



Results of Operations for the First Quarter of FY2013

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FUJISOFT INCORPORATED



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Consolidated Financial Highlights

Net sales declined from a year earlier due to the exclusion of a subsidiary from the scope of consolidation but exceeded the plan.

- ◇ Although sales at FUJISOFT INCORPORATED (“the Company”) and major subsidiaries rose, consolidated net sales declined 2.0% year on year, to 34,235 million yen due to the exclusion of a subsidiary from the scope of consolidation*, but was still 3.7% more than the plan.

Operating income fell, but ordinary income increased thanks to equity in earnings of affiliates.

- ◇ Operating income decreased 26.8% year on year, reflecting the exclusion of the subsidiary from the scope of consolidation and decreases in the operating income in major subsidiaries.
- ◇ Ordinary income climbed 10.5% year on year, to 2,011 million yen, attributable to a significant improvement in equity in earnings (losses) of affiliates.
- ◇ Net income surged 432.4% year on year, to 1,684 million yen, primarily due to a gain on the change in equity associated with the formation of VINX CORP. through a merger and the posting in the previous fiscal year of tax effects associated with the sale of the consolidated subsidiary.

* FUJISOFT KCS was sold on July 31, 2012, and has been excluded from the scope of consolidation.

(Million yen)

	FY2012 Q1 (Result)	FY2013 Q1 (Result)	YoY change (Amount)	YoY change (%)	FY2013	
					Q1 Plan	Comparison with the plan
Net sales	34,950	34,235	-714	98.0%	33,000	103.7%
Operating income	1,922	1,406	-515	73.2%	1,400	100.5%
Operating income margin	5.5%	4.1%	-1.4		4.2%	
Ordinary income	1,820	2,011	+191	110.5%	1,500	134.1%
Ordinary income margin	5.2%	5.9%	+0.7		4.5%	
Net income	316	1,684	+1,368	532.4%	600	280.7%
Net income margin	0.9%	4.9%	+4.0		1.8%	



Sales/Operating Income by Major Companies of the Group

(Million yen)

	Net sales				Operating income			
	FY2012 Q 1 (Result)	FY2013 Q 1 (Result)	YoY change (Amount)	YoY change (%)	FY2012 Q 1 (Result)	FY2013 Q 1 (Result)	YoY change (Amount)	YoY change (%)
FUJISOFT INCORPORATED	18,338	19,703	+1,365	107.4%	730	763	+33	104.6%
CYBERNET SYSTEMS Co., Ltd.	4,141	4,169	+27	100.7%	359	322	-36	89.7%
VINX CORP.	6,629	6,812	+183	102.8%	303	143	-159	47.4%
CYBER COM Co., Ltd.	1,669	1,786	+116	107.0%	102	137	+35	134.2%

* The results of VINX CORP. for the previous fiscal year are the simple aggregation of the results of former VINCULUM JAPAN Corporation and former VIXUS INCORPORATED.

Highlights in Sales/Operating Income by Major Companies of the Group (See p. 10 for non-consolidated financial results.)

● CYBERNET SYSTEMS Co., Ltd.

Sales rose from a year earlier due to the strong performance of maintenance contract renewals, despite sluggish growth in new license sales in mainstay CAE products (machinery). Operating income declined, primarily reflecting an increase in SG&A expenses associated with foreign currency translation at overseas subsidiaries and office transfer expenses for consolidating rental office floors.

● VINX CORP.

Sales increased, reflecting a strong performance in business for major customers. Operating income fell on increases in selling expenses for business expansion and in administrative expenses associated with business integration.

● CYBER COM Co., Ltd.

Sales climbed as a result of strong sales of network and server construction, operation, and maintenance services, which continued from the previous year, and growth in control software development and operation software development. Operating income also rose partly due to the curbing of SG&A expenses.



