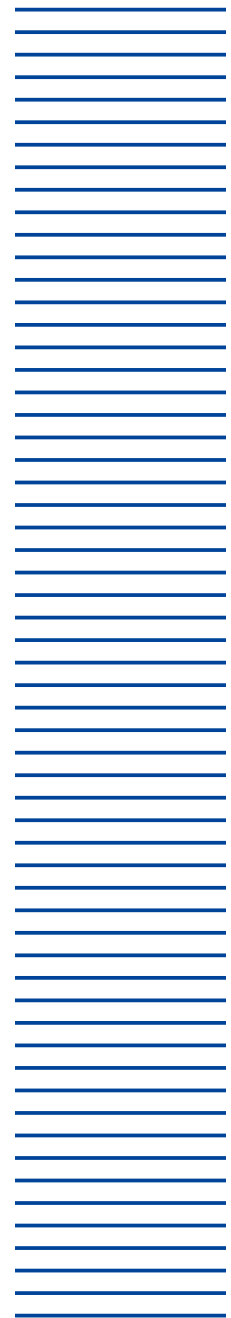




Results of Operations for the First Half of FY2015

August 6, 2015

FUJI SOFT INCORPORATED





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Consolidated Financial Highlights

Net sales rose due to a strong performance in System Construction.

- ◇ Consolidated net sales rose 3.9% year on year, to 78,139 million yen, thanks to a strong performance in System Construction, especially machine control system construction and system construction in the distribution sector.
- ◇ In the 2Q, consolidated net sales increased a significant 8.2%, to 39,006 million yen.

Operating income fell mainly due to high SG&A expenses and unprofitable projects at subsidiaries.

- ◇ Operating income fell 11.8% year on year, to 3,473 million yen, mainly due to higher SG&A expenses associated with increased hiring and unprofitable projects at certain subsidiaries.
- ◇ Ordinary income stood at 3,840 million yen, reflecting an increase in the share of profit of entities accounted for using the equity method.
- ◇ Net income came to 1,914 million yen. The main factors included the posting of an extraordinary loss on sales of shares of subsidiaries and associates in the 1Q.

(Million yen)

	FY2014 H1 Result	FY2015 H1 Result	YoY change (Amount)	YoY change (%)	FY2015 H1 Plan	Comparison with the plan
Net sales	75,207	78,139	+2,932	103.9%	76,500	102.1%
Operating income	3,936	3,473	-462	88.2%	3,950	87.9%
Operating income margin	5.2%	4.4%	-0.8		5.2%	
Ordinary income	4,161	3,840	-321	92.3%	4,065	94.5%
Ordinary income margin	5.5%	4.9%	-0.6		5.3%	
Net income	2,208	1,914	-294	86.7%	2,080	92.0%
Net income margin	2.9%	2.5%	-0.5		2.7%	



Sales/Operating Income by Major Companies of the Group

(Million yen)

	Net sales				Operating income			
	FY2014 H1 Results	FY2015 H1 Results	YoY change (Amount)	YoY change (%)	FY2014 H1 Results	FY2015 H1 Results	YoY change (Amount)	YoY change (%)
FUJISOFT INCORPORATED	44,425	46,576	+2,150	104.8%	2,110	2,119	+9	100.4%
CYBERNET SYSTEMS Co., Ltd.	8,409	8,378	-30	99.6%	664	628	-36	94.6%
VINX CORP.	14,075	14,824	+748	105.3%	797	716	-80	89.9%
CYBER COM Co., Ltd.	3,979	4,193	+214	105.4%	218	169	-49	77.5%

* 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 FY2015 H1 Result column is the simple aggregation of the results for the fourth quarter of FY2014 and the first quarter of FY2015.

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

• FUJISOFT INCORPORATED

Sales rose, reflecting the strong performance in System Construction, especially machine control. Operating income remained flat, with an increase in gross profit due to the rise in sales and improvement in the cost ratio offset by higher SG&A expenses mainly associated with increased hiring.

• CYBERNET SYSTEMS Co., Ltd.

Domestic sales from the IT solution service were strong, but sales declined from a year ago due to the effect of the launch of electronic circuit board design solutions following changes to products handled the previous year. Operating income fell mainly due to higher SG&A expenses associated with increased hiring.

• VINX CORP.

