

Summary of Consolidated Financial Results for the First Quarter of Fiscal Year ending December 31, 2013 (Japanese Accounting Standards)



August 6, 2013

Listed Company Name:  **富士ソフト株式会社** Listing Exchanges: Tokyo Stock Exchange

Securities Code: 9749 URL <http://www.fsi.co.jp/>

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Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): August 8, 2013

Scheduled date of dividend payment: –

Supplementary documents for quarterly results: Yes

Quarterly results briefing: Yes (for institutional investors and analysts)

(Figures less than one million yen are omitted)

1. Consolidated Business Results for the Three Months Ended June 30, 2013 (April 1, 2013 – June 30, 2013)

(1) Consolidated operating results (cumulative total) (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended 6/13	34,235	-2.0	1,406	-26.8	2,011	10.5	1,684	432.4
Three months ended 6/12	34,950	11.5	1,922	352.9	1,820	535.9	316	–

(Note) Comprehensive income (million yen) Three months ended 6/13: 2,389 (385.2%)
Three months ended 6/12: 492 (93.5%)

	Net income per share	Net income per share/diluted
	Yen	Yen
Three months ended 6/13	54.18	54.17
Three months ended 6/12	10.08	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Three months ended 6/13	151,293	90,950	53.3
Year ended 3/13	153,160	89,233	51.5

Reference: Shareholders' equity (million yen) Three months ended 6/13: 80,708 Year ended 3/13: 78,933

2. Dividends

	Dividend per share				
	End of first quarter	End of interim period	End of third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended 3/13	–	11.00	–	13.00	24.00
Year ending 12/13	–	–	–	–	–
Year ending 12/13 (forecast)	–	14.00	–	7.00	21.00

(Note) Revisions to dividend forecasts published most recently: No

3. Forecast for Consolidated Business Results for the Fiscal Year Ending December 31, 2013

(Apr. 1, 2013 – Dec. 31, 2013) (Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second consolidated quarter (cumulative)	70,000	-0.4	4,100	2.3	3,900	4.3	1,800	22.6	57.87
Full year	104,000	–	5,700	–	5,600	–	2,700	–	86.80

(Note) Revisions to forecast for consolidated business results published most recently: No

Following the approval of the partial revision to the Articles of Incorporation at the ordinary general meeting of shareholders held on June 24, 2013, the Company has revised the settlement date from March 31 to December 31 from fiscal year 2013. As a result, in the transitional period, the fiscal year ending December 31, 2013, the consolidated period of subsidiaries whose financial period ends on March 31 will be nine months from April 1, 2013 to December 31, 2013. The consolidated period of subsidiaries whose fiscal period ends on December 31 will remain unchanged to be twelve months from January 1, 2013 to December 31, 2013.

Reference

The percentages below (percentage changes after adjustment) are percentage changes from the results of the Company and its consolidated companies whose fiscal year ends on March 31 for nine months in the fiscal year under review (from April 1, 2012 to December 31, 2012) and the results forecast for the same companies for the next fiscal year.

Net sales		Operating income		Ordinary income		Net income	(Million yen)
104,000	1.8%	5,700	5.9%	5,600	2.6%	2,700	8.2%

* Notes

- (1) Important changes in subsidiaries during this quarter (changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable
- (2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles and changes or restatement of accounting estimates
- (i) Changes in accounting principles due to amendment of accounting standards, etc.: Not applicable
 - (ii) Changes in accounting principles other than (i): Not applicable
 - (iii) Changes in accounting estimates: Not applicable
 - (iv) Restatement: Not applicable

(4) Number of outstanding shares (common shares)

- 1) Number of shares outstanding at the end of period (including treasury stock):
- 2) Number of treasury stock at the end of period
- 3) Average number of shares during the period (quarterly consolidated cumulative period)

6/13:	33,700,000 shares	Year ended 3/13:	33,700,000 shares
6/13:	2,560,358 shares	Year ended 3/13:	2,595,064 shares
6/13:	31,090,341 shares	6/12:	31,384,669 shares

* Status of a quarterly review

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements have not been reviewed at the time of the announcement of this financial summary.

