

# Summary of Consolidated Financial Results for the First Quarter of Fiscal Year ending March 31, 2013 (Japanese Accounting Standards)



August 7, 2012

Listed Company Name: **富士ソフト株式会社** Listing Exchanges: Tokyo Stock Exchange

Securities Code: 9749 URL <http://www.fsi.co.jp/>

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Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): August 9, 2012

Scheduled date of dividend payment: –

Supplementary documents for quarterly results: Yes

Quarterly results briefing: Yes (for Analysts)

(Figures less than one million yen are omitted)

## 1. Consolidated Business Results for the Three Months Ended June 30, 2012 (April 1, 2012 – June 30, 2012)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended 6/12	34,950	11.5	1,922	352.9	1,820	535.9	316	–
Three months ended 6/11	31,338	-4.4	424	536.4	286	243.1	-239	–

(Note) Comprehensive income: Three months ended June 30, 2012: 492 million yen (93.5%)  
Three months ended June 30, 2011: 254 million yen (-35.8%)

	Net income per share	Net income per share/diluted
	Yen	Yen
Three months ended 6/12	10.08	–
Three months ended 6/11	-7.51	–

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Three months ended 6/12	151,519	85,248	49.2
Year ended 3/12	155,744	85,188	48.0

Reference: Shareholders' equity (million yen) Three months ended 6/12: 74,623 Year ended 3/12: 74,690

## 2. Dividends

	Dividend per share				
	End of first quarter	End of interim period	End of third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended 3/12	–	10.00	–	10.00	20.00
Year ending 3/13	–	–	–	–	–
Year ending 3/13 (forecast)	–	10.00	–	10.00	20.00

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

## 3. Forecast for Consolidated Business Results for the Fiscal Year Ending March 31, 2013

(Apr. 1, 2012 – Mar. 31, 2013) (Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second consolidated quarter (cumulative)	67,000	1.8	2,700	28.4	2,380	53.5	1,080	307.8	34.41
Full year	137,000	2.3	6,000	20.0	5,700	25.1	2,800	64.3	89.22

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

\* Notes

- (1) Important changes in subsidiaries during this quarter (changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable
- (2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles and changes or restatement of accounting estimates
- (i) Changes in accounting principles due to amendment of accounting standards, etc.: Not applicable
  - (ii) Changes in accounting principles other than (i): Not applicable
  - (iii) Changes in accounting estimates: Not applicable
  - (iv) Restatement: Not applicable

(4) Number of outstanding shares (common shares)

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

6/12:	34,746,000 shares	Year ended 3/12:	34,746,000 shares
6/12:	3,361,393 shares	Year ended 3/12:	3,361,324 shares
6/12:	31,384,669 shares	6/11:	31,885,048 shares

\* Status of a quarterly review

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

\* Cautionary statement with respect to forward-looking statements

The above forecast has been prepared based on data available on the announcement date. Since the data contains uncertainties, actual results may differ materially from the projections above due to changes in business performance and other factors. For assumptions concerning financial forecasts, please refer to 1. Qualitative Information on Consolidated Results for the First Quarter Ended June 30, 2012, (3) Qualitative information on the consolidated financial forecasts on page 3 of the accompanying materials.

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## 1. Qualitative Information on Consolidated Results for the First Quarter Ended June 30, 2012

### (1) Qualitative information on consolidated results

During the consolidated first quarter under review, the Japanese economy recovered moderately, backed by demand for reconstruction after the Great East Japan Earthquake and strong consumer spending. However, the domestic economy continued to face considerable uncertainty, reflecting the worldwide credit insecurity associated with the European debt crisis, slowdowns in emerging economies, and the continued strength of the yen.

In the IT industry, there were signs of a moderate improvement in IT investment as Japanese companies became more active in their overseas operations, especially through mergers and acquisitions of foreign companies, and streamlined their operations.

The FUJISOFT Group began executing its five-year management plan from April 2011. In the economic environment described above, the Group set “creating a high value-added structure” as the core strategy for the three years from the current fiscal year. Under this strategy, the Group sought to bolster its existing businesses and to increase corporate value, with “cloud” (including internet-related businesses), “robot technologies,” and “mobile” (including various internet connection devices) as its key words.

In specific business activities, orders for software development, especially embedded software development (related to communications and machines) and operation software development (in the financial and manufacturing industries), were strong. FUJISOFT started to provide moreNOTE, a service for delivering videos, images, and document files to iPad and iPhone with excellent security features and convenience. It also actively developed applications. For example, it built a voting system using iPad for its 42nd annual general meeting of shareholders. In robot technologies, with demand for nursing care robots rising in the aging society, the Company introduced PALRO, a humanoid robot that it developed, to medical and nursing care facilities.

