



# Results of Operations for the First Quarter of FY2015

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May 13, 2015  
FUJI SOFT INCORPORATED



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# Consolidated Financial Highlights

## Net sales matched the year-ago level due to a strong performance in System Construction.

◇ Consolidated net sales dipped 0.1% year on year, to 39,133 million yen, matching the level a year ago when there were large projects in the licensing business thanks to a strong performance in System Construction, especially machine control.

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

◇ Operating income fell 6.0% year on year, to 2,119 million yen, mainly due to higher SG&A expenses associated with increased hiring and unprofitable projects at certain subsidiaries.

◇ Ordinary income climbed 4.4% year on year, to 2,303 million yen, primarily due to an increase in share of profit of entities accounted for using equity method.

◇ Net income declined 14.1%, to 1,070 million yen, mainly due to the posting of an extraordinary loss on sales of shares of subsidiaries and associates.

(Million yen)

	FY2014 Q1	FY2015 Q1	YoY change	YoY change	FY2015	Comparison with the plan
	Result	Result	(Amount)	(%)	Q1 Plan	
<b>Net sales</b>	39,154	39,133	-20	99.9%	39,300	99.6%
<b>Operating income</b>	2,253	2,119	-134	94.0%	2,350	90.2%
Operating income margin	5.8%	5.4%			6.0%	
<b>Ordinary income</b>	2,206	2,303	+97	104.4%	2,370	97.2%
Ordinary income margin	5.6%	5.9%			6.0%	
<b>Net income</b>	1,246	1,070	-175	85.9%	1,300	82.3%
Net income margin	3.2%	2.7%			3.3%	



## Sales/Operating Income by Major Companies of the Group

(Million yen)

		Net sales				Operating income			
		FY2014 Q1 Results	FY2015 Q1 Results	YoY change (Amount)	YoY change (%)	FY2014 Q1 Results	FY2015 Q1 Results	YoY change (Amount)	YoY change (%)
FUJI SOFT INCORPORATED	23,216	23,106	-110	99.5%		1,300	1,569	+269	120.8%
CYBERNET SYSTEMS Co., Ltd.	3,880	3,601	-278	92.8%		109	91	-17	84.0%
VINX Corporation	7,226	7,585	+358	105.0%		572	449	-123	78.4%
CYBER COM Co., Ltd.	2,037	2,194	+156	107.7%		57	57	+0	100.9%

\* The fiscal year of FUJI SOFT 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 FY2014 1Q column is the result for the fourth quarter of the fiscal year ended March 31, 2015.

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

#### • FUJI SOFT INCORPORATED

Sales remained flat, reflecting the effect of large projects in licensing business recorded the same period of the previous fiscal year, which offset a strong performance in System Construction, especially machine control. Operating income grew due to improvement in the cost ratio, despite higher SG&A expenses mainly associated with increased hiring.

#### • CYBERNET SYSTEMS Co., Ltd.

Sales declined from a year ago, with solid new license sales to the electric equipment sector offset by the effect of start-up of electronic circuit board design solutions following changes to products handled the previous year. Operating income fell as a result of decreased sales.

#### • VINX CORP.

Sales rose due to growth in business with large general retailers, which are primary customers, and increased product sales associated with equipment replacement demand. Operating income declined, reflecting temporary deterioration in the cost ratio due to increased product sales, which offset cost reductions as a result of increased business efficiency following management integration.

#### • CYBER COM Co., Ltd.

Net sales rose, with 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 dipped slightly due to an increase in costs to strengthen sales of CYBER COM's own products.



