



Results of Operations for the First Three Quarters of FY2015

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FUJI SOFT INCORPORATED



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Financial Results for the First Three Quarters of FY2015

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Consolidated Financial Highlights

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

- ◇ Consolidated net sales rose 3.4% year on year, to 116,261 million yen, thanks to a strong performance in System Construction, especially machine control system construction.

Operating income fell slightly, but the fall narrowed from the first half, due to a strong performance in System Construction.

- ◇ Operating income in the first three quarters fell 1.7% year on year, to 6,158 million yen. The fall narrowed from the first half mainly due to a significant 9.9% year-on-year rise in sales in System Construction, where high value is added, to 21,642 million yen in the 3Q (from July to September).
- ◇ Ordinary income stood at 6,654 million yen, reflecting the share of profit of entities accounted for using the equity method.
- ◇ Net income came to 3,562 million yen. The main factors included the posting of an extraordinary loss on sales of shares of subsidiaries and associates in the 1Q (from January to March).

(Million yen)

	FY2014 Q3 Results	FY2015 Q3 results	YoY change (Amount)	YoY change (%)	FY2015 Q3 Plan	Comparison with the plan
Net sales	112,425	116,261	+3,836	103.4%	114,400	101.6%
Operating income	6,262	6,158	-103	98.3%	6,450	95.5%
Operating income margin	5.6%	5.3%			5.6%	
Ordinary income	6,816	6,654	-161	97.6%	6,660	99.9%
Ordinary income margin	6.1%	5.7%			5.8%	
Net income	3,764	3,562	-202	94.6%	3,590	99.2%
Net income margin	3.3%	3.1%			3.1%	



Sales/Operating Income by Major Companies of the Group

(Million yen)

	Net sales				Operating income			
	FY2014 Q3 results	FY2015 Q3 results	YoY change (Amount)	YoY change (%)	FY2014 Q3 results	FY2015 Q3 results	YoY change (Amount)	YoY change (%)
FUJISOFT INCORPORATED	67,191	69,723	+2,531	103.8%	3,950	3,978	+28	100.7%
CYBERNET SYSTEMS Co., Ltd.	11,604	11,792	+187	101.6%	488	600	+111	122.9%
VINX CORP.	20,977	21,480	+503	102.4%	1,374	1,255	-119	91.3%
CYBER COM Co., Ltd.	6,007	6,463	+456	107.6%	307	316	+9	103.1%

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

* The results for VINX and CYBER COM in the FY2015 Q3 Result column are from January to September 2015.

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

● FUJI SOFT INCORPORATED

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

● CYBERNET SYSTEMS Co., Ltd.

Sales increased due to strong sales at overseas subsidiaries and from the domestic IT solution service, despite the adverse effect of the launch of electronic circuit board design solutions following changes to products handled the previous year. Operating income rose thanks to an improvement in the merchandise cost ratio and the increase in sales.

● VINX CORP.

Sales rose due to growth in business, including overseas business, with large general retailers, which are primary customers, and increased product sales associated with equipment replacement demand. 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, reflecting strong performances in control systems and business systems. Operating income increased only slightly due to an increase in costs for hiring, enhancing education for engineers, and expanding the functions of CYBER COM's own products.



Consolidated Sales by Segment

(Million yen)

	FY2014		FY2015		YoY change (Amount)	YoY change (%)
	Q3 Results	Component ratio	Q3 Results	Component ratio		
Total net sales	112,425	100.0%	116,261	100.0%	+3,836	103.4%
SI Business	104,815	93.2%	108,188	93.1%	+3,373	103.2%
System Construction	58,820	52.3%	63,583	54.7%	+4,762	108.1%
Embedded/Control Software	28,276	25.2%	30,730	26.4%	+2,453	108.7%
Operation Software	30,543	27.2%	32,852	28.3%	+2,308	107.6%
Products and Services	45,994	40.9%	44,604	38.4%	-1,389	97.0%
Products and Services	31,448	28.0%	31,442	27.0%	-5	100.0%
Outsourcing	14,545	12.9%	13,161	11.3%	-1,383	90.5%
Facility Business	1,603	1.4%	1,831	1.6%	+227	114.2%
Other Businesses	6,006	5.3%	6,241	5.4%	+234	103.9%

Highlights of Sales by Segment

● Embedded/Control Software

Sales increased 8.7% year on year, with brisk sales of machine control systems in areas such as automobile-related projects and factory automation, as well as systems in the aerospace sector and at electric power companies, offsetting declines in the mobile and telecommunication control businesses.

