

CYBERNET SYSTEMS CO., LTD.

Results of Operations for the Year Ended December 31, 2014

5 February, 2015
CYBERNET SYSTEMS CO., LTD.



Code for periods

13.12	Fiscal year ended December 31, 2013
14.12/1H	First half of the fiscal year ended December 31, 2014
14.12/4Q	Fourth quarter of the fiscal year ended December 31, 2014
14.12	Fiscal year ended December 31, 2014
15.12E/1H	Estimates for the first half of the fiscal year ending December 31, 2015
15.12E	Estimates for the fiscal year ending December 31, 2015
13.12/4Q after adjustment	Fourth quarter of the adjusted twelve months ended December 31, 2013
13.12 after adjustment	Adjusted twelve months ended December 31, 2013

* For further information on “13.12 after adjustment,” please refer to page 7.

* Fiscal year-end was changed from March 31 to December 31, effective from the fiscal year ended December 31, 2013. Accordingly, the previous fiscal year on a consolidated basis included only nine months from April 1, 2013 to December 31, 2013.

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◆ Reference Materials

Including Non-consolidated Performance and Forecast

Business Summary of Financial Results for the Year Ended December 31, 2014

Cybernet Systems has changed its fiscal year end from March 31 to December 31

Transitional periods for consolidated FY2013

- Cybernet Systems (non-consolidated) whose fiscal year end was March 31: April to December, 2013
- Overseas subsidiaries whose fiscal year end was December 31: January to December, 2013

Scope of Consolidated Subsidiaries

CYBERNET SYSTEMS CO.,LTD.

Effective from FY2014, CYBERNET SYSTEMS KOREA CO., LTD., an overseas sales company, is included in the consolidated results.

Official Company Name:	사이버넷시스템즈코리아(주) (CYBERNET SYSTEMS KOREA CO., LTD.)
Location of Head Office:	Seoul, Korea
Established:	March 2012
Representative:	Satoshi Furui, CEO & President
Number of Employees:	5 (as of December 31, 2014)
Type of Business:	Sales of CAE software. Providing technical support as well as engineering services including contracted analysis and consulting.
Main Products:	Advanced system-level modeling (MapleSim) Formula manipulation system(Maple)

•For other consolidated subsidiaries, please refer to page 35.

Scope of Consolidated Subsidiaries

CYBERNET SYSTEMS CO.,LTD.

Effective from FY2014, CYBERNET SYSTEMSTAIWAN CO., LTD., an overseas sales company, is included in the consolidated results.

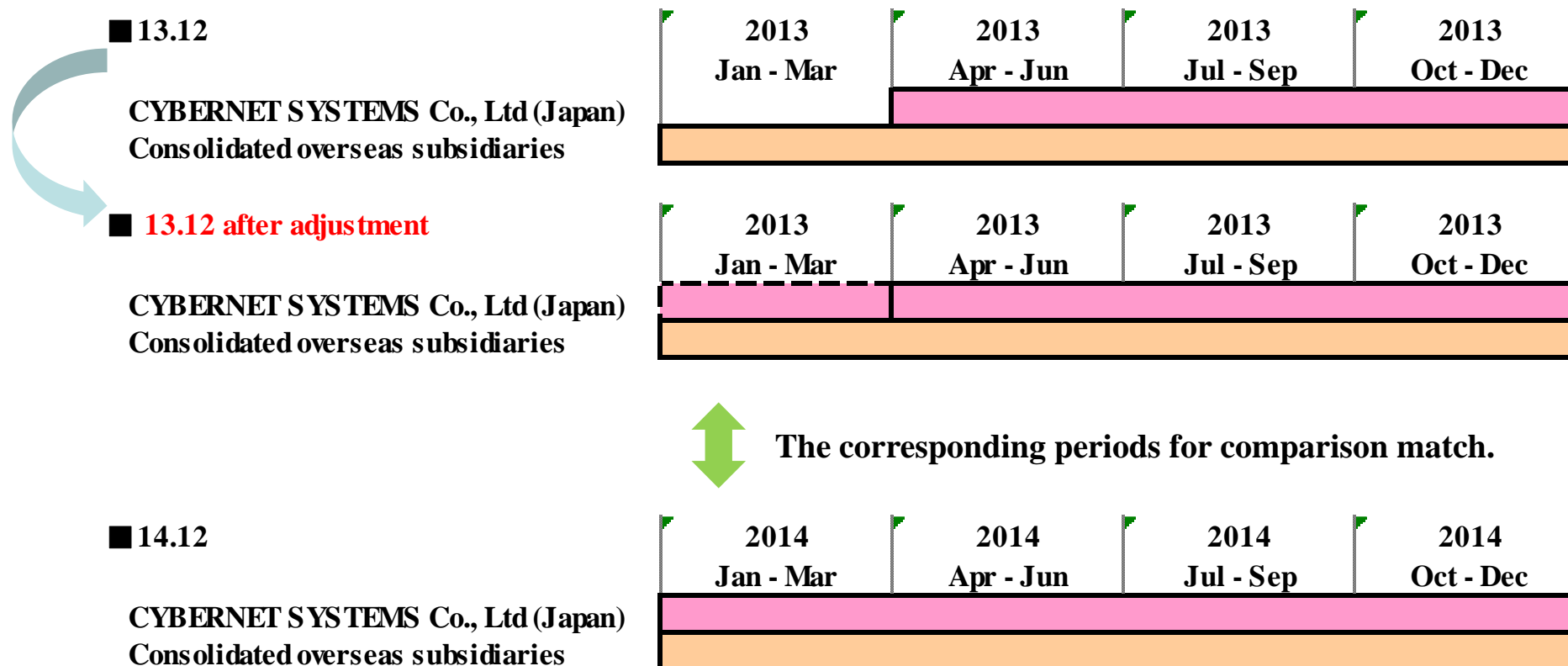
Official Company Name:	思渤科技股份有限公司 (CYBERNET SYSTEMS TAIWAN CO., LTD.)
Location of Head Office:	Hsinchu, Taiwan
Established:	July 2008
Representative:	Kyuetsu Mihira, Chairman Arnie Cheng, CEO
Number of Employees:	25 (as of December 31, 2014)
Type of Business:	CAE solution services for control, formula manipulation system and other solutions centered on optical, electric and electronic solutions
Main Products:	Optical software, Advanced system-level modeling (MapleSim) and others

•For other consolidated subsidiaries, please refer to page 35.

Change of Fiscal Year End

CYBERNET SYSTEMS CO.,LTD.

◆ “13.12 after adjustment” in this document is a period derived from an adjustment made to 13.12 to enable a comparison between 13.12 business results and 14.12 business results in comparable terms.



