

Summary of Consolidated Financial Results for the First Half of Fiscal Year ending December 31, 2015 (Japanese Accounting Standards)



August 6, 2015

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Listing Exchanges: Tokyo Stock Exchange
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Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): August 7, 2015
 Scheduled date of dividend payment: September 10, 2015
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes

(Figures less than one million yen are omitted)

1. Consolidated Business Results for the Six Months Ended June 30, 2015 (January 1, 2015 – June 30, 2015)

(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	%
Six months ended 6/15	78,139	3.9	3,473	-11.8	3,840	-7.7	1,914	-13.3
Six months ended 6/14	75,207	–	3,936	–	4,161	–	2,208	–

(Note) Comprehensive income (million yen) Six months ended 6/15: 3,047 (26.5%)
 Six months ended 6/14: 2,408 (–%)

	Net income per share	Net income per share/diluted
	Yen	Yen
Six months ended 6/15	61.48	61.41
Six months ended 6/14	70.93	70.84

(Note) The Company has revised the settlement date from March 31 to December 31 from the fiscal year ended December 2013. Accordingly, year-on-year percentage changes are not stated because the period of the first half of the fiscal year ended December 2014 (from January 1, 2014 to June 30, 2014) is different from the first half of the fiscal year ended December 2013 (from April 1, 2013 to September 30, 2013), which will be compared. (The Company and its consolidated companies with a settlement date of March 31 in the fiscal year ended December 2013 made the period from April 1, 2013 to September 30, 2013 the period of consolidation for the first half, and the Company's consolidated companies with a settlement date of December 31 of the fiscal year ended December 2013 made the period from January 1, 2013 to June 30, 2013 the period of consolidation for the first half.)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Six months ended 6/15	158,392	102,877	57.9
Year ended 12/14	157,587	100,526	56.8

Reference: Shareholders' equity (million yen) Six months ended 6/15: 91,734 Year ended 12/14: 89,474

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 12/14	–	14.00	–	14.00	28.00
Year ending 12/15	–	14.00			
Year ending 12/15 (forecast)			–	14.00	28.00

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

3. Forecast for Consolidated Business Results for the Fiscal Year Ending December 31, 2015

(Jan. 1, 2015 – Dec. 31, 2015) (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
Full year	152,000	2.4	8,500	2.3	8,800	-5.1	4,800	-1.5	154.15

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

* Notes

(1) Important changes in subsidiaries during the six-month period under review (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
 (Note) For details, please refer to “2. Matters Relating to Summary Information (Notes) (2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements” on page 4 of the accompanying materials.

(3) Changes in accounting principles and changes or restatement of accounting estimates
 (i) Changes in accounting principles due to amendment of accounting standards, etc.: Yes
 (ii) Changes in accounting principles other than (i): Not applicable
 (iii) Changes in accounting estimates: Not applicable
 (iv) Restatement: Not applicable
 (Note) For details, please refer to “2. Matters Relating to Summary Information (Notes) (3) Changes in accounting principles and changes or restatement of accounting estimates” on page 4 of the accompanying materials.

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of period (including treasury shares):	6/15:	33,700,000 shares	Year ended 12/14:	33,700,000 shares
2) Number of treasury shares at the end of period	6/15:	2,562,042 shares	Year ended 12/14:	2,561,793 shares
3) Average number of shares during the period (quarterly consolidated cumulative period)	6/15:	31,138,106 shares	6/14:	31,138,817 shares

* Status of a quarterly review

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. At the time of the announcement of this financial summary, the review procedures for quarterly financial statements in accordance with the Financial Instruments and Exchange Act are complete.

* 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 Half Ended June 30, 2015, (3) Information on the future outlook, including forecast for consolidated business results on page 4 of the accompanying materials.

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1. Qualitative Information on Consolidated Results for the First Half Ended June 30, 2015

(1) Details of consolidated results

During the consolidated first half under review (from January 1, 2015 to June 30, 2015), the Japanese economy continued to stage a modest recovery, with the employment and income situation improving and consumer spending recovering, as corporate earnings generally improved on the back of a weaker yen and higher stock prices.