In the global business, the Company, the Institute for Information Industry of Taiwan, and the Open Embedded Software Foundation agreed to develop business related to embedded products in earnest, especially the evaluation and validation of products using Android, and concluded a memorandum. The Company established its Seoul Branch on July 5, 2012 to expand its business in South Korea, where communications equipment and digital home appliance manufacturers are growing rapidly. Cybernet Systems Co., Ltd., a consolidated subsidiary of the Company, started operations at Cybernet Systems Korea Co., Ltd. on the same date to provide solutions to auto manufacturers and auto parts manufacturers in South Korea. Vinculum Japan Corporation, a consolidated subsidiary of the Company, set up Vinculum Malaysia Sdn. Bhd. to develop operations in the ASEAN region. Vinculum Malaysia commenced operations in Malaysia on July 1, 2012.

As a result, net sales for the first quarter under review stood at 34,950 million yen, up 11.5% year on year. Selling, general, and administrative expenses were reduced 3.6% year on year, to 6,416 million yen, attributable to the increase in net sales, an improvement in the cost-of-sales ratio, and cost cutting. Operating income and ordinary income were 1,922 million yen (up 352.9% year on year) and 1,820 million yen (rising 535.9%), respectively.

Net income amounted to 316 million yen (compared with a net loss of 239 million yen for the first quarter of the previous fiscal year), reflecting the posting of income taxes associated with improvements in earnings.

Results by business segment were as follows:

#### (i) SI (system integration) business

Sales in the SI business were driven by sales of embedded software related to automobiles and operation software associated with social infrastructure and the Internet business, and demand for large replacement projects at FUJISOFT and VIXUS INCORPORATED. In the outsourcing business, system maintenance and operation performed well at FUJISOFT, Vinculum Japan Corporation, and subsidiaries in the securities industry. In the other SI business, sales from renewals of maintenance contracts in CAE products at Cybernet Systems and the building of network servers at CYBER COM increased. As a result, net sales stood at 32,874 million yen, up 12.6% year on year. Operating income was 1,717 million yen, rising 684.7%, reflecting the cutting of expenses.

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

(Thousand yen)

	Net sales	YoY change (%)
SI business total	32,874,460	112.6
Embedded Software Development	9,406,910	107.2
Operating Software Development	13,317,070	125.7
Outsourcing Business	3,580,224	102.8
Other business (including sales of products and hardware)	6,570,254	103.4

(ii) Facility business

Sales were 469 million yen, down 5.0% year on year, primarily reflecting rent income from office buildings owned by the Company and certain consolidated subsidiaries. Operating income declined 15.3% from a year ago to 187 million yen partly because of the effect of the replacement of tenants.

(iii) Other businesses

Sales were 1,606 million yen, down 1.8% year on year, reflecting revenues in the data entry business and contact center business. Other businesses produced operating income of 17 million yen, compared with an operating loss of 14 million yen in the first quarter of the previous fiscal year.

(2) Qualitative information on the consolidated financial position

(Total assets)

Total assets stood at 151,519 million yen at the end of the first quarter under review, down 4,224 million yen from the end of the preceding consolidated fiscal year. Current assets were 46,056 million yen (down 2,963 million yen from the end of the previous fiscal year), and noncurrent assets were 105,463 million yen (falling 1,261 million yen).

Important factors in the change in current assets included notes and accounts receivable-trade of 25,688 million yen, a decline of 2,676 million yen.

The main factors of the change in noncurrent assets included investment securities of 14,719 million yen, falling 635 million yen, of investments and other assets.

(Liabilities)

At the end of the first quarter under review, total liabilities amounted to 66,271 million yen, down 4,284 million yen from the end of the previous fiscal year. Current liabilities were 37,135 million yen (falling 3,208 million yen from the end of the previous fiscal year), and noncurrent liabilities were 29,135 million yen (declining 1,076 million yen).

Primary factors in the change in current liabilities included short-term loans of 4,423 million yen, down 4,446 million yen.

The decrease in noncurrent liabilities was mainly because of long-term loans payable of 20,699 million yen, falling 1,129 million yen.

(Net assets)

Net assets increased 60 million yen from the end of the preceding fiscal year, to 85,248 million yen at the end of the first quarter under review. The equity ratio rose to 49.2%, up from 48.0% at the end of the previous fiscal year.

(3) Qualitative information on the consolidated financial forecasts

The first-half and full-year results forecasts remain unchanged from those announced in the financial results for the fiscal year ended March 31, 2012 announced on May 9, 2012.

2. Matters Relating to Summary Information (Notes)

(1) Important changes in subsidiaries during this quarter (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

(Calculation of tax expense)

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

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

Not applicable.

