

Financial Statements(under Japanese GAAP)

January 31, 2014

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 17, 2014	Scheduled start date of dividend	March 18, 2014
Scheduled submission date of annual security report	March 18, 2014		
Preparation of supplementary material on earnings : Yes			
Holding of earnings performance review : Yes (for analysts)			

(Fractions less than ¥1 million have been omitted.)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2013 (January 1, 2013 to December 31, 2013)

(1) Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal year ended December 2013	3,454	9.3	318	51.7	337	55.4	220	42.2
Fiscal year ended December 2012	3,159	29.2	209	17.1	217	19.9	155	24.9

(Note) Comprehensive income (loss) Fiscal year ended December 2013 ¥228 million (42.5%) Fiscal year ended December 2012 ¥159 million (31.2%)

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Profit margin on sales
Fiscal year ended December 2013	¥ 22.84	¥ 22.81	% 12.4	% 14.6	% 9.2
Fiscal year ended December 2012	16.10	16.08	9.6	10.6	6.6

(Reference) Earnings on investments in equity-method affiliates Fiscal year ended December 2013 ¥3 million Fiscal year ended December 2012 ¥3 million

(Note) Effective May 16, 2013, the Company conducted a stock split at a ratio of 200 shares to one share of common stock. Net income per share and net income per share (diluted) are computed as though the stock split were conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
Fiscal year ended December 2013	¥ million 2,471	¥ million 1,932	% 76.1	¥ 194.63
Fiscal year ended December 2012	2,143	1,736	78.5	174.75

(Reference) Equity Fiscal year ended December 2013 ¥1,879 million Fiscal year ended December 2012 ¥1,683 million

(Note) Effective May 16, 2013, the Company conducted a stock split at a ratio of 200 shares to one share of common stock. Net assets per share are computed as though the stock split were conducted at the beginning of the previous consolidated fiscal year.

(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	¥ million	¥ million	¥ million
Fiscal year ended December 2013	314	-183	-32	1,457
Fiscal year ended December 2012	210	-78	-74	1,358

2. Dividends

	Annual dividends					Total cash dividends	Dividend payout ratio(consolidated)	Dividends on equity (consolidated)
	1 st Qtr	2 nd Qtr	3 rd Qtr	Year-end	Total			
	¥	¥	¥	¥	¥	¥million	%	%
Fiscal year ended December 2012	- -	0 00	- -	700 00	700 00	33	21.7	2.1
Fiscal year ended December 2013	- -	0 00	- -	4 50	4 50	43	19.7	2.4
Fiscal year ending December 2014 (Estimated)	- -	0 00	- -	4 50	4 50	-	19.3	-

3. Projected Results for Fiscal year 2014(January 1 to December 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
First half ending Jun. 2014	1,820	8.2	100	-31.4	100	-37.0	65	-40.3	6.73
Fiscal year ending Dec. 2014	3,800	10.0	350	10.0	350	3.8	225	2.1	23.30

* Notes

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries resulting in the change in consolidation scope): None

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

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

(Note) This falls under the provision stipulated in Article 14-7 (Changes that are difficult to distinguish between changes in accounting policies and changes in accounting estimates) of the "Regulations Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements." For details, please see page 17 of the attached document titled "4. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Changes that are difficult to distinguish between changes in accounting policies and changes in accounting estimates).

(3) Number of shares outstanding (common stock)

Number of shares		Fiscal year ended December 2013		Fiscal year ended December 2012	
1) outstanding at term end (including treasury stock)		10,238,000 shares		10,214,000 shares	
2) Number of shares of treasury stock at term end		582,237 shares		582,200 shares	
3) Average number of shares during the period		9,651,462 shares		9,631,800 shares	

(Note) Effective May 16, 2013, the Company conducted a stock split at a ratio of 200 shares to one share of common stock. On that basis, the number of common stock shares issued and outstanding is computed as though the stock split were conducted at the beginning of the previous consolidated fiscal year.