* Cautionary statement with respect to forward-looking statements

The above forecast has been prepared based on data available on the announcement date. Since the data contains uncertainties, actual results may differ materially from the projections above due to changes in business performance and other factors. For assumptions concerning financial forecasts, please refer to 1. Qualitative Information on Consolidated Results for the First Quarter Ended June 30, 2013, (3) Information on the future outlook, including forecast for consolidated business results on page 3 of the accompanying materials.

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1. Qualitative Information on Consolidated Results for the First Quarter Ended June 30, 2013

(1) Details of consolidated results

During the consolidated first quarter under review, the Japanese economy gradually began to show signs of a recovery, mainly reflecting improvements in corporate earnings and consumer spending on the back of the proactive economic policies adopted by the government and bold monetary easing measures pursued by the Bank of Japan.

In the IT industry, while demand for IT investment remained steady, expectations for new services increased, primarily reflecting rising demand for a faster network, as a result of the expansion of the use of smart devices to full-scale application, and the expected significant growth of public cloud services.

In this business environment, to continue promoting its medium-term policy, “Creating a high value-added structure,” the FUJISOFT Group took steps to become an innovative corporate group that links ICT development to greater value for customers.

Specifically, the Group focused on allocating its management resources in growth sectors and in sectors where demand was growing. As a result, it received robust orders related to social infrastructure projects, and also received orders for large-scale projects related to the financial sector. The Group also strengthened its ability to propose, respond to and manage projects, while it continued to take a variety of measures, including those to continually strengthen its sales capabilities and improve productivity and product quality.

As for new product development, the Group concluded sales agency contracts with sales agents to expand sales of its own application, moreNOTE. In addition, it focused on promoting sales of the Mirai School Station (a system for information distribution in schools), which was designed to enhance classes through the use of ICT, by participating in the 4th Educational IT Solutions Expo and other activities.

At the 43rd ordinary general meeting of shareholders held on June 24, 2013, it was resolved that the Articles of Incorporation be partially revised to change the Company’s fiscal year to the period between January 1 and December 31 every year. The Company made this change to streamline its business management and thoroughly facilitate the sound and appropriate disclosure of management information by unifying its fiscal year with that of overseas subsidiaries.

With respect to the Group’s strategy for its organization, Vinculum Japan Corporation and VIXUS INCORPORATED merged and made a start as VINX CORP. on April 1, 2013. Based on this initiative, the Group will aim to add further value and expand its business.

As a result of these initiatives, in the consolidated first quarter under review, net sales fell 2.0% year on year, to 34,235 million yen, mainly reflecting the effects of sales of a consolidated subsidiary in the previous fiscal year. Selling, general, and administrative expenses rose 2.6% year on year, to 6,582 million yen, and operating income was 1,406 million yen (down 26.8% year on year). Ordinary income stood at 2,011 million yen (rising 10.5% year on year), given the recording of equity in earnings of affiliates. Net income amounted to 1,684 million yen, up 432.4% year on year, reflecting the recording of the gain on change in equity as extraordinary income and a decline in income taxes.

Results by business segment were as follows:

(i) SI (system integration) business

In the SI business, sales of embedded/control software increased, with the contribution from network infrastructure projects for Internet service providers (ISP) and network device vendors. Sales of operation software declined, given the effects of the exclusion of a consolidated subsidiary. On a nonconsolidated basis, however, sales related to large-scale projects for financial institutions were steady. In the products and services, sales declined, due to sluggish sales of products for subsidiaries in the securities industry, although on a nonconsolidated basis the licensing business performed strongly. In the outsourcing business, sales declined, mainly reflecting the effects of the exclusion of the consolidated subsidiary.