Sales rose due to growth in business with large general retailers, which are primary customers, increased product sales associated with equipment replacement demand, and new customers gained. Operating income declined, chiefly reflecting a temporary rise in the cost ratio due to increased product sales and higher SG&A expenses associated with increased hiring, which offset management cost cutting associated with increased business efficiency following management integration.

• CYBER COM Co., Ltd.

Net sales rose, with a continued decline in projects for mobile carriers in core software development business offset by strong performances in other control systems and business systems. Operating income fell due to an increase in costs for hiring, enhancing education for engineers, and strengthening sales of CYBER COM's own products.



Consolidated Sales by Segment

(Million yen)

	FY2014		FY2015		YoY change (Amount)	YoY change (%)
	H1 Results	Component ratio	H1 Results	Component ratio		
Total net sales	75,207	100.0%	78,139	100.0%	+2,932	103.9%
SI Business	70,166	93.3%	72,872	93.3%	+2,706	103.9%
System Construction	39,123	52.0%	41,940	53.7%	+2,816	107.2%
Embedded/Control Software	18,532	24.6%	20,055	25.7%	+1,522	108.2%
Operation Software	20,591	27.4%	21,884	28.0%	+1,293	106.3%
Products and Services	31,042	41.3%	30,932	39.6%	-110	99.6%
Products and Services	21,593	28.7%	22,039	28.2%	+446	102.1%
Outsourcing	9,449	12.6%	8,892	11.4%	-557	94.1%
Facility Business	1,005	1.3%	1,156	1.5%	+150	115.0%
Other Businesses	4,034	5.4%	4,110	5.3%	+76	101.9%

Highlights of Sales by Segment

• Embedded/Control Software

Sales increased 8.2% year on year, with brisk sales of machine control systems in areas such as automobile-related projects and FA and systems in the aerospace sector and at electric power companies, offsetting declines in the mobile and telecommunication control businesses.

• Operation Software

Sales climbed 6.3% year on year, with strong performances in the distribution and manufacturing sectors making up for decline in the financial field, where there were large projects in the same period a year ago.

• Products and Services

Sales climbed 2.1%, with the absence of large licensing business projects in the same period a year ago more than offset chiefly by an increase in product sales in the distribution sector.

• Outsourcing

Sales fell 5.9% year on year due to a decline in transactions in the distribution sector and the effect of contract cancellations due to the business integration of a major customer of the Company persisting into the 1Q.



Consolidated Income Statement

(Million yen)

	FY2014	FY2015	YoY change (Amount)	YoY change (%)	FY2015	
	H1 Results	H1 Results			H1 Plan	Comparison with the plan
Net sales	75,207	78,139	+2,932	103.9%	76,500	102.1%
Cost of sales	57,982	60,407	+2,425	104.2%	58,850	102.6%
Cost of sales margin	77.1%	77.3%	+0.2 (1)		76.9%	
Gross profit	17,225	17,732	+507	102.9%	17,650	100.5%
Gross profit margin	22.9%	22.7%	-0.2		23.1%	
SG&A expenses	13,289	14,258	+969 (2)	107.3%	13,700	104.1%
SG&A expense ratio	17.7%	18.2%	+0.6		17.9%	
Operating income	3,936	3,473	-462	88.2%	3,950	87.9%
Operating income margin	5.2%	4.4%	-0.8		5.2%	
Non-operating income	227	237	+10	104.4%	-	-
Non-operating expenses	167	110	-57	65.6%	-	-
Share of (profit) loss of entities accounted for using equity method	165	239	+73 (3)	144.7%	-	-
Ordinary income	4,161	3,840	-321	92.3%	4,065	94.5%
Ordinary income margin	5.5%	4.9%	-0.6		5.3%	
Extraordinary income	31	0	-31	0.0%	-	-
Extraordinary losses	104	369	+265 (4)	354.6%	-	-
Income before income taxes	4,088	3,470	-617	84.9%	-	-
Total income taxes	1,465	1,223	-242	83.4%	-	-
Minority interests in income	414	333	-80	80.5%	-	-
Net income	2,208	1,914	-294	86.7%	2,080	92.0%
Net income margin	2.9%	2.5%	-0.5		2.7%	

Points of Income Statement

(1) Cost of sales margin (+0.2%)

Reflected a temporary rise in the cost ratio associated with increased hiring and unprofitable projects at certain subsidiaries.

