

Financial Statements (under Japanese GAAP)

January 31, 2013

Company name	IFIS JAPAN LTD.	Stock Exchange listing	TSE Mothers
Code number	7833	URL	http://www.ifis.co.jp
Representative	President	Kazuharu Osawa	
Contact	Director	Shogo Noguchi	TEL 81-(3)6825-1250
Scheduled date of annual shareholder's meeting	March 18, 2013	Scheduled start date of dividend	March 19, 2013
Scheduled submission date of annual security report	March 19, 2013		
Preparation of supplementary material on earnings	: Yes		
Holding of earnings performance review	: Yes (for analysts)		

(Fractions less than Yen1 million have been omitted.)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2012 (January 1, 2012 to December 31, 2012)

(1) Consolidated Operating Results

(Percentages figure represent changes from same period of previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 2012	3,159	29.2	209	17.1	217	19.9	155	24.9
Fiscal year ended December 2011	2,446	9.4	179	62.6	181	47.8	124	47.2

(Note) Comprehensive income (loss) Fiscal year ended December 2012 159 million yen (31.2%)
Fiscal year ended December 2011 21 million yen (42.7%)

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Profit margin on sales
	Yen	Yen	%	%	%
Fiscal year ended December 2012	3,219.41	3,215.27	9.6	10.6	6.6
Fiscal year ended December 2011	2,545.71	2,542.47	8.2	9.2	7.3

(Reference) Earnings on investments in equity-method affiliates Fiscal year ended December 2012 3 million yen
Fiscal year ended December 2011 None

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended December 2012	2,143	1,736	78.5	34,949.79
Fiscal year ended December 2011	1,958	1,602	79.1	32,162.56

(Reference) Equity Fiscal year ended December 2012 1,683 million yen
Fiscal year ended December 2011 1,548 million yen

(3) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investment activities	Net cash provided by (used in) financing activities	Closing balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 2012	210	78	74	1,358
Fiscal year ended December 2011	268	49	66	1,301

2. Dividends

	Annual dividends					Total cash dividends Yen million	Dividend payout ratio (consolidated) %	Dividends on equity (consolidated) %
	1 st Qtr Yen	2 nd Qtr Yen	3 rd Qtr Yen	Year-end Yen	Total Yen			
Fiscal year ended December 2011	-	0.00	-	600.00	600.00	28	23.6	1.9
Fiscal year ended December 2012	-	0.00	-	700.00	700.00	33	21.7	2.1
Fiscal year ending December 2013 (Estimated)	-	0.00	-	800.00	800.00	-	18.3	-

3. Projected Results for Fiscal year 2013(January 1 to December 31, 2013)

(Percentages figure represent changes from same period of previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half ending Jun. 2013	1,650	10.9	95	29.9	95	33.3	60	43.1	1,245.87
Fiscal year ending Dec. 2013	3,500	10.8	310	47.8	310	42.8	210	35.4	4,360.56

* Notes

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries resulting in the change in consolidation scope): Yes

Newly consolidated: 1 company (Infotech Incorporation)

(2) Changes in accounting policies, estimates, and restatements:

- 1) Changes in accounting policies in accordance with revisions of accounting standards: None
- 2) Changes other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(3) Number of shares outstanding (common stock)

- | | | | |
|----|---|---------------------------------|---------------|
| 1) | Number of shares outstanding at term end (including treasury stock) | Fiscal year ended December 2012 | 51,070 shares |
| | | Fiscal year ended December 2011 | 51,070 shares |
| 2) | Number of shares of treasury stock at term end | Fiscal year ended December 2012 | 2,911 shares |
| | | Fiscal year ended December 2011 | 2,911 shares |
| 3) | Average number of shares during the period | Fiscal year ended December 2012 | 48,159 shares |
| | | Fiscal year ended December 2011 | 48,744 shares |

(Reference) Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2012(January 1 to December 31, 2012)

(1) Non-Consolidated Operating Results

(Percentages figure represent changes from same period of previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 2012	1,820	3.8	75	37.5	79	36.4	45	32.6
Fiscal year ended December 2011	1,892	12.0	120	10.9	125	8.0	67	9.1

