

CYBERNET SYSTEMS CO., LTD.

Results of Operations for the First Quarter of FY2013



- Business Summary of Financial Results for the First Quarter of the Year Ending December 31, 2013
- Results Forecast for FY2013
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Change of fiscal year end

Cybernet Systems has changed its fiscal year end from March 31 to December 31, so that FY2013 will end on December 31, 2013.

An amendment to the Articles of Incorporation to accommodate the change was approved at the 28th General Meeting of Shareholders held on June 21, 2013.

Fiscal Year Ending December 31, 2013

CYBERNET SYSTEMS CO., LTD.

CYBERNET'S Group	Fiscal Year Ending December 31, 2013	
	First Half-Year	Full Year
CYBERNET SYSTEMS CO., LTD (Japan)	From April 1, 2013 to September 30, 2013	From April 1, 2013 to December 31, 2013
WATERLOO MAPLE INC. (Canada) Noesis Solutions NV (Belgium) CYBERNET SYSTEMS (SHANGHAI) CO., LTD. (China) Sigmetrix, L.L.C. (U.S.A)	From January 1, 2013 to June 30, 2013	From January 1, 2013 to December 31, 2013

Business Summary of Financial Results for the First Quarter of the Year Ending December 31, 2013

[Consolidated] Business Summary

CYBERNET SYSTEMS CO., LTD.

Million yen

	FY2012 1Q	FY2013 1Q				
	Results	Results	Y-o-Y change amount	Y-o-Y change %	Plan	Difference from Plan %
Net sales	4,141	4,169	+27	100.7%	4,153	100.4%
Gross profit	1,688	1,773	+85	105.1%	1,748	101.4%
Operating income	359	322	-36	89.7%	274	117.7%
Operating income margin	8.7%	7.7%	-0.9P	—	6.6%	—
Ordinary income	375	372	-3	99.1%	273	136.4%
Ordinary income margin	9.1%	8.9%	-0.1P	—	6.6%	—
Net income	196	201	+4	102.5%	147	136.5%
Net income margin	4.7%	4.8%	+0.1P	—	3.5%	—

◆ Business Summary

Sales of Cybernet solutions in the automotive industry far exceeded the year-ago level, and renewals of contracts for the maintenance of mainstay products were steady. Sales of new licenses were, however, below the year-ago level. As a consequence, net sales remained roughly flat from a year earlier.

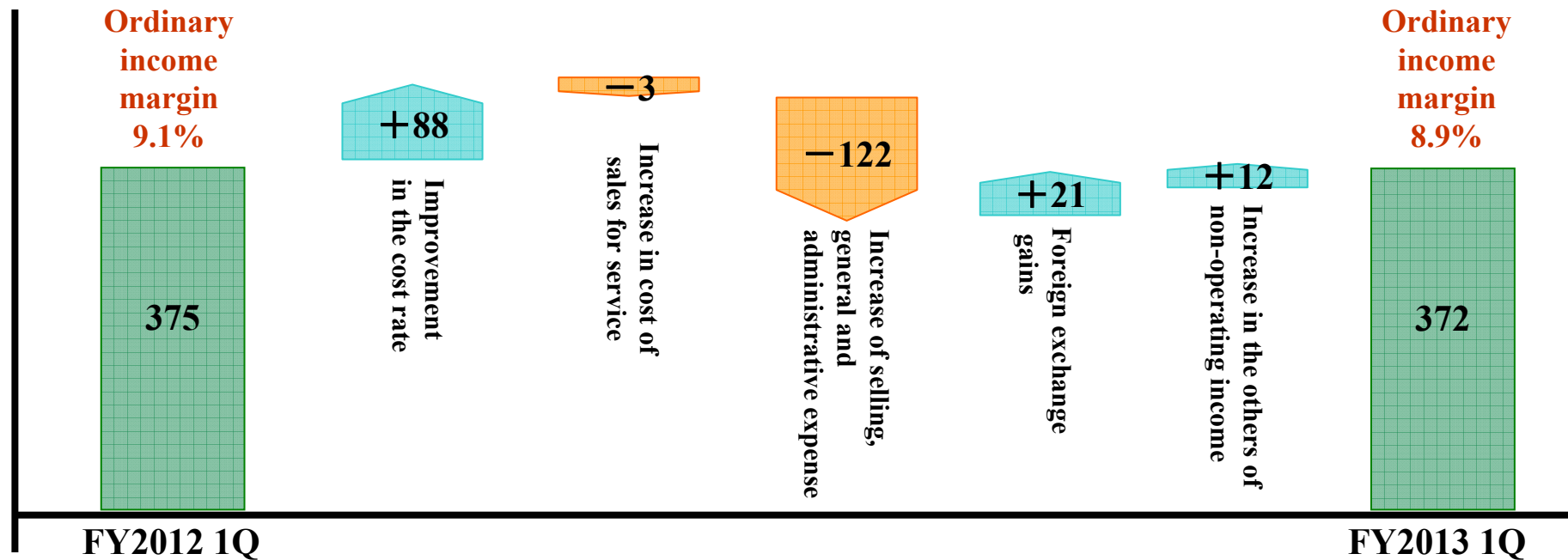
Operating income declined from a year ago, with an improvement in the cost rate more than offset by an increase in selling, general and administrative expenses. Ordinary income was roughly on a par with the year-ago level due to a rise in non-operating income, including foreign exchange gains.