As a result, net sales stood at 32,116 million yen, down 2.3% year on year. Operating income was 1,209 million yen, falling 29.6%.

* Exclusion of a consolidated subsidiary: The Company transferred all shares in FUJISOFT KCS Co., Ltd., its consolidated subsidiary, on July 31, 2012

* The following table shows a breakdown of net sales in the SI business.

From the fiscal year under review, the Group has also revised the constitution of the operations of the SI business to embedded/control software, operation software, products and services and outsourcing. (Thousand yen)

	Net sales	YoY change (%)
SI business total	32,116,045	97.7%
System construction	18,395,649	99.4%
Embedded/control software	9,324,061	105.2%
Operation software	9,071,588	94.1%
Products and services	13,720,396	95.5%
Products and services	8,867,222	99.4%
Outsourcing	4,853,174	89.1%

(ii) Facility business

Sales were 513 million yen, up 9.4% year on year, reflecting rent income from office buildings owned by the Company and certain consolidated subsidiaries. Operating income increased 2.4% year on year, to 191 million yen.

(iii) Other businesses

Sales were 1,606 million yen, unchanged from the same period of the previous fiscal year, reflecting revenues in the data entry business and the contact center business. Other businesses produced operating income of 5 million yen, down 70.1% year on year.

(2) Details of financial position

(Total assets)

Total assets stood at 151,293 million yen at the end of the first quarter under review, down 1,866 million yen from the end of the preceding consolidated fiscal year. Current assets were 50,411 million yen (down 2,014 million yen from the end of the previous fiscal year), and noncurrent assets were 100,882 million yen (up 148 million yen).

Important factors in the change in current assets included notes and accounts receivable-trade of 25,700 million yen, a decline of 3,299 million yen.

The main factors of the change in noncurrent assets included the recording of 15,154 million yen in investment securities, among investments and other assets, rising 338 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

At the end of the first quarter under review, total liabilities amounted to 60,342 million yen, down 3,583 million yen from the end of the previous fiscal year. Current liabilities were 37,037 million yen (falling 3,665 million yen from the end of the previous fiscal year), and noncurrent liabilities were 23,305 million yen (rising 81 million yen).

Primary factors in the change in current liabilities included a decline in short-term loans payable of 1,819 million yen from the end of the previous consolidated fiscal year, to 4,531 million yen, due to loan repayment, and a decline in income taxes payable of 1,726 million yen from the end of the previous consolidated fiscal year, to 735 million yen.

Main factors in the change in noncurrent liabilities included deferred tax liabilities of 1,692 million yen, rising 301 million yen from the end of the previous consolidated fiscal year, and long-term loans payable of 14,751 million yen, falling 94 million yen, due to loan repayment.

(Net assets)

Net assets increased 1,717 million yen from the end of the preceding fiscal year, to 90,950 million yen at the end of the first quarter under review. The equity ratio rose to 53.3%, up from 51.5% at the end of the previous fiscal year.

(3) Information on the future outlook, including forecast for consolidated business results

The first-half and full-year results forecasts remain unchanged from those announced in the financial results for the fiscal year ended March 31, 2013 announced on May 9, 2013.

2. Matters Relating to Summary Information (Notes)

(1) Important changes in subsidiaries during this quarter (changes in specified subsidiaries resulting in change in scope of consolidation)

Not applicable.

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements

(Calculation of tax expense)

Certain consolidated subsidiaries make a reasonable estimate of the effective tax rate after the application of tax effect accounting to income before income taxes for the current fiscal year and multiply quarterly income before income taxes by the estimated effective tax rate.

(3) Changes in accounting principles and changes or restatement of accounting estimates

Not applicable.