## 3. Consolidated Financial Statements

## (1) Consolidated balance sheet

	(Thousand yen)	
	FY2011 (As of March 31, 2012)	Q1 FY2012 (As of June 30, 2012)
Assets		
Current assets		
Cash and deposits	13,420,233	11,983,913
Notes and accounts receivable-trade	28,364,690	25,688,174
Short-term investment securities	162,451	158,265
Merchandise	340,712	380,267
Work in process	1,662,709	2,610,441
Raw materials and supplies	31,801	31,193
Other	5,085,336	5,253,112
Allowance for doubtful accounts	-48,067	-48,873
Total current assets	49,019,867	46,056,496
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	57,073,078	56,923,159
Accumulated depreciation	-19,463,874	-19,665,471
Buildings and structures, net	37,609,203	37,257,687
Land	30,415,744	30,415,744
Construction in progress	234,769	40,430
Other	16,873,661	16,921,083
Accumulated depreciation	-10,793,169	-10,990,950
Other, net	6,080,492	5,930,132
Total property, plant and equipment	74,340,210	73,643,995
Intangible assets		
Goodwill	3,240,007	3,396,284
Software	5,871,387	5,859,825
Other	223,543	226,244
Total intangible assets	9,334,938	9,482,354
Investments and other assets		
Investment securities	15,355,586	14,719,839
Other	7,747,228	7,670,455
Allowance for doubtful accounts	-53,547	-53,513
Total investments and other assets	23,049,268	22,336,781
Total noncurrent assets	106,724,416	105,463,131
Total assets	155,744,284	151,519,628

	(Thousand yen)	
	FY2011 (As of March 31, 2012)	Q1 FY2012 (As of June 30, 2012)
Liabilities		
Current liabilities		
Accounts payable-trade	7,902,452	7,360,868
Short-term loans payable	8,869,200	4,423,134
Current portion of bonds	10,000	10,000
Current portion of long-term loans payable	8,762,860	9,263,260
Accrued expenses	7,281,840	9,470,972
Income taxes payable	1,275,506	1,019,262
Provision for directors' bonuses	193,032	58,565
Provision for loss on construction contracts	53,258	27,697
Other	5,995,448	5,501,240
Total current liabilities	40,343,599	37,135,001
Noncurrent liabilities		
Bonds payable	5,000	-
Long-term loans payable	21,829,430	20,699,754
Provision for retirement benefits	5,118,621	5,246,822
Provision for directors' retirement benefits	395,628	369,148
Other	2,863,697	2,820,274
Total noncurrent liabilities	30,212,378	29,135,999
Total liabilities	70,555,978	66,271,000
Net assets		
Shareholders' equity		
Capital stock	26,200,289	26,200,289
Capital surplus	28,438,965	28,438,965
Retained earnings	35,421,262	35,423,793
Treasury stock	-6,669,954	-6,670,035
Total shareholders' equity	83,390,562	83,393,012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	588,796	386,327
Deferred gains or losses on hedges	24,294	4,101
Revaluation reserve for land	-9,051,088	-9,051,088
Foreign currency translation adjustment	-261,647	-109,295
Total accumulated other comprehensive income	-8,699,644	-8,769,954
Subscription rights to shares	95,620	97,363
Minority interests	10,401,767	10,528,206
Total net assets	85,188,306	85,248,628
Total liabilities and net assets	155,744,284	151,519,628

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

## Consolidated statements of income

## Consolidated first quarter results

(Thousand yen)

	Q1 FY2011 (From April 1, 2011 to June 30, 2011)	Q1 FY2012 (From April 1, 2012 to June 30, 2012)
Net sales	31,338,202	34,950,111
Cost of sales	24,254,831	26,611,735
Gross profit	7,083,370	8,338,376
Selling, general and administrative expenses	6,658,929	6,416,067
Operating income	424,441	1,922,308
Non-operating income		
Interest income	1,484	8,845
Dividends income	32,518	53,065
Subsidy income	81,715	21,695
Other	83,618	44,572
Total non-operating income	199,337	128,178
Non-operating expenses		
Interest expenses	184,916	126,908
Equity in losses of affiliates	111,969	80,435
Foreign exchange losses	32,676	10,030
Other	7,964	12,909
Total non-operating expenses	337,527	230,283
Ordinary income	286,250	1,820,203
Extraordinary income		
Gain on sales of investment securities	40,997	279
Total extraordinary income	40,997	279
Extraordinary loss		
Loss on valuation of investment securities	89,099	—
Office transfer expenses	—	5,546
Total extraordinary loss	89,099	5,546
Income before income taxes	238,148	1,814,936
Income taxes-current	347,066	953,251
Income taxes-deferred	-17,400	379,253
Total income taxes	329,666	1,332,505
Income before minority interests (loss)	-91,518	482,431
Minority interests in income	147,823	166,064
Net income (loss)	-239,342	316,366



Consolidated statements of comprehensive income  
 Consolidated first quarter results

(Thousand yen)

	Q1 FY2011 (From April 1, 2011 to June 30, 2011)	Q1 FY2012 (From April 1, 2012 to June 30, 2012)
Income before minority interests (loss)	-91,518	482,431
Other comprehensive income		
Valuation difference on available-for-sale securities	201,468	-224,567
Deferred gains or losses on hedges	-19,803	-37,436
Foreign currency translation adjustment	163,922	278,918
Share of other comprehensive income of associates accounted for using equity method	374	-6,871
Total other comprehensive income	345,962	10,043
Comprehensive income	254,443	492,474
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	28,786	246,056
Comprehensive income attributable to minority interests	225,657	246,417

## (3) Note on going concern assumptions

Not applicable.

