

# Summary of Consolidated Financial Results for the First Half of Fiscal Year ending December 31, 2016 (Japanese Accounting Standards)



August 9, 2016

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Listing Exchanges: Tokyo Stock Exchange  
<http://www.fsi.co.jp/>

Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): August 10, 2016  
 Scheduled date of dividend payment: September 9, 2016  
 Supplementary documents for quarterly results: Yes  
 Quarterly results briefing: Yes

(Figures less than one million yen are omitted)

## 1. Consolidated Business Results for the Six Months Ended June 30, 2016 (January 1, 2016 – June 30, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended 6/16	81,849	4.7	4,046	16.5	4,080	6.3	2,106	10.0
Six months ended 6/15	78,139	3.9	3,473	-11.8	3,840	-7.7	1,914	-13.3

(Note) Comprehensive income (million yen) Six months ended 6/16: 634 (-79.2%)  
 Six months ended 6/15: 3,047 (26.5%)

	Net income per share		Net income per share/diluted	
	Yen	Yen	Yen	Yen
Six months ended 6/16	67.56		67.53	
Six months ended 6/15	61.48		61.41	

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Six months ended 6/16	157,981	105,126	58.9
Year ended 12/15	153,833	104,078	60.3

Reference: Shareholders' equity (million yen) Six months ended 6/16: 93,116 Year ended 12/15: 92,814

## 2. Dividends

	Dividend per share				
	End of first quarter	End of interim period	End of third quarter	Year end	Annual
Year ended 12/15	Yen –	Yen 14.00	Yen –	Yen 14.00	Yen 28.00
Year ending 12/16	–	14.00			
Year ending 12/16 (forecast)			–	14.00	28.00

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

## 3. Forecast for Consolidated Business Results for the Fiscal Year Ending December 31, 2016

(Jan. 1, 2016 – Dec. 31, 2016) (Percentages represent year-on-year changes.)

	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	
Full year	157,000	2.2	8,500	1.0	8,700	-4.3	5,000	1.6		160.38

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

\* Notes

(1) Important changes in subsidiaries during the six-month period under review (changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: Yes  
(Note) For details, please refer to “2. Matters Relating to Summary Information (Notes) (2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements” on page 5 of the accompanying materials.

(3) 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  
 (Note) For details, please refer to “2. Matters Relating to Summary Information (Notes) (3) Changes in accounting principles and changes or restatement of accounting estimates” on page 5 of the accompanying materials.

(4) Number of outstanding shares (common shares)

- 1) Number of shares outstanding at the end of period (including treasury shares):
- 2) Number of treasury shares at the end of period
- 3) Average number of shares during the period (quarterly consolidated cumulative period)

6/16:	33,700,000 shares	Year ended 12/15:	33,700,000 shares
6/16:	2,508,685 shares	Year ended 12/15:	2,523,336 shares
6/16:	31,181,480 shares	6/15:	31,138,106 shares

\* Status of a quarterly review

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. At the time of the announcement of this financial summary, the review procedures for quarterly financial statements in accordance with the Financial Instruments and Exchange Act are complete.

\* Cautionary statement with respect to forward-looking statements

The above forecast has been prepared based on data available on the announcement date. Since the data contains uncertainties, actual results may differ materially from the projections above due to changes in business performance and other factors. For assumptions concerning financial forecasts, please refer to 1. Qualitative Information on Consolidated Results for the First Half Ended June 30, 2016, (3) Information on the future outlook, including forecast for consolidated business results on page 4 of the accompanying materials.

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## 1. Qualitative Information on Consolidated Results for the First Half Ended June 30, 2016

### (1) Details of consolidated results

During the consolidated first half under review (from January 1, 2016 to June 30, 2016), corporate earnings and employment improved mainly due to the government's economic policy and the Bank of Japan's monetary easing, but the outlook for the Japanese economy remained uncertain given a slowdown in overseas economies, primarily the Chinese economy, and the destabilizing effect of the UK's departure from the EU on the European economy.

In June, the Cabinet approved the Japan Revitalization Strategy 2016 with the goal of achieving the "fourth industrial revolution" using the IoT (\*1), big data, robots, and AI (artificial intelligence). In the IT industry, demand for investment in innovative information technologies was strong. Meanwhile, a shortage of IT engineers became the norm, and hiring and training human resources was a major issue.