# Consolidated Sales by Segment

	FY2014		FY2015		(Million yen)	
	Q1 Results	Component ratio	Q1 Results	Component ratio	YoY change (Amount)	YoY change (%)
<b>Total net sales</b>	39,154	100.0%	39,133	100.0%	-20	99.9%
<b>SI Business</b>	36,411	93.0%	36,319	92.8%	-92	99.7%
<b>System Construction</b>	20,422	52.2%	21,772	55.6%	+1,349	106.6%
Embedded/Control Software	9,411	24.0%	10,231	26.1%	+820	108.7%
Operation Software	11,011	28.1%	11,541	29.5%	+529	104.8%
<b>Products and Services</b>	15,988	40.8%	14,546	37.2%	-1,442	91.0%
Products and Services	11,186	28.6%	9,915	25.3%	-1,270	88.6%
Outsourcing	4,802	12.3%	4,630	11.8%	-171	96.4%
<b>Facility Business</b>	486	1.2%	572	1.5%	+85	117.5%
<b>Other Businesses</b>	2,255	5.8%	2,241	5.7%	-13	99.4%

## 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 FA and the social infrastructure business, especially in the aerospace sector and for base stations and electric power companies, offsetting declines in the mobile and telecommunication control businesses.

### • Operation Software

Sales climbed 4.8% 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 slid 11.4% reflecting the absence of large licensing business projects in the same period a year ago.

### • Outsourcing

Sales fell 3.6% year on year, as the effect of contract cancellations due to the business integration of a major customer of the Company persisted into the 1Q.



# Consolidated Income Statement

	FY2014 Q1 Results	FY2015 Q1 Results	YoY change (Amount)	YoY change (%)	FY2015 Q1 Plan	(Million yen) Comparison with the plan
<b>Net sales</b>	39,154	39,133	-20	99.9%	39,300	99.6%
<b>Cost of sales</b>	30,288	30,223	-64	99.8%	30,300	99.7%
Cost of sales margin	77.4%	77.2%	-0.1		77.1%	
<b>Gross profit</b>	8,865	8,909	+43	100.5%	9,000	99.0%
Gross profit margin	22.6%	22.8%	+ 0.1		22.9%	
<b>SG&amp;A expenses</b>	6,612	6,790	+177 (1)	102.7%	6,650	102.1%
SG&A expense ratio	16.9%	17.4%	+ 0.5		16.9%	
<b>Operating income</b>	2,253	2,119	-134	94.0%	2,350	90.2%
Operating income margin	5.8%	5.4%	-0.3		6.0%	
<b>Non-operating income</b>	92	123	+30	133.3%	-	-
<b>Non-operating expenses</b>	126	53	-73	42.2%	-	-
Share of (profit) loss of entities accounted for using equity method	-13	113	+126 (2)	-	-	-
<b>Ordinary income</b>	2,206	2,303	+97	104.4%	2,370	97.2%
Ordinary income margin	5.6%	5.9%	+ 0.3		6.0%	
<b>Extraordinary income</b>	31	0	-31 (3)	-	-	-
<b>Extraordinary losses</b>	49	369	+320	744.0%	-	-
<b>Income before income taxes</b>	2,187	1,933	-254	88.4%	-	-
<b>Total income taxes</b>	755	768	+13	101.8%	-	-
<b>Minority interests in income</b>	186	94	-91	50.8%	-	-
<b>Net income</b>	1,246	1,070	-175	85.9%	1,300	82.3%
Net income margin	3.2%	2.7%	-0.4		3.3%	

## Points of Income Statement

### [\(1\) SG&A expenses \(up 177 million yen\)](#)

Reflected higher expenses as a result of increased hiring.

### [\(2\) Share of \(Profit\) Loss of Entities Accounted for Using Equity Method \(up 126 million yen\)](#)

Rose as a result of increased profits at Ace Securities.

### [\(3\) Extraordinary income \(up 320 million yen\)](#)

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



# Consolidated Balance Sheet

	End of FY2014	End of Q1 of FY2015	(Million yen) Change (Amount)
<b>Current assets</b>	55,094	59,145	+4,050
Cash and deposits	15,244	14,869	-374
Notes and accounts receivable - trade	30,136	33,176	+3,040 (1)
Short-term investment securities	3,010	3,705	+695
Inventories	1,968	2,188	+219
Deferred tax assets	2,150	2,891	+740
Other	2,584	2,313	-270
<b>Non-current assets</b>	102,492	100,873	-1,619
Property, plant and equipment	67,513	67,439	-74
Intangible assets	7,641	7,048	-592
Investments and other assets	27,337	26,385	-952 (2)
<b>Total assets</b>	157,587	160,018	+2,430
<b>Current liabilities</b>	38,039	38,476	+436
Accounts payable - trade	7,493	9,762	+2,269 (1)
Short-term loans payable	7,983	4,456	-3,526
Commercial papers	5,000	7,000	+2,000
Accrued expenses / provision for bonuses	5,873	7,427	+1,553
Provision for loss on construction	2,312	1,699	-612 (3)
contracts	140	244	+103
Other	9,236	7,885	-1,351 (3)
<b>Non-current liabilities</b>	19,021	20,559	+1,537
Long-term loans payable	8,230	9,897	+1,666
Other	10,790	10,662	-128
<b>Total liabilities</b>	57,061	59,035	+1,974
<b>Total net assets</b>	100,526	100,982	+456
<b>Total liabilities and net assets</b>	157,587	160,018	+2,430