[Consolidated]

CYBERNET SYSTEMS CO., LTD.

Increase and Decrease in Ordinary Income

Million yen



◆ Year-on-Year Changes in Ordinary Income

■ Operating income

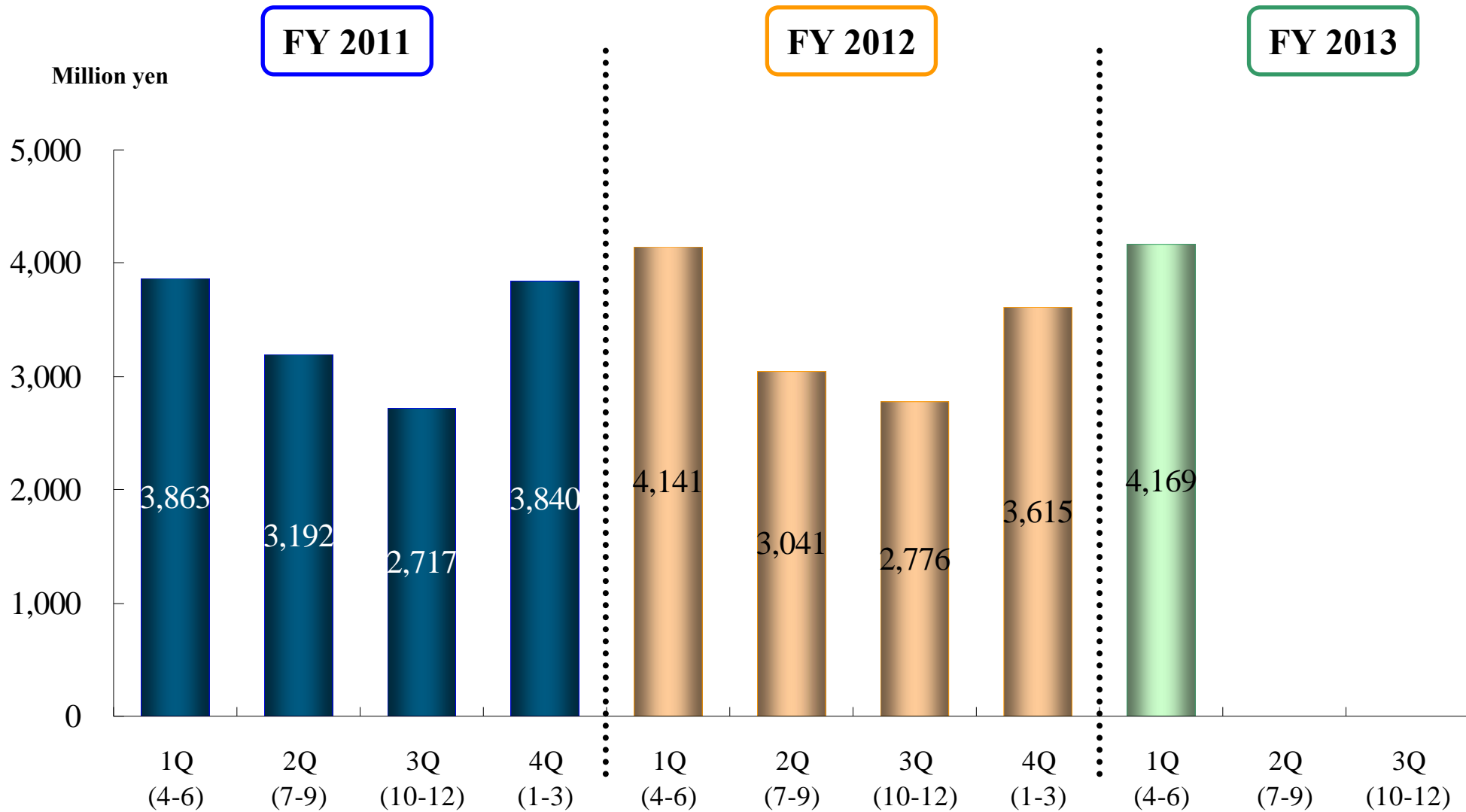
Despite an improvement in the cost rate, mainly because of an increase in sales at overseas subsidiaries and the positive effect of foreign currency translation on profits from products at overseas subsidiaries, operating income declined 36 million yen from a year earlier, primarily reflecting expenses for a change in the layout of the head office and an increase in selling, general and administrative expenses due to the effect of foreign currency translation on expenses at foreign subsidiaries.