[Consolidated] Business Summary

CYBERNET SYSTEMS CO.,LTD.

Million yen

	14.12 Results	13.1-12 Results	YoY Change Amount	13.12 After Adjustment	YoY Change Amount	YoY Change %	14.12 Plan	Change Amount from Plan	Change % from Plan
Net sales	15,396	15,388	+ 8	14,732	+ 663	104.5%	16,000	(603)	96.2%
Gross profit	6,806	7,007	(200)	6,667	+ 139	102.1%	7,152	(345)	95.2%
Operating income	810	845	(34)	785	+ 25	103.2%	1,000	(189)	81.1%
Operating income margin	5.3%	5.5%	(0.2P)	5.3%	+ 0.0P		6.3%	(1.0P)	
Ordinary income	974	1,104	(129)	1,031	(57)	94.5%	1,100	(125)	88.6%
Ordinary income margin	6.3%	7.2%	(0.9P)	7.0%	(0.7P)		6.9%	(0.6P)	
Net income	596	625	(28)	541	+ 55	110.2%	600	(3)	99.4%
Net income margin	3.9%	4.1%	(0.2P)	3.7%	+ 0.2P		3.8%	+ 0.1P	

*P : Point

* In consideration of seasonal factors, the disclosed figures for January - December 2013 are provided.

In the results for “13.1-12” Results, the figures for Cybernet Systems, whose fiscal year end was March 31, reflect the consolidated results for the period from January to December 2013, while the figures for overseas subsidiaries, whose fiscal year end is December 31, reflect those from October 2012 to December 2013.

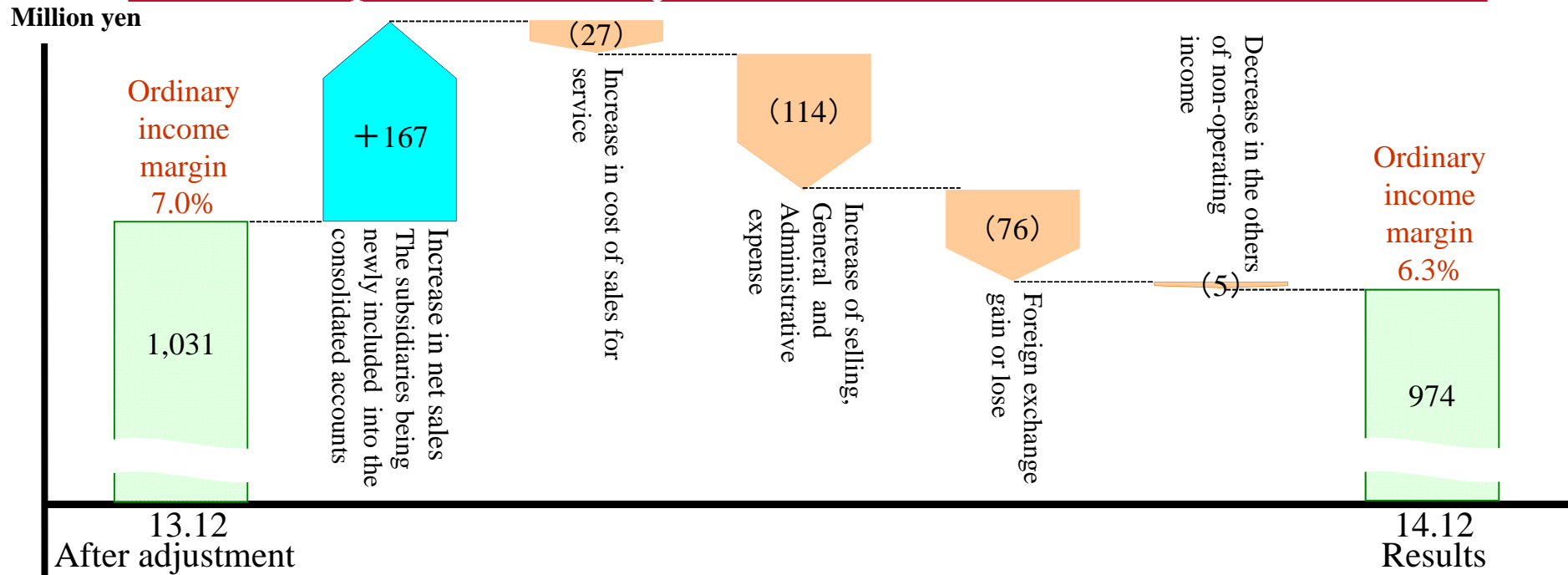
*“13.12 after adjustment” reflects the figures (results) of overseas subsidiaries adjusted to be registered for the period from January to December in 2013 for comparison on identical terms. (Refer to the previous page)

◆ Business Summary

Compared with 13.12 after adjustment, business results for 14.12 indicated that, on the domestic market, sales of structural analysis software products, which represent the Company’s key product line, remained strong mainly for the machinery industry, along with orders for large-scale projects received for visualization solutions from an educational institution, as well as engineering services revenue performing well for the customers in the automotive industry. Overseas business performed well with orders for large-scale projects received by the development subsidiary in North America. Sales for the year exceeded the previous years level, due partly to subsidiaries in Korea and Taiwan being newly reflected in the consolidated accounts. Higher operating income was achieved on a year-on-year basis helped by the growth in sales. Ordinary income fell short of the corresponding period of last year, reflecting a reduction in foreign exchange gains.

[Consolidated] Changes in Ordinary Income (YoY comparison after adjustment)

CYBERNET SYSTEMS CO., LTD.



◆ Main Causes of Year-on-Year Changes

Product profits increased by 167 million yen compared with the previous fiscal year, reflecting strong sales of structural analysis software products, which represent the Company's key product line, mainly for the machinery industry, along with good business performance of a development subsidiary in North America helped by orders for large-scale projects received, despite an increase in the product-based cost rate.