## Points of the Balance Sheet

[\(1\) Notes and accounts receivable-trade](#) (up 3,040 million yen)  
[Accounts payable-trade](#) (up 2,269 million yen)

Reflected increased sales in System Construction mainly at the Company and Vinx.

[\(2\) Investments and other assets](#) (down 952 million yen)

Decreased mainly due to the partial sale of shares of Ace Securities

[\(3\) Income taxes payable](#) (down 612 million yen)  
[other current liabilities](#) (down 1,351 million yen)

Reflected decrease in amount of tax payable as a result of payment of income taxes and consumption taxes



# Consolidated Cash Flow Statement

(Million yen)

	FY2014 Q1 Results	FY2015 Q1 Results	YoY change (Amount)
<b>Cash flows from operating activities</b>	3,752	784	-2,968
<b>Cash flows from investing activities</b>	-1,598	1	+1,598
<b>Cash flows from financing activities</b>	-3,883	-695	+3,187
Effect of exchange rate change on cash and cash equivalents	-2	11	
Net increase (decrease) in cash and cash equivalents	-1,731	100	
Cash and cash equivalents at beginning of period	14,342	16,135	
Increase in cash and cash equivalents from newly consolidated subsidiary	15	-	
<b>Cash and cash equivalents at end of period</b>	<b>12,626</b>	<b>16,236</b>	

## Highlights of Cash Flows

- [Cash flows from operating activities](#)

Net cash provided by operating activities fell year on year mainly because of a decline in tax payments because the fiscal year before the last was shorter (nine months) due to the change in fiscal year end and also due to an increase in consumption tax payable due to the increase in the consumption tax rate.

- [Cash flows from investing activities](#)

Net cash provided by investing activities reflects expenditure for 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 dividends.



# Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

	FY2015 Q1 Results						
	Order backlogs at beginning of term	Orders	YoY change (%)	Net sales	YoY change (%)	Order backlogs at end of term	YoY change (%)
<b>SI Business Total</b>	28,735	37,324	100.7%	36,319	99.7%	29,741	110.1%
<b>System Construction</b>	19,384	20,784	98.9%	21,772	106.6%	18,396	105.6%
Embedded/Control Software	8,299	9,964	104.9%	10,231	108.7%	8,031	103.8%
Operation Software	11,085	10,820	94.0%	11,541	104.8%	10,364	107.1%
<b>Products and Services</b>	9,351	16,539	103.0%	14,546	91.0%	11,344	118.4%
Products and Services	6,495	12,113	101.9%	9,915	88.6%	8,693	121.6%
Outsourcing	2,855	4,426	106.0%	4,630	96.4%	2,650	109.2%

## 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 financial industry declined in the absence of large projects recorded in the same period a year ago.

#### • Products and Services

Orders in Products and Services exceeded the level a year ago when orders were strong. Orders in Outsourcing increased, reflecting firm data center demand.

### • Highlights of order backlogs

#### • System Construction

In Operation Software, the order backlog at the beginning of the term was high at 11,085 million yen (up 120.8% year on year), mainly consisting of orders from the distribution sector. Consequently the order backlog at the end of the term was also up 5.6% year on year, despite a 6.6% year-on-year increase in 1Q sales.

#### • Products and Services

In Products and Services, the order backlog in the areas such as the CAE sector exceeded the year-ago level. However, the order backlog at the end of the term increased, reflecting a failure to convert orders into sales.



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