

May 12, 2015

Report of Earning Results (Consolidated)
for the First Quarter of the Fiscal Year
Ending December 31, 2015

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Expected date of the submission of quarterly security reports ("Shihanki Hokokusho")
: May 13, 2015

1. Financial Highlights for Three Months Ended March 31, 2015

(1) Consolidated Results of Operations

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three Months Ended March 31, 2015	29,893	8.6	7,670	(14.2)	8,494	(12.3)	5,505	(8.8)
Three Months Ended March 31, 2014	27,517	6.7	8,937	21.8	9,686	26.7	6,038	25.3

(Note) Comprehensive Income: 1,623 million yen minus 65.9 % as of March 31, 2015
(4,764 million yen minus 43.4% as of March 31, 2014)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Three Months Ended March 31, 2015	40.84	40.55
Three Months Ended March 31, 2014	44.76	44.46

(2) Consolidated Financial Position

	Total assets	Net Assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2015	265,463	141,963	52.7
December 31, 2014	279,938	153,094	53.8

(Note) Net Assets after deduction of Share acquisition rights and Minority interest
: 140,007 million yen as of March 31, 2015 (150,523 million yen as of December 31,
2014)

2. Dividend of Surplus

As of	Cash dividends per share				
	The first quarter end	The second quarter end	The third quarter end	Annual end	Total
	Yen	Yen	Yen	Yen	Yen
December 31, 2014	-	0.00	-	116.00	116.00
December 31, 2015	-				
Projection for FY 2015		0.00	-	-	-

(Note) Revision of the projection of dividend for the First quarter of FY 2015 : No

(Note) The dividend projection for FY2015 annual end has not been determined yet.

3. Forecasts of consolidated financial results for FY 2015

(January 1, 2015 through December 31, 2015)

(Note) For the forecast of FY 2015, please refer to next page.

4. Others

- (1) Change in the basis of Consolidation and Application of equity method : No
 (2) Application of simplified or specified accounting procedures : Yes
 (3) Changes in accounting principles, procedures and the way of disclosure

- ① Changes under the revision of Accounting Standards : Yes
 ② Changes in Accounting principles other than ① : No
 ③ Changes in Accounting Estimates : No
 ④ Restatements : No

(4) Number of shares issued (common shares)

① Number of shares issued (including treasury stocks):

140,293,004 shares as of March 31, 2015

140,293,004 shares as of December 31, 2014

② Number of treasury stocks :

4,509,224 shares as of March 31, 2015

5,557,124 shares as of December 31, 2014

③ Average number of shares outstanding :

134,817,046 shares three months ended March 31, 2015

134,889,879 shares three months ended March 31, 2014

* Statement relating to the status of the quarterly review procedures

This quarterly report is not subject to the quarterly review procedures, which are based on the Financial Instruments and Exchange Law. The review procedures for quarterly consolidated accounts have not finished at the point of the announcement of the quarterly financial results.

* Explanation for the proper use of projection and other notes

Any forward-looking statement in this report including results forecasts, are based on certain assumptions that were deemed rational as well as information currently available to the Company. However, various factors could cause actual results to differ materially. Please refer to (3) Qualitative Information on the Consolidated Earnings Forecast on page 3 of the attachment for conditions serving as assumptions for results forecasts.

Forecasts of consolidated financial results for FY 2015

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions yen	%	Millions yen	%	Millions yen	%	Millions yen	%	Yen
FY2015 (January 1, 2015 through December 31, 2015)	123,100	6.9	34,200	1.6	36,600	1.7	22,600	1.3	167.74

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1 Qualitative Information and Financial Statements

(1) Qualitative Information on the Consolidated Business Results

(Unit: million yen)

	Net Sales		
	1Q FY Dec. 2015	1Q FY Dec. 2014	Rate of Change (%)
Japan	12,920	11,934	8.3%
North America Reg.	6,894	5,998	14.9%
Europe Reg.	5,740	5,632	1.9%
Asia and Pacific Reg.	3,621	3,288	10.1%
Latin America Reg.	716	662	8.2%
Total	29,893	27,517	8.6%

During this term of fiscal year 2015, from January 1 to March 31, the world economy still remains uncertain while mainly US economy shows a weaker-than-expected job growth which seems to be temporary drop in, fundamentals of the Europe economy has still remained weak and a part of emerging countries have been showing economic growth slowdown. The world economy has been going through in those concerns.

