



Results of Operations for the First Three Quarters of FY2014

November 6, 2014

FUJI SOFT INCORPORATED



Contents

Financial Results for the First Three Quarters of FY2014

- P3. Consolidated Financial Highlights
- P4. Sales/Operating Income by Major Companies of the Group
- P5. Consolidated Sales by Segment
- P6. Consolidated Income Statement
- P7. Consolidated Balance Sheet
- P8. Consolidated Cash Flow Statement
- P9. Orders and Order Backlogs for the Consolidated SI Business

From FY2013, the fiscal year end changed to December.

The YoY change (amount) and YoY change (%) in this material are comparisons with the same period of the previous year (from January 1, 2013 to September 30, 2013) corresponding to the first three quarters under review (from January 1, 2014 to September 30, 2014).



Consolidated Financial Highlights

Net sales rose, reflecting generally strong performances at the Company and at each consolidated subsidiary.

- ◇ Consolidated net sales rose 6.1% year on year, to 112,425 million yen, reflecting generally strong performances at the Company and at each consolidated subsidiary.

Operating income rose, and ordinary income and net income fell due to a fall in the share of profit of entities accounted for using equity method.

- ◇ Operating income rose 2.6% year on year, to 6,262 million yen, due to higher profits mainly at the Company and VINX CORP, which more than offset lower profits at CYBERNET SYSTEMS CO., LTD.
- ◇ Ordinary income and net income fell due to a decline in the share of profit of entities accounted for using the equity method.

(Million yen)

	Jan.-Sep. 2013 Results	FY2014 Q3 Results	YoY change (Amount)	YoY change (%)	FY2014	
					Q3 Plan	Comparison with the plan
Net sales	105,956	112,425	+6,469	106.1%	112,258	100.1%
Operating income	6,101	6,262	+160	102.6%	6,600	94.9%
Operating income margin	5.8%	5.6%	-0.2		5.9%	
Ordinary income	7,323	6,816	-507	93.1%	6,776	100.6%
Ordinary income margin	6.9%	6.1%	-0.8		6.0%	
Net income	3,946	3,764	-181	95.4%	3,850	97.8%
Net income margin	3.7%	3.3%	-0.4		3.4%	



Sales/Operating Income by Major Companies of the Group

(Million yen)

	Net sales				Operating income			
	Jan.-Sep. 2013 Results	FY2014 Q3 Results	YoY change (Amount)	YoY change (%)	Jan.-Sep. 2013 Results	FY2014 Q3 Results	YoY change (Amount)	YoY change (%)
FUJI SOFT INCORPORATED	62,647	67,191	+4,544	107.3%	3,728	3,950	+221	105.9%
CYBERNET SYSTEMS Co., Ltd.	10,961	11,604	+643	105.9%	775	488	-286	63.0%
VINX CORP.	20,909	20,977	+67	100.3%	1,156	1,374	+217	118.8%
CYBER COM Co., Ltd.	5,589	6,007	+417	107.5%	265	307	+41	115.7%

* Of the results of VINX CORP. for the previous fiscal year, results for the Jan.-Mar. quarter are a simple aggregation of the results of the former VINCULUM JAPAN Corporation and former VIXUS INCORPORATED.

* The fiscal year of FUJISOFT INCORPORATED and CYBERNET SYSTEMS ends in December, and that of VINX and CYBER COM ends in March.

* The result for VINX and CYBER COM in the FY2014 3Q Result column is the simple aggregation of the results for the fourth quarter of FY2013 and the first half of FY2014.

Highlights in Sales/Operating Income by Major Companies of the Group

● FUJI SOFT INCORPORATED

Sales increased, mainly due to progress in the license business in anticipation of future business expansion and sales of hardware equipment and other products as well as strong sales in the machine control business, especially related to automobiles and FA, offsetting continued decline in mobile business, which was hit by contraction in the mobile phone business at major customers.

Operating income increased, reflecting sales growth and higher profitability of system construction, which offset a rise in the cost-of-sales margin associated with growth in product sales and higher costs due to the marketing of strategic products and investment in human resources.

● CYBERNET SYSTEMS Co., Ltd.

Sales rose on the back of orders for new large projects from educational institutions and strong sales of mainstay structural analysis software mainly in the machinery manufacturing industry. Operating income declined, primarily reflecting higher labor costs due to the hiring of personnel at overseas subsidiaries and the effect of foreign currency translation due to a weaker yen.

● VINX CORP.

Sales grew, reflecting special demand associated with the change in the consumption tax rate and growth in business with large general retailers, which offset sluggish growth in investments in systems at major customers. Operating income increased, reflecting efforts to reduce costs by strengthening project management capabilities and increasing business efficiency thanks to the effects of business integration.

● CYBER COM Co., Ltd.

Sales rose on the back of the strong performance in software development in all fields and growth in service business including sever network construction projects and base station augmentation projects for telecommunications carriers. Operating income increased as a result of sales growth.