In the IT industry, investment in IT picked up with the strengthening of corporate earnings, a growing strategic IT investment, including investment in services using advanced ICT technologies. Demand continued to show an expansionary trend.

In this operating environment, the FUJISOFT GROUP continued to work to enhance added value, aiming to become an innovative corporate group that links ICT development to greater value for customers, which is shown in its medium-term policy. To adequately respond to customer needs despite a continued lack of IT engineers, the FUJISOFT GROUP actively expanded human resources, strengthened cooperation with business partners and continued to move ahead with system development.

Concerning System Construction, the Company engaged in activities to win orders, proactively making proposals to customers, especially in areas involving the latest technologies and in system development, where the Company has extensive experience and can draw on its expertise in a range of technologies accumulated through past research and development projects undertaken, to meet sophisticated and diversified market needs. The Company also continued to move forward with system development, including the hiring and development of engineers and the strengthening of sales staff. As a result, orders were brisk in machine control, including auto-related and factory automation (tool machine) projects, where cutting-edge technologies are being developed, and in the aerospace, electric power, and Internet business fields, where demand for new equipment, environments and services using advanced ICT technologies is increasing, as well as in the development of business systems for the distribution and manufacturing industries.

In the Products and Service sector, the introduction to elderly care facilities of the communication robot PALRO, which is attracting attention in association with care prevention, made progress, and the Company started to supply a model of PALRO for consumers, named Palmi, to the Robot Carrier business of DMM.com. The Company also focused on the introduction of the moreNOTE service for smart devices and the general education solution Mirai School Station to government offices, companies, and schools. The Company took steps to boost sales of these strategic products in addition to licensing business sales, which were strong in the previous fiscal year, by making appropriate organizational changes.

The Company's subsidiary CYBER COM Co., Ltd. was listed on the Second Section of the Tokyo Stock Exchange in February 2015.

As a result of these initiatives, in the first half under review, net sales stood at 78,139 million yen, up 3.9% year on year, reflecting brisk sales from system development projects. Operating income decreased 11.8% from a year earlier, to 3,473 million yen, and ordinary income declined 7.7%, to 3,840 million yen due to the impact of unprofitable projects on the cost of sales combined with a 14,258 million yen increase (7.3% year-on-year increase) in SG&A expenses associated with upfront investment in the hiring and training of human resources. Net income fell 13.3%, to 1,914 million yen, due to the impact of the sale of shares of subsidiaries and associated.

Results by business segment were as follows:

(i) SI (system integration) business

In the SI business, sales of embedded/control software were strong from the previous year, reflecting continued brisk sales of machine control systems, including auto-related and factory automation projects, and of systems in the aerospace, defense, and electric power-related industries, offsetting a decline in sales of mobile software. Sales of operation software increased, reflecting growth in the distribution and manufacturing sectors. In Products and Services, sales rose mainly due to a recovery in product sales, including the licensing business. In the outsourcing business, sales fell, mainly because of the ongoing effects of contract cancellations due to the management integration of a major customer.

As a result, net sales increased 3.9% year on year, to 72,872 million yen, but operating income declined 13.5%, to 3,154 million yen due to the effect of an increase in SG&A expenses associated with upfront investment in the hiring and training of human resources.

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

(Million yen)

	Net sales	YoY change (%)
SI business total	72,872	103.9
System construction	41,940	107.2
Embedded/control software	20,055	108.2
Operation software	21,884	106.3
Products and services	30,932	99.6
Products and services	22,039	102.1
Outsourcing	8,892	94.1

(ii) Facility business

Net sales stood at 1,156 million yen, up 15.0% year on year, reflecting rental income from office buildings owned by the Company and certain consolidated subsidiaries. Operating income grew 113.6% year on year, to 332 million yen.

(iii) Other businesses

Net sales from other businesses, including the data entry business and the contact center business, rose 1.9% year on year, to 4,110 million yen, but an operating loss of 14 million yen was posted (compared with operating income of 135 million yen in the second half of the previous fiscal year) due to the effect of unprofitable projects.