Even though there are still problems such as world economy concerns and continuing trade deficit, Japan economy has been on a moderate recovery trend with a pay-scale raise mainly driven by large firms, firm private consumption, and thanks to low price of crude oil, etc. The Japanese economy is in continuously recovery trend.

In the worldwide Information Technology Industry, cloud computing including server virtualization and related services have been still standing out from IT industry market continuously. On the other hand, choosing smartphones and tablets for internet access tools in emerging regions demands were growing again. The worldwide PC shipments remain underrun from the same period in previous year. Amid mounting concerns of switching to cloud and big data, either the domestic PC shipments underrun from the same period in previous year due to recoil reduction in the Windows XP replacement demand.

In the computer security industry, cyber terrorism to attack targeting a specific companies or state institution, etc. and these related to some cases of identity theft in both business client information and personal private information remain high-visibility incidents.

Under such environment, our group business conditions are as follows:

With regards to sales in Japan region, despite the recoil reduction from both, strong PC sales due to a rush demand before consumption tax increase and the Windows XP replacement demand in the same period in the previous year, consumer business has showed substantial growth with its following rebates reduction. As for enterprise business sales increase maintained with the growth of cloud related business. As a result, net sales for this period in Japan region amounted to 12,920 million yen (8.3% increase from the same period in the previous year.)

For North America region, consumer business sales have not still performed well with decrease in number of the users. On the other hand, enterprise business maintained its sales growth even in local currencies, and shows the continuous growth of cloud related business. In addition, with largely benefit by the weak Japanese yen, sales for this period in North America region was 6,894 million yen (14.9% increase from the same period in previous year).

In EMEA region sales, enterprise business growth has increased in also local currency to lead in this region's sales with mainly due to cloud related business and APT solutions sales growth. In spite of influence of the strong yen, sales for this period in this region was 5,740 million yen (1.9% increase from the same period in previous year).

In the Asia Pacific region, mainly Australia and China, which continues to be in good condition in both local currency and Japanese yen terms, have been leading in this region's sales continuously. As a result, net sales for

this period in Asia Pacific region amounted to 3,621 million yen (10.1% increase from the same period in the previous year).

Latin America region has showed strong sales growth even in local currencies. Especially enterprise business in Brazil has been leading this region's sales mainly due to cloud related business. As the result, net sales in this region were 716 million yen (8.2% increases from the same period in previous year).

As a result, the consolidated net sales for the First Quarter fiscal year end of 2015 came to 29,893 million yen (8.6% increase from the same period in previous year), showing revenue growth in all region.

Cost of sales and operating expenses was largely affected by the weak Japanese yen overall. Especially people costs which are the most affected by weak yen and Virtual share bonus plan were increased. In addition, there were impacts of recoil increases of software capitalization which concentrated in the same period in previous year, etc. As a result, cost of sales and operating expenses of 22,223 million yen (19.6% increase from the same period in previous year) and consolidated operating income for this period was 7,670 million yen (14.2% decrease from the same period in the previous year).

The consolidated ordinary income for this period was 8,494 million yen (12.3% decrease from the same period in previous year) and the consolidated net income for this period was 5,505 million yen (8.8% decrease from the same period in previous year).

