



Results of Operations for the First Half of FY2013

November 6, 2013

FUJISOFT INCORPORATED



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Consolidated Financial Highlights

Net sales declined from a year earlier mainly due to the exclusion of a subsidiary from the scope of consolidation and a fall in sales at a distribution-related subsidiary.

- ◇ Although sales at FUJISOFT INCORPORATED (“the Company”) rose, consolidated net sales declined 0.6% year on year, to 69,863 million yen, chiefly due to the exclusion of a subsidiary from the scope of consolidation* and a decrease in sales at a distribution-related subsidiary.

Operating income rose, and ordinary income increased significantly thanks to equity in earnings of affiliates.

- ◇ Despite the adverse effect of the exclusion of the subsidiary from the scope of consolidation, operating income climbed 3.2% year on year, to 4,135 million yen thanks to increases in income at the Company and major subsidiaries.
- ◇ Ordinary income increased 26.5% year on year, to 4,733 million yen, attributable to a significant improvement in equity in earnings (losses) of affiliates.

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

	FY2012 H1 Results	FY2013 H1 Results	YoY change (Amount)	YoY change (%)	(Million yen)	
					FY2013 H1 Plan	Comparison with plan
Net sales	70,304	69,863	-441	99.4%	70,000	99.8%
Operating income	4,007	4,135	128	103.2%	4,100	100.9%
Operating income margin	5.7%	5.9%	+0.2		5.9%	
Ordinary income	3,740	4,733	992	126.5%	3,900	121.4%
Ordinary income margin	5.3%	6.8%	+1.5		5.6%	
Net income	1,468	2,439	971	166.2%	1,800	135.5%
Net income margin	2.1%	3.5%	+1.4		2.6%	



Sales/Operating Income by Major Companies of the Group

(Million yen)

	Net sales				Operating income			
	FY2012 H1 Result	FY2013 H1 Result	YoY change (Amount)	YoY change (%)	FY2012 H1 Result	FY2013 H1 Result	YoY change (Amount)	YoY change (%)
FUJISOFT INCORPORATED	38,953	41,099	+2,146	105.5%	2,066	2,597	+530	125.7%
CYBERNET SYSTEMS Co., Ltd.	7,183	7,346	+163	102.3%	381	424	+42	111.2%
VINX CORP.	13,813	13,563	-250	98.2%	699	775	+75	110.8%
CYBER COM Co., Ltd.	3,477	3,711	+234	106.7%	176	223	+46	126.3%

* 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 in new license sales in mainstay CAE products (machinery) in the machinery industry and information and communications industry and in maintenance contract renewals in the automobile industry. With the rise in sales, operating income increased.

● VINX CORP.

Sales declined, reflecting changes in the timing of investments and investment control at major customers. Operating income, however, increased thanks to an improvement in the cost to sales ratio 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 and growth in the development of in-vehicle systems (control software) and the development of operation software, including e-commerce websites and electronic health records. Operating income also rose thanks to the curbing of SG&A expenses.



Consolidated Sales by Segment

(Million yen)

	FY2012		FY2013		YoY change (Amount)	YoY change (%)
	H1 Results	Component ratio	H1 Results	Component ratio		
Total net sales	70,304	100.0%	69,863	100.0%	-441	99.4%
SI Business	66,078	94.0%	65,450	93.7%	-627	99.1%
System Construction	38,340	54.5%	38,453	55.0%	+113	100.3%
Embedded/Control Software	18,729	26.6%	18,239	26.1%	-490	97.4%
Operation Software	19,610	27.9%	20,214	28.9%	+603	103.1%
Products and Services	27,737	39.5%	26,996	38.6%	-741	97.3%
Products and Services	17,265	24.6%	17,215	24.6%	-50	99.7%
Outsourcing	10,472	14.9%	9,781	14.0%	-690	93.4%
Facility Business	954	1.4%	1,020	1.5%	+65	106.9%
Other Businesses	3,272	4.7%	3,392	4.9%	+120	103.7%

Highlights of Sales by Segment

● Embedded/Control Software

Sales declined 2.6% year on year, primarily reflecting a decrease in sales in the mobile business due to the effect of a business contraction at domestic mobile phone manufacturers, despite strong sales in the social infrastructure business, including network infrastructure projects for network equipment vendors.