(2) Details of financial position

(Total assets)

Total assets stood at 158,392 million yen at the end of the consolidated first half under review, up 804 million yen from the end of the preceding consolidated fiscal year. Current assets were 56,725 million yen (up 1,630 million yen from the end of the previous fiscal year), and non-current assets were 101,667 million yen (down 825 million yen).

Important factors in the change of current assets included a decrease in cash and deposits of 2,307 million yen from the end of the previous fiscal year, to 12,936 million yen, mainly due to the repayment of borrowings, an increase in notes and accounts receivable-trade of 858 million yen, to 30,995 million yen associated with a rise in sales, a rise in inventories of 699 million yen from the end of the previous fiscal year, to 2,668 million yen, and an increase in short-term investment securities of 1,290 million yen from the end of the previous fiscal year, to 4,300 million yen.

The main factors for the change in non-current assets included a decrease in goodwill of 403 million yen from the end of the previous fiscal year, to 3,223 million yen, and a decrease in investment securities of 551 million yen from the end of the previous fiscal year, to 20,014 million yen, mainly due to the sale of shares of subsidiaries and associates.

(Liabilities)

At the end of the first half under review, total liabilities amounted to 55,515 million yen, down 1,545 million yen from the end of the previous fiscal year. Current liabilities were 34,844 million yen (declining 3,195 million yen from the end of the previous fiscal year), and non-current liabilities were 20,671 million yen (rising 1,649 million yen).

Primary factors in the change of current liabilities included an increase in accounts payable-trade of 2,243 million yen from the end of the previous fiscal year, to 9,737 million yen, a decrease in short-term loans payable of 370 million yen from the end of the previous fiscal year, to 1,640 million yen, a rise in commercial paper of 1,000 million yen from the end of the previous fiscal year, to 6,000 million yen, and a decrease in the current portion of long-term loans payable of 4,225 million yen from the end of the previous fiscal year, to 1,747 million yen.

The main factor in the change in non-current liabilities included a 1,407 million yen increase in long-term loans payable, to 9,637 million yen.

(Net assets)

Net assets rose 2,350 million yen from the end of the preceding fiscal year, to 102,877 million yen at the end of the consolidated first half under review. The equity ratio rose to 57.9%, up from 56.8% at the end of the previous fiscal year.

(Cash flows)

Consolidated cash and cash equivalents ("cash") at the end of the first half under review were 15,630 million yen, a decrease of 505 million yen from the end of the previous fiscal year.

Cash flows by activity were as follows:

(i) Cash flows from operating activities

Net cash provided by operating activities stood at 2,954 million yen (down 6,160 million yen year on year).

The principal factors included income before income taxes of 3,470 million yen, depreciation of 2,425 million yen, and an increase in notes and accounts payable-trade of 2,235 million yen.

(ii) Cash flows from investing activities

Net cash used in investing activities came to 355 million yen (2,633 million yen less than a year ago).

The principal factors were payments of 1,910 million yen for purchase of property, plant and equipment, and intangible assets, proceeds from sales of securities of 800 million yen, and proceeds from sales of investment securities of 855 million yen.

(iii) Cash flows from financing activities

Net cash used in financing activities was 3,151 million yen (2,340 million yen less than a year ago).

The principal factors included a net increase in commercial papers of 1,000 million yen, an increase in short-term loans payable of 1,000 million yen, a decrease in short-term loans payable of 1,370 million yen, proceeds from long-term loans payable of 2,091 million yen, and repayments of long-term loans payable of 4,910 million yen.

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

The results forecasts remain unchanged from those announced with the financial results for the fiscal year ended December 31, 2014, released on February 13, 2015.