(2) Qualitative Information on the Consolidated Financial Positions

Cash and bank deposits at the end of this period amounted to 51,609 million yen, a decrease of 11,499 million yen from FY2014 annual closing. Although investment securities increased, total assets at the end of this period were 265,463 million yen, 14,475 million yen decrease from FY2014 annual closing mainly due to a substantial decrease in cash and bank deposits, and marketable securities etc.

Total liabilities at the end of this period were 123,500 million yen, 3,344 million yen decrease from FY2014 annual closing due to a decrease in Accrued expenses and Accrued income and other taxes, etc.

As a result, total net assets at the end of this period were 141,963 million yen, a decrease of 11,130 million yen. This decrease is due to the dividends paid etc.

(3) Qualitative Information on the Consolidated Earnings Forecast

As of now, we do not revise our consolidated results forecast for the full fiscal year ending December 31, 2015 (released on February 18, 2015).

Annual Business forecast for FY2015 (January 1, 2015 - December 31, 2015)

Consolidated net sales	123,100 million yen
Consolidated operating income	34,200 million yen
Consolidated ordinary income	36,600 million yen
Consolidated net income	22,600 million yen

In development of the business forecasts, the main assumed exchange rates for the Annual of FY2015 (January 1, 2015 - December 31, 2015) are as follows:

1 US \$	118 yen
1 Euro	134 yen

2. Others

(1) Movement of significant subsidiaries

N/A

(2) Application of simplified or special accounting procedures

(Calculation of income tax expenses)

We multiply net income before tax for this period (3 months) by effective tax rate, which is rationally calculated based on projected annual profit and its taxes taking into consideration deferred tax accounting. In addition, deferred tax expense is included in income taxes.

(3) Change of the Accounting Policy, Change of Accounting Estimation and Restatement

Change of the Accounting Policy

(Change in accounting standard for retirement benefits)

The Company had adopted the paragraph 35 and paragraph 67 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25) from this fiscal year.

Under the revised accounting standard, the Company has changed the method of calculating retirement benefit obligations and service costs, with the method of determination of the discount rate revised to a single weighted average discount rate reflecting the estimated timing and amount of benefit payment, and the method of attributing benefits to accounting periods changed from the straight-line method to the standard pension benefit formula basis.

As a result, the beginning balance of the retirement benefit obligation were decreased by JPY 147 million and the beginning balance of retained earnings were increased by JPY 95 million.

The effect to the consolidated statement of income is minor.

(4) Additional information

(Influence of changing income tax rate)

Partial Amendment of the Income Tax Act, etc. is announced on March 31, 2015 and income tax rate was to be lowered from consolidated fiscal year started since April 1, 2015. The income tax has increased 342 million yen by this change.

3. 【CONSOLIDATED FINANCIAL STATEMENTS】

(1) 【Consolidated Balance Sheets】

(Million yen)

Account	December 31, 2014	March 31, 2015
(Assets)		
Current assets		
Cash and bank deposits	63,109	51,609
Notes and Accounts receivable, trade	26,342	26,901
Marketable securities	74,328	65,155
Inventories	523	532
Deferred tax assets	14,947	15,404
Others	4,819	4,881
Allowance for bad debt	(270)	(253)
Total current assets	183,799	164,230
Non-current assets		
Property and equipment		
(1) Office furniture & equipment	3,752	4,342
(2) Others	1,197	1,180
Total Property and equipment	4,949	5,522
Intangibles		
(1) Software	7,783	7,450
(2) Goodwill	740	612
(3) Others	903	847
Total intangibles	9,427	8,910
Investments and other non-current assets		
(1) Investment securities	67,815	73,071
(2) Investments in subsidiaries and affiliates	1,231	1,173
(3) Deferred tax assets	11,031	11,115
(4) Others	1,684	1,439
Total investments and other non-current assets	81,762	86,800
Total non-current assets	96,139	101,232
Total assets	279,938	265,463

(Million yen)