In this business environment, the FUJISOFT Group actively sought 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. The Group responded to increasing demand in a number of fields, strengthening its structure by hiring and training more engineers to meet short-term needs, while stepping up its cooperation with its business partners.

In System Construction, the Group expanded orders against a backdrop of rising demand for the development of cutting-edge technologies due to the increasing sophistication and complexity of electronic control, particularly in auto-related and factory automation (tool machine) projects. Orders were also strong in system development in the Internet business field, which has been evolving largely due to the development of high-speed communication networks, the aerospace field, where demand for new equipment and services is increasing mainly due to the spread of mobile terminals, and the financial industry, where aggressive investments are being made to enhance competitiveness. In the automotive field, the Group was developing a software platform for domestically produced in-vehicle control systems based on the AUTOSAR (\*3) specification in collaboration with APTJ (\*2) and worked to create business based on long-term research and development.

In the Product and Service sector, the Company continued to promote the introduction of the communication robot PALRO, which supports care prevention, in care facilities for the elderly, and worked on the research and application of advanced AI technology related to the intelligence technology used for PALRO. Sales of the mobile solution FSMobile (\*4) were strong on the back of the brisk market of the Mobile Virtual Network Operator (MVNO) service. The Group sought to introduce moreNOTE and SYNCNEL (\*5), smart document services, and the general education solution Mirai School Station (\*6) in different fields. In the leading-edge cloud and software product businesses in collaboration with software vendors overseas, the Company worked to expand sales while strengthening its technical support capabilities.

Corporate social responsibility (CSR) activities incorporated human support, including volunteer activities, and support using ICT, such as providing moreNOTE and PALRO without charge in areas affected by the Kumamoto earthquakes.

Cyber Com Co., Ltd., a consolidated subsidiary, was transferred to the First Section of the Tokyo Stock Exchange, and VINX CORP., a consolidated subsidiary, was transferred to the Second Section of the Tokyo Stock Exchange. FUJI SOFT SERVICE BUREAU INCORPORATED, a consolidated subsidiary, was listed on TSE JASDAQ.

Through these activities, the Group worked 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 the first half under review, net sales stood at 81,849 million yen, up 4.7% year on year. SG&A expenses came to 15,019 million yen, up 5.3%. Operating income rose 16.5% from a year earlier, to 4,046 million yen. Ordinary income climbed 6.3%, to 4,080 million yen. Profit attributable to owners of parent was 2,106 million yen, up 10.0% year on year.

\*1: IoT (Internet of Things)

The IoT, or Internet of Things, is a system of information and communications equipment including computers and a variety of other objects outfitted with communication functions enabling them to communicate with one another over the Internet.

\*2: APTJ (Automotive Platform Technology Japan)

Please visit the following address to refer to a news release issued by the Company: [http://www.fsi.co.jp/company/news/151118\\_1.html](http://www.fsi.co.jp/company/news/151118_1.html)

\*3: AUTOSAR (AUTomotive Open System ARchitecture)

The name of the organization that DaimlerChrysler (then), BMW, and Robert Bosch, among other companies, established in July 2003 to standardize in-vehicle software; and the in-vehicle software platform specification that has been created by the organization.

\*4: FSMobile

FSMobile is a service that provides FSMobile 3G/LTE data communication terminals in the consumer market and IoT/M2M market in the mobile communication market.

\*5: moreNOTE, SYNCNEL

These are services for sharing, viewing, and editing documents, videos, and images easily using tablets, smartphones, and personal computers.

\*6: Mirai School Station

Mirai School Station is an ICT education solution using unique information and communication technology to improve educational environments.

Results by business segment were as follows:

(i) SI (system integration) 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. Sales of operation software declined, reflecting a decrease in the distribution and manufacturing sectors, which offset strong sales in the financial sector. In Products and Services, sales increased due to brisk sales in the licensing business and other businesses. In the outsourcing business, sales fell mainly because of a decline in transactions in the distribution sector.

As a result, net sales stood at 76,238 million yen, up 4.6% year on year. Operating income amounted to 3,476 million yen, up 10.2%.