■ Ordinary income

Ordinary income was roughly in line with the year-ago level, attributable chiefly to interest income from the management of surplus funds and a rise in non-operating income, including foreign exchange gains.

[Consolidated] Quarterly Net Sales

CYBERNET SYSTEMS CO., LTD.



[Consolidated] Results by Segment

CYBERNET SYSTEMS CO., LTD.

Million yen

	FY2012 1Q		FY2013 1Q			
	Results	Component ratio	Results	Component ratio	Y_o_Y change Amout	Y_o_Y change %
Total net sales	4,141	100.0%	4,169	100.0%	27	100.7%
CAE Solution Services	3,638	87.8%	3,813	91.5%	175	104.8%
IT Solution Services	503	12.2%	355	8.5%	- 148	70.7%
Total operating income	359	—	322	—	- 37	89.7%
CAE Solution Services	734	—	724	—	- 10	98.6%
IT Solution Services	48	—	34	—	- 14	71.4%
Elimination	-423	—	-436	—	- 13	—

[Non-consolidated]
Business Summary by Segment

CYBERNET SYSTEMS CO., LTD.

CAE Solution Services

Mechanical	Sales of new licenses, especially to major customers in the electrical industry, were subpar. The maintenance contract renewal rate remained high.
Optical/illumination	Sales of new licenses and renewals of maintenance contracts for illumination design and analysis software were weak. Sales of new licenses and renewals of maintenance contracts for optical design and analysis software were solid.
EDA	Sales of new licenses for our mainstay EDA software were weak, but renewals of maintenance contracts for EDA software were solid. Sales of new licenses and renewals of maintenance contracts for upstream design and validation software for system LSI were strong.
Numerical and control	Sales of new licenses and renewals of maintenance contracts for multidomain physical modeling environments were strong. Engineering services performed badly.
New products and others	Sales of new licenses and maintenance contracts for prioritized products were strong overall. Sales of new licenses for the products of Group companies were strong.
Visualization	Analysis data visualization performed well, reflecting increasing demand in the fields of urban environment, civil engineering, and meteorology. The augmented reality business also performed well due to a sharp increase in inquiries associated with the growing penetration rates of smartphones.