(2) SG&A expenses (up 969 million yen)

Reflected temporary increases in personnel expenses and training costs in association with increased hiring.

(3) Share of (Profit) Loss of Entities Accounted for Using Equity Method (up 73 million yen)

Rose as a result of increased profits at Ace Securities.

(4) Extraordinary income (up 265 million yen)

Increased due to loss on sales of shares of subsidiaries and associates (Ace Securities)



Consolidated Balance Sheet

(Million yen)

	End of FY2014	End of H1 of FY2015	Change (Amount)
Current assets	55,094	56,725	+1,630
Cash and deposits	15,244	12,936	-2,307
Notes and accounts receivable - trade	30,136	30,995	+858 (1)
Short-term investment securities	3,010	4,300	+1,290 (2)
Inventories	1,968	2,668	+699 (1)
Deferred tax assets	2,150	2,521	+370
Other	2,584	3,303	+718
Non-current assets	102,492	101,667	-825
Property, plant and equipment	67,513	67,249	-264
Intangible assets	7,641	6,948	-693
Investments and other assets	27,337	27,469	+131
Total assets	157,587	158,392	+804
Current liabilities	38,039	34,844	-3,195
Accounts payable - trade	7,493	9,737	+2,243 (1)
Short-term loans payable	7,983	3,387	-4,595 (4)
Commercial papers	5,000	6,000	+1,000 (4)
Accrued expenses / provision for bonuses	5,873	6,635	+761
Income taxes payable	2,312	1,284	-1,027 (3)
Provision for loss on construction contracts	140	177	+37
Other	9,236	7,622	-1,614 (3)
Non-current liabilities	19,021	20,671	+1,649
Long-term loans payable	8,230	9,637	+1,407 (4)
Other	10,790	11,033	+242
Total liabilities	57,061	55,515	-1,545
Total net assets	100,526	102,877	+2,350
Total liabilities and net assets	157,587	158,392	+804

Points of the Balance Sheet

(1) [Notes and accounts receivable-trade](#) (up 858 million yen)

[Inventories](#) (up 699 million yen)

[Accounts payable-trade](#) (up 2,243 million yen)

Reflected increased sales in the SI Business.

(2) [Short-term investment securities](#) (up 1,290 million yen)

Increased through asset management.

(3) [Income taxes payable](#) (down 1,027 million yen)

[other current liabilities](#) (down 1,614 million yen)

Decreased due to payment of income taxes and consumption taxes.

(4) [Short-term loans payable](#)

(Decrease of 4,595 million yen from the end of the previous fiscal term)

[Commercial papers](#)

(Increase of 1,000 million yen from the end of the previous fiscal term)

[Long-term loans payable](#)

(Increase of 1,407 million yen from the end of the previous fiscal term)

Increased and decreased as borrowings were repaid as scheduled.



Consolidated Cash Flow Statement

(Million yen)

	FY2014 H1 Results	FY2015 H1 Results	YoY change (Amount)
Cash flows from operating activities	9,115	2,954	-6,160
Cash flows from investing activities	-2,988	-355	+2,633
Cash flows from financing activities	-5,492	-3,151	+2,340
Effect of exchange rate change on cash and cash equivalents	-20	47	
Net increase (decrease) in cash and cash equivalents	613	-505	
Cash and cash equivalents at beginning of period	14,342	16,135	
Increase in cash and cash equivalents from newly consolidated subsidiary	15	0	
Cash and cash equivalents at end of period	14,971	15,630	

Highlights of Cash Flows

- [Cash flows from operating activities](#)

Net cash provided by operating activities stood at 2,954 million yen due to a 3,835 million yen year-on-year increase in tax payments and consumption taxes paid due to the change in fiscal year end and the consumption tax hike and a 1,819 million yen increase in accounts receivable-trade.

- [Cash flows from investing activities](#)

Net cash used in investing activities came to 355 million yen, reflecting expenditure on the acquisition of fixed assets including the Company's own products (software) and sales of shares of subsidiaries and associates.

- [Cash flows from financing activities](#)

Net cash used in financing activities is mainly due to the payment of loans and dividends.



Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

	FY2015 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	28,735	74,076	106.5%	72,872	103.9%	29,939	116.4%
System Construction	19,544	42,438	106.9%	41,940	107.2%	20,042	115.3%
Embedded/Control Software	8,299	19,799	105.6%	20,055	108.2%	8,043	102.2%
Operation Software (*)	11,245	22,638	108.2%	21,884	106.3%	11,998	126.1%
Products and Services	9,191	31,638	106.0%	30,932	99.6%	9,897	118.9%
Products and Services	6,495	23,074	110.6%	22,039	102.1%	7,530	131.6%
Outsourcing (*)	2,695	8,564	95.2%	8,892	94.1%	2,366	91.0%

* Orders for certain System Construction projects in the 2Q of the previous fiscal year (ended December 2014) were included in Outsourcing. The order backlog at the beginning of the current fiscal year is thus corrected as follows:

- Operation Software: from 11,085 million yen to 11,245 million yen (+160 million yen)
- Outsourcing: from 2,855 million yen to 2,695 million yen (-160 million yen)

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, orders in the distribution industry were strong.

- Products and Services

Orders in Products and Services were strong, reflecting an increase in the MCAE (mechanical CAE) field and the launch of consumer robots by the Company. Orders in Outsourcing declined with the termination of certain contracts and reduced amounts in certain renewed contracts.

• Highlights of backlogs

- System Construction

In Operation Software, the order backlog at the beginning of the term was high, up 22.5% year on year, and orders were strong. The order backlog at the end of the term was up 15.3% year on year.

- Products and Services

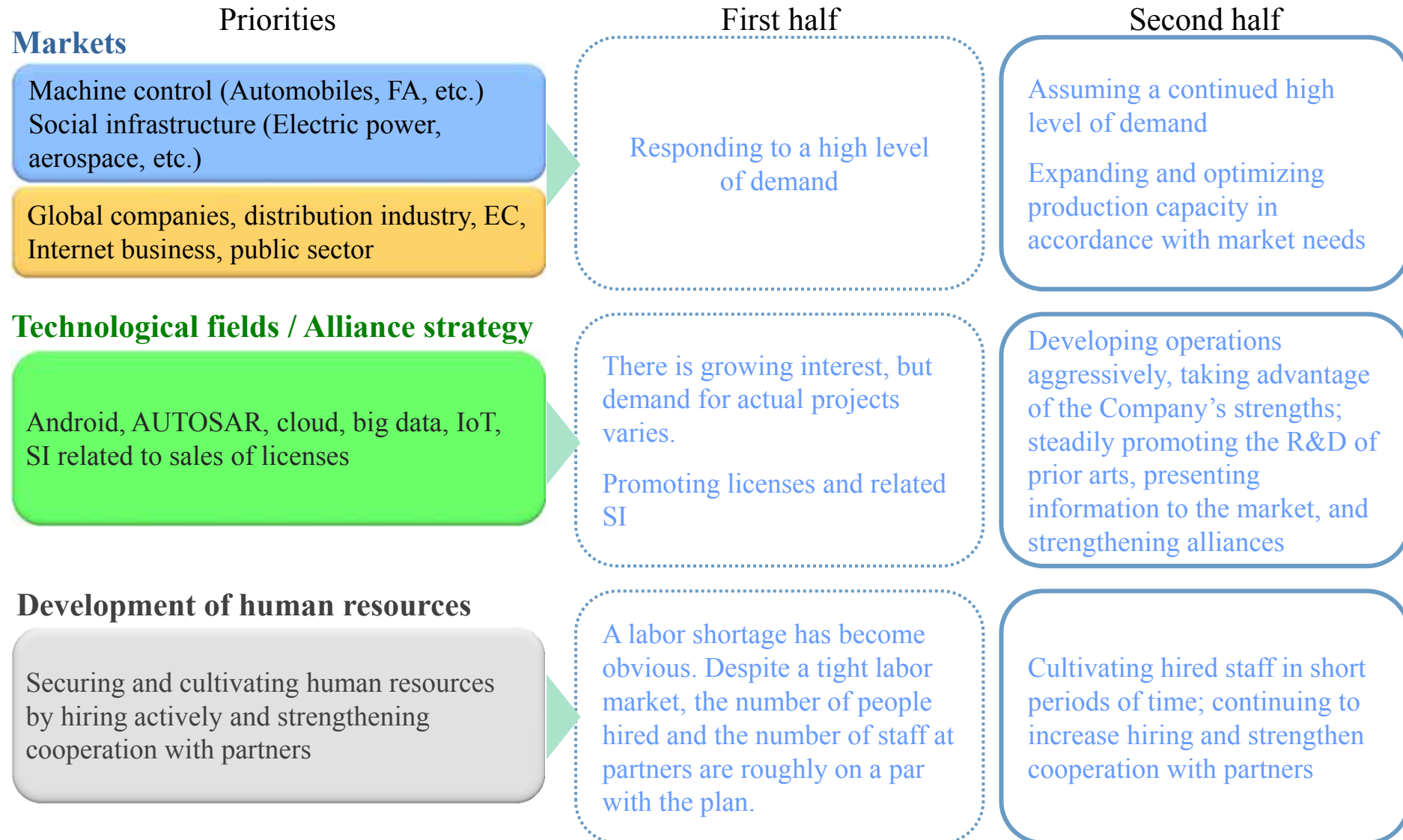
The order backlog at the end of the term increased 18.9% year on year due to strong orders in Products and Services, which more than offset a fall in Outsourcing.