● Operation Software

Sales rose 3.1% year on year, with the adverse effect of the exclusion of the consolidated subsidiary in the previous fiscal year more than offset by a strong performance in the Company's financial, education, and Internet businesses.

(Excluding the adverse effect of the exclusion, sales rose 11.8%.)

● Products and Services

Sales fell 0.3% year on year mainly due to weak product sales at a securities-related subsidiary, despite a strong performance in the Company's license business.

● Outsourcing

Sales decreased 6.6% year on year chiefly due to the exclusion of the consolidated subsidiary. (Excluding the adverse effect of the exclusion, sales rose 1.6%.)



Consolidated Income Statement

(Million yen)

	FY2012 H1 Results	FY2013 H1 Results	YoY change (Amount)	YoY change (%)	FY2013	
					H1 Plan	Comparison with the plan
Net sales	70,304	69,863	-441	99.4%	70,000	99.8%
Cost of sales	53,573	53,168	-404	99.2%	53,000	100.3%
Cost of sales margin	76.2%	76.1%	-0.1		75.7%	
Gross profit	16,731	16,694	-37	99.8%	17,000	98.2%
Gross profit margin	23.8%	23.9%	+0.1		24.3%	
SG&A expenses	12,724	12,559	-165 (1)	98.7%	12,900	97.4%
SG&A expense ratio	18.1%	18.0%	-0.1		18.4%	
Operating income	4,007	4,135	+128	103.2%	4,100	100.9%
Operating income margin	5.7%	5.9%	+0.2		5.9%	
Non-operating income	218	*2 407	+188 (2)	186.3%	-	-
Non-operating expenses	*1 306	391	+85	127.8%	-	-
Equity in earnings (losses) of affiliates	-179	582	+761 (3)	-	-	-
Ordinary income	3,740	4,733	+992	126.5%	3,900	121.4%
Ordinary income margin	5.3%	6.8%	+1.5		5.6%	
Extraordinary income	299	484	+184 (4)	-	-	-
Extraordinary loss	17	490	+473 (5)	-	-	-
Income before income taxes	4,023	4,727	+704	117.5%	-	-
Total income taxes	2,318	2,328	+10	100.4%	-	-
Minority interests in income	236	-40	-277	-	-	-
Net income	1,468	2,439	+971	166.2%	1,800	135.5%
Net income margin	2.1%	3.5%	+1.4		2.6%	

Points in Income Statement

(1) SG&A expenses (down 165 million yen year on year)

Decreased due to a reduction in administrative expenses at the Company and the effect of the exclusion of a consolidated subsidiary.

(2) Non-operating income (up 188 million yen year on year)

Increased due to revenue from the cancellation of a large outsourcing contract, among other factors.

(3) Equity in earnings (losses) of affiliates

(up 761 million yen year on year)

Equity in earnings of affiliates improved.
(Ace Securities: up 765 million yen)

(4) Extraordinary income (up 184 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) and a decrease in reaction to the posting of a gain on sales of consolidated subsidiaries in the previous fiscal year (down 284 million yen)

(5) Extraordinary loss (up 473 million yen year on year)

Rose, primarily reflecting an impairment loss in noncurrent assets associated with products at a securities-related subsidiary.

*1 Figures indicate those after excluding equity in losses of affiliates (179 million yen).

*2 Figures indicate those after excluding equity in gains of affiliates (582 million yen).



Consolidated Balance Sheet

(Million yen)

	End of FY2012	End of H1 of FY2013	Change (Amount)
Current assets	52,425	49,659	-2,766
Cash and deposits	12,990	12,734	-255
Notes and accounts receivable-trade	29,000	27,454	-1,546 (1)
Work in process	2,101	1,664	-437
Short-term investment securities	3,024	2,359	-664
Deferred tax assets	2,859	2,417	-441
Other	2,449	3,027	578
Noncurrent assets	100,734	101,008	274
Property, plant and equipment	71,345	70,085	-1,259 (2)
Intangible assets	7,801	8,142	340
Investments and other assets	21,587	22,780	1,193
Total assets	153,160	150,668	-2,492
Current liabilities	40,702	35,947	-4,754
Accounts payable-trade	8,295	7,420	-874 (1)
Short-term loans payable / Current portion of long-term loans payable	16,060	16,126	66
Accrued expenses	7,427	6,402	-1,024 (3)
Provision for loss on construction contracts	257	42	-214
Income taxes payable	2,461	955	-1,506 (4)
Other	6,200	4,999	-1,200
Noncurrent liabilities	23,224	22,403	-821
Long-term loans payable	14,845	13,470	-1,375 (5)
Other	8,379	8,933	553
Total liabilities	63,926	58,351	-5,575
Minority interests	10,204	10,106	-98
Total net assets	79,028	82,210	3,181
Total liabilities and net assets	153,160	150,668	-2,492