(Reference) Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2013(January 1 to December 31, 2013)

(1) Non-Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal year ended December 2013	2,265	24.5	228	201.6	236	195.5	177	288.8
Fiscal year ended December 2012	1,820	-3.8	75	-37.5	79	-36.4	45	-32.6

	Net income per share	Diluted net income per share
Fiscal year ended December 2013	18.40	18.37
Fiscal year ended December 2012	4.74	4.74

①(Note) Effective May 16, 2013, the Company conducted a stock split at a ratio of 200 shares to one share of common stock. Net income per share and net income per share (diluted) are computed as though the stock split were conducted at the beginning of the previous consolidated fiscal year.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Fiscal year ended December 2013	2,093	1,722	82.2	178.36
Fiscal year ended December 2012	1,793	1,577	87.9	163.73

(Reference) Equity Fiscal year ended December 2013 ¥1,722 million Fiscal year ended December 2012 ¥1,577 million

②(Note) Effective May 16, 2013, the Company conducted a stock split at a ratio of 200 shares to one share of common stock. Net income per share and net income per share (diluted) are computed as though the stock split were conducted at the beginning of the previous consolidated fiscal year.

2. Non-Consolidated earnings forecasts for Fiscal year 2014(January 1 to December 31, 2014)

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

	Net sales		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥
First half ending Jun. 2014	1,200	8.5	95	-25.0	55	-29.6	5.70
Fiscal year ending Dec. 2014	2,500	10.3	250	5.8	150	-15.5	15.53

* 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

(Cautionary note on forward-looking statements and other information)

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.

(Means of contents of supplementary material on earnings and earnings performance review)

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.

Consolidated Financial Statements

(1) Consolidated balance sheet

(Thousands of yen)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
(Assets)		
Current assets		
Cash and deposits	1,414,529	1,513,551
Notes and accounts receivable-trade	335,829	397,926
Securities	13,013	-
Work in process	5,764	23,537
Deferred tax assets	14,041	33,066
Other	33,129	37,997
Allowance for doubtful accounts	1,358	1,262
Total current assets	1,814,949	2,004,816
Noncurrent assets		
Property, plant and equipment		
Buildings and accompanying facilities	35,197	26,876
Accumulated depreciation	22,182	15,375
Buildings and accompanying facilities, Net	13,014	11,500
Tools, furniture and fixtures	171,639	143,963
Accumulated depreciation	146,049	111,629
Tools, furniture and fixtures, Net	25,589	32,333
Lease assets	4,478	4,478
Accumulated depreciation	2,985	3,732
Lease assets, Net	1,492	746
Total Property, plant and equipment	40,096	44,580
Intangible assets		
Goodwill	662	-
Software	130,532	145,566
Other	13,669	1,469
Total intangible assets	144,864	147,036
Investments and other assets		
Investment securities	24,445	122,544
Stock of affiliated company	-	2,360
Affiliated company investments	32,361	44,223
Guarantee deposits	60,040	87,458
Deferred tax assets	11,311	9,864
Other	15,605	8,230
Total investment and other assets	143,764	274,681
Total noncurrent assets	328,725	466,298
Total assets	2,143,675	2,471,114

(Thousands of yen)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Liabilities		
Current liabilities		
Accounts payable-trade	136,996	181,293
Lease obligations	783	783
Income taxes payable	29,427	89,696
Accounts payable-other	64,633	68,627
Advances received	79,267	89,401
Provision for bonuses	9,707	11,742
Other	60,269	80,406
Total current liabilities	381,086	521,951
Noncurrent liabilities		
Lease obligations	783	-
Deferred tax liabilities	1,816	2,007
Allowance for retirement benefits	14,321	14,435
Other	8,710	-
Total noncurrent liabilities	25,632	16,442
Total liabilities	406,719	538,394
Net assets		
Shareholders' equity		
Capital stock	381,290	382,010
Capital surplus	437,090	437,810
Retained earnings	938,330	1,125,074
Treasury stock	77,912	77,928
Total shareholders' equity	1,678,798	1,866,965
Accumulated other comprehensive income		
Valuation difference on securities (other than subsidiaries and affiliated companies)	882	84
Currency adjustment account	3,466	12,299
Total accumulated other comprehensive income	4,348	12,383
Minority interests	53,809	53,372
Total net assets	1,736,956	1,932,720
Total net liabilities	2,143,675	2,471,114