Business Trends in the First Half



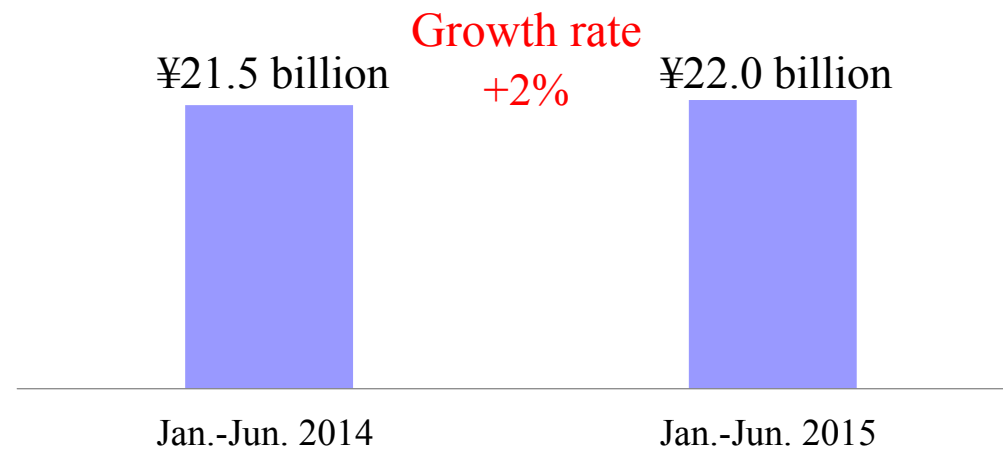
Performance in the First Half and Initiatives for the Second Half in System Construction





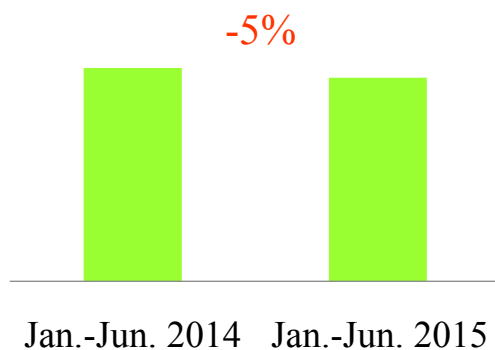
Trends in Products and Services

Sales in Products and Services

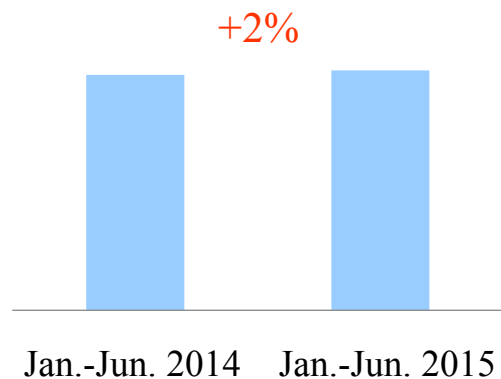


Breakdown of sales in Products and Services

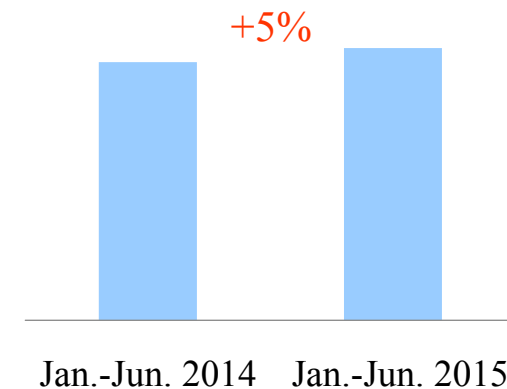
Sales of FUJI SOFT products



Sales in the licensing business



Product sales etc.



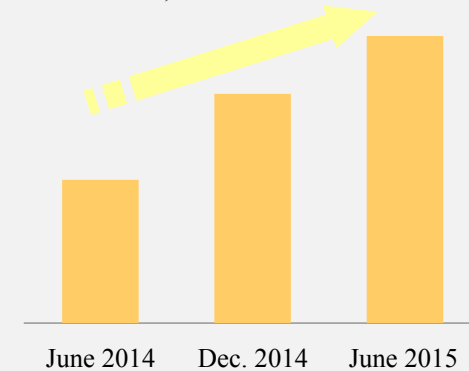
Prioritized products (1) PALRO / Palmi

palro for care facilities



PALRO is a communication robot that is sold to elderly care facilities from June 2012. PALRO has the functions to communicate voluntarily, move, and learn.

Introduced at **over 250 facilities** (cumulative total)



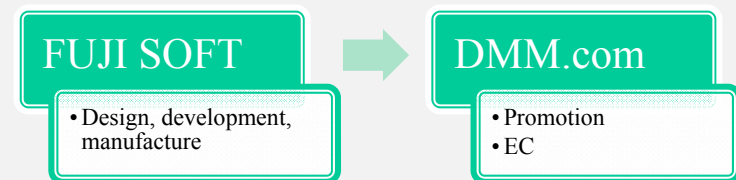
Palmi for consumers



FUJI SOFT has customized PALRO for consumers and started to supply it to the Robot Carrier business of DMM.com, DMM.make ROBOTS. (Television commercials are running.)



Users



Prioritized products (2) Mirai School Station / moreNOTE

みらいスクールステーション®



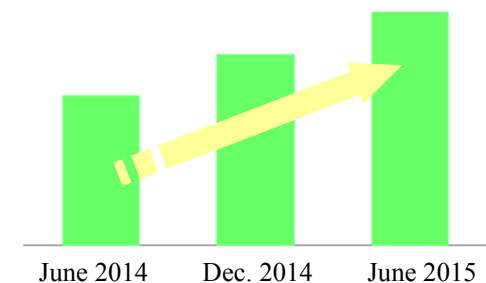
Launched in FY2009, Mirai School Station is an education solution to promote the introduction of ICT to schools. It is used for an information distribution system in school, which distributes emergency information, among other information. It has an electronic blackboard function.

2015

May A function was added to respond to digital textbooks of Tokyo Shoseki and Kyoiku-Shuppan.

Exhibited at the 6th Educational IT Solutions EXPO

Introduced at **over 160 schools**
(cumulative total)



moreNOTE®



More and more central government offices and local governments are introducing moreNOTE.

Sales started in earnest in December 2012. The server unifies the management of documents, videos, and images. Users can view screens on smart devices.

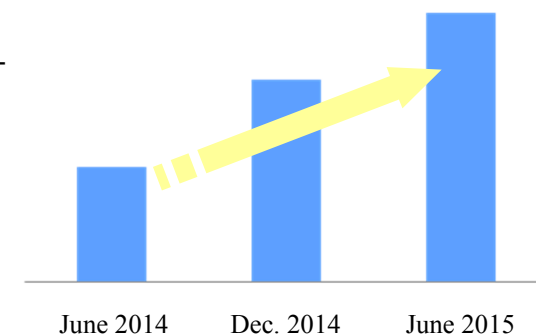
2015

February Samukawamachi's town assembly introduced the cloud-type moreNOTE to improve efficiency in assembly management and eliminate paper documents (100,000 sheets of paper per year).

May The Policy Research Council of the Liberal Democratic Party introduced moreNOTE at its meetings*.