Points of the Balance Sheet

(1) Notes and accounts receivable-trade

(Decrease of 1,546 million yen from the end of the previous fiscal term)

Accounts payable-trade

(Decrease of 874 million yen from the end of the previous fiscal term)

Fall in accounts receivable/payable-trade because of seasonal effects

(2) Property, plant and equipment

(Decrease of 1,259 million yen from the end of the previous fiscal term)

Declined as a result of depreciation at the Company and subsidiaries.

(3) Accrued expenses

(Decrease of 1,024 million yen from the end of the previous fiscal term)

Decline in personal expenses due to decreases in year-end bonuses and in the number of employees at the Company.

(4) Income taxes payable

(Decrease of 1,506 million yen from the end of the previous fiscal term)

Decreased because of seasonal effects.

(5) Long-term loans payable

(Decrease of 1,375 million yen from the end of the previous fiscal term)

Declined as loans were repaid as scheduled.

Consolidated Cash Flow Statement

(Million yen)

	FY2012 H1 Results	FY2013 H1 Results	YoY change (Amount)
Net cash provided by (used in) operating activities	6,708	3,552	-3,155
Net cash provided by (used in) investing activities	-860	-2,101	-1,240
Net cash provided by (used in) financing activities	-6,040	-2,150	+3,889
Effect of exchange rate change on cash and cash equivalents	-5	125	+130
Net increase (decrease) in cash and cash equivalents	-197	-574	-377
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	13,192	13,135	-56

Highlights of Cash Flows

- [Net cash provided by \(used in\) operating activities](#)

Net cash provided by operating activities declined 3,155 million yen year on year, reflecting an increase in income taxes due to a rise in net income in the previous fiscal year and a rise in personal expenses.

- [Net cash provided by \(used in\) investing activities](#)

Net cash used in investing activities was 1,240 million yen more than a year earlier due to proceeds from sales of securities at subsidiaries in the previous fiscal year and an increase in the Company's investments associated with products (including FSMobile and Mirai School Station) this fiscal year.

- [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 H1 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	27,581	63,938	98.6%	65,450	99.1%	26,069	101.5%
System Construction	16,505	39,252	98.2%	38,453	100.3%	17,304	102.4%
Embedded/Control Software	8,084	17,769	90.0%	18,239	97.4%	7,614	91.6%
Operation Software	8,421	21,482	106.1%	20,214	103.1%	9,689	112.8%
Products and Services	11,075	24,686	99.3%	26,996	97.3%	8,765	100.0%
Products and Services	6,736	15,344	99.6%	17,215	99.7%	4,864	96.6%
Outsourcing	* 4,339	9,342	98.7%	9,781	93.4%	3,900	104.5%

* Starting the second quarter, VINX is applying a uniform standard for calculating order backlogs at former Vinculum Japan and former VIXUS, and a new backlog at the beginning of term for "Outsourcing" has been recomputed using the new standard.

Highlights of Orders and Order Backlogs

● Highlights of orders

In the overall SI Business, orders declined 1.4% year on year. In Embedded/Control Software in System Construction, orders in the mobile industry declined sharply due to the effect of business contraction at domestic mobile phone manufacturers. In Operation Software, the Company received orders for large, prime projects in the financial industry and the education industry. Orders in Products and Services were driven by license business but fell from a year ago, reflecting the absence of orders for a large product sales project of a distribution-related subsidiary in the second quarter of the previous fiscal year and the effect of the exclusion of a consolidated subsidiary from the scope of consolidation.

● Highlights of order backlogs

Order backlogs in the overall SI Business rose 1.5% year on year. In System Construction, order backlogs in Embedded/Control Software declined sharply due to the effect of a decrease in orders in the mobile industry. In Operation Software, order backlogs increased significantly, reflecting orders received for large projects, especially in the financial industry. In Products and Services, order backlogs were on a par with the year-ago level, with the effect of the absence of a large product sales project of a distribution-related subsidiary in the previous fiscal year offset by order backlogs in Outsourcing.