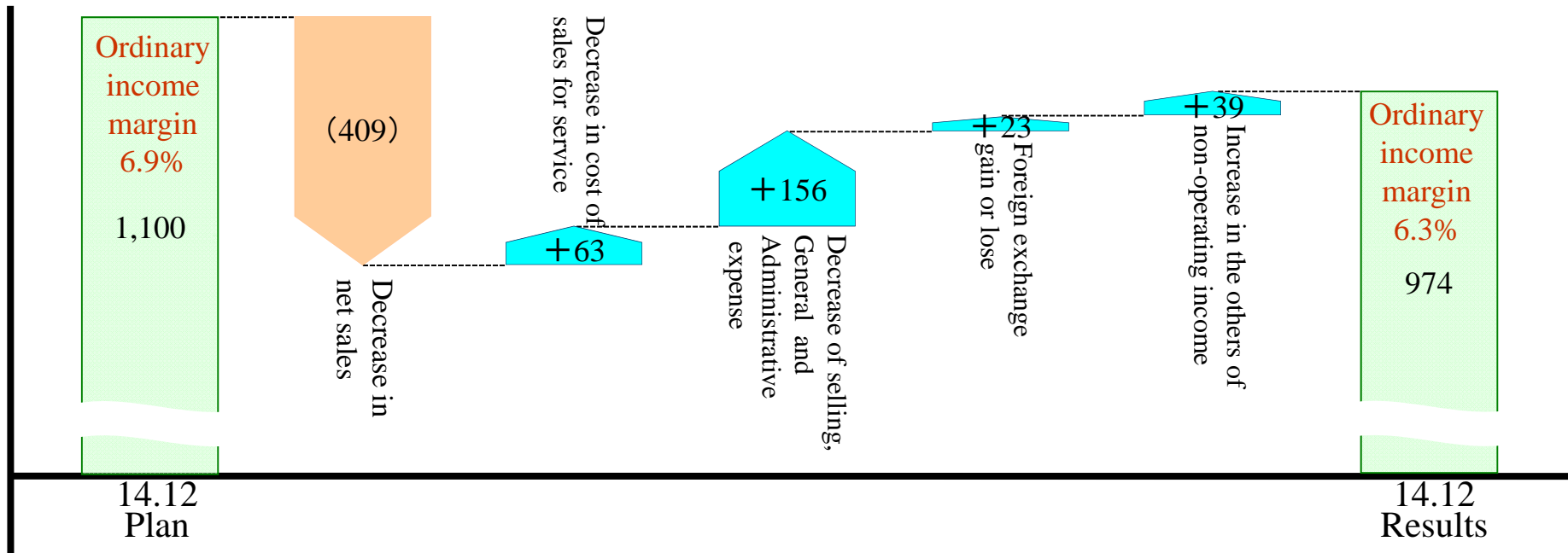
Operating income increased by 25 million yen year-on-year helped by higher sales more than offsetting the increase in expenses associated with foreign currency translations amid the yen's depreciation and operating expenses for the subsidiaries being newly included into the consolidated accounts.

Ordinary income fell 57 million yen from the same period of the previous fiscal year, reflecting smaller foreign exchange gains, among other factors.

[Consolidated] Changes in Ordinary Income (Against Plan)

CYBERNET SYSTEMS CO., LTD.

Million yen



◆ Main Causes of Changes against Plan

Product profits fell short of the plan by 409 million yen, reflecting an increase in a product-based cost rate along with the lower-than-planned sales performances for the parent company, a development subsidiary in Europe and a sales subsidiary in China, which more than offset positive factors such as a North American subsidiary receiving orders for large-scale projects and newly consolidated subsidiaries adding profits to group accounts.

Operating income fell short of the plan by 189 million yen, reflecting an increase in expenses related to foreign currency translation losses amid the yen's depreciation along with operating expenses for subsidiaries newly included into the consolidated accounts, which were partially offset by the group-wide cost reductions for labor cost, etc.

Ordinary income fell short of the plan by 125 million yen, despite foreign exchange gains and a government subsidy income.

[Consolidated] Balance Sheet

CYBERNET SYSTEMS CO., LTD.

Million yen

	13.12	14.12	YoY Change Amount
Current assets	14,049	14,503	453
Cash and deposits	4,040	3,343	(696)
Notes and accounts receivable-trade	3,225	3,520	295
Short-term investment securities	2,302	3,010	707
Short-term loans receivable	3,081	3,020	(60)
Others	1,400	1,608	207
Noncurrent assets	5,007	5,362	355
Property, plant and equipment	332	339	6
Intangible assets	3,617	3,466	(151)
Investments and other assets	1,057	1,556	499
Total Assets	19,056	19,865	809
Current liabilities	4,397	4,733	336
Accounts payable-trade	971	1,029	58
Accrued expenses	926	428	(497)
Advances received	1,891	2,034	143
Provision for bonuses	298	447	149
Others	309	792	483
Noncurrent liabilities	834	913	79
Provision for retirement benefits	802	845	42
Others	31	68	36
Total liabilities	5,231	5,647	415
Total net assets	13,825	14,218	393
Total liabilities and net assets	19,056	19,865	809

◆ Main Causes of Changes

- (i) Cash and deposits (down 696 million yen from the end of the previous fiscal year)
Due to the net amount of 1,016 million yen spent on the purchase of corporate bonds, etc. for the purpose of managing funds, cash and deposits decreased.
- (ii) Short-term investment securities (up 707 million yen from the end of the previous fiscal year)
Investments and other assets (up 499 million yen from the end of the previous fiscal year)
Due to 1,500 million yen disbursed for the acquisition of corporate bonds, etc., 1,809 million yen spent on the purchase of corporate bonds with a maturity of more than one year, 207 million yen paid into the long-term deposits of overseas subsidiaries, 2,293 million yen defrayed for bond redemption and transfer of assets worth 1,520 million yen from long-term to short-term securities, short-term investment securities and investments and other assets increased.
- (iii) Goodwill (down 226 million yen from the end of the previous fiscal year)
Due to amortization of 368 million yen and a decrease of 143 million yen in foreign currency translation, goodwill decreased.
- (iv) Total net assets (up 393 million yen from the end of the previous fiscal year)
Due to net income of 596 million yen, total net assets increased despite dividends of surplus of 336 million yen.

[Consolidated] Cash Flow Statement

CYBERNET SYSTEMS CO., LTD.