2. Matters Relating to Summary Information (Notes)

(1) Important changes in subsidiaries during the six-month period under review

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

(Changes in accounting principles)

(Application of Accounting Standard for Retirement Benefits)

Starting the consolidated first quarter under review, the Company is applying the provisions of the body text of Article 35 of the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan Statement No. 26; May 17, 2012) and the body text of Article 67 of the Implementation Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25; May 17, 2012; hereinafter the "Implementation Guidance for Retirement Benefits") and has reviewed the method for calculating retirement benefit obligations and service costs. The method for attributing expected retirement benefits to periods is still the straight-line basis (except for certain subsidiaries), and the method for determining the discount rate has been changed from a method using the discount rate based on approximate number of years of the average remaining service period of employees to a method using the single weighted-average discount rate that reflects the estimated periods of benefit payments and amount of expected retirement benefits every such period.

The application of the Accounting Standard for Retirement Benefits and the Implementation Guidance for Retirement Benefits is in accordance with transitional accounting stipulated in Article 37 of the Accounting Standard for Retirement Benefits, and at the beginning of the consolidated first half under review, the Company made an adjustment for the amount affected by the change in the method for calculating retirement benefit obligations and service costs to retained earnings.

As a result, at the beginning of the consolidated first half under review, the net defined benefit asset rose 223,294,000 yen, the net defined benefit liability rose 338,594,000 yen, and retained earnings declined 27,456,000 yen. The effect of the change in accounting policy on operating income, ordinary income and income before income taxes in the consolidated first half under review is minor.

3. Consolidated Financial Statements

(1) Consolidated balance sheet

(Thousand yen)

	FY2014 (As of December 31, 2014)	H1 FY2015 (As of June 30, 2015)
Assets		
Current assets		
Cash and deposits	15,244,226	12,936,456
Notes and accounts receivable - trade	30,136,350	30,995,181
Short-term investment securities	3,010,186	4,300,892
Merchandise	262,720	476,960
Work in process	1,674,898	2,152,109
Raw materials and supplies	31,372	39,420
Other	4,746,527	5,836,325
Allowance for doubtful accounts	-11,294	-11,618
Total current assets	55,094,987	56,725,726
Non-current assets		
Property, plant and equipment		
Buildings and structures	56,929,021	57,336,765
Accumulated depreciation	-22,928,028	-23,586,338
Buildings and structures, net	34,000,993	33,750,427
Land	30,415,744	30,415,744
Construction in progress	56,447	91,243
Other	15,251,067	14,483,815
Accumulated depreciation	-12,210,542	-11,491,950
Other, net	3,040,525	2,991,864
Total property, plant and equipment	67,513,710	67,249,280
Intangible assets		
Goodwill	3,626,885	3,223,085
Software	3,823,192	3,535,278
Other	191,541	190,210
Total intangible assets	7,641,618	6,948,573
Investments and other assets		
Investment securities	20,565,444	20,014,318
Net defined benefit asset	3,834,235	4,285,680
Other	2,963,616	3,185,185
Allowance for doubtful accounts	-25,843	-16,010
Total investments and other assets	27,337,453	27,469,174
Total non-current assets	102,492,782	101,667,028
Total assets	157,587,770	158,392,755

(Thousand yen)

	FY2014 (As of December 31, 2014)	H1 FY2015 (As of June 30, 2015)
Liabilities		
Current liabilities		
Accounts payable-trade	7,493,810	9,737,649
Short-term loans payable	2,010,000	1,640,000
Commercial papers	5,000,000	6,000,000
Current portion of long-term loans payable	5,973,025	1,747,130
Accrued expenses	3,048,498	3,292,779
Income taxes payable	2,312,208	1,284,297
Provision for bonuses	2,825,215	3,342,681
Provision for directors' bonuses	173,981	83,045
Provision for loss on construction contracts	140,324	177,391
Other	9,062,881	7,539,324
Total current liabilities	38,039,945	34,844,300
Non-current liabilities		
Long-term loans payable	8,230,494	9,637,937
Provision for directors' retirement benefits	339,145	342,700
Net defined benefit liability	5,117,912	5,386,693
Other	5,333,739	5,303,936
Total non-current liabilities	19,021,291	20,671,266
Total liabilities	57,061,237	55,515,566
Net assets		
Shareholders' equity		
Capital stock	26,200,289	26,200,289
Capital surplus	28,505,941	28,505,941
Retained earnings	43,646,746	45,097,836
Treasury shares	-5,178,604	-5,179,232
Total shareholders' equity	93,174,372	94,624,834
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,685,283	5,459,747
Revaluation reserve for land	-9,051,088	-9,051,120
Foreign currency translation adjustment	568,391	541,239
Remeasurements of defined benefit plans	97,758	159,814
Total accumulated other comprehensive income	-3,699,655	-2,890,318
Subscription rights to shares	41,338	51,618
Minority interests	11,010,478	11,091,053
Total net assets	100,526,533	102,877,188
Total liabilities and net assets	157,587,770	158,392,755