IT Solution Services

Full-disk encryption software performed well.
Security solutions for major development vendors performed badly due to delays in the cultivation of large-scale projects.

[Non-consolidated] Net Sales by Business Line

CYBERNET SYSTEMS CO., LTD.

Million yen

	FY2012 1Q		FY2013 1Q			
	Results	Component ratio	Results	Component ratio	Y_o_Y Change Amount	Y_o_Y Change %
Mechanical system	1,703	45.2%	1,755	46.9%	+ 51	103.0%
Optical system	940	25.0%	977	26.1%	+ 36	103.9%
EDA	302	8.0%	306	8.2%	+ 3	101.3%
Numerical and control	79	2.1%	57	1.6%	- 22	72.2%
New Products and others	161	4.3%	207	5.5%	+ 45	128.1%
Visualization	76	2.0%	80	2.2%	+ 4	106.0%
IT solution	503	13.4%	355	9.5%	- 147	70.7%
Total	3,768	100.0%	3,740	100.0%	- 27	99.3%

[Non-consolidated] Net Sales by Category of Industry

CYBERNET SYSTEMS CO., LTD.

Million yen

	FY2012 1Q		FY2013 1Q			
	Results	Component ratio	Results	Component ratio	Y_o_Y Change Amount	Y_o_Y Change %
Electrical equipment	1,501	39.8%	1,524	40.8%	+ 23	101.6%
Machinery & Precision Machinery	656	17.4%	551	14.7%	- 105	84.0%
Transportation equipment	336	8.9%	411	11.0%	+ 74	122.3%
Other manufacturing industry	363	9.7%	410	11.0%	+ 46	112.8%
Eductaion institution/government and municipal offices	401	10.7%	315	8.4%	- 85	78.6%
Telecommunication industry	198	5.3%	209	5.6%	+ 10	105.4%
Others	310	8.2%	318	8.5%	+ 8	102.6%
Total	3,768	100.0%	3,740	100.0%	- 27	99.3%

[Non-consolidated] Net Sales by Contract

CYBERNET SYSTEMS CO., LTD.

Million yen

	FY2012 1Q		FY2013 1Q			
	Results	Component ratio	Results	Component ratio	Y_o_Y Change Amount	Y_o_Y Change %
New licenses	1,066	29.9%	955	27.1%	- 111	89.6%
Renewals of the maintenance contracts	2,497	70.1%	2,567	72.9%	+ 70	102.8%
Total	3,563	100.0%	3,523	100.0%	- 40	98.9%

[Consolidated] Balance Sheets

CYBERNET SYSTEMS CO., LTD.

Million yen

	FY2012	FY2013 1Q	Y_o_Y Change Amount
Current assets	12,758	13,570	+ 811
Cash and deposits	2,082	3,156	+ 1,074
Notes and accounts receivable-trade	3,346	3,123	- 223
Short-term investment securities	3,024	2,909	- 114
Short-term loans receivable	3,001	3,081	+ 79
Other	1,303	1,299	- 3
Noncurrent assets	4,745	4,311	- 434
Property, plant and equipment	280	318	+ 38
Intangible assets	3,247	3,360	+ 112
Investments and other assets	1,217	632	- 585
Total Assets	17,504	17,881	+ 377
Current liabilities	3,486	3,597	+ 110
Accounts payable-trade	1,308	1,207	- 100
Accounts payable	30	66	+ 36
Accrued expenses	340	451	+ 110
Provision for bonuses	350	185	- 164
Other	1,456	1,685	+ 228
Noncurrent liabilities	724	728	+ 3
Total liabilities	4,211	4,325	+ 114
Total net assets	13,292	13,555	+ 263
Total liabilities and net assets	17,504	17,881	+ 377

Major Changes

(i) Cash and deposits (up ¥1,074 million from the end of the previous fiscal year)

Investments and other assets (down ¥585 million)
Investments and other assets declined, reflecting sales of investment securities. The Company is shifting its focus to short-term investments, including investments in commercial paper and corporate bonds. Cash and deposits increased temporarily.

