



Results of Operations for the First Three Quarters of FY2012

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FUJISOFT INCORPORATED



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Consolidated Financial Highlights

Net sales rose 5.5% year on year due to increase in sales at FUJISOFT INCORPORATED and subsidiaries.

◇ Sales increased at both FUJISOFT INCORPORATED (“the “Company””) (by 5,079 million yen) and its subsidiaries including VINCULUM JAPAN Corporation and CYBER COM Co., Ltd. As a result, consolidated net sales came to 102,118 million yen, up 5.5% year on year.

Operating income increased sharply, up 95.7% year on year.

◇ As in the first half, operating income, ordinary income and net income all climbed substantially, chiefly attributable to an increase in net sales and SG&A expense control at the Company.

(Million yen)

| | FY2011 Q3 results | FY2012 Q3 results | YoY change (Amount) | YoY change (%) | FY2012 Q3 plan | Comparison with plan |
|-------------------------|----------------------|----------------------|------------------------|-------------------|-------------------|-------------------------|
| Net sales | 96,808 | 102,118 | +5,309 | 105.5% | 100,400 | 101.7% |
| Operating income | 2,751 | 5,383 | +2,632 | 195.7% | 4,890 | 110.1% |
| Operating income margin | 2.8% | 5.3% | +2.4 | | 4.9% | |
| Ordinary income | 2,239 | 5,455 | +3,216 | 243.7% | 4,630 | 117.8% |
| Ordinary income margin | 2.3% | 5.3% | +3.0 | | 4.6% | |
| Net income | 440 | 2,496 | +2,055 | 566.8% | 2,050 | 121.8% |
| Net income margin | 0.5% | 2.4% | +2.0 | | 2.0% | |



Sales by Major Companies of the Group

(Million yen)

| | | FY2011 Q3 results | FY2012 Q3 results | YoY change (Amount) | YoY change (%) | FY2012 | |
|-----------------------------------|-------------------|----------------------|----------------------|------------------------|-------------------|---------|-------------------------|
| | | | | | | Q3 plan | Comparison with plan |
| FUJISOFT INCORPORATED | (TSE 1st Section) | 52,911 | 57,990 | +5,079 | 109.6% | 56,370 | 102.9% |
| CYBERNET SYSTEMS Co., Ltd. | (TSE 1st Section) | 9,773 | 9,960 | +187 | 101.9% | 10,020 | 99.4% |
| VINCULUM JAPAN Corporation | (JASDAQ) | 6,590 | 7,705 | +1,115 | 116.9% | 7,524 | 102.4% |
| CYBER COM Co., Ltd. | (JASDAQ) | 4,710 | 5,286 | +575 | 112.2% | 5,137 | 102.9% |
| VIXUS INCORPORATED | (Unlisted) | 13,227 | 12,268 | -958 | 92.8% | — | — |

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

The trend in the first half continued.

● CYBERNET SYSTEMS Co., Ltd.

In mainstay CAE products, the performance of maintenance contract renewals remained strong, although new license sales growth was sluggish. Large projects involving security products in IT solutions in the first half contributed to sales. As a result, sales increased 1.9% year on year.

● VINCULUM JAPAN Corporation

With the pursuit of the customer specification strategy, outsourcing projects both in Japan and overseas and solution projects associated with a MD mission-critical system increased. Consequently, sales increased 16.9% year on year.

● CYBER COM Co., Ltd.

Sales climbed 12.2% year on year as a result of strong sales of network and server construction, operation, and maintenance services, as well as firm sales in projects for base stations in communications software development.

● VIXUS INCORPORATED

Sales declined 7.2% year on year, attributable to a fall in the size of existing outsourcing projects and curbs on investment at major customers, despite the winning of orders for hardware replacement and infrastructure building projects from major customers as planned.



Consolidated Sales by Segment

(Million yen)

| | FY2011 | | FY2012 | | YoY change (Amount) | YoY change (%) |
|--------------------------------|------------|--------------------|----------------|--------------------|------------------------|-------------------|
| | Q3 Results | Component ratio | Q3 Results | Component ratio | | |
| Total net sales | 96,808 | 100.0% | 102,118 | 100.0% | +5,309 | 105.5% |
| SI Business | 90,650 | 93.6% | 95,699 | 93.7% | +5,049 | 105.6% |
| Embedded Software Development | 26,322 | 27.2% | 29,468 | 28.9% | +3,146 | 112.0% |
| Operation Software Development | 36,030 | 37.2% | 38,817 | 38.0% | +2,787 | 107.7% |
| Outsourcing Business | 10,571 | 10.9% | 10,157 | 9.9% | -414 | 96.1% |
| Other SI Business | 17,725 | 18.3% | 17,255 | 16.9% | -470 | 97.3% |
| Facility Business | 1,472 | 1.5% | 1,495 | 1.5% | +23 | 101.6% |
| Other Businesses | 4,685 | 4.8% | 4,922 | 4.8% | +236 | 105.1% |

Highlights of Sales by Segment

The trend in the first half continued.