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

Consolidated statements of income

Consolidated first half results

	(Thousand yen)	
	H1 FY2014 (From January 1, 2014 to June 30, 2014)	H1 FY2015 (From January 1, 2015 to June 30, 2015)
Net sales	75,207,331	78,139,894
Cost of sales	57,982,062	60,407,607
Gross profit	17,225,268	17,732,286
Selling, general and administrative expenses	13,289,003	14,258,866
Operating income	3,936,264	3,473,420
Non-operating income		
Interest income	17,775	17,580
Dividends income	77,986	76,786
Share of profit of entities accounted for using equity method	165,563	239,503
Foreign exchange gains	23,527	-
Subsidy income	32,817	48,687
Grants	19,115	50,079
Cancellation income for system services	20,925	6,523
Other	35,767	38,274
Total non-operating income	393,480	477,436
Non-operating expenses		
Interest expenses	84,971	35,545
Foreign exchange losses	-	25,619
Loss on compensation	52,030	-
Loss on retirement of non-current assets	6,895	26,967
Other	23,937	21,893
Total non-operating expenses	167,834	110,025
Ordinary income	4,161,911	3,840,831
Extraordinary income		
Gain on sales of investment securities	31,075	-
Total extraordinary income	31,075	-
Extraordinary losses		
Loss on retirement of non-current assets	39,255	-
Impairment loss on non-current assets	-	12,440
Loss on sales of shares of subsidiaries and associates	-	357,533
Office transfer expenses	10,473	-
Loss on agency contract cancellation	54,620	-
Total extraordinary losses	104,349	369,974
Income before income taxes	4,088,637	3,470,857
Income taxes-current	1,919,406	1,755,811
Income taxes-deferred	-453,695	-532,784
Total income taxes	1,465,710	1,223,026
Income before minority interests	2,622,927	2,247,830
Minority interests in income (loss)	414,281	333,336
Net income	2,208,645	1,914,493

Consolidated statements of comprehensive income
 Consolidated first half results

	(Thousand yen)	
	H1 FY2014 (From January 1, 2014 to June 30, 2014)	H1 FY2015 (From January 1, 2015 to June 30, 2015)
Income before minority interests	2,622,927	2,247,830
Other comprehensive income		
Valuation difference on available-for-sale securities	-25,454	810,015
Deferred gains or losses on hedges	-14,410	-
Foreign currency translation adjustment	-93,621	-85,952
Remeasurements of defined benefit plans, net of tax	26,034	21,351
Share of other comprehensive income of entities accounted for using equity method	-106,500	54,074
Total other comprehensive income	-213,952	799,489
Comprehensive income	2,408,974	3,047,319
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,050,004	2,759,439
Comprehensive income attributable to minority interests	358,969	287,880