Consolidated Sales by Segment

(Million yen)

	Jan.-Sep. 2013		FY2014		YoY change (Amount)	YoY change (%)
	Results	Component ratio	Q3 Results	Component ratio		
Total net sales	105,956	100.0%	112,425	100.0%	+6,469	106.1%
SI Business	99,188	93.6%	104,815	93.2%	+5,626	105.7%
System Construction	58,747	55.4%	58,820	52.3%	+73	100.1%
Embedded/Control Software	28,596	27.0%	28,276	25.2%	-319	98.9%
Operation Software	30,151	28.5%	30,543	27.2%	+392	101.3%
Products and Services	40,440	38.2%	45,994	40.9%	+5,553	113.7%
Products and Services	25,671	24.2%	31,448	28.0%	+5,777	122.5%
Outsourcing	14,769	13.9%	14,545	12.9%	-223	98.5%
Facility Business	1,548	1.5%	1,603	1.4%	+54	103.5%
Other Businesses	5,219	4.9%	6,006	5.3%	+787	115.1%

Highlights of Sales by Segment

● Embedded/Control Software

In Q3 (from July to September), sales in the machine control business in areas such as automobile-related projects and FA and social infrastructure business especially telecommunications infrastructure such as telecommunications equipment and base stations were strong. However, sales for the first three quarters fell 1.1% year on year, primarily reflecting a substantial decrease in sales in the mobile business due to the effect of mobile phone business contraction at major customers in the previous year.

● Operation Software

Sales rose 1.3% year on year, reflecting growth in the Internet business, which offset decline attributable to the absence of a non-life insurer integration project and large education-related project recorded by the Company in the previous fiscal year.

● Products and Services

Sales jumped 22.5% year on year mainly because of the strong performance in the Company's license business, driven by Microsoft products.

● Outsourcing

Sales declined 1.5% year on year chiefly due to the adverse effect of the business integration of a major customer of the Company.



Consolidated Income Statement

(Million yen)

	Jan.-Sep. 2013 Results		FY2014 Q3 Results	YoY change (Amount)	YoY change (%)	FY2014	
						Q3 Plan	Comparison with the plan
Net sales	105,956	112,425	+6,469	106.1%	112,258	100.1%	
Cost of sales	80,827	86,557	+5,729	107.1%	86,058	100.6%	
Cost of sales margin	76.3%	77.0%	+ 0.7 (1)		76.7%		
Gross profit	25,128	25,868	+739	102.9%	26,200	98.7%	
Gross profit margin	23.7%	23.0%	-0.7		23.3%		
SG&A expenses	19,027	19,606	+578 (2)	103.0%	19,600	100.0%	
SG&A expense ratio	18.0%	17.4%	-0.5		17.5%		
Operating income	6,101	6,262	+160	102.6%	6,600	94.9%	
Operating income margin	5.8%	5.6%	-0.2		5.9%		
Non-operating income	*1 521	*2 591	+70	113.4%	—	—	
Non-operating expenses	488	364	-124	74.5%	—	—	
Share of (profit) loss of entities accounted for using equity method	1,188	326	-862 (3)	27.4%	—	—	
Ordinary income	7,323	6,816	-507	93.1%	6,776	100.6%	
Ordinary income margin	6.9%	6.1%	-0.8		6.0%		
Extraordinary income	514	31	-483 (4)	6.0%	—	—	
Extraordinary losses	1,191	161	-1,029 (5)	13.5%	—	—	
Income before income taxes	6,646	6,686	+39	100.6%	—	—	
Total income taxes	2,679	2,397	-281	89.5%	—	—	
Minority interests in income	21	524	+502	2425.8%	—	—	
Net income	3,946	3,764	-181	95.4%	3,850	97.8%	
Net income margin	3.7%	3.3%	-0.4		3.4%		

Points in Income Statement

(1) Cost of sales margin (up 0.7 pt)

Increased as a result of a rise in the ratio of the Company's license sales.

(2) SG&A expenses (up 578 million yen)

Administrative expenses continued to be curbed, but hiring expenses to strengthen human resources and selling expenses to bolster sales rose.

(3) Share of (Profit) Loss of Entities Accounted for Using Equity Method (down 862 million yen)

Declined as a result of decreased profits at Ace Securities.

(4) Extraordinary income (down 483 million yen)

Decreased reflecting the recording of a gain on change in equity associated with the merger of subsidiaries (VINX: 455 million yen) in the previous year.

(5) Extraordinary losses (down 1,029 million yen)

Declined reflecting the recording of a loss on the impairment of fixed assets (TSE computer system: 885 million yen) and expenses related to the merger of subsidiaries (VINX: 117 million yen) in the previous year.

*1 Figures indicate those after excluding share of profit of entities accounted for using equity method (1,188 million yen).

*2 Figures indicate those after excluding share of profit of entities accounted for using equity method (326 million yen).



Consolidated Balance Sheet

(Million yen)

	End of FY2013	End of Q3 of FY2014	Change (Amount)
Current assets	51,907	55,372	+3,464
Cash and deposits	14,345	14,000	-345
Notes and accounts receivable - trade	28,260	30,919	+2,659 (1)
Short-term investment securities	2,302	3,009	+707
Inventories	2,119	1,882	-236
Deferred tax assets	1,742	2,531	+789
Other	3,137	3,028	-109
Non-current assets	102,615	101,778	-836
Property, plant and equipment	69,493	68,078	-1,415
Intangible assets	8,100	7,543	-557
Investments and other assets	25,020	26,156	+1,135
Total assets	154,522	157,150	+2,627
Current liabilities	39,855	42,934	+3,078
Accounts payable - trade	7,433	9,336	+1,902 (1)
Short-term loans payable	15,507	10,643	-4,863 (2)
Commercial papers	4,000	6,000	+2,000 (2)
Accrued expenses / provision for bonuses	5,746	6,834	+1,087
Income taxes payable	275	2,333	+2,057
Provision for loss on construction contracts	79	97	+17
Other	6,812	7,689	+876
Non-current liabilities	19,595	15,629	-3,966
Long-term loans payable	9,426	5,174	-4,251 (2)
Other	10,169	10,454	+285
Total liabilities	59,450	58,563	-887
Total net assets	95,072	98,587	+3,515
Total liabilities and net assets	154,522	157,150	+2,627

Points of the Balance Sheet

(1) Notes and accounts receivable - trade (Increase of 2,659 million yen from the end of the previous fiscal term)

Accounts payable - trade (Increase of 1,902 million yen from the end of the previous fiscal term)

Increased as a result of growth in license sales.

(2) Short-term loans payable (Decrease of 4,863 million yen from the end of the previous fiscal term)

Commercial papers (Increase of 2,000 million yen from the end of the previous fiscal term)

Long-term loans payable (Decrease of 4,251 million yen from the end of the previous fiscal term)

Declined by 7,115 million yen in total as loans were repaid as scheduled.



Consolidated Cash Flow Statement

(Million yen)

	Jan.-Sep. 2013 Results	FY2014 Q3 Results
Cash flows from operating activities	8,350	11,325
Cash flows from investing activities	-2,636	-3,854
Cash flows from financing activities	-4,441	-8,156
Effect of exchange rate change on cash and cash equivalents	218	2
Net increase (decrease) in cash and cash equivalents	1,491	-682
Cash and cash equivalents at beginning of period	11,631	14,342
Increase in cash and cash equivalents from newly consolidated subsidiary	12	135
Increase in cash and cash equivalents arising from changes in the scope of consolidation	0	102
Cash and cash equivalents at end of period	13,135	13,897

Highlights of Cash Flows

- [Cash flows from operating activities](#)

Net cash provided by operating activities rose mainly because of a decline in tax payments because of the shorter (nine months) previous fiscal year due to the change in fiscal year end and due to an increase in consumption tax payable due to the increase in the consumption tax rate.

- [Cash flows from investing activities](#)

Net cash used in investing activities reflects expenditure for the acquisition of fixed assets including the Company's own products (software) and capital investment and for investment of surplus funds (acquisition of investments in securities).

- [Cash flows from financing activities](#)

As in the previous year, loans continued to be repaid.



Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

	Order backlog at beginning of term	FY2014 Q3 Results					
		Orders	YoY change (%)	Net sales	YoY change (%)	Order backlog at end of term	YoY change (%)
SI Business Total	26,337	105,691	107.1%	104,815	105.7%	27,213	104.4%
System Construction	16,830	60,463	102.2%	58,820	100.1%	18,473	106.8%
Embedded/Control Software	7,651	28,725	102.4%	28,276	98.9%	8,100	106.4%
Operation Software	9,178	31,738	102.0%	30,543	101.3%	10,372	107.0%
Products and Services	9,507	45,227	114.6%	45,994	113.7%	8,740	99.7%
Products and Services	6,453	30,861	122.3%	31,448	122.5%	5,865	120.6%
Outsourcing	3,054	14,366	100.9%	14,545	98.5%	2,874	73.7%

Highlights of Orders and Order Backlogs

● Highlights of orders

- System Construction
In Embedded/Control Software, orders in the machine control business in areas such as automobiles and FA were strong. In Operation Software, despite a decline in reaction to orders for large projects that FUJI SOFT INCORPORATED received in the financial industry in the previous fiscal year, orders rose, reflecting growth in the manufacturing business, Internet business and other Operation Software business.
- Products and Services
Orders increased with strong orders in the license business, despite the adverse effect of the termination of a project for a major customer in Outsourcing at the Company.

● Highlights of order backlogs

- System Construction
Orders for Embedded/Control Software received in 3Q (from July to September) were strong, rising 19.1% year on year, and, as a result, order backlogs also increased.
- Products and Service
Order backlogs fell, reflecting the effect of termination of a long-term project for a major customer in Outsourcing.



Advanced BYOD company



* 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.