Account	December 31, 2014	March 31, 2015
(Liabilities)		
Current liabilities		
Accounts payable and Notes payable, trade	672	995
Accounts payable, other	4,085	4,023
Accrued expenses	5,576	4,526
Accrued income and other taxes	4,635	3,076
Allowance for bonuses	929	1,162
Allowance for sales returns	653	720
Deferred revenue	70,162	69,605
Others	6,066	5,110
Total current liabilities	92,782	89,220
Non-current liabilities		
Deferred revenue	28,531	28,502
Net defined benefit liability	4,225	4,175
Others	1,305	1,601
Total non-current liabilities	34,061	34,279
Total liabilities	126,844	123,500
(Net assets)		
Shareholders' equity		
Common stock	18,386	18,386
Additional paid-in capital	21,993	22,185
Retained earnings	118,955	108,926
Treasury stock, at cost	(16,986)	(13,783)
Total Shareholders' equity	142,349	135,715
Accumulated Other Comprehensive Income		
Net unrealized gain (loss) on debt and equity securities	2,242	1,001
Foreign currency translation adjustments	6,681	4,017
Remeasurements of defined benefit plans	(749)	(726)
Total accumulated other comprehensive income	8,174	4,292
Stock acquisition rights	2,559	1,945
Minority interest	11	11
Total net assets	153,094	141,963
Total liabilities and net assets	279,938	265,463

(2) 【Consolidated Statements of Income
Consolidated Statements of Comprehensive Income】

Consolidated Statements of Income

(Million yen)

	Three months ended March 31, 2014	Three months ended March 31, 2015
Net Sales	27,517	29,893
Cost of sales	4,622	5,250
Gross profit	22,895	24,642
Operating expenses	13,958	16,972
Operating income	8,937	7,670
Non-operating income		
Interest income	380	394
Gain on sale of marketable securities	286	425
Equity in gains of affiliated companies	0	-
Foreign exchange gain	95	19
Other income	29	62
Total non-operating income	793	902
Non-operating expenses		
Interest expenses	0	0
Equity in loss of affiliated companies	-	55
Other expenses	44	21
Total non-operating expenses	44	77
Ordinary income	9,686	8,494
Extraordinary gain		
Gain on reversal of stock options	5	3
Total extraordinary gain	5	3
Net income before taxes	9,691	8,498
Income taxes	3,654	2,992
Net Income before minority interest	6,037	5,505
Minority interest in income (loss) of consolidated subsidiaries	(0)	(0)
Net income	6,038	5,505

Consolidated Statements of Comprehensive Income

(Million yen)

	Three months ended March 31, 2014	Three months ended March 31, 2015
Income before minority interests	6,037	5,505
Other comprehensive income		
Valuation difference on available-for-sale securities	(463)	(1,241)
Foreign currency translation adjustment	(809)	(2,661)
Remeasurement of defined benefit plans	-	22
Share of other comprehensive income of associates accounted for using equity method	-	(2)
Total other comprehensive income	(1,273)	(3,882)
Comprehensive income	4,764	1,623
Comprehensive income attributable to owners of the parent	4,765	1,623
Comprehensive income attributable to minority interests	(0)	0

(3) 【Consolidated Statements of Cash Flows】

(Million yen)