● Operation Software

Sales climbed 7.6% year on year as performances in the distribution and manufacturing sectors remained strong and sales in the financial field started to rise year on year.

● Products and Services

Sales remained flat from a year ago, with a decline in the licensing business in the 1Q (from January to March) due to the absence of large projects in the same period a year ago offset by the subsequent strong performance in the business.

● Outsourcing

Sales fell 9.5% 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 persisting into the 1Q (from January to March).



Consolidated Income Statement

(Million yen)

	FY2014	FY2015	YoY change (Amount)	YoY change (%)	FY2015	
	Q3 Results	Q3 Results			Q3 Plan	Comparison with the plan
Net sales	112,425	116,261	+3,836	103.4%	114,400	101.6%
Cost of sales	86,557	89,330	+2,773	103.2%	87,800	101.7%
Cost of sales margin	77.0%	76.8%	-0.2 (1)		76.7%	
Gross profit	25,868	26,931	+1,063	104.1%	26,600	101.2%
Gross profit margin	23.0%	23.2%	+ 0.2		23.3%	
SG&A expenses	19,606	20,772	+1,166 (2)	106.0%	20,150	103.1%
SG&A expense ratio	17.4%	17.9%	+ 0.4		17.6%	
Operating income	6,262	6,158	-103	98.3%	6,450	95.5%
Operating income margin	5.6%	5.3%	-0.3		5.6%	
Non-operating income	591	312	-279	52.9%	365	85.7%
Non-operating expenses	364	157	-206	43.2%	155	101.4%
Share of (profit) loss of entities accounted for using equity method	326	340	+14	104.3%	—	—
Ordinary income	6,816	6,654	-161	97.6%	6,660	99.9%
Ordinary income margin	6.1%	5.7%	-0.3		5.8%	
Extraordinary income	31	59	+28	191.7%	—	—
Extraordinary losses	161	386	+225	239.6%	—	—
Income before income taxes	6,686	6,327	-358	94.6%	6,660	95.0%
Total income taxes	2,397	2,258	-138	94.2%	2,470	91.4%
Minority interests in income	524	506	-17	96.6%	600	84.4%
Net income	3,764	3,562	-202	94.6%	3,590	99.2%
Net income margin	3.3%	3.1%	-0.3		3.1%	

Points in Income Statement

(1) Cost of sales margin (down 0.2 pt)

Reflected a rise in sales in System Construction, where high value is added, due to strong performance in the automobile and FA areas.

(2) SG&A expenses (up 1,166 million yen)

Reflected temporary increases in personnel expenses and training costs in association with increased hiring and upfront investment mainly in research and development.



Consolidated Balance Sheet

	End of FY2014	End of Q3 of FY2015	Change (Amount)
Current assets	55,094	56,054	+959
Cash and deposits	15,244	13,324	-1,919
Notes and accounts receivable - trade	30,136	31,511	+1,375 (1)
Short-term investment securities	3,010	4,000	+990 (2)
Inventories	1,968	2,221	+252
Deferred tax assets	2,150	2,588	+437
Other	2,584	2,407	-176
Non-current assets	102,492	98,718	-3,774
Property, plant and equipment	67,513	67,185	-328
Intangible assets	7,641	6,552	-1,089 (3)
Investments and other assets	27,337	24,980	-2,356 (4)
Total assets	157,587	154,773	-2,814
Current liabilities	38,039	30,196	-7,843
Accounts payable - trade	7,493	7,668	+174 (1)
Short-term loans payable	7,983	4,103	-3,879 (1)
Commercial papers	5,000	2,000	-3,000 (2)
Accrued expenses / provision for bonuses	5,873	7,155	+1,281
Income taxes payable	2,312	1,345	-967 (5)
Provision for loss on construction contracts	140	99	-40
Other	9,236	7,824	-1,412 (5)
Non-current liabilities	19,021	22,142	+3,121
Long-term loans payable	8,230	11,493	+3,262 (1)
Other	10,790	10,649	-141
Total liabilities	57,061	52,339	-4,721
Total net assets	100,526	102,434	+1,907
Total liabilities and net assets	157,587	154,773	-2,814