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

(Thousands of yen)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Net sales	3,159,685	3,454,094
Cost of sales	2,047,821	2,191,279
Gross profit	1,111,863	1,262,814
Selling, general and administrative expenses	¹ 902,125	¹ 944,609
Operating income	209,738	318,205
Non-operating income		
Interest income	594	1,132
Dividends income	232	595
Gain on sales of securities	-	2,565
Investment gain by equity method	3,437	3,029
Foreign exchange gains	253	5,548
Guidance fee of technique	1,634	-
Insurance premiums refunded cancellation	-	4,144
Other	1,939	2,064
Total non-operating income	8,092	19,080
Non-operating expenses		
Interest expenses	750	-
Other	-	7
Total non-operating expenses	750	7
Ordinary income	217,079	337,278
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	² 303	² 1,178
Office transfer expenses	³ -	³ 21,661
Total extraordinary loss	303	22,839
Income before income taxes	226,363	314,438
Income taxes-current	55,530	111,734
Income taxes-deferred	15,290	17,313
Total income taxes	70,821	94,421
Income before minority interests	155,542	220,017
Minority interests in income or loss	498	437
Net income	155,043	220,455

(3) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes	226,363	314,438
Depreciation and amortization	138,312	82,965
Gain(loss) on sale of investment capital	1,445	-
Amortization of goodwill	882	662
Accrued gains of negative goodwill	8,142	-
Increase (decrease) in allowance for doubtful accounts)	107	95
Increase (decrease) in provision for bonuses	6,444	2,034
Increase (decrease) in allowance for retirement benefits	1,353	113
Interest and dividends income	827	1,728
Interest expenses	750	-
Loss (gain) on sales of investment securities	-	2,565
Investment gain(loss) by equity method	3,437	3,029
Insurance premiums refunded cancellation	-	4,144
Loss on retirement of noncurrent assets	303	1,178
Relocation expenses	-	21,661
Decrease (increase) in notes and accounts receivable-trade	31,564	51,963
Decrease (increase) in inventories	28,237	17,772
Increase (decrease) in notes and accounts payable-trade	67,959	44,297
Increase (decrease) in accrued consumption taxes	5,058	1,744
Other	44	23,308
Subtotal	271,261	364,488
Interest and dividends income received	785	2,154
Proceeds from long-term loans payable	558	-
Income taxes refund	61,067	51,733
Net cash provided by (used in) operating activities	210,420	314,909
Net cash provided by (used in) investment activities		
Payments on purchase of securities	12	12
Proceeds from sales of short-term investment securities	-	14,926
Purchase of property, plant and equipment	10,621	18,831
Purchase of intangible assets	50,149	72,751
Purchase of investment securities	10,000	93,327
Proceeds from redemption of securities	468	33
Income from sale of investment capital	2,606	-
Expenditure resulting from acquisition of shares in subsidiaries due to change in scope of consolidation	2 6,702	-
Purchase of investments in subsidiaries	-	2,360
Proceeds from collection of lease and guarantee deposits	1,219	27,195
Proceeds from collection of guarantee deposits	25	5,450
Payments for insurance premium reserve	2,035	1,079
Proceeds from cancellation of insurance funds	-	11,550
Payments into time deposits	100,900	1,201
Proceeds from withdrawal of time deposits	100,000	1,200
Net cash provided by (used in) investment activities	78,541	183,598

(Thousands of yen)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
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	-	16
Income from issuance of stock	-	1,437
Cash dividends paid	28,895	33,711
Net cash provided by (used in) financing activities	74,886	32,290
Increase (decrease) in cash and cash equivalents	56,991	99,020
Opening balance of cash and cash equivalents	1,301,933	1,358,925
Closing balance of cash and cash equivalents	1,358,925	1,457,945