● Embedded Software Development

Sales increased, reflecting strong sales in communications control software associated with smartphones and base stations and in machine control software mainly in the automotive field.

● Operation Software Development

Despite the adverse effect of the exclusion of FUJISOFT KCS from the scope of consolidation, sales rose, attributable to strong sales associated with financial integration projects involving credit card companies and nonlife insurance companies at the Company as well as in the Internet business, including e-commerce.

● Outsourcing Business

Sales declined as a result of excluding FUJISOFT KCS from the scope of consolidation, despite higher sales at the Company and VINCULUM JAPAN.

● Other SI Business

Despite the renewal of maintenance contracts in CAE products at CYBERNET SYSTEMS, as well as strong sales in network and server construction at CYBER COM, sales fell overall, on weaker sales of DTV products at the Company.



Consolidated Income Statement

(Million yen)

| | FY2011 | FY2012 | YoY change (Amount) | YoY change (%) | FY2012 | |
|---|---------------|----------------|---------------------------|----------------------|---------|-------------------------|
| | Q3 results | Q3 results | | | Q3 plan | Comparison with plan |
| Net sales | 96,808 | 102,118 | +5,309 | 105.5% | 100,400 | 101.7% |
| Cost of sales | 74,400 | 77,824 | +3,424 | 104.6% | 76,550 | 101.7% |
| Cost of sales margin | 76.9% | 76.2% | -0.6 | | 76.2% | |
| Gross profit | 22,408 | 24,293 | +1,885 | 108.4% | 23,850 | 101.9% |
| Gross profit margin | 23.1% | 23.8% | +0.6 | | 23.8% | |
| SG&A expenses | 19,657 | 18,909 | -747 | 96.2% | 18,960 | 99.7% |
| SG&A expense ratio | 20.3% | 18.5% | -1.8 | | 18.9% | |
| Operating income | 2,751 | 5,383 | +2,632 (1) | 195.7% | 4,890 | 110.1% |
| Operating income margin | 2.8% | 5.3% | +2.4 | | 4.9% | |
| Non-operating income | 405 | *1 413 | +8 | 102.0% | - | - |
| Non-operating expenses | *2 625 | 399 | -226 (2) | 63.8% | - | - |
| Equity in earnings (losses) of affiliates | -291 | 57 | +349 (3) | - | - | - |
| Ordinary income | 2,239 | 5,455 | +3,216 | 243.7% | 4,630 | 117.8% |
| Ordinary income margin | 2.3% | 5.3% | +3.0 | | 4.6% | |
| Extraordinary income | 41 | 326 | +285 (4) | 791.0% | - | - |
| Extraordinary loss | 272 | 205 | -67 | 75.4% | - | - |
| Income before income taxes | 2,007 | 5,576 | +3,568 | 277.8% | - | - |
| Total income taxes | 1,428 | 2,895 | +1,466 (5) | 202.6% | - | - |
| Minority interests in income | 138 | 185 | +46 | 133.7% | - | - |
| Net income | 440 | 2,496 | +2,055 | 566.8% | 2,050 | 121.8% |
| Net income margin | 0.5% | 2.4% | +2.0 | | 2.0% | |

Points in Income Statement

- (1) [Operating income \(up 2,632 million yen year on year\)](#)
Increased substantially with the contribution of a fall in the amortization of goodwill, in addition to improvements in profitability due to higher sales and cuts in SG&A expenses at the Company.
- (2) [Non-operating expenses \(down 226 million yen year on year\)](#)
Interest expenses declined in association with loan repayments.
(FUJISOFT: down 169 million yen)
- (3) [Equity in earnings \(losses\) of affiliates \(up 349 million yen year on year\)](#)
Equity in earnings of affiliates improved.
(Ace Securities: up 273 million)
- (4) [Extraordinary income \(up 285 million yen year on year\)](#)
Recorded a gain on the sale of shares in FUJISOFT KCS (284 million yen).
- (5) [Total income taxes \(up 1,466 million yen year on year\)](#)
Taxes posted increased with higher income (FUJISOFT: 647 million yen), and also increased (563 million yen) with the sale of shares in FUJISOFT KCS.

*1 Figures indicate those after excluding equity in earnings of affiliates (57 million yen).

*2 Figures indicate those after excluding equity in losses of affiliates (291 million yen).



Consolidated Balance Sheet

(Million yen)

| | End of FY2011 | End of Q3 of FY2012 | Change (Amount) |
|--|------------------|------------------------|--------------------|
| Current assets | 49,019 | 44,561 | -4,458 |
| Cash and deposits | 13,420 | 11,216 | -2,203 (1) |
| Notes and accounts receivable-trade | 28,364 | 24,258 | -4,105 (2) |
| Work in process | 1,662 | 2,896 | +1,233 |
| Other | 5,572 | 6,189 | +617 |
| Noncurrent assets | 106,724 | 101,429 | -5,294 |
| Property, plant and equipment | 74,340 | 72,271 | -2,069 (3) |
| Intangible assets | 9,334 | 8,013 | -1,321 |
| Investments and other assets | 23,049 | 21,144 | -1,904 (4) |
| Total assets | 155,744 | 145,990 | -9,753 |
| Current liabilities | 40,343 | 34,439 | -5,904 |
| Accounts payable-trade | 7,902 | 6,161 | -1,740 (2) |
| Short-term loans payable / Current portion of long-term loans payable | 17,632 | 15,732 | -1,899 (1) |
| Accrued expenses | 7,281 | 5,638 | -1,643 (5) |
| Other | 7,527 | 6,906 | -620 |
| Noncurrent liabilities | 30,212 | 24,806 | -5,406 |
| Long-term loans payable | 21,829 | 16,730 | -5,099 (1) |
| Other | 8,382 | 8,075 | -307 |
| Total liabilities | 70,555 | 59,245 | -11,310 |
| Total net assets | 74,786 | 76,799 | +2,012 |
| Total liabilities and net assets | 155,744 | 145,990 | -9,753 |

Points of the Balance Sheet

- (1) Cash and deposits (Decrease of 2,203 million yen from the end of the previous fiscal term)
Short-term loans payable (Decrease of 1,899 million yen from the end of the previous fiscal term)
Long-term loan payable (Decrease of 5,099 million yen from the end of the previous fiscal term)
 Decreased as a result of the repayment of loans payable.
- (2) Notes and accounts receivable-trade (Decrease of 4,105 million yen from the end of the previous fiscal term)
Accounts payable-trade (Decrease of 1,740 million yen from the end of the previous fiscal term)
 Fall in accounts receivable-trade and accounts payable-trade because of seasonal effects
- (3) Property, plant and equipment (Decrease of 2,069 million yen from the end of the previous fiscal year)
 Decreased as a result of depreciation at FUJISOFT and subsidiaries.
- (4) Investments and other assets (Decrease of 1,904 million yen from the end of the previous fiscal term)
 Decreased mainly attributable to sales of investment securities and the return of lease deposits.
- (5) Accrued expenses (Decrease of 1,643 million yen from the end of the previous fiscal term)
 Declined associated with winter bonus payouts.



Consolidated Cash Flow Statement

(Million yen)

| | FY2011 Q3 results | FY2012 Q3 results | YoY change (Amount) |
|--|----------------------|----------------------|------------------------|
| Net cash provided by (used in) operating activities | 8,161 | 8,009 | -152 |
| Net cash provided by (used in) investing activities | -2,105 | -1,571 | +533 |
| Net cash provided by (used in) financing activities | -13,464 | -8,225 | +5,239 |
| Effect of exchange rate change on cash and cash equivalents | -98 | 29 | +127 |
| Net increase (decrease) in cash and cash equivalents | -7,506 | -1,758 | +5,748 |
| Cash and cash equivalents at beginning of period | 22,044 | 13,279 | -8,765 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | 0 | 110 | +110 |
| Cash and cash equivalents at end of period | 14,538 | 11,631 | -2,906 |

Highlights of Cash Flows

(1) Net cash provided by (used in) operating activities

Net cash provided by operating activities came to 8,009 million yen, mainly reflecting a rise in income before income taxes, which was partly offset by an increase in income taxes paid.

(2) Net cash provided by (used in) investing activities

Net cash used in investing activities was 1,571 million yen, attributable to an investment in FUJISOFT's products (FSMobile and products related to robots, etc.) and data centers, offsetting the sale of shares in FUJISOFT KCS by the Company.

(3) Net cash provided by (used in) financing activities

Net cash used in financial activities amounted to 8,225 million yen as a result of the repayment of loans as in the previous year.



Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

| | FY2012 Q3 result | | | | | | | |
|--------------------------------|------------------------------------|----------------|--------|----------------|-----------|----------------|------------------------------|----------------|
| | Order backlog at beginning of term | YoY change (%) | Orders | YoY change (%) | Net sales | YoY change (%) | Order backlog at end of term | YoY change (%) |
| SI Business Total | 32,752 | 105.1% | 93,237 | 104.1% | 95,699 | 105.6% | 28,398 | 94.4% |
| Embedded Software Development | 7,840 | 103.5% | 30,164 | 114.2% | 29,468 | 112.0% | 8,535 | 111.4% |
| Operation Software Development | 12,280 | 112.0% | 39,079 | 108.9% | 38,817 | 107.7% | 11,318 | 104.6% |
| Outsourcing Business | 6,881 | 102.5% | 8,517 | 81.6% | 10,157 | 96.1% | 4,573 | 69.5% |
| Other SI Business | 5,750 | 97.0% | 15,475 | 92.0% | 17,255 | 97.3% | 3,970 | 79.1% |

Highlights of Orders and Order Backlogs

● Highlights of orders

Highlights in orders are the same as those for sales.

Orders in Embedded Software rose 14.2% year on year, reflecting strong demand for machine control software, particularly in the automotive field. In Operation Software Development, orders increased 8.9% year on year, attributable to strong orders associated with financial integration projects involving credit card companies and nonlife insurance companies as well as the Internet business, including e-commerce. Meanwhile, orders in Outsourcing Business declined 18.4% year on year with the exclusion of FUJISOFT KCS from the scope of consolidation. Orders in Other SI Business fell 8.0% year on year on declines for product projects at FUJISOFT and CYBERNET SYSTEMS. As a result, orders for the overall SI Business rose 4.1% year on year.

● Highlights of order backlogs

Order backlogs for Embedded Software rose 11.4% year on year, reflecting a rise in machine control software, particularly in the automotive field. Order backlogs for Operation Software rose 4.6% year on year, thanks primarily to orders for large projects at the Company, despite the effect of the exclusion of FUJISOFT KCS from consolidation.

Order backlogs in Outsourcing Business declined 30.5%, primarily attributable to downsizing in maintenance and operation for major customers at VIXUS and the elimination of FUJISOFT KCS from consolidation. Order backlogs in Other SI Business decreased 20.9% due to strong sales of products related to feature phones for which orders were received in the previous fiscal year.

Consequently, order backlogs for the overall SI Business slipped 5.6% year on year.



Non-Consolidated Income Statement

(Million yen)

| | FY2011 | FY2012 | YoY change (Amount) | YoY change (%) | FY2012 | |
|--------------------------|---------------|---------------|---------------------------|----------------------|---------|-------------------------|
| | Q3 results | Q3 results | | | Q3 plan | Comparison with plan |
| Net sales | 52,911 | 57,990 | +5,079 (1) | 109.6% | 56,320 | 103.0% |
| Cost of sales | 40,233 | 44,163 | +3,930 | 109.8% | 43,150 | 102.3% |
| Cost of sales margin | 76.0% | 76.2% | +0.1 | | 76.6% | |
| Gross profit | 12,677 | 13,826 | +1,148 | 109.1% | 13,170 | 105.0% |
| Gross profit margin | 24.0% | 23.8% | -0.1 | | 23.4% | |
| SG&A expenses | 10,926 | 10,306 | -619 | 94.3% | 10,450 | 98.6% |
| SG&A expense ratio | 20.7% | 17.8% | -2.9 | | 18.6% | |
| Operating income | 1,751 | 3,520 | +1,768 (2) | 201.0% | 2,720 | 129.4% |
| Operating income margin | 3.3% | 6.1% | +2.8 | | 4.8% | |
| Ordinary income | 1,935 | 3,699 | +1,763 | 191.1% | 2,730 | 135.5% |
| Ordinary income margin | 3.7% | 6.4% | +2.7 | | 4.8% | |
| Net income | 1,292 | 3,337 | +2,044 (3) | 258.2% | 2,770 | 120.5% |
| Net income margin | 2.4% | 5.8% | +3.3 | | 4.9% | |

Main Points of Non-Consolidated Results

(1) Net sales (up 5,079 million yen year on year)

In Embedded Software Development, net sales increased year on year. This reflected strong sales associated with machine control software, especially in the automotive field, which offset a decline in sales of communications control software, where a fall in sales of software associated with feature phones outweighed a rise in sales of software associated with smartphones and base stations.

In Operation Software Development, net sales rose on strong sales from financial integration projects involving credit card companies and nonlife insurance companies as well as the performance of the Internet business, including e-commerce.

(2) Operating income (up 1,768 million yen year on year)

Growth in operating income, attributable chiefly to an increase in sales and cuts in SG&A expenses

(3) Net income (up 2,044 million yen year on year)

A significant increase in net income due to the posting of extraordinary income (1,482 million yen) associated with the sale of shares in FUJISOFT KCS



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