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended December 2012	948.30	947.08
Fiscal year ended December 2011	1,389.16	1,387.40

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended December 2012	1,793	1,577	87.9	32,746.52
Fiscal year ended December 2011	1,844	1,559	84.6	32,391.44

(Reference) Equity

Fiscal year ended December 2012

1,577 million yen

Fiscal year ended December 2011

1,558 million yen

2. Non-Consolidated earnings forecasts for Fiscal year 2013(January 1 to December 31, 2013)

(Percentages figure represent changes from same period of previous year.)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half ending Jun. 2013	950	0.7	60	20.3	35	20.4	726.76
Fiscal year ending Dec. 2013	2,000	9.9	180	125.1	145	217.5	3,010.86

* Disclosure regarding execution of audit procedures

At the time of disclosure of this earnings report, audit procedures in accordance with the Financial Instruments and Exchange Act are in progress.

* Note to ensure appropriate use of forecasts, and other noteworthy items

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

The Company holds presentations for analysts regarding the six-month and year-end results. Distributed presentation materials and audio recordings from performance reviews are available on the Company's website.

4. Consolidated Financial Statements

(1) Consolidated balance sheet

(Thousands of yen)

	Fiscal year ended December 31, 2011	Fiscal year ended December 31, 2012
(Assets)		
Current assets		
Cash and deposits	1,351,933	1,414,529
Notes and accounts receivable-trade	211,713	335,829
Securities	-	13,013
Work in process	-	5,764
Deferred tax assets	19,055	14,041
Other	29,901	33,129
Allowance for doubtful accounts	765	1,358
Total current assets	1,611,837	1,814,949
Noncurrent assets		
Property, plant and equipment		
Buildings and accompanying facilities	29,857	35,197
Accumulated depreciation	17,403	22,182
Buildings and accompanying facilities, Net	12,453	13,014
Tools, furniture and fixtures	149,056	171,639
Accumulated depreciation	125,587	146,049
Tools, furniture and fixtures, Net	23,468	25,589
Lease assets	4,478	4,478
Accumulated depreciation	2,239	2,985
Lease assets, Net	2,239	1,492
Total Property, plant and equipment	38,161	40,096
Intangible assets		
Goodwill	1,545	662
Software	200,506	130,532
Other	10,144	13,669
Total intangible assets	212,196	144,864
Investments and other assets		
Investment securities	14,406	24,445
Affiliated company investments	21,834	32,361
Guarantee deposits	49,622	60,040
Deferred tax assets	4,644	11,311
Other	5,753	15,605
Total investment and other assets	96,262	143,764
Total noncurrent assets	346,620	328,725
Total assets	1,958,458	2,143,675

(Thousands of yen)

	Fiscal year ended December 31, 2011	Fiscal year ended December 31, 2012
Liabilities		
Current liabilities		
Accounts payable-trade	161,495	136,996
Lease obligations	783	783
Income taxes payable	34,637	29,427
Accounts payable-other	36,049	64,633
Advances received	77,987	79,267
Provision for bonuses	8,066	9,707
Other	34,297	60,269
Total current liabilities	<u>353,317</u>	<u>381,086</u>
Noncurrent liabilities		
Lease obligations	1,567	783
Deferred tax liabilities	1,345	1,816
Allowance for retirement benefits	-	14,321
Other	-	8,710
Total noncurrent liabilities	<u>2,913</u>	<u>25,632</u>
Total liabilities	<u>356,230</u>	<u>406,719</u>
Net assets		
Shareholders' equity		
Capital stock	381,290	381,290
Capital surplus	437,090	437,090
Retained earnings	808,557	938,330
Treasury stock	77,912	77,912
Total shareholders' equity	<u>1,549,025</u>	<u>1,678,798</u>
Accumulated other comprehensive income		
Valuation difference on securities (other than subsidiaries and affiliated companies)	108	882
Currency adjustment account	-	3,466
Total accumulated other comprehensive income	<u>108</u>	<u>4,348</u>
Minority interests	<u>53,311</u>	<u>53,809</u>
Total net assets	<u>1,602,227</u>	<u>1,736,956</u>
Total net liabilities	<u>1,958,458</u>	<u>2,143,675</u>