## (4) Segment Information

[Segment Information]

## I. Q1 FY2011 (From April 1, 2011 to June 30, 2011)

## 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-quarter consolidated statement of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	29,207,818	494,060	29,701,878	1,636,324	31,338,202	–	31,338,202
Inter-segment sales or transfers	10,622	189,084	199,707	208,910	408,617	(408,617)	–
Total	29,218,440	683,144	29,901,585	1,845,235	31,746,820	(408,617)	31,338,202
Segment profit (loss)	218,910	221,138	440,049	-14,525	425,523	(1,082)	424,441

## Notes:

- “Others” is a business segment that is not included in the reported segments and includes the data entry business and contact center business etc.
- An adjustment of segment profit (loss) of minus 1,082,000 yen includes an elimination of inter-segment transactions of minus 1,082,000 yen.
- The segment profit (loss) has been adjusted to the operating income stated in the consolidated income statement.
- Change in depreciation method  
Starting the first quarter under review, the Company is applying the straight-line method for the depreciation of property, plant, and equipment instead of the declining balance method. As a result, segment profit increased 79,465,000 yen in the SI business and 55,854,000 yen in the Facility business compared with the segment profit calculated by the declining balance method. The segment profit in “Others” declined 630,000 yen.

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

Not applicable.

## II. Q1 FY2012 (From April 1, 2012 to June 30, 2012)

## 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-quarter consolidated statement of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	32,874,460	469,467	33,343,928	1,606,183	34,950,111	–	34,950,111
Inter-segment sales or transfers	6,504	189,794	196,298	206,076	402,375	(402,375)	–
Total	32,880,965	659,261	33,540,226	1,812,260	35,352,487	(402,375)	34,950,111
Segment profit	1,717,804	187,358	1,905,162	17,222	1,922,384	(76)	1,922,308

## Notes:

- “Others” is a business segment that is not included in the reported segments and includes the data entry business and contact center business etc.
- An adjustment of segment profit of minus 76,000 yen includes an elimination of inter-segment transactions of minus 76,000 yen.
- The segment profit has been adjusted to the operating income stated in the consolidated income statement.

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

Not applicable.

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

Not applicable.

## (6) Post-balance sheet events

## 1. Transfer of shares in a consolidated subsidiary

The Company reviewed the Group's strategy, considering industry trends, and transferred all shares in FUJISOFT KCS Co., Ltd. to Daiko Clearing Services Corporation on July 31, 2012 to optimize the Group's management resources.

## (i) Reason of the stock transfer

The Group is developing its businesses based on its JPPGG\* Strategy.

The Company reviewed the Group strategy to narrow the focus and maximize synergies among businesses.

As part of the review of the Group strategy, the Company transferred the shares in FUJISOFT KCS Co., Ltd. to optimize the Group's management resources, considering trends in the securities industry.

\* JPPGG: strengthening the foundations of the contract business, becoming a prime vendor, productization, globalization, and bolstering Group capabilities

## (ii) Transferee: Daiko Clearing Services Corporation

## (iii) Date of transfer: July 31, 2012

## (iv) Profile of the subsidiary whose shares were transferred

Name: FUJISOFT KCS Co., Ltd.

Business: Providing outsourced services associated with mission-critical securities systems

Transaction: The Company leases part of a building it owns to FUJISOFT KCS and borrows funds from it.

## (v) Number of shares transferred, transfer price, and number of shares held before and after the transfer

Number of shares held before transfer: 6,715 (holding: 79.0%)

Number of shares transferred: 6,715 (transfer price: 2,170 million yen)

Number of shares held after transfer: 0 (holding: 0.0%)

## 2. Merger between subsidiaries

At a meeting of the Board of Directors held on July 24, 2012, the Company resolved that FUJISOFT SERVICE BUREAU INCORPORATED and FUJISOFT SSS, INC., both of which are subsidiaries of the Company, be merged.

## (i) Purpose

The purpose is to expand the number of customers in Kyushu and to enhance the BPO business.

## (ii) Schedule

Effective date of the merger: October 1, 2012 (plan)

## (iii) Type of merger

An absorption-type merger where FUJISOFT SERVICE BUREAU INCORPORATED is the surviving company