---|---|---|---|---|
| Common stock (shares) | 33,700,000 | – | – | 33,700,000 |

2. Treasury stock

| Category | As of January 1, 2015 | Increase | Decrease | As of December 31, 2015 |
|---|---|---|---|---|
| Common stock (shares) | 2,561,793 | 843 | 39,300 | 2,523,336 |

Note:

Main component of increase or decrease is as follows:

Increase from the purchase of odd-lot shares: 843 shares

Decrease from the exercise of stock options: 39,300 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, 2015 | Increase | Decrease | As of December 31, 2015 | |
| The Company | Subscription rights to shares | – | – | – | – | – | 37,285 |
| Total | | – | – | – | – | – | 37,285 |

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, 2015 | Common stock | 435,946 | 14 | December 31, 2014 | March 23, 2015 |
| Board of directors meeting held on August 6, 2015 | Common stock | 435,942 | 14 | June 30, 2015 | September 10, 2015 |

(2) Dividends with a record date in the fiscal year 2015 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 10, 2016 | Common stock | Retained earnings | 436,484 | 14 | December 31, 2015 | March 22, 2016 |

## (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)

| | FY2014 (From January 1, 2014 to December 31, 2014) | FY2015 (From January 1, 2015 to December 31, 2015) |
|---|---|---|
| Cash and time deposits | 15,244,226 | 12,784,328 |
| Securities | 3,010,186 | 3,800,041 |
| Time deposits with maturity of more than 3 months | -108,600 | -96,069 |
| Securities other than MMF | -2,010,186 | -800,041 |
| Cash and cash equivalents | 16,135,626 | 15,688,258 |

## (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)

| | | | FY2014 (From January 1, 2014 to December 31, 2014) | FY2015 (From January 1, 2015 to December 31, 2015) |
|---|---|---|---|---|
| Real estate that includes properties that are used as rental properties | Amount presented in the consolidated balance sheets | Beginning balance | 42,665,623 | 41,838,546 |
| | | Changes during the period | -827,076 | -626,413 |
| | | Ending balance | 41,838,546 | 41,212,133 |
| | Market value at the year end | | 48,493,212 | 48,121,658 |

(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, 2014 and December 31, 2015 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)

| | | FY2014 (From January 1, 2014 to December 31, 2014) | FY2015 (From January 1, 2015 to December 31, 2015) |
|---|---|---|---|
| Real estate that includes properties that are used as rental properties | Rent income | 1,622,762 | 1,903,758 |
| | Rent expenses | 937,431 | 983,608 |
| | Difference | 685,331 | 920,150 |
| | 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

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.

FY2015 (From January 1, 2015 to December 31, 2015) (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 | 142,782,362 | 2,478,681 | 145,261,043 | 8,400,955 | 153,661,999 | – | 153,661,999 |
| Inter-segment sales or transfers | 129,191 | 670,760 | 799,951 | 1,006,228 | 1,806,179 | -1,806,179 | – |
| Total | 142,911,553 | 3,149,442 | 146,060,995 | 9,407,183 | 155,468,179 | -1,806,179 | 153,661,999 |
| Segment profit | 7,283,875 | 905,944 | 8,189,819 | 222,902 | 8,412,722 | 5,564 | 8,418,287 |
| Segment assets | 149,524,018 | 287,298 | 149,811,317 | 4,021,710 | 153,833,028 | – | 153,833,028 |
| Other items | | | | | | | |
| Depreciation and amortization | 4,582,177 | 25,654 | 4,607,831 | 252,071 | 4,859,902 | – | 4,859,902 |
| Amortization of goodwill | 481,159 | – | 481,159 | – | 481,159 | – | 481,159 |
| Increase in property, plant and equipment and intangible assets | 3,152,133 | – | 3,152,133 | 693,106 | 3,845,239 | – | 3,845,239 |

(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 5,564 thousand yen includes an elimination of inter-segment transactions of 5,564 thousand yen.

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

[Related information]

FY2014 (From April 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.

FY2015 (From January 1, 2015 to December 31, 2015)

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 non-current assets by reported segment]

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 |

FY2015 (From January 1, 2015 to December 31, 2015) (Thousand yen)

| | Reported segments | | | Others | Total | Adjustment | Amounts recorded in the consolidated financial statements |
|---|---|---|---|---|---|---|---|
| | SI business | Facility business | Total | | | | |
| Impairment loss | 16,350 | – | 16,350 | – | 16,350 | – | 16,350 |

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

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 |

FY2015 (From January 1, 2015 to December 31, 2015) (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 | 481,159 | – | 481,159 | – | 481,159 | – | 481,159 |
| Outstanding balance as at the end of the fiscal year under review | 2,689,471 | – | 2,689,471 | – | 2,689,471 | – | 2,689,471 |

[Information on gains of negative goodwill by reported segment]

Not applicable.

## (Per-share information)

(Yen)

| | FY2014<br>(From January 1, 2014<br>to December 31, 2014) | FY2015<br>(From January 1, 2015<br>to December 31, 2015) |
|---|---|---|
| Net assets per share | 2,873.47 | 2,977.06 |
| Net income per share | 156.55 | 158.06 |
| Fully diluted net income per share | 156.30 | 157.97 |

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

| Item | FY2014<br>(From January 1, 2014<br>to December 31, 2014) | FY2015<br>(From January 1, 2015<br>to December 31, 2015) |
|---|---|---|
| (1) Net income per share | | |
| Net income (thousand yen) | 4,874,908 | 4,922,362 |
| Amounts which do not belong to ordinary shareholders (thousand yen) | – | – |
| Net income on common shares (thousand yen) | 4,874,908 | 4,922,362 |
| Average number of common shares during the fiscal year (thousand shares) | 31,138 | 31,142 |
| (2) Fully diluted net income per share | | |
| Net income adjustment (thousand yen) | -6,143 | – |
| Increase in common shares (shares) | 11,296 | 16,854 |
| Outlines of potential shares not included in the computation of fully diluted net income per share because of the absence of diluting effect | – | – |

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

| Item | FY2014<br>(As of December 31, 2014) | FY2015<br>(As of December 31, 2015) |
|---|---|---|
| Total net assets (thousand yen) | 100,526,533 | 104,078,892 |
| Amount to be subtracted from total net assets (thousand yen) | 11,051,817 | 11,264,204 |
| Stock acquisition rights (thousand yen) | 41,338 | 37,285 |
| Minority interests (thousand yen) | 11,010,478 | 11,226,919 |
| Net assets pertaining to common shares at the year end (thousand yen) | 89,474,716 | 92,814,688 |
| Number of common shares at the year end used in calculation of net assets per share (thousand shares) | 31,138 | 31,176 |

## (Post-balance sheet events)

Not applicable.

## 6. 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 | 108,200,592 | 103.4 |
| Facility business | 1,460,065 | 100.6 |
| Other | 7,891,857 | 102.8 |
| Total | 117,552,516 | 103.3 |

(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.

(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 | 144,735,019 | 103.0 | 30,688,563 | 106.8 |
| Facility business | 2,959,792 | 118.1 | 1,021,667 | 189.0 |
| Other | 8,721,496 | 105.8 | 1,681,986 | 123.5 |
| Total | 156,416,308 | 103.4 | 33,392,217 | 109.0 |

(Notes) 1. Inter-segment transactions were canceled out.
2. Amounts are not inclusive of the consumption tax.

(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 | 142,782,362 | 103.4 |
| Facility business | 2,478,681 | 111.8 |
| Other | 8,400,955 | 103.4 |
| Total | 153,661,999 | 103.5 |

(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%.