(ii) Intangible assets (up ¥112 million from the end of the previous fiscal year)

Despite the amortization of goodwill (down ¥80 million), intangible assets rose due to the effect of foreign currency translation (up ¥190 million).

(iii) Net assets (up ¥263 million from the end of the previous fiscal year)

Despite dividends (down ¥162 million), net assets increased, attributable to a rise in net income (up ¥201 million) and a climb in foreign currency translation adjustment (up ¥208 million).

[Consolidated] Cash Flow

CYBERNET SYSTEMS CO., LTD.

Million yen

	FY2012 1Q	FY2013 1Q	Y_o_Y Change Amount
Net cash provided by operating activities	30	522	+ 491
Net cash provided by investing activities	615	861	+ 245
Net cash provided by financing activities	- 156	- 156	- 0
Effect of exchange rate change on cash and cash equivalents	14	76	+ 61
Net increase in cash and cash equivalents	504	1,302	+ 798
Cash and cash equivalents	1,665	2,795	+ 1,129
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	12	+ 12
Cash and cash equivalents	2,170	4,110	+ 1,940

◆ Major Changes

■ Net cash provided by operating activities

Net cash provided by operating activities rose ¥491 million year on year, primarily reflecting a decrease in notes and accounts receivable-trade and a decrease in income taxes paid.

■ Net cash provided by investing activities

Net cash provided by investing activities increased ¥245 million, chiefly due to proceeds from the sale and redemption of securities and investment securities.

■ Net cash provided by financing activities

Net cash provided by financing activities comprised cash dividends paid both in the fiscal year under review and the previous fiscal year.

Results Forecast for FY2013

[Consolidated] Results Forecast for FY2013

CYBERNET SYSTEMS CO., LTD.

Million yen

	First Half-year			Full year			The percentage changes after adjustment Change%,P
	FY2012	FY2013F	Y-o-Y	FY2012	FY2012	FY2013F	
	Results		Change%,P	Results	9 months	9 months	
Net sales	7,183	7,489	104.3%	13,575	10,530	11,330	107.6%
Gross profit	3,015	3,185	105.7%	5,743	4,464	4,887	109.5%
Gross profit margin	42.0%	42.5%	+ 0.6P	42.3%	42.4%	43.1%	+ 0.7P
Operating income	381	423	110.9%	555	240	447	186.2%
Operating income margin	5.3%	5.6%	+ 0.3P	4.1%	2.3%	3.9%	+ 1.7P
Ordinary income	412	421	102.1%	731	352	441	125.3%
Ordinary income margin	5.7%	5.6%	- 0.1P	5.4%	3.3%	3.9%	+ 0.5P
Net income	194	225	116.3%	380	161	236	146.8%
Net income margin	2.7%	3.0%	+ 0.3P	2.8%	1.5%	2.1%	+ 0.6P

Results forecast

- (1) Exchange rate for beginning of the results forecast for FY2013 is JPY92.0/USD.
- (2) **The percentage changes after adjustment are changes from the results of Cybernet Group for the fiscal year ended March 31, calculated by converting the accounting period in accordance with the period of the results forecast for the next fiscal year.**
- (3) FY2013 currency hedge status: 50% of product cost that is in foreign currency are reserved approximately JPY90/USD average.

Forecasted Dividends for FY2013

CYBERNET SYSTEMS CO., LTD.

Yen

	FY2012	FY2013(Forecast)		
	Annual dividends	Interim dividends	Year-end dividends	Annual dividends
Dividend per share	1,040	520	520	1,040
Net income per share	1,220.98	—	—	759.09
Dividend payout ratio	85.2%	—	—	137.0%

[Reference] (as of June 30, 2013)

Number of shares outstanding at end of period (including treasury stock) : 324,000

Number of treasury stock at end of period : 12,417

Reference Materials

Corporate Overview (as of June 30, 2013) CYBERNET SYSTEMS CO., LTD.