Account	Three months ended March 31, 2014	Three months ended March 31, 2015
Cash flows from operating activities:		
Net income before taxes	9,691	8,498
Depreciation and amortization	1,672	2,048
Stock compensations	128	142
Gain on reversal of stock option	(5)	(3)
Amortization of goodwill	104	122
Increase (decrease) in allowance for bad debts	(11)	(13)
Increase (decrease) in allowance for sales returns	125	71
Increase in allowance for retirement benefits	134	-
Increase (decrease) in net defined benefit liability	-	(61)
Interest income	(380)	(394)
Interest expenses	0	0
Equity in earnings of affiliated companies	(0)	55
(Gain) loss on sale of marketable securities	(286)	(425)
(Increase) decrease in notes and accounts receivable	26	(1,449)
(Increase) decrease in inventories	(29)	(20)
Increase (decrease) in notes and accounts payable	215	333
Increase (decrease) in accounts payable, other & accrued expenses	238	(770)
Increase (decrease) in deferred revenue	2,364	1,835
Virtual share bonus plan	(1,150)	(653)
Others	(516)	(369)
Subtotal	12,321	8,945
Proceeds from interest and dividend received	165	514
Payment for interest expenses	(0)	(0)
Payment for income tax	(6,075)	(4,060)
Net cash provided by operating activities	6,411	5,399
Cash flows from investing activities:		
(Payments for)/Proceeds from time deposits	257	95
Payments for purchases of marketable securities and securities investments	(58,337)	(41,055)
Proceeds from sale or redemptions of marketable securities and securities investments	48,092	41,423
Payments for purchases of property and equipment	(420)	(1,313)
Payments for purchases of other intangibles	(1,896)	(1,537)
Net cash used in/provided by investing activities	(12,304)	(2,388)
Cash flows from financing activities:		
Receipt from disposal of treasury stock	202	2,641
Dividends paid	(15,539)	(14,624)
Net cash used in financing activities	(15,336)	(11,982)
Effect of exchange rate changes on cash and cash equivalents	(900)	(2,443)
Net increase (decrease) in cash and cash equivalents	(22,129)	(11,415)
Cash and cash equivalents at beginning of period	73,949	58,662
Cash and cash equivalents at end of period	51,819	47,247

(4) Footnotes on Consolidated Financial Statements

(Footnote on going concern)

N/A

(Notes on significant changes in stockholders' equity)

N/A

(Segment Information)

Information on sales, profit/loss by reporting segments

For the previous fiscal year (from January 1, 2014 to March 31, 2014)

(Million Yen)

	Japan	North America	Europe	Asia Pacific	Latin America	Total	Adj (*) ³	Amt in Con P&L (*) ⁴
Sales								
(1) Net sales to external customers	11,934	5,998	5,632	3,288	662	27,517	—	27,517
(2) Intercompany sales	518	639	249	4,779	3	6,190	(6,190)	—
Total	12,452	6,638	5,882	8,068	665	33,708	(6,190)	27,517
Segment income	4,740	1,684	1,175	1,069	137	8,807	129	8,937

(Note)

1 The classification of the geographical segment is based on geographic proximity.

2 Major countries other than Japan:

North America U. S. A., Canada

Europe Ireland, Germany, Italy, France, UK

Asia Pacific Taiwan, Korea, Australia, China, The Philippines, Singapore, Malaysia, Thailand, India

Latin America Brazil, Mexico

3 The amount of "Adj" in segment income 129M is that of intercompany adjustment

4 Total amount of segment income is adjusted to operating income in consolidated statement of income

For the current fiscal year (from January 1, 2015 to March 31, 2015)

(Million Yen)

	Japan	North America	Europe	Asia Pacific	Latin America	Total	Adj (*) ³	Amt in Con P&L (*) ⁴
Sales								
(1) Net sales to external customers	12,920	6,894	5,740	3,621	716	29,893	—	29,893
(2) Intercompany sales	193	768	241	5,251	3	6,457	(6,457)	—
Total	13,113	7,662	5,981	8,873	720	36,351	(6,457)	29,893
Segment income	4,190	1,520	980	737	208	7,637	33	7,670

(Note)

1 The classification of the geographical segment is based on geographic proximity.

2 Major countries other than Japan:

North America U.S.A., Canada

Europe Ireland, Germany, Italy, France, UK

Asia Pacific Taiwan, Korea, Australia, China, The Philippines, Singapore, Malaysia,
Thailand, India

Latin America Brazil, Mexico

3 The amount of "Adj" in segment income 33M is that of intercompany adjustment

4 Total amount of segment income is adjusted to operating income in consolidated statement of income