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

(Thousands of yen)

	Fiscal year ended December 31, 2011	Fiscal year ended December 31, 2012
Net sales	2,446,063	3,159,685
Cost of sales	1,445,946	2,047,821
Gross profit	1,000,116	1,111,863
Selling, general and administrative expenses	821,051	902,125
Operating income	179,065	209,738
Non-operating income		
interest income	682	594
Dividends income	452	232
Refund of consumption tax etc	34	-
Investment gain by equity method	-	3,437
Guidance fee of technique	-	1,634
Other	1,115	2,193
Total non-operating income	2,284	8,092
Non-operating expenses		
Interest expenses	-	750
Purchase of treasury stock expenses	226	-
Total non-operating expenses	226	750
Ordinary income	181,123	217,079
Extraordinary gain		
Gain on sale of investment capital	-	1,445
Accrued gains of negative goodwill	-	8,142
Total extraordinary gain	-	9,587
Extraordinary loss		
Loss on retirement of noncurrent assets	101	303
Loss on adjustment for changes of accounting standard for asset retirement obligations	9,750	-
Total extraordinary loss	9,851	303
Income before income taxes	171,271	226,363
Income taxes-current	57,702	55,530
Income taxes-deferred	8,641	15,290
Total income taxes	49,061	70,821
Income before minority intrests	122,210	155,542
Minority intrests in income or loss	1,877	498
Net income	124,088	155,043

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2011	Fiscal year ended December 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes	171,271	226,363
Depreciation and amortization	141,006	138,312
Gain(loss) on sale of investment capital	-	1,445
Amortization of goodwill	2,666	882
Accrued gains of negative goodwill	-	8,142
Increase (decrease) in allowance for doubtful accounts	515	107
Increase (decrease) in provision for bonuses	2,045	6,444
Increase (decrease) in Allowance for retirement benefits	-	1,353
Interest and dividends income	1,135	827
Interest expenses	-	750
Investment gain(loss) by equity method	-	3,437
Loss on retirement of noncurrent assets	101	303
Decrease (increase) in notes and accounts receivable-trade	67,773	31,564
Changes in inventory)	-	28,237
Increase (decrease) in notes and accounts payable-trade	54,596	67,959
Increase (decrease) in accrued consumption taxes	4,591	5,058
Other	4,121	44
Subtotal	328,147	271,261
Interest and dividends income received	1,135	785
Proceeds from long-term loans payable	-	558
Income taxes refund	60,380	61,067
Net cash provided by (used in) operating activities	268,902	210,420
Net cash provided by (used in) investment activities		
Payments on purchase of securities	-	12
Purchase of property, plant and equipment	6,846	10,621
Purchase of intangible assets	41,057	50,149
Purchase of investment securities	10,000	10,000
Proceeds from redemption of securities	10,321	468
Payment of capital contribution of associates	9,204	-
Income from sale of investment capital	-	2,606
Expenditure resulting from acquisition of shares in subsidiaries due to change in scope of consolidation	-	6,702
Proceeds from collection of lease and guarantee deposits	-	1,219
Proceeds from collection of guarantee deposits	7,425	25
Payments for insurance premium reserve	-	2,035
Payments into time deposits	-	100,900
Proceeds from withdrawal of time deposits	-	100,000
Net cash provided by (used in) investment activities	49,360	78,541
Net cash provided by (used in) financing activities		

Increase in short-term loans payable	-	100,000
Repayment of short-term loans payable	-	133,749
Repayment of long-term loans payable	-	12,242
Purchase of treasury stock	41,327	-
Cash dividends paid	24,869	28,895
Cash dividends paid to minority shareholders	460	-
Net cash provided by (used in) financing activities	66,656	74,886
Increase (decrease) in cash and cash equivalents	152,885	56,991
Opening balance of cash and cash equivalents	1,149,047	1,301,933
Closing balance of cash and cash equivalents	1,301,933	1,358,925