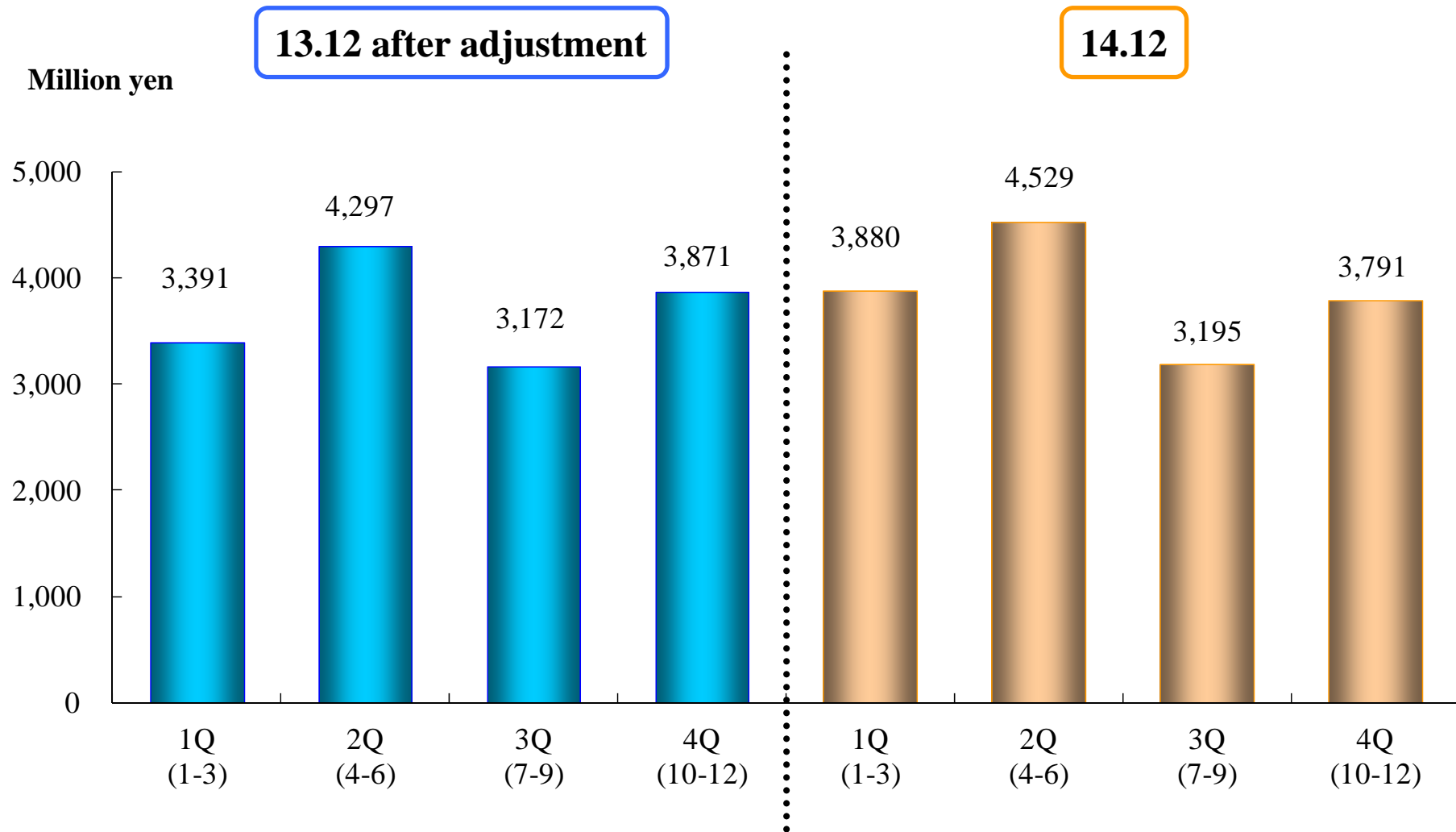
	Million yen
	14.12 (cumulative)
Net cash provided by operating activities	1,101
Net cash provided by investing activities	(747)
Net cash provided by financing activities	(337)
Effect of exchange rate change on cash and cash equivalents	46
Net increase in cash and cash equivalents	62
Cash and cash equivalents at beginning of period	4,042
Increase in cash and cash equivalents resulting from change of scope of consolidation	135
Cash and cash equivalents at end of period	4,239

◆ Main Causes of Changes

- Net cash provided by operating activities
Positive cash flow mainly due to an increase in income before income taxes, although there are positive or negative changes in debts and credits.
- Net cash provided by investing activities
Negative cash flow mainly due to the expenditure for purchasing investment securities for fund management and a cash outlay for time deposits.
- Net cash provided by financing activities
Negative cash flow mainly due to dividends paid.

[Consolidated] Quarterly Net Sales

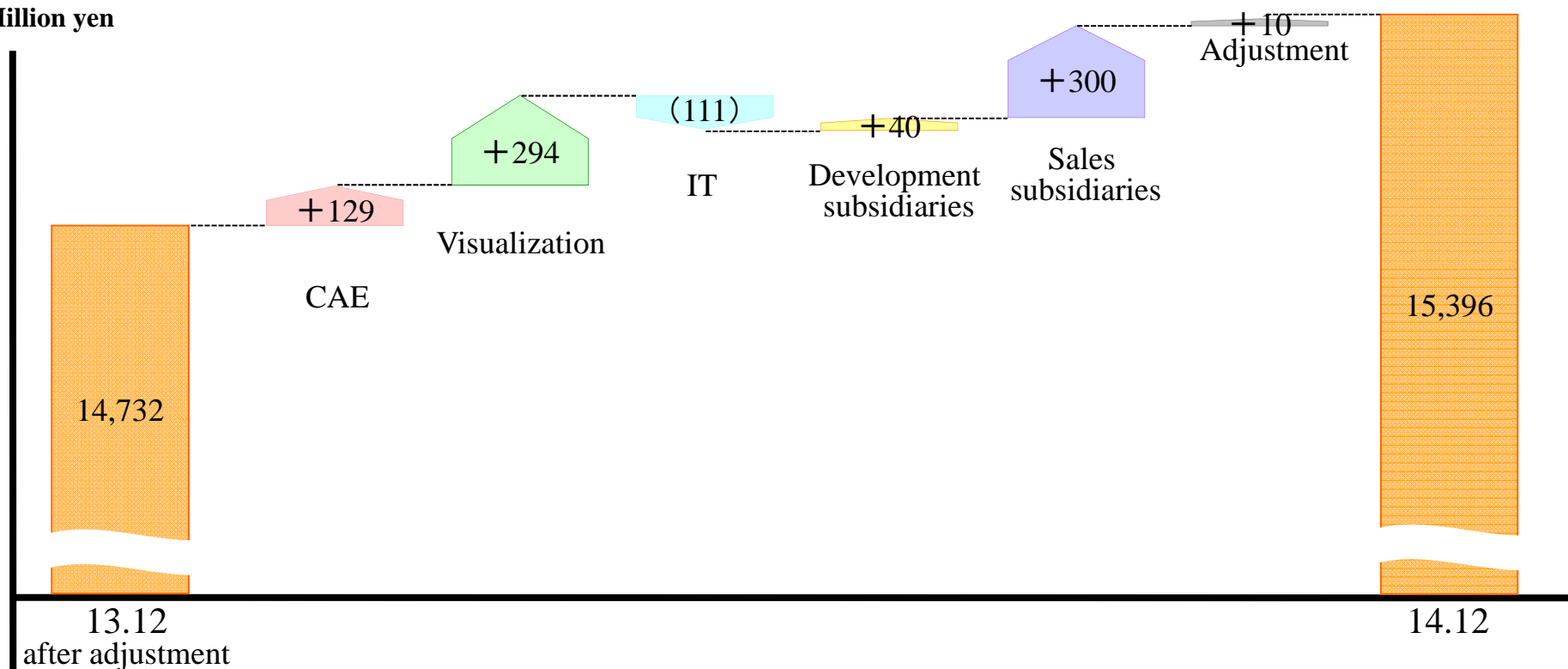
CYBERNET SYSTEMS CO.,LTD.