3. Consolidated Financial Statements

(1) Consolidated balance sheet

	(Thousand yen)	
	FY2012 (As of March 31, 2013)	Q1 FY2013 (As of June 30, 2013)
Assets		
Current assets		
Cash and deposits	12,990,227	12,255,626
Notes and accounts receivable-trade	29,000,687	25,700,752
Short-term investment securities	3,024,552	2,909,888
Merchandise	437,426	413,535
Work in process	2,101,571	2,586,083
Raw materials and supplies	27,538	35,279
Other	4,910,158	6,556,661
Allowance for doubtful accounts	-66,357	-46,806
Total current assets	52,425,804	50,411,019
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	56,702,822	56,767,386
Accumulated depreciation	-20,404,301	-20,780,619
Buildings and structures, net	36,298,521	35,986,766
Land	30,415,744	30,415,744
Construction in progress	104,348	21,465
Other	16,389,951	16,240,690
Accumulated depreciation	-11,863,382	-11,883,543
Other, net	4,526,569	4,357,147
Total property, plant and equipment	71,345,183	70,781,124
Intangible assets		
Goodwill	3,304,085	3,765,467
Software	4,268,065	4,428,508
Other	229,406	228,632
Total intangible assets	7,801,557	8,422,607
Investments and other assets		
Investment securities	14,816,269	15,154,555
Other	6,818,306	6,570,424
Allowance for doubtful accounts	-47,028	-46,126
Total investments and other assets	21,587,548	21,678,853
Total noncurrent assets	100,734,289	100,882,586
Total assets	153,160,094	151,293,606

	(Thousand yen)	
	FY2012 (As of March 31, 2013)	Q1 FY2013 (As of June 30, 2013)
Liabilities		
Current liabilities		
Accounts payable-trade	8,295,215	7,311,037
Short-term loans payable	6,351,235	4,531,402
Current portion of bonds	5,000	-
Current portion of long-term loans payable	9,708,848	9,373,675
Accrued expenses	7,427,421	9,369,853
Income taxes payable	2,461,725	735,515
Provision for directors' bonuses	201,301	81,104
Provision for loss on construction contracts	257,389	71,038
Other	5,994,180	5,563,426
Total current liabilities	40,702,315	37,037,052
Noncurrent liabilities		
Long-term loans payable	14,845,271	14,751,229
Provision for retirement benefits	4,755,794	4,740,697
Provision for directors' retirement benefits	315,628	284,987
Deferred tax liabilities	1,391,247	1,692,339
Other	1,916,415	1,836,393
Total noncurrent liabilities	23,224,357	23,305,647
Total liabilities	63,926,673	60,342,700
Net assets		
Shareholders' equity		
Capital stock	26,200,289	26,200,289
Capital surplus	28,438,965	28,505,941
Retained earnings	36,696,948	37,978,791
Treasury stock	-5,161,787	-5,175,399
Total shareholders' equity	86,174,415	87,509,622
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,779,466	2,079,303
Deferred gains or losses on hedges	26,338	22,156
Revaluation reserve for land	-9,051,088	-9,051,088
Foreign currency translation adjustment	3,994	148,196
Total accumulated other comprehensive income	-7,241,288	-6,801,432
Subscription rights to shares	95,597	14,787
Minority interests	10,204,695	10,227,927
Total net assets	89,233,420	90,950,905
Total liabilities and net assets	153,160,094	151,293,606

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

Consolidated first quarter results

(Thousand yen)

	Q1 FY2012 (From April 1, 2012 to June 30, 2012)	Q1 FY2013 (From April 1, 2013 to June 30, 2013)
Net sales	34,950,111	34,235,712
Cost of sales	26,611,735	26,246,904
Gross profit	8,338,376	7,988,807
Selling, general and administrative expenses	6,416,067	6,582,175
Operating income	1,922,308	1,406,632
Non-operating income		
Interest income	8,845	6,094
Dividends income	53,065	53,322
Equity in earnings of affiliates	—	546,106
Subsidy income	21,695	34,246
Other	44,572	104,605
Total non-operating income	128,178	744,375
Non-operating expenses		
Interest expenses	126,908	79,625
Equity in losses of affiliates	80,435	—
Foreign exchange losses	10,030	35,404
Other	12,909	24,311
Total non-operating expenses	230,283	139,341
Ordinary income	1,820,203	2,011,666
Extraordinary income		
Gain on sales of investment securities	279	13,568
Gain on change in equity	—	455,926
Total extraordinary income	279	469,494
Extraordinary loss		
Loss on closure of offices	5,546	—
Total extraordinary loss	5,546	—
Income before income taxes	1,814,936	2,481,160
Income taxes-current	953,251	698,162
Income taxes-deferred	379,253	-58,039
Total income taxes	1,332,505	640,122
Income before minority interests	482,431	1,841,038
Minority interests in income	166,064	156,557
Net income	316,366	1,684,481

Consolidated statements of comprehensive income
 Consolidated first quarter results

(Thousand yen)

	Q1 FY2012 (From April 1, 2012 to June 30, 2012)	Q1 FY2013 (From April 1, 2013 to June 30, 2013)
Income before minority interests	482,431	1,841,038
Other comprehensive income		
Valuation difference on available-for-sale securities	-224,567	356,186
Deferred gains or losses on hedges	-37,436	-7,752
Foreign currency translation adjustment	278,918	243,972
Share of other comprehensive income of associates accounted for using equity method	-6,871	-44,124
Total other comprehensive income	10,043	548,282
Comprehensive income	492,474	2,389,320
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	246,056	2,122,367
Comprehensive income attributable to minority interests	246,417	266,952

(3) Notes to consolidated financial statements

(Note on going concern assumptions)

Not applicable.

(Note when there is a considerable change in the amount of shareholders' equity)

Not applicable.

(Segment Information)

[Segment Information]

I. Q1 FY2012 (From April 1, 2012 to June 30, 2012)

1. Information on Sales and Profit and Loss by Reported Segment

(Thousand yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount on first-quarter consolidated statement of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	32,874,460	469,467	33,343,928	1,606,183	34,950,111	–	34,950,111
Inter-segment sales or transfers	6,504	189,794	196,298	206,076	402,375	(402,375)	–
Total	32,880,965	659,261	33,540,226	1,812,260	35,352,487	(402,375)	34,950,111
Segment profit	1,717,804	187,358	1,905,162	17,222	1,922,384	(76)	1,922,308

Notes:

1. "Others" is a business segment that is not included in the reported segments and includes the data entry business and contact center business etc.
2. An adjustment of segment profit of minus 76,000 yen includes an elimination of inter-segment transactions of minus 76,000 yen.
3. The segment profit has been adjusted to the operating income stated in the consolidated income statement.

2. Information on Impairment Loss in Fixed Assets and Goodwill by Reported Segment

Not applicable.

II. Q1 FY2013 (From April 1, 2013 to June 30, 2013)

1. Information on Sales and Profit and Loss by Reported Segment

(Thousand yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount on first-quarter consolidated statement of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	32,116,045	513,372	32,629,418	1,606,294	34,235,712	–	34,235,712
Inter-segment sales or transfers	12,802	162,233	175,036	268,685	443,722	(443,722)	–
Total	32,128,848	675,606	32,804,455	1,874,979	34,679,434	(443,722)	34,235,712
Segment profit	1,209,785	191,933	1,401,719	5,150	1,406,869	(237)	1,406,632

Notes:

1. "Others" is a business segment that is not included in the reported segments and includes the data entry business and contact center business etc.
2. An adjustment of segment profit of minus 237,000 yen includes an elimination of inter-segment transactions of minus 237,000 yen.
3. The segment profit has been adjusted to the operating income stated in the consolidated income statement.

2. Information on Impairment Loss in Fixed Assets and Goodwill by Reported Segment

The presentation of information has been omitted due to its lack of material significance.