Non-Consolidated Income Statement

(Million yen)

	FY2012	FY2013	YoY change (Amount)	YoY change (%)	FY2013	
	H1 Results	H1 Results			H1 Plan	Comparison with the plan
Net sales	38,953	41,099	+2,146 (1)	105.5%	40,600	101.2%
Cost of sales	29,986	31,848	+1,862	106.2%	31,100	102.4%
Cost of sales margin	77.0%	77.5%	+0.5 (2)		76.6%	
Gross profit	8,966	9,250	+283	103.2%	9,500	97.4%
Gross profit margin	23.0%	22.5%	-0.5		23.4%	
SG&A expenses	6,899	6,652	-246 (3)	96.4%	7,000	95.0%
SG&A expense ratio	17.7%	16.2%	-1.5		17.2%	
Operating income	2,066	2,597	+530 (4)	125.7%	2,500	103.9%
Operating income margin	5.3%	6.3%	+1.0		6.2%	
Non-operating income	365	594	+229 (5)	162.7%	-	-
Non-operating expenses	269	349	+79	129.7%	-	-
Ordinary income	2,162	2,842	+679	131.4%	2,600	109.3%
Ordinary income margin	5.6%	6.9%	+1.4		6.4%	
Income before income taxes	3,645	2,842	-802 (6)	78.0%	2,600	109.3%
Pre-tax profit margin	9.4%	6.9%	-2.4		6.4%	
Net income	2,378	1,870	-507	78.6%	1,700	110.0%
Net income margin	6.1%	4.6%	-1.6		4.2%	

Main Points of Non-Consolidated Results

(1) Net sales (up 2,146 million yen year on year)

An increase in net sales reflecting a strong performance in the license business and in the financial industry as in the first quarter

(2) Cost of sales margin (up 0.5 percentage points year on year)

An increase in the ratio of product sales

(3) SG&A expenses (down 246 million yen year on year)

A reduction with a rise in promotion expenses especially for major products more than offset by a reduction in administrative expenses

(4) Operating income (up 530 million yen year on year)

Growth in operating income chiefly due to the rise in net sales and the reduction in SG&A expenses

(5) Non-operating income (up 229 million yen year on year)

A rise due to revenue from the cancellation of a large outsourcing contract and an increase in dividends income (Ace Securities)

(6) Income before income taxes (down 802 million yen year on year)

A decrease in reaction to the posting of a gain on sales of consolidated subsidiaries (1,482 million yen) in the previous fiscal year



Changes in Consolidated Forecasts for FY2013

(Million yen)

	FY2013		Comparison with initial plan
	Initial plan	Revised plan	
Net sales	104,000	104,000	±0
Operating income	5,700	5,700	±0
Operating income margin	5.5%	5.5%	
Ordinary income	5,600	5,900	+300
Ordinary income margin	5.4%	5.7%	
Net income	2,700	3,000	+300
Net income margin	2.6%	2.9%	

Main Points of Changes in Results Forecasts

Ordinary income and net income in the consolidated forecasts for FY2013 are each revised up 300 million yen in light of equity in earnings of affiliates in the first half. The non-consolidated forecasts remain unchanged.



Business Trends



Innovation Company Group that Connects ICT Development with Value Improvement of Customers

Provision of operation and control systems that help business survive in the era of global competition

Distribution, finance, services, manufacturing, Internet business, social infrastructure, communication, education, healthcare, public offices

Providing advanced software and hardware in the Internet age



- For further
- Improvement in added value
 - Creation of new businesses
 - Strengthening of competitive advantage of customers