(3) Consolidated cash flow statement

	(Thousand yen)	
	H1 FY2014 (From January 1, 2014 to June 30, 2014)	H1 FY2015 (From January 1, 2015 to June 30, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes	4,088,637	3,470,857
Depreciation	2,541,429	2,425,659
Loss on retirement of non-current assets	39,255	-
Impairment loss on noncurrent assets	-	12,440
Office transfer expenses	10,473	-
Loss on agency contract cancellation	54,620	-
Amortization of goodwill	239,135	247,840
Increase (decrease) in net defined benefit liability	65,739	35,791
Decrease (increase) in net defined benefit asset	-215,541	-330,789
Interest expenses	84,971	35,545
Equity in (earnings) losses of affiliates	-165,563	-239,503
Loss (gain) on sales of investment securities	-31,075	-
Loss (gain) on sales of shares of subsidiaries and associates	-	357,533
Decrease (increase) in notes and accounts receivable-trade	957,436	-861,647
Decrease (increase) in inventories	-189,209	-697,708
Increase (decrease) in notes and accounts payable-trade	1,342,439	2,235,187
Increase (decrease) in accounts payable-labor cost	1,138,696	989,816
Increase (decrease) in accrued consumption taxes	445,909	-1,344,126
Increase (decrease) in accounts payable-other	-171,120	190,234
Decrease (increase) in long-term prepaid expenses	-42,360	-34,329
Increase (decrease) in provision for loss on construction contracts	15,300	37,066
Other	-564,531	-985,982
Subtotal	9,644,641	5,543,883
Interest and dividends income received	317,066	253,363
Interest expenses paid	-87,763	-38,339
Income taxes paid	-758,606	-2,803,941
Net cash provided by (used in) operating activities	9,115,338	2,954,965
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-569,515	-1,113,216
Purchase of intangible assets	-752,735	-797,047
Proceeds from sales of short-term investment securities	-	800,000
Purchase of investment securities	-1,401,940	-
Proceeds from sales of investment securities	31,075	855,000
Purchase of goodwill	-225,864	-
Other	-69,468	-99,826
Net cash provided by (used in) investing activities	-2,988,448	-355,091

	(Thousand yen)	
	H1 FY2014 (From January 1, 2014 to June 30, 2014)	H1 FY2015 (From January 1, 2015 to June 30, 2015)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	80,000	1,000,000
Decrease in short-term loans payable	-4,888,470	-1,370,000
Proceeds from long-term loans payable	41,539	2,091,843
Repayment of long-term loans payable	-4,219,184	-4,910,295
Net increase (decrease) in commercial papers	4,000,000	1,000,000
Purchase of treasury stock	-960	-628
Cash dividends paid	-251,399	-435,580
Cash dividends paid to minority shareholders	-181,992	-206,499
Repayments of lease obligations	-137,786	-332,088
Proceeds from exercise of stock option	20,349	13,608
Other	45,000	-2,264
Net cash provided by (used in) financing activities	-5,492,904	-3,151,905
Effect of exchange rate change on cash and cash equivalents	-20,405	47,016
Net increase (decrease) in cash and cash equivalents	613,579	-505,015
Cash and cash equivalents at beginning of period	14,342,325	16,135,626
Increase in cash and cash equivalents from newly consolidated subsidiary	15,677	-
Cash and cash equivalents at end of period	14,971,582	15,630,611

(4) 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. H1 FY2014 (From January 1, 2014 to June 30, 2014)

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-half consolidated statements of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	70,166,799	1,005,754	71,172,554	4,034,777	75,207,331	–	75,207,331
Inter-segment sales or transfers	77,663	310,376	388,039	494,723	882,763	-882,763	–
Total	70,244,462	1,316,131	71,560,594	4,529,500	76,090,094	-882,763	75,207,331
Segment profit	3,647,643	155,581	3,803,225	135,075	3,938,300	-2,035	3,936,264

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 profit of minus 2,035 thousand yen includes an elimination of inter-segment transactions of minus 2,035 thousand 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.

II. H1 FY2014 (From January 1, 2015 to June 30, 2015)

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-half consolidated statements of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	72,872,896	1,156,187	74,029,083	4,110,810	78,139,894	–	78,139,894
Inter-segment sales or transfers	44,226	337,888	382,114	501,837	883,952	-883,952	–
Total	72,917,122	1,494,076	74,411,198	4,612,648	79,023,846	-883,952	78,139,894
Segment profit (loss)	3,154,832	332,272	3,487,105	-14,353	3,472,751	668	3,473,420

Notes:

1. "Others" is a business segment that is not included in the reported segments and includes the data entry business, contact center business and tissue engineering business, etc.
2. An adjustment of segment profit and loss of 668 thousand yen includes an elimination of inter-segment transactions of 668 thousand yen.
3. The segment profit and loss 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.