* The Special Mission Committee on IT Strategy of the Liberal Democratic Party started trial use of moreNOTE at its paperless meetings in autumn last year. The committee recognized a reduction in paper documents, which led to the use of moreNOTE by the Policy Research Council.

Introduced at **over 700 companies**
(cumulative total)





Hiring Human Resources

Hired 470 new graduates in FY2015 and plan to hire around 620 new graduates in FY2016.

Will expand the hiring of mid-career workers and staff at partners.

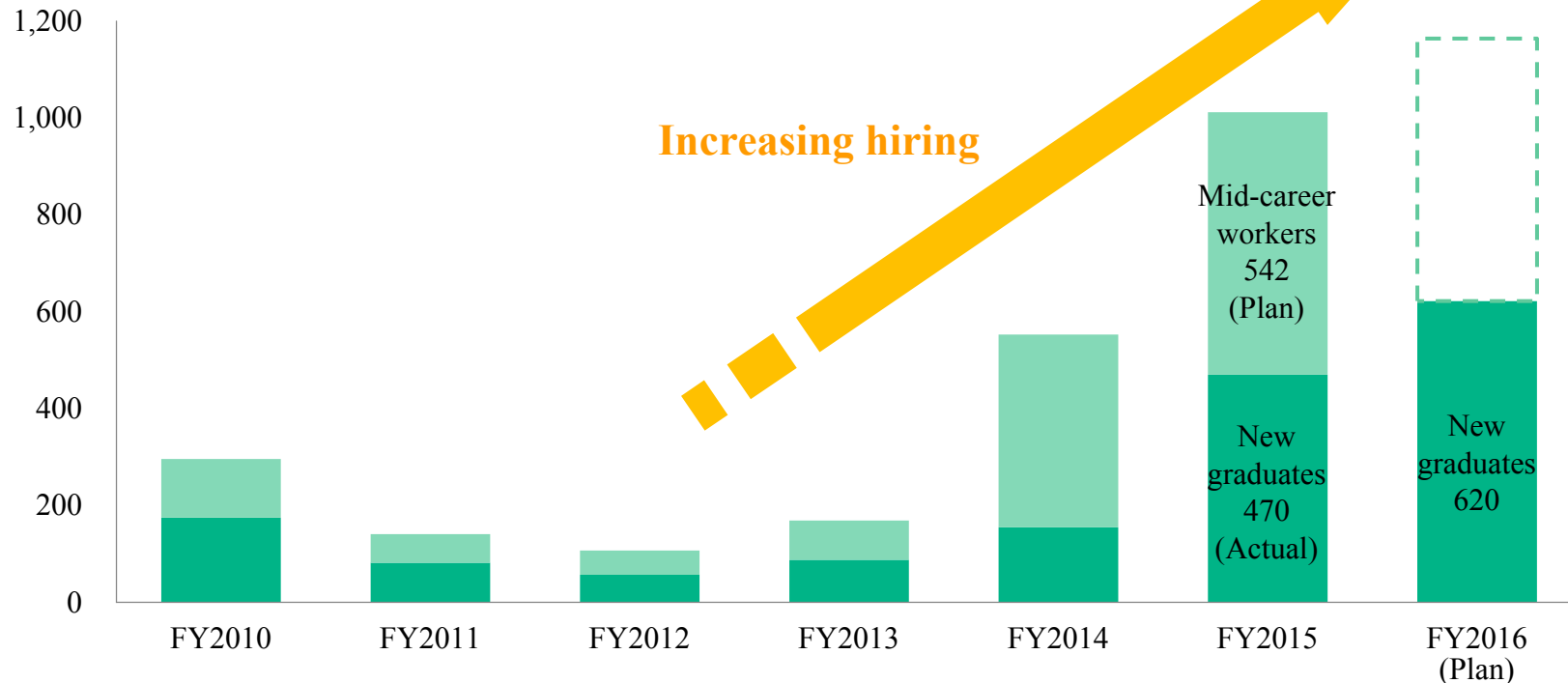
The number of workers hired is the aggregate of workers hired at FUJI SOFT and listed subsidiaries.



To develop adequate human resources to achieve growth

Number of workers hired and hiring plan

(at FUJI SOFT and listed subsidiaries)





Advanced BYOD company



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