[Consolidated] Changes in Net Sales by Business (YoY comparison after adjustment)

CYBERNET SYSTEMS CO.,LTD.

Million yen

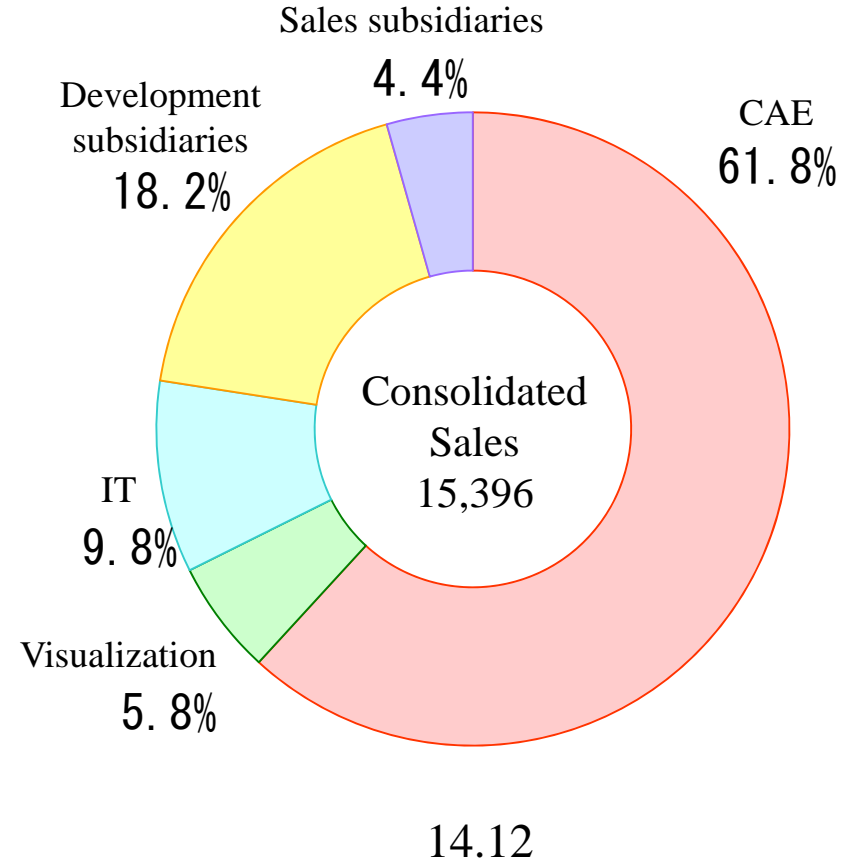
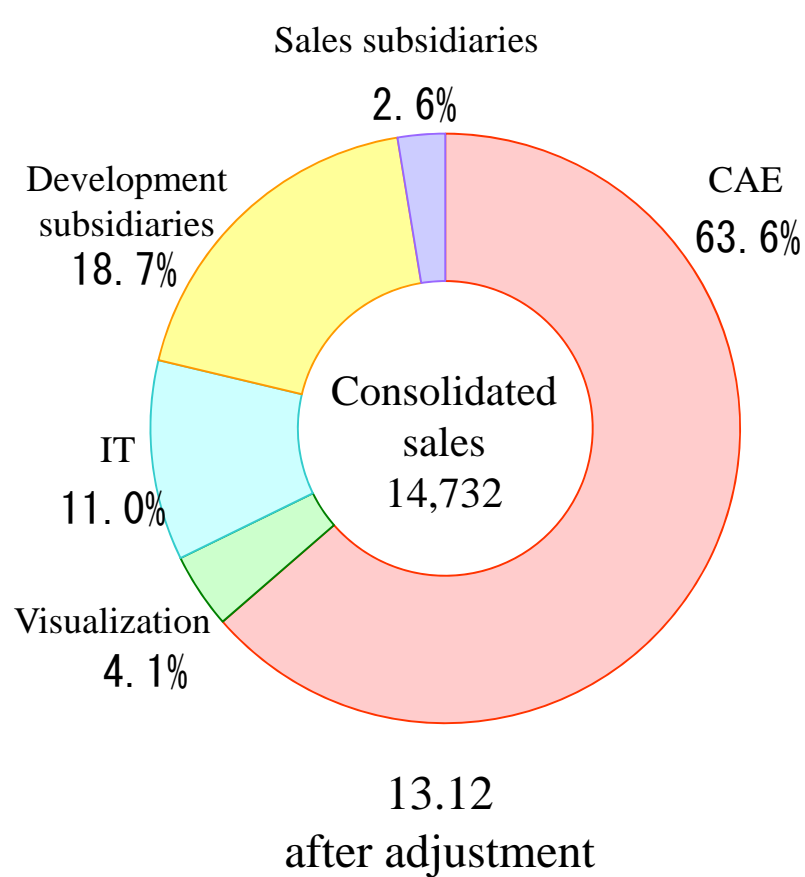


(Note) The figures above are changes in net sales by business line from the same period of the previous fiscal year after adjustment. The following is a description of each business line.

- CAE is CYBERNET SYSTEMS' CAE solution services. (excluding the general-purpose visualization business)
- Visualization is CYBERNET SYSTEMS' general-purpose visualization business.
- IT is CYBERNET SYSTEMS' IT solution services.
- Development subsidiaries mean an aggregate of figures for consolidated subsidiaries (three development and sales subsidiaries in Europe and North America).
- Sales subsidiaries mean an aggregate of figures for consolidated subsidiaries (three sales subsidiaries in China , Korea and Taiwan).
- Adjustment means consolidated adjustment.

[Consolidated] Sales Breakdown by Business

CYBERNET SYSTEMS CO.,LTD.