Consolidated Sales by Segment

(Million yen)

	FY2012		FY2013		YoY change (Amount)	YoY change (%)
	Q1 Results	Component ratio	Q1 Results	Component ratio		
Total net sales	34,950	100.0%	34,235	100.0%	-714	98.0%
SI Business	32,874	94.1%	32,116	93.8%	-758	97.7%
System Construction	18,507	53.0%	18,395	53.7%	-111	99.4%
Embedded/Control Software	8,863	25.4%	9,324	27.2%	+460	105.2%
Operation Software	9,644	27.6%	9,071	26.5%	-572	94.1%
Products and Services	14,366	41.1%	13,720	40.1%	-646	95.5%
Products and Services	8,920	25.5%	8,867	25.9%	-53	99.4%
Outsourcing	5,446	15.6%	4,853	14.2%	-593	89.1%
Facility Business	469	1.3%	513	1.5%	+43	109.4%
Other Businesses	1,606	4.6%	1,606	4.7%	+0	100.0%

Highlights of Sales by Segment

● Embedded/Control Software

Sales increased 5.2% year on year as sales from network infrastructure projects for Internet service providers and network equipment vendors made contributions.

● Operation Software

Sales declined 5.9% year on year, primarily reflecting the exclusion of the consolidated subsidiary. Excluding the adverse effect of the exclusion, however, sales rose 7.1% year on year, attributable chiefly to a large project in the financial industry for which the Company won an order.

● Products and Services

Sales fell 0.6% year on year due to weak product sales at a securities-related subsidiary, despite a strong performance in the Company's license business.

● Outsourcing

Sales decreased 10.9% year on year chiefly due to the exclusion of the consolidated subsidiary. (Excluding the adverse effect of the exclusion, sales rose 1.5%.)



Consolidated Income Statement

(Million yen)

	FY2012 Q1 Results	FY2013 Q1 Results	YoY change (Amount)	YoY change (%)	FY2013	
					Q1 Plan	Comparison with the plan
Net sales	34,950	34,235	-714 (1)	98.0%	33,000	103.7%
Cost of sales	26,611	26,246	-364	98.6%	25,000	105.0%
Cost of sales margin	76.1%	76.7%	+0.5		75.8%	
Gross profit	8,338	7,988	-349	95.8%	8,000	99.9%
Gross profit margin	23.9%	23.3%	-0.5		24.2%	
SG&A expenses	6,416	6,582	+166	102.6%	6,600	99.7%
SG&A expense ratio	18.4%	19.2%	+0.9		20.0%	
Operating income	1,922	1,406	-515 (2)	73.2%	1,400	100.5%
Operating income margin	5.5%	4.1%	-1.4		4.2%	
Non-operating income	128	198	+70	154.7%	-	-
Non-operating expenses	149	139	-10	93.0%	-	-
Equity in earnings (losses) of affiliates	-80	546	+626.0 (3)	-	-	-
Ordinary income	1,820	2,011	+191	110.5%	1,500	134.1%
Ordinary income margin	5.2%	5.9%	+0.7		4.5%	
Extraordinary income (loss)	-5	469	+474 (4)	-	-	-
Income before income taxes	1,814	2,481	+666	136.7%	-	-
Total income taxes	1,332	640	-692 (5)	48.0%	-	-
Minority interests in income	166	156	-9	94.3%	-	-
Net income	316	1,684	+1,368	532.4%	600	280.7%
Net income margin	0.9%	4.9%	+4.0		1.8%	

Points in Income Statement

- (1) **Net sales** (down 714 million yen year on year)
Declined due to the effect of the exclusion of the consolidated subsidiary (minus 1,970 million yen), despite increases in net sales at the Company and major subsidiaries.
- (2) **Operating income** (down 515 million yen year on year)
Decreased, reflecting the effect of the exclusion of the consolidated subsidiary (minus 338 million yen) and falls in operating income at major subsidiaries, despite an increase at the Company
- (3) **Equity in earnings (losses) of affiliates** (up 626 million yen year on year)
Equity in earnings of affiliates improved.
(Ace Securities: up 623 million yen)
- (4) **Extraordinary income (loss)** (up 474 million yen year on year)
A gain on change in equity was recorded in association with the formation of VINX CORP. through a merger (up 455 million yen).
- (5) **Total income taxes** (down 692 million yen year on year)
Tax effects associated with the sale of the consolidated subsidiary were posted in the previous fiscal year (minus 438 million yen).

Consolidated Balance Sheet

(Million yen)

	End of FY2012	End of Q1 of FY2013	Change (Amount)
Current assets	52,425	50,411	-2,014
Cash and deposits	12,990	12,255	-734
Notes and accounts receivable-trade	29,000	25,700	-3,299 (1)
Work in process	2,101	2,586	+484
Short-term investment securities	3,024	2,909	-114
Deferred tax assets	2,859	3,253	+393
Other	2,449	3,705	+1,256 (2)
Noncurrent assets	100,734	100,882	148
Property, plant and equipment	71,345	70,781	-564
Intangible assets	7,801	8,422	621
Investments and other assets	21,587	21,678	91
Total assets	153,160	151,293	-1,866
Current liabilities	40,702	37,037	-3,665
Accounts payable-trade	8,295	7,311	-984 (1)
Short-term loans payable / Current portion of long-term loans payable	16,060	13,905	-2,155 (3)
Accrued expenses	7,427	9,369	+1,942 (4)
Income taxes payable	2,461	735	-1,726 (5)
Other	6,457	5,715	-742
Noncurrent liabilities	23,224	23,305	81
Long-term loans payable	14,845	14,751	-94
Other	8,379	8,554	175
Total liabilities	63,926	60,342	-3,583
Minority interests	10,204	10,227	23
Total net assets	79,028	80,722	+1,694
Total liabilities and net assets	153,160	151,293	-1,866

Points of the Balance Sheet

- (1) Notes and accounts receivable-trade
(Decrease of 3,299 million yen from the end of the previous fiscal term)
 - Accounts payable-trade
(Decrease of 984 million yen from the end of the previous fiscal term)

Fall in accounts receivable/payable-trade because of seasonal effects
- (2) Other (Increase of 1,256 million yen from the end of the previous fiscal term)

An increase in prepaid expenses associated with the payment of fixed property tax, among other factors
- (3) Short-term loans payable / Current portion of long-term loans payable (Decrease of 2,155 million yen from the end of the previous fiscal term)

Decreased as a result of the repayment of loans payable.
- (4) Accrued expenses (Increase of 1,942 million yen from the end of the previous fiscal term)

Provision for winter bonuses posted
- (5) Income taxes payable (Decrease of 1,726 million yen from the end of the previous fiscal term)

Declined as a result of the payment of income taxes.

Consolidated Cash Flow Statement

(Million yen)

	FY2012 Q1 Results	FY2013 Q1 Results	YoY change (Amount)
Net cash provided by (used in) operating activities	4,654	2,448	-2,206
Net cash provided by (used in) investing activities	-545	-160	+385
Net cash provided by (used in) financing activities	-5,613	-2,878	+2,734
Effect of exchange rate change on cash and cash equivalents	21	85	+63
Net increase (decrease) in cash and cash equivalents	-1,483	-505	+977
Cash and cash equivalents at beginning of period	13,279	13,698	+418
Increase in cash and cash equivalents from newly consolidated subsidiary	110	12	-97
Cash and cash equivalents at end of period	11,906	13,205	+1,298

Highlights of Cash Flows

- Net cash provided by (used in) operating activities

Net cash provided by operating activities declined 2,206 million yen year on year, reflecting an increase in income taxes due to a rise in net income in the previous fiscal year.

- Net cash provided by (used in) investing activities

Net cash used in investing activities was 385 million less than a year earlier due to the sale of investment securities, despite investment in property, plant and equipment and intangible fixed assets.

- Net cash provided by (used in) financing activities

Loans were repaid as scheduled.

Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

	FY2013 Q1 Results							
	Order backlog at beginning of term	Orders	YoY change (%)	Net sales	YoY change (%)	Order backlog at end of term	YoY change (%)	(*)
SI Business Total	31,616	30,412	100.6%	32,116	97.7%	29,913	99.4%	(105.8%)
System Construction	16,505	19,773	101.1%	18,395	99.4%	17,883	102.8%	(109.9%)
Embedded/Control Software	8,084	9,396	97.7%	9,324	105.2%	8,157	101.2%	(101.2%)
Operation Software	8,421	10,376	104.5%	9,071	94.1%	9,726	104.2%	(118.5%)
Products and Services	15,111	10,639	99.7%	13,720	95.5%	12,029	94.7%	(100.2%)
Products and Services	6,736	7,520	102.9%	8,867	99.4%	5,389	101.9%	(101.9%)
Outsourcing	8,374	3,118	92.7%	4,853	89.1%	6,640	89.5%	(99.0%)

* YoY change in order backlogs excluding the effect of the exclusion of the consolidated subsidiary

Highlights of Orders and Order Backlogs

● Highlights of orders

In the SI Business, orders rose 0.6% year on year despite the exclusion of the consolidated subsidiary.

In Embedded/Control Software in System Construction, orders declined, chiefly reflecting a slowdown in development in the precision equipment industry, among other industries, despite a strong performance in the network infrastructure field. In Operation Software, the Company received an order for a large project in the financial industry.

Orders in Products and Services were driven by license business.

● Highlights of order backlogs

Order backlogs in SI Business remained roughly flat from a year earlier despite the effect of the exclusion of the consolidated subsidiary.

In System Construction, an order received for a large project in Operation Software made contributions.

In Products and Services, IT solutions of CYBERNET SYSTEMS made contributions, while order backlogs in Outsourcing declined.



Non-Consolidated Income Statement

(Million yen)

	FY2012	FY2013	YoY change (Amount)	YoY change (%)	FY2013	
	Q1 Results	Q1 Results			Q1 Plan	Comparison with the plan
Net sales	18,338	19,703	+1,365 (1)	107.4%	18,700	105.4%
Cost of sales	14,205	15,509	+1,304	109.2%	14,500	107.0%
Cost of sales margin	77.5%	78.7%	+1.3 (2)		77.5%	
Gross profit	4,133	4,194	+60	101.5%	4,200	99.9%
Gross profit margin	22.5%	21.3%	-1.3		22.5%	
SG&A expenses	3,403	3,430	+27 (3)	100.8%	3,500	98.0%
SG&A expense ratio	18.6%	17.4%	-1.1		18.7%	
Operating income	730	763	+33 (4)	104.6%	700	109.1%
Operating income margin	4.0%	3.9%	-0.1		3.7%	
Ordinary income	902	1,078	+176 (5)	119.6%	850	126.9%
Ordinary income margin	4.9%	5.5%	+0.6		4.5%	
Income before income taxes	902	1,078	+176	119.6%	850	126.9%
Pre-tax profit margin	4.9%	5.5%	+0.6		4.5%	
Net income	668	768	+99	114.9%	550	139.7%
Net income margin	3.6%	3.9%	+0.3		2.9%	

Main Points of Non-Consolidated Results

(1) Net sales (up 1,365 million yen year on year)

An increase in net sales reflecting a strong performance in the license business and a new large project in the financial industry

(2) Cost of sales margin (up 1.3 percentage points year on year)

Increases in product sales and labor costs

(3) SG&A expenses (up 27 million yen year on year)

A slight increase with a rise in selling expenses offset by cuts in unnecessary administrative expenses

(4) Operating income (up 33 million yen year on year)

Growth in operating income, with increases in the cost of sales margin and SG&A expenses more than offset by the rise in net sales

(5) Ordinary income (up 176 million yen year on year)

A rise in ordinary income due to an increase in dividend income and a decrease in interest expenses

Restructuring of Segments

In response to changes in its businesses, the Company has restructured its segments.

Segment	Type
SI Business	Embedded Software Development
	Operation Software Development
	Outsourcing Business
	Other SI Business



Segment	Sub segment	Type
SI Business	System Construction	Embedded/Control Software
		Operation Software
	Products and Services	Products and Services
		Outsourcing



* This material contains financial forecasts and other information about the future that are deemed reasonable on the basis of currently available information. Please note that actual financial results may differ materially depending on a number of factors, including market trends and economic conditions. Please also note that distribution of this material is not intended for recommending continued ownership or additional purchase of the Company's shares.