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

	(Million yen)	
	Net sales	YoY change (%)
SI business total	76,238	104.6
System construction	44,026	105.0
Embedded/control software	22,872	114.0
Operation software	21,153	96.7
Products and services	32,211	104.1
Products and services	23,790	107.9
Outsourcing	8,421	94.7

(ii) Facility business

Net sales stood at 1,359 million yen, up 17.6% year on year, reflecting rental income from office buildings owned by the Company and certain consolidated subsidiaries. Operating income grew 145.4% year on year, to 483 million yen.

(iii) Other businesses

Net sales from other businesses, including the data entry business and the contact center business, amounted to 4,251 million yen, up 3.4% year on year. Operating income was 86 million yen (compared with an operating loss of 14 million yen in the first half of the previous fiscal year).

(2) Details of financial position

(Total assets)

Total assets stood at 157,981 million yen at the end of the consolidated first half under review, up 4,148 million yen from the end of the preceding consolidated fiscal year. Current assets were 61,388 million yen (up 6,355 million yen from the end of the previous fiscal year), and non-current assets were 96,593 million yen (down 2,206 million yen).

Important factors in the change of current assets included an increase in cash and deposits of 5,509 million yen from the end of the previous fiscal year, to 18,293 million yen, and a rise in securities of 699 million yen from the end of the previous fiscal year, to 4,500 million yen.

The main factors for the change in non-current assets included a decrease in goodwill of 480 million yen from the end of the previous fiscal year, to 2,208 million yen, and a decline in investment securities of 1,571 million yen from the end of the previous fiscal year, to 16,167 million yen, mainly due to changes in the market values of shares held.

(Liabilities)

At the end of the first half under review, total liabilities amounted to 52,854 million yen, up 3,100 million yen from the end of the previous fiscal year. Current liabilities were 30,843 million yen (rising 3,287 million yen from the end of the previous fiscal year), and non-current liabilities were 22,011 million yen (declining 186 million yen).

Primary factors in the change of current liabilities included an increase in accounts payable-trade of 1,000 million yen from the end of the previous fiscal year, to 8,626 million yen, a rise in short-term loans payable of 1,200 million yen from the end of the previous fiscal year, to 3,850 million yen, and an increase in income taxes payable of 594 million yen from the end of the previous fiscal year, to 1,804 million yen.

(Net assets)

Net assets rose 1,047 million yen from the end of the preceding fiscal year, to 105,126 million yen at the end of the

consolidated first half under review. The equity ratio fell to 58.9%, down from 60.3% at the end of the previous fiscal year.

(Cash flows)

Consolidated cash and cash equivalents (“cash”) at the end of the first half under review were 22,204 million yen, a increase of 6,516 million yen from the end of the previous fiscal year.

Cash flows by activity were as follows:

(i) Cash flows from operating activities

Net cash provided by operating activities stood at 6,911 million yen (up 3,956 million yen year on year).

The principal factors included income before income taxes of 3,952 million yen, and depreciation of 2,466 million yen.

(ii) Cash flows from investing activities

Net cash used in investing activities came to 2,249 million yen (1,894 million yen more than a year ago).

The principal factors were payments of 2,037 million yen for the purchase of property, plant and equipment and intangible assets and 578 million yen for the purchase of investment securities.

(iii) Cash flows from financing activities

Net cash used in financing activities was 2,111 million yen (5,263 million yen more than a year ago).

The principal factors included proceeds from loans payable of 3,486 million yen, payments of loans payable of 1,926 million yen, and proceeds from sales of shares of subsidiaries that do not result in a change in the scope of consolidation of 918 million yen.

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

The results forecasts remain unchanged from those announced with the financial results for the fiscal year ended December 31, 2015, released on February 10, 2016.

## 2. Matters Relating to Summary Information (Notes)

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

Not applicable.

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

(Calculation of tax expense)

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

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

(Changes in accounting principles)

(Application of the Revised Accounting Standard for Business Combinations, etc.)

Starting from the consolidated first quarter, the Company is applying the Revised Accounting Standard for Business Combinations (Accounting Standards Board of Japan Statement No. 21 of September 13, 2013), the Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 of September 13, 2013), and the Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7 of September 13, 2013). The Company has changed its accounting policies to post in capital surplus the difference arising from the changes in the Company's ownership interest of subsidiaries that the Company continues to control and to record acquisition costs as expenses in the fiscal year in which the costs are incurred. For business combinations that take place after the beginning of the first quarter, the Company has changed its accounting policies to reflect the review of the allocation of acquisition costs after confirming the accounting settlement from the provisional accounting on the quarterly consolidated financial statement for the quarter in which the business combination takes place. In addition, the Company has changed the titles of net income and other items and the title of minority interests to non-controlling interests. To reflect these changes, the quarterly consolidated financial statements for the first half of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been replaced.

In the consolidated cash flow statement for the first half under review, cash flows associated with the purchase or sale of shares of subsidiaries that do not result in a change in the scope of consolidation are classified in net cash provided by (used in) financing activities, and cash flows associated with expenses related to the purchase of shares of subsidiaries resulting in a change in the scope of consolidation and expenses related to the purchase or sale of shares of subsidiaries that do not result in a change in the scope of consolidation are classified in net cash provided by (used in) operating activities.

With regard to the application of the Revised Accounting Standard for Business Combinations and other accounting standards, the Company follows the provisional treatments in Article 58-2 (4) of the Revised Accounting Standard for Business Combinations, Article 44-5 (4) of the Revised Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Revised Accounting Standard for Business Divestitures, and is applying these standards from the beginning of the first quarter onwards.

As a result, income before income taxes in the first half under review declined 422,729 thousand yen, and capital surplus at the end of the first half under review rose 293,567 thousand yen.

## 3. Consolidated Financial Statements

## (1) Consolidated balance sheet

(Thousand yen)

	FY2015 (As of December 31, 2015)	H1 FY2016 (As of June 30, 2016)
Assets		
Current assets		
Cash and deposits	12,784,328	18,293,397
Notes and accounts receivable - trade	31,485,501	31,040,265
Short-term investment securities	3,800,041	4,500,000
Merchandise	260,121	665,353
Work in process	2,034,854	1,935,329
Raw materials and supplies	31,173	33,561
Other	4,645,130	4,991,945
Allowance for doubtful accounts	-8,158	-71,196
Total current assets	55,032,993	61,388,657
Non-current assets		
Property, plant and equipment		
Buildings and structures	57,674,741	57,793,591
Accumulated depreciation	-24,318,034	-25,005,570
Buildings and structures, net	33,356,706	32,788,020
Land	30,415,744	30,415,744
Construction in progress	17,916	48,644
Other	15,737,278	15,212,902
Accumulated depreciation	-12,514,411	-11,856,772
Other, net	3,222,866	3,356,129
Total property, plant and equipment	67,013,234	66,608,539
Intangible assets		
Goodwill	2,689,471	2,208,954
Software	3,395,276	3,383,426
Other	188,363	186,355
Total intangible assets	6,273,111	5,778,736
Investments and other assets		
Investment securities	17,739,548	16,167,749
Net defined benefit asset	4,662,182	4,941,198
Other	3,117,754	3,097,108
Allowance for doubtful accounts	-5,797	-134
Total investments and other assets	25,513,688	24,205,921
Total non-current assets	98,800,034	96,593,197
Total assets	153,833,028	157,981,855



(Thousand yen)

	FY2015 (As of December 31, 2015)	H1 FY2016 (As of June 30, 2016)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	7,625,523	8,626,414
Short-term loans payable	2,650,000	3,850,000
Current portion of long-term loans payable	1,317,800	1,260,680
Accrued expenses	3,225,264	4,013,535
Income taxes payable	1,210,345	1,804,656
Provision for bonuses	2,594,988	2,876,523
Provision for directors' bonuses	155,944	86,067
Provision for loss on construction contracts	107,192	69,509
Other	8,669,090	8,256,284
<b>Total current liabilities</b>	<b>27,556,148</b>	<b>30,843,672</b>
<b>Non-current liabilities</b>		
Long-term loans payable	11,242,708	11,659,520
Provision for directors' retirement benefits	372,009	349,805
Net defined benefit liability	5,438,613	5,385,324
Other	5,144,656	4,616,662
<b>Total non-current liabilities</b>	<b>22,197,987</b>	<b>22,011,312</b>
<b>Total liabilities</b>	<b>49,754,135</b>	<b>52,854,984</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	26,200,289	26,200,289
Capital surplus	28,521,268	28,820,646
Retained earnings	47,666,063	49,336,324
Treasury shares	-5,101,298	-5,071,792
<b>Total shareholders' equity</b>	<b>97,286,322</b>	<b>99,285,469</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,185,128	2,884,845
Deferred gains or losses on hedges	-8,523	-39,325
Revaluation reserve for land	-9,051,120	-9,051,120
Foreign currency translation adjustment	305,390	13,550
Remeasurements of defined benefit plans	97,491	22,751
<b>Total accumulated other comprehensive income</b>	<b>-4,471,634</b>	<b>-6,169,299</b>
Subscription rights to shares	37,285	32,830
Non-controlling interests	11,226,919	11,977,870
<b>Total net assets</b>	<b>104,078,892</b>	<b>105,126,870</b>
<b>Total liabilities and net assets</b>	<b>153,833,028</b>	<b>157,981,855</b>

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

## Consolidated statements of income

## Consolidated first half results

	(Thousand yen)	
	H1 FY2015 (From January 1, 2015 to June 30, 2015)	H1 FY2016 (From January 1, 2016 to June 30, 2016)
Net sales	78,139,894	81,849,669
Cost of sales	60,407,607	62,783,630
Gross profit	17,732,286	19,066,038
Selling, general and administrative expenses	14,258,866	15,019,485
Operating income	3,473,420	4,046,553
Non-operating income		
Interest income	17,580	17,765
Dividends income	76,786	84,845
Share of profit of entities accounted for using equity method	239,503	41,392
Subsidy income	48,687	52,190
Other	94,878	64,009
Total non-operating income	477,436	260,203
Non-operating expenses		
Interest expenses	35,545	25,548
Foreign exchange losses	25,619	152,704
Loss on retirement of non-current assets	26,967	26,656
Other	21,893	20,943
Total non-operating expenses	110,025	225,854
Ordinary income	3,840,831	4,080,902
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	-	14,722
Total extraordinary income	-	14,722
Extraordinary losses		
Impairment loss	12,440	48,454
Loss on sales of shares of subsidiaries and associates	357,533	60,463
Office transfer expenses	-	27,890
Loss on disaster	-	6,269
Total extraordinary losses	369,974	143,078
Income before income taxes	3,470,857	3,952,546
Income taxes-current	1,755,811	1,830,004
Income taxes-deferred	-532,784	-380,455
Total income taxes	1,223,026	1,449,548
Net income	2,247,830	2,502,997
Profit attributable to non-controlling interests	333,336	396,251
Profit attributable to owners of parent	1,914,493	2,106,746

Consolidated statements of comprehensive income  
 Consolidated first half results

	(Thousand yen)	
	H1 FY2015 (From January 1, 2015 to June 30, 2015)	H1 FY2016 (From January 1, 2016 to June 30, 2016)
Net income	2,247,830	2,502,997
Other comprehensive income		
Valuation difference on available-for-sale securities	810,015	-1,261,581
Deferred gains or losses on hedges	-	-57,104
Foreign currency translation adjustment	-85,952	-470,406
Remeasurements of defined benefit plans, net of tax	21,351	33,101
Share of other comprehensive income of entities accounted for using equity method	54,074	-112,007
Total other comprehensive income	799,489	-1,867,999
Comprehensive income	3,047,319	634,998
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,759,439	412,750
Comprehensive income attributable to minority interests	287,880	222,248

## (3) Consolidated cash flow statement

	(Thousand yen)	
	H1 FY2015 (From January 1, 2015 to June 30, 2015)	H1 FY2016 (From January 1, 2016 to June 30, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes	3,470,857	3,952,546
Depreciation	2,425,659	2,466,488
Impairment loss	12,440	48,454
Amortization of goodwill	247,840	208,659
Increase (decrease) in net defined benefit liability	35,791	-85,649
Decrease (increase) in net defined benefit asset	-330,789	-343,455
Interest expenses	35,545	25,548
Equity in (earnings) losses of affiliates	-239,503	-41,392
Loss (gain) on sales of shares of subsidiaries and associates	357,533	45,740
Decrease (increase) in notes and accounts receivable-trade	-861,647	597,742
Decrease (increase) in inventories	-697,708	-309,038
Increase (decrease) in notes and accounts payable-trade	2,235,187	1,020,374
Increase (decrease) in accounts payable-labor cost	989,816	1,236,401
Increase (decrease) in accrued consumption taxes	-1,344,126	-898,140
Increase (decrease) in accounts payable-other	190,234	144,486
Decrease (increase) in long-term prepaid expenses	-34,329	-39,002
Increase (decrease) in provision for loss on construction contracts	37,066	-37,683
Other	-985,982	59,628
Subtotal	5,543,883	8,051,709
Interest and dividends income received	253,363	100,079
Interest expenses paid	-38,339	-31,109
Income taxes paid	-2,803,941	-1,209,099
Net cash provided by (used in) operating activities	2,954,965	6,911,579
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-1,113,216	-1,038,511
Purchase of intangible assets	-797,047	-999,343
Proceeds from sales of short-term investment securities	800,000	300,000
Purchase of investment securities	-	-578,524
Proceeds from sales of investment securities	855,000	79,451
Purchase of shares of subsidiaries	-20,389	-
Proceeds from sales of shares of subsidiaries	95,800	-
Other	-175,237	-12,966
Net cash provided by (used in) investing activities	-355,091	-2,249,893

	(Thousand yen)	
	H1 FY2015 (From January 1, 2015 to June 30, 2015)	H1 FY2016 (From January 1, 2016 to June 30, 2016)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	1,000,000	2,420,000
Decrease in short-term loans payable	-1,370,000	-1,220,000
Proceeds from long-term loans payable	2,091,843	1,066,592
Repayment of long-term loans payable	-4,910,295	-706,900
Net increase (decrease) in commercial papers	1,000,000	—
Purchase of treasury stock	-628	-606
Cash dividends paid	-435,580	-436,779
Proceeds from share issuance to non-controlling shareholders	—	288,217
Dividends paid to non-controlling interests	-206,499	-225,622
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	-8,866
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	918,002
Repayments of lease obligations	-332,088	-13,565
Proceeds from exercise of stock option	13,608	31,468
Other	-2,264	—
Net cash provided by (used in) financing activities	-3,151,905	2,111,942
Effect of exchange rate change on cash and cash equivalents	47,016	-257,451
Net increase (decrease) in cash and cash equivalents	-505,015	6,516,176
Cash and cash equivalents at beginning of period	16,135,626	15,688,258
Cash and cash equivalents at end of period	15,630,611	22,204,435

## (4) Notes to consolidated financial statements

(Note on going concern assumptions)

Not applicable.

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

Not applicable.

(Segment information)

[Segment Information]

I. H1 FY2015 (From January 1, 2015 to June 30, 2015)

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

(Thousand yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount on first-half consolidated statements of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	72,872,896	1,156,187	74,029,083	4,110,810	78,139,894	–	78,139,894
Inter-segment sales or transfers	44,226	337,888	382,114	501,837	883,952	-883,952	–
Total	72,917,122	1,494,076	74,411,198	4,612,648	79,023,846	-883,952	78,139,894
Segment profit (loss)	3,154,832	332,272	3,487,105	-14,353	3,472,751	668	3,473,420

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 and loss of 668 thousand yen includes an elimination of inter-segment transactions of 668 thousand yen.
3. The segment profit and loss has been adjusted to the operating income stated in the consolidated income statement.

## 2. Information on Impairment Loss in Non-current Assets and Goodwill by Reported Segment

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

II. H1 FY2016 (From January 1, 2016 to June 30, 2016)

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

(Thousand yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount on first-half consolidated statements of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	76,238,291	1,359,405	77,597,697	4,251,972	81,849,669	–	81,849,669
Inter-segment sales or transfers	45,960	323,434	369,395	448,442	817,838	-817,838	–
Total	76,284,252	1,682,840	77,967,092	4,700,415	82,667,508	-817,838	81,849,669
Segment profit	3,476,310	483,105	3,959,415	86,181	4,045,597	956	4,046,553

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 956 thousand yen includes an elimination of inter-segment transactions of 956 thousand yen.
3. The segment profit and loss has been adjusted to the operating income stated in the consolidated income statement.

## 2. Information on Impairment Loss in Non-current Assets and Goodwill by Reported Segment

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