Points of the Balance Sheet

(1) Notes and accounts receivable - trade

(Decrease of 1,919 million yen from the end of the previous fiscal term)

Accounts payable - trade

(Decrease of 3,879 million yen from the end of the previous fiscal term)

Commercial papers

(Decrease of 3,000 million yen from the end of the previous fiscal term)

Long-term loans payable

(Increase of 3,262 million yen from the end of the previous fiscal term)

Increased and decreased as borrowings were repaid as scheduled.

(2) Notes and accounts receivable - trade

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

Increased due to a rise in sales in the SI Business.

(3) Intangible assets

(Decrease of 1,089 million yen from the end of the previous fiscal term)

Decreased due to the amortization of goodwill and software assets.

(4) Investments and other assets

(Decrease of 2,356 million yen from the end of the previous fiscal term)

Decreased, reflecting the fair market valuation of shares held and sales of shares of subsidiaries and associates.

(5) Income taxes payable

(Decrease of 967 million yen from the end of the previous fiscal term)

Non-current liabilities - Other

(Decrease of 1,412 million yen from the end of the previous fiscal term)

Decreased due to payment of income taxes and consumption taxes.



Consolidated Cash Flow Statement

(Million yen)

	FY2014 Q3 Results	FY2015 Q3 Result	Component ratio
Cash flows from operating activities	11,325	5,095	-6,229
Cash flows from investing activities	-3,854	84	+3,939
Cash flows from financing activities	-8,156	-5,069	+3,087
Effect of exchange rate change on cash and cash equivalents	2	41	
Net increase (decrease) in cash and cash equivalents	-682	152	
Cash and cash equivalents at beginning of period	14,342	16,135	
Increase in cash and cash equivalents from newly consolidated subsidiary	135	0	
Increase in cash and cash equivalents arising from changes in the scope of consolidation	102	-61	
Cash and cash equivalents at end of period	13,897	16,226	

Highlights of Cash Flows

● [Cash flows from operating activities](#)

Net cash provided by operating activities stood at 5,095 million yen due to a 4,544 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.

● [Cash flows from investing activities](#)

Net cash provided by investing activities came to 84 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 was 5,069 million yen mainly due to the payment of loans and dividends.



Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

	FY2015 Q3 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	109,056	103.2%	108,188	103.2%	29,604	108.8%
System Construction	19,544	64,465	106.3%	63,583	108.1%	20,426	109.6%
Embedded/Control Software	8,299	31,262	108.8%	30,730	108.7%	8,830	109.0%
Operation Software	11,245	33,202	104.1%	32,852	107.6%	11,595	110.0%
Products and Services	9,191	44,591	99.0%	44,604	97.0%	9,177	107.1%
Products and Services	6,495	31,603	102.4%	31,442	100.0%	6,656	113.5%
Outsourcing	2,695	12,988	91.5%	13,161	90.5%	2,521	93.3%

Highlights of Orders and Order Backlogs

● Highlights of orders

- System Construction
In Embedded/Control Software, orders in the machine control business were strong. In Operation Software, orders mainly in the manufacturing industry were strong, and orders in the financial sector changed from a fall to a rise.
- Products and Services
Orders in Products and Services declined slightly, chiefly due to the termination of certain contracts, despite orders for consumer robots.

● Highlights of order backlogs

- System Construction
The order backlog at the beginning of the term was high, and orders in the machine control business were strong. The order backlog at the end of the term was up 9.6% year on year.
- Products and Service
The order backlog at the end of the term increased 7.1% year on year due to orders for new products, including consumer robots, and long-term contracts, which more than offset a fall in Outsourcing.



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