A variety of assets and expertise

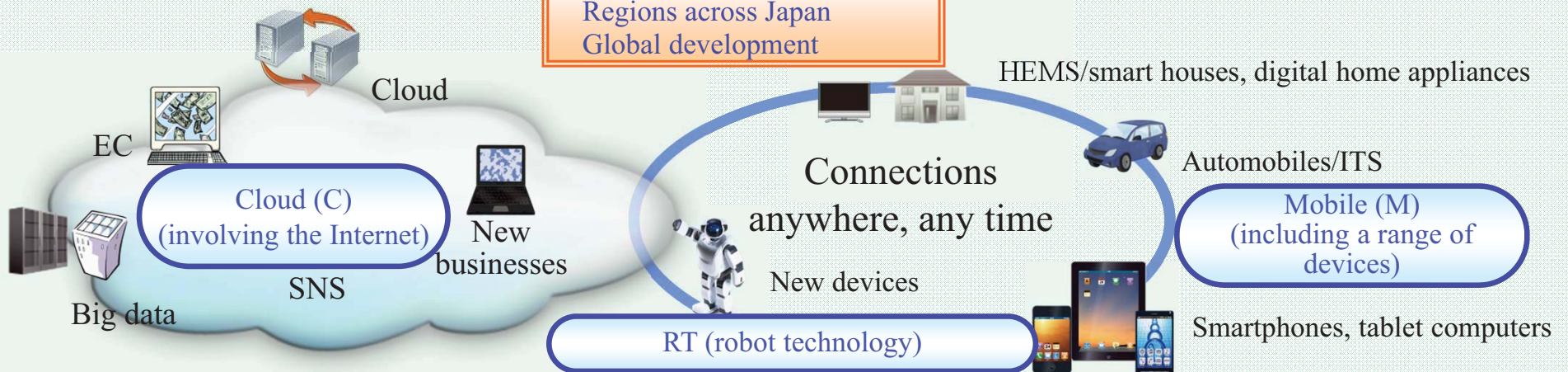
A variety of assets and expertise

Challenges to a high value-added business structure and its creation

Support for the use of the most advanced ICT

All kinds of system support related to ICT

High value-added products and services
Regions across Japan
Global development



Enhancing added value using the Company's robot technology and product assets

Enhancing Added Value in Contract Software Development

Business fields (performance in the first half and expectations for the second half)

Machine control
(Automobiles and other machinery)

Social infrastructure
(Communication control and mobile services)

Global companies

Financial industry

Distribution industry

Internet business

Education industry

Technological fields

Cloud

Mobile

Communications technology

Licenses

Continued efforts

- Seeking to become a prime vendor (enhancing our ability to make proposals, to respond to requests, and to manage projects, and achieving growth in project management capabilities)
- Strengthening sales capability
- Improving productivity and quality
- Systems to promote efficient and effective operations



Promotion of Priority Products

Promotion of Priority Products

Set up booths at exhibitions that attracted many visitors to gain recognition, inquiries, and orders.

(Examples)

(One of Japan's largest exhibitions for people involved in education)

May 15 through 17

Educational IT Solutions Expo

Number of visitors to the booth: 5,200



Products exhibited

みらいスクールステーション™

moreNOTE®

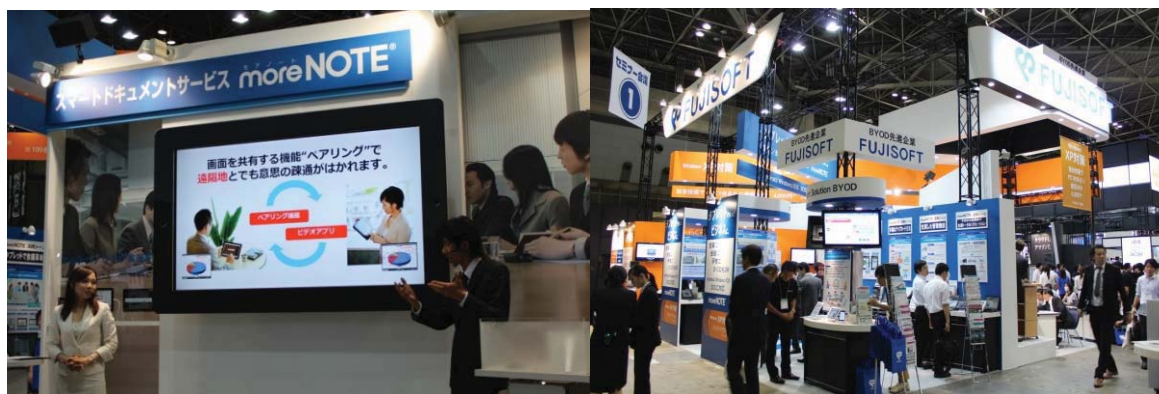
palro HOME

(One of the largest IT events in Japan)

October 9 through 11

ITPro EXPO 2013

Number of visitors to the booth: 6,800



Products exhibited

moreNOTE®

Rakuraku Upgrade for Windows

smart BYOD



Advanced BYOD company



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