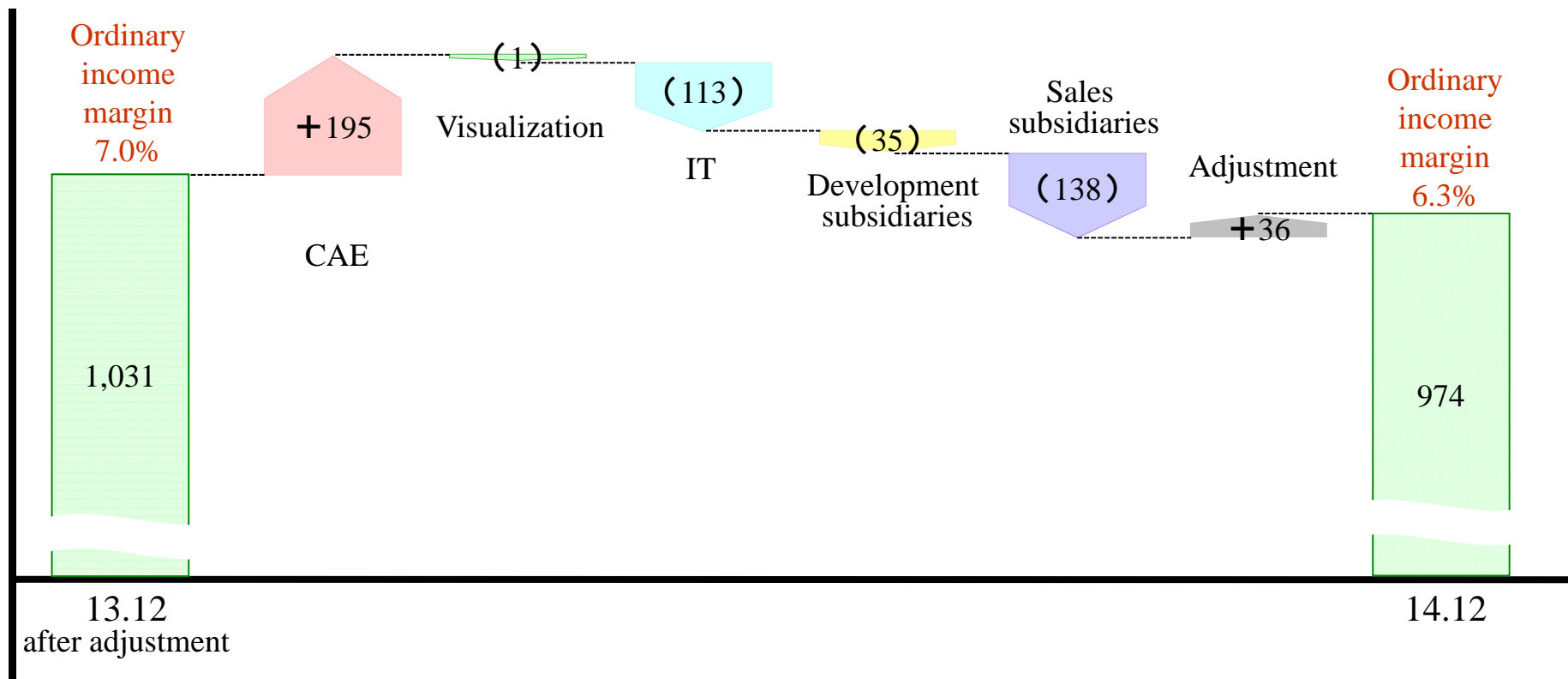


(Note) The figures indicated above represent the percentage breakdown without consolidation adjustment.

[Consolidated] Changes in Ordinary Income by Business (YoY comparison after adjustment)

CYBERNET SYSTEMS CO.,LTD.

Million yen



(Note) The figures above are changes in ordinary income by business line from the same period of the previous fiscal year.

[Non-consolidated]
Business Summary by Segment

CYBERNET SYSTEMS CO.,LTD.

CAE Solution Services	
Mechanical	<p>With respect to structural analysis software products, new license sales remained strong in a wide range of industries including machinery and chemical product manufacturers, reflecting the upsizing of projects and a growing number of customers shifting towards in-vehicle equipment business. Maintenance contract renewals remained strong mainly for the automotive industry.</p> <p>Engineering services remained strong reflecting orders for large-scale projects from major construction companies.</p>
Optical/ illumination	<p>New license sales of illumination design and analysis software remained strong due to greater adoption in the electronics and automotive industries.</p> <p>Optical design and analysis software performed poorly, reflecting weak sales of new licenses associated with the contraction of markets for digital cameras and cameras with replaceable lenses.</p> <p>New license sales and maintenance contract renewals remained sluggish for photonics device software.</p> <p>Revenue continued to decrease with the delay in the establishment of a business of optical measuring instruments that went on sale in the previous year.</p>
EDA	<p>With respect to the electronic circuit board design solutions launched in the third quarter of this fiscal year, new license sales made a slow startup while there were orders for large-scale projects.</p> <p>Revenue from engineering services in the field of printed circuit boards (PCB) remained sluggish mainly in the electrical industry, which reflected a delay in developing business opportunities for new development projects.</p>
Numerical and control	<p>With respect to system-level modeling and simulation, new license sales and maintenance contract renewals remained strong amid the establishment of model-based development (MBD) environment becoming increasingly popular especially among automotive companies.</p> <p>With respect to engineering services, there is strong demand from large car manufacturers, in particular, for services to establish the MBD environment. Among other services, those related to establishing system environments and modeling techniques performed well.</p>

[Non-consolidated]
Business Summary by Segment

CYBERNET SYSTEMS CO.,LTD.

CAE Solution Services	
New products and others	<p>With respect to 3D modeling software, new license sales and maintenance contract renewals remained strong, reflecting strong demand for the existing direct modeling software for CAE as well as for 3D printers and 3D scanners.</p> <p>With respect to tolerance analysis software, new license sales and maintenance contract renewals remained strong, reflecting an increasing demand among automotive and electrical industries to use it in their product designing process with the aim of reducing production costs while achieving higher design quality.</p> <p>With respect to optimum design support tools, new license sales remained sluggish, partly due to a poor performance for multi-domain solutions.</p> <p>With respect to innovation supporting software, maintenance contract renewals remained strong despite fewer new projects in a large scale.</p>
Visualization	<p>Remained strong thanks to large projects for introducing large-scale visualization equipment and systems.</p> <p>With respect to the augmented reality (AR) business, new license sales remained strong, helped by the increasing popularity of smartphones.</p>
IT Solution Services	
<p>With respect to the security solutions business, new license sales remained strong, reflecting increasing demand for security reinforcement related to cloud computing services.</p> <p>With respect to the disk encryption software business, new license sales remained flat compared with the previous fiscal year as business negotiations for terminal replacement, which had been associated with the termination of Windows XP support services, were settled for the time being.</p> <p>Meanwhile, maintenance contract renewals performed well.</p> <p>Sales remained weak, reflecting the absence of the scheduling software business, which was divested in the previous fiscal year.</p>	

[Non-consolidated] Net Sales by Application Area

CYBERNET SYSTEMS CO., LTD.