<i>Company Name :</i>	CYBERNET SYSTEMS CO., LTD. (Stock code: 4312, the First Section of Tokyo Stock Exchange)
<i>Head Office :</i>	Fuji Soft Bldg., 3, Kanda Neribeicho, Chiyoda-ku, Tokyo 101-0022
<i>Branch Offices :</i>	Nishi-Nihon Branch Office in Osaka, Chubu Branch Office in Nagoya, Kyushu Sales Office in Fukuoka
<i>Founding date :</i>	April 17, 1985
<i>Capital :</i>	995 million yen
<i>Number of Employees :</i>	Consolidated / 531, Non-Consolidated / 356
<i>Subsidiaries & affiliates :</i>	Consolidated / Waterloo Maple Inc. Noesis Solutions NV CYBERNET SYSTEMS (SHANGHAI) CO., LTD. Sigmatix, L.L.C. CYBERNET HOLDINGS CANADA, INC. (Special Purpose Company) Cybernet Systems Holdings U.S. Inc. (Special Purpose Company) Non-Consolidated / CYBERNET SYSTEMS TAIWAN CO., LTD. Cybernet Systems Korea Co., LTD.
<i>Software Vendors :</i>	20 software companies mostly in the US, including ANSYS, Inc. Synopsys, Inc. and Cadence Design Systems, Inc., and so on.
<i>Business :</i>	Providing CAE and IT solutions, as well as professional services including consulting

CAE stands for “Computer Aided Engineering”

**[Non-consolidated]
Business Summary**

CYBERNET SYSTEMS CO., LTD.

Million yen

	FY2012 1Q	FY2013 1Q				
	Results	Results	Y-o-Y change amount	Y-o-Y change %	Plan	Difference from Plan %
Net sales	3,768	3,740	-27	99.3%	3,740	100.0%
Gross profit	1,537	1,587	+50	103.3%	1,531	103.7%
Operating income	520	511	-8	98.3%	421	121.5%
Operating income margin	13.8%	13.7%	-0.1P	—	11.3%	—
Ordinary income	530	543	+13	102.5%	426	127.6%
Ordinary income margin	14.1%	14.5%	+0.5P	—	11.4%	—
Net income	321	339	+18	105.7%	255	132.9%
Net income margin	8.5%	9.1%	+0.6P	—	6.8%	—

[Non-consolidated] Results Forecast for FY2013

CYBERNET SYSTEMS CO., LTD.

Million yen

	First Half-year			Full year			
	FY2012	FY2013F	Y-o-Y	FY2012	FY2012	FY2013F	The percentage changes after adjustment
	Results		Change%,P	Results	9 months	9 months	Change%,P
Net sales	6,315	6,606	104.6%	11,746	8,702	9,298	106.8%
Gross profit	2,606	2,718	104.3%	4,785	3,506	3,757	107.2%
Gross profit margin	41.3%	41.1%	− 0.1P	40.7%	40.3%	40.4%	+ 0.1P
Operating income	628	633	100.7%	934	548	644	117.5%
Operating income margin	10.0%	9.6%	− 0.4P	8.0%	6.3%	6.9%	+ 0.6P
Ordinary income	642	643	100.1%	1,062	612	659	107.6%
Ordinary income margin	10.2%	9.7%	− 0.4P	9.0%	7.0%	7.1%	+ 0.0P
Net income	391	392	100.2%	652	362	401	110.8%
Net income margin	6.2%	5.9%	− 0.3P	5.6%	4.2%	4.3%	+ 0.2P

Result forecast

- (1) Exchange rate for beginning of the results forecast for FY2013 is JPY92.0/USD.
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CYBERNET SYSTEMS CO., LTD.

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