[Forth quarter of the fiscal year]

Million yen

	13.12/4Q after adjustment		14.12/4Q			
	Results	Component ratio	Results	Component ratio	YoY Change Amount	YoY Change %
Mechanical	1,022	39.8%	1,146	43.2%	+ 123	112.1%
Optical/illumination	355	13.8%	390	14.7%	+ 35	109.9%
EDA	250	9.7%	193	7.3%	(56)	77.3%
Numerical and control	124	4.9%	219	8.3%	+ 94	175.6%
New Products and others	157	6.1%	155	5.9%	(1)	99.0%
Visualization	159	6.2%	116	4.4%	(42)	73.2%
IT solution	501	19.5%	432	16.3%	(69)	86.2%
Total	2,571	100.0%	2,654	100.0%	+ 82	103.2%

[Full Year]

Million yen

	13.12 after adjustment		14.12			
	Results	Component ratio	Results	Component ratio	YoY Change Amount	YoY Change %
Mechanical	4,887	40.8%	5,144	41.8%	+ 256	105.3%
Optical/illumination	2,661	22.2%	2,541	20.7%	(119)	95.5%
EDA	1,085	9.1%	902	7.3%	(182)	83.2%
Numerical and control	452	3.8%	611	5.0%	+ 158	135.0%
New Products and others	629	5.3%	656	5.3%	+ 27	104.4%
Visualization	596	5.0%	880	7.2%	+ 283	147.6%
IT solution	1,668	13.9%	1,557	12.7%	(111)	93.3%
Total	11,981	100.0%	12,294	100.0%	+ 312	102.6%

[Non-consolidated] Net Sales by Category of Industry

CYBERNET SYSTEMS CO.,LTD.

[Forth quarter of the fiscal year]

Million yen

	13.12/4Q after adjustment		14.12/4Q			
	Results	Component ratio	Results	Component ratio	YoY Change Amount	YoY Change %
Electrical equipment	749	29.1%	938	35.4%	+ 189	125.2%
Machinery & Precision Machinery	447	17.4%	370	14.0%	(76)	83.0%
Transportation equipment	304	11.8%	395	14.9%	+ 90	129.8%
Other manufacturing industry	254	9.9%	279	10.5%	+ 25	110.2%
Eductaion institution/government and municipal offices	205	8.0%	218	8.2%	+ 12	106.3%
Telecommunication industry	195	7.6%	136	5.1%	(59)	69.7%
Others	415	16.2%	315	11.9%	(100)	75.8%
Total	2,571	100.0%	2,654	100.0%	+ 82	103.2%

[Full Year]

Million yen

	13.12 after adjustment		14.12			
	Results	Component ratio	Results	Component ratio	YoY Change Amount	YoY Change %
Electrical equipment	4,280	35.7%	4,223	34.4%	(57)	98.7%
Machinery & Precision Machinery	1,819	15.2%	1,864	15.2%	+ 44	102.5%
Transportation equipment	1,271	10.6%	1,512	12.3%	+ 241	119.0%
Other manufacturing industry	1,308	10.9%	1,312	10.7%	+ 4	100.3%
Eductaion institution/government and municipal offices	1,222	10.2%	1,463	11.9%	+ 241	119.8%
Telecommunication industry	720	6.0%	557	4.5%	(162)	77.4%
Others	1,359	11.3%	1,358	11.1%	+ 0	99.9%
Total	11,981	100.0%	12,294	100.0%	+ 312	102.6%

[Non-consolidated] Net Sales by Contract

CYBERNET SYSTEMS CO.,LTD.

[Forth quarter of the fiscal year]

Million yen

	13.12/4Q after adjustment		14.12/4Q			
	Results	Component ratio	Results	Component ratio	Y_o_Y Change Amount	Y_o_Y Change %
New licenses	1,034	45.6%	1,171	51.0%	+ 136	113.2%
Renewals of the maintenance contracts	1,232	54.4%	1,125	49.0%	(106)	91.3%
Total	2,266	100.0%	2,296	100.0%	+ 29	101.3%

[Full Year]

Million yen

	13.12 after adjustment		14.12			
	Results	Component ratio	Results	Component ratio	Y_o_Y Change Amount	Y_o_Y Change %
New licenses	4,219	39.3%	4,406	40.5%	+ 186	104.4%
Renewals of the maintenance contracts	6,523	60.7%	6,465	59.5%	(57)	99.1%
Total	10,743	100.0%	10,872	100.0%	+ 129	101.2%

Note: The figures presented above are solely net sales for software, hardware and services whose sales take the form of license contracts.

Performance at Overseas Subsidiaries (Development subsidiaries)

CYBERNET SYSTEMS CO.,LTD.

Development Subsidiary	WATERLOO MAPLE INC.	Noesis Solutions NV	Sigmatrrix, L.L.C.
	Canada	Belgium	United States
Year-on-year change in sales (local currency)	84.3%	87.7%	173.9%
Year-on-year change in sales (in yen)	85.7%	96.7%	189.4%
Performance	Total sales remained strong without regard to a spike in sales last year helped by a large-scale project. In particular, sales of system-level modeling and simulation platforms increased in Asia. The impact of a direct selling system adopted in Europe also contributed to the favorable result.	Sales of optimum design support tools remained weak in Asia. Sales in North America fell short of the budget.	3D tolerance analysis management tools and geometrical tolerance design tools performed well in North America and Asia, helped by orders for large-scale projects in North America and strong sales in maintenance service.

Performance at Overseas Subsidiaries (Sales subsidiaries)

CYBERNET SYSTEMS CO.,LTD.

Sales Subsidiary	CYBERNET SYSTEMS (SHANGHAI) CO.,LTD.	CYBERNET SYSTEMS (KOREA) CO.,LTD.	CYBERNET SYSTEMS TAIWAN CO.,LTD.
	China	Korea	Taiwan
Year-on-year change in sales (local currency)	78.2%	Effective from the current fiscal year, the company will be included in the consolidated results.	Effective from the current fiscal year, the company will be included in the consolidated results.
Year-on-year change in sales (in yen)	85.2%		
Performance	The company's sales remained weak due to the delayed launch of in-house developed optical measurement instruments, which began shipping in the previous fiscal year.	Despite the continuous efforts focused on launching sales of system-level modeling and simulation platforms and formula manipulation software to leading companies in Korea, a rapid startup of sales was not achieved.	The company's operations, particularly its illumination design and analysis software, achieved favorable results in its business as a distributor in Taiwan.

[Consolidated]

CYBERNET SYSTEMS CO., LTD.

Dividends for the Current Fiscal Year

(unit: yen)

	13.12	14.12		
	Total	End of 2Q	Fiscal year-end	Total
Dividend per share	10.40	5.60	8.20	13.80
(Ordinary dividend)	10.40	5.60	5.60	11.20
(Commemorative dividend)	—	—	2.60	2.60
Net income per share	10.78	11.59	—	19.14
Dividend payout target ratio	96.5%	—	—	72.1%
(Ref.) Dividend on equity ratio	2.4%	—	—	3.1%

On October 1, 2013, the Company conducted a 100-for-1 common stock split. The dividend per share and net income per share for 13.12 (fiscal year ended December 31, 2013) above are calculated as if the stock split had been conducted at the beginning of the fiscal year ended December 31, 2013.

On April 17, 2015, the Company commemorates the 30th anniversary of its founding. We would like to take this opportunity to express our heartfelt appreciation and gratitude to all of our shareholders and other stakeholders for your continued interest and ongoing support.

The Company is pleased to announce that it has declared a commemorative dividend of 2.60 yen per share for the fiscal year ended December 31, 2014. This is to commemorate the 30th anniversary of the Company and to show our appreciation to the shareholders for their continued support.

Accordingly, dividends declared for 14.12 included an ordinary dividend of 11.20 yen per share (consisting of an interim dividend of 5.60 yen/share and a year-end dividend of 5.60 yen/share), as well as a commemorative dividend of 2.60 yen per share to commemorate the 30th anniversary of the Company's founding.

The Medium-Term Business Plan and Projection for FY2015

FY2012 to FY2014 Medium-Term Business Plan Basic Strategies

- a) Developing and providing unique solutions with new value
- b) Creating and expanding markets for system-level simulation (1D simulation)
- c) Understanding various needs and improving support by creation of deep communication opportunity with the customer
- d) Accelerating global development for group products and solutions

Target ordinary income margin: 8%

Actual consolidated ordinary income margin (FY2014): 6.3%

Review

The company developed next-generation business seeds through co-simulation and model reduction and made proposals to potential customers, although there was a little success in penetrating market.

There has been steady growth in the MBD business on the strength of engineering services mainly for large automotive companies. Meanwhile, it has become increasingly important to assure that sufficient human resources are in place.

We focused on selling solutions in the automotive industry through sales by account, instead of sales by product.

Development subsidiaries concluded large contracts with partners, contributing to consolidated sales and income significantly. However, business expansion in the Asia region and the North America region remains challenging.

New Medium-Term Business Plan
2015 to 2020 (3 years x 2)
First phase: 2015 to 2017
Second phase: 2018 to 2020

To become a company worthy of being the **First Contact Company**, we aim to become a:

➤ *Solution Integrator*

As an *SI (**Solution Integrator**), we will provide the optimal solutions for our customers in accordance with our basic strategies.

*An SI is an organization capable of grasping customers' concerns and challenges from multiple points of view, and providing solutions comprehensively and in the long term.

New New Medium-Term Business Plan

Targeted Key Performance Indicators

CYBERNET SYSTEMS CO.,LTD.

Target (2017)

Consolidated operating income margin: Exceeding 8%

Targets (2020)

Consolidated sales: Exceeding ¥30 billion

Consolidated operating income margin: Exceeding 10%

Achieve net sales of around double the 2014 level in 6 years

➤ Provide value unique to Cybernet Systems

- ★ 1D_CAE+3D_CAE Multi Domain Solution (* 1)
- ★ Expanded multi-domain solutions (*2) for CAE+Test & Measurement

*1 Refers to multi-domain solutions with 1D_CAE and 3D_CAE working together.

*2 Refers to the integration of CAE and experiment.

➤ Focus on automotive field

- ★ Domestic sales (market share in %)
[2014] ¥1.5 billion (12.3%) ⇒ [2017] ¥3.4 billion+ (20%)

➤ Strengthen cooperation with partners

- ★ Establish sales/support structure globally and locally
- ★ Promote OEM

[Consolidated] Projection for Next Fiscal Year

CYBERNET SYSTEMS CO., LTD.

Million yen

	First Half-year				Full year			
	15.12E/1H	14.12/1H Results	YoY change Amount	YoY change %	15.12E	14.12 Results	YoY change Amount	YoY change %
Net sales	8,816	8,409	+ 406	104.8%	16,732	15,396	+ 1,335	108.7%
Gross profit	3,790	3,589	+ 200	105.6%	7,388	6,806	+ 581	108.5%
Gross profit margin	43.0%	42.7%	+ 0.3P		44.2%	44.2%	+ 0.0P	
Operating income	553	664	(111)	83.2%	850	810	+ 39	104.8%
Operating income margin	6.3%	7.9%	(1.6P)		5.1%	5.3%	(0.2P)	
Ordinary income	617	765	(148)	80.6%	980	974	+ 5	100.6%
Ordinary income margin	7.0%	9.1%	(2.1P)		5.9%	6.3%	(0.4P)	
Net income	323	361	(38)	89.4%	506	596	(90)	84.8%
Net income margin	3.7%	4.3%	(0.6P)		3.0%	3.9%	(0.9P)	

*P : Point

Results forecast

Exchange rate for beginning of the results forecast for 15.12E is JPY117/USD.

[Consolidated]

CYBERNET SYSTEMS CO., LTD.

Dividend Estimate for Next Fiscal Year

(unit: yen)

	14.12	15.12E		
	Total	End of 2Q	Fiscal year-end	Total
	Result	Projection	Projection	Projection
Dividend per share	13.80	6.90	6.90	13.80
(Ordinary dividend)	11.20	6.90	6.90	13.80
(Commemorative dividend)	2.60	—	—	—
Net income per share	19.14	10.37	—	16.24
Dividend payout target ratio	72.1%	—	—	85.0%
(Ref.) Dividend on equity ratio	3.1%	—	—	3.0%

Dividends declared for 14.12 included an ordinary dividend of 11.20 yen per share (consisting of an interim dividend of 5.60 yen/share and a year-end dividend of 5.60 yen/share) as well as a commemorative dividend of 2.60 yen per share to commemorate the 30th anniversary of the Company's founding.

The Company is committed to improving ROE as well as staying focused further on generating more sound profits and assuring more returns to shareholders, while defending the status quo with respect to dividend policy. Going forward, the Company will raise the dividend payout target ratio from the current 40% to 50%, and likewise, raise DOE target from the present 2.5% to 3.0%. The Company will adopt a higher dividend payout ratio or DOE, whichever produces a higher dividend, and will use it as a benchmark in determining dividend amount. The Company will also take into consideration the investment money, which will be required to achieve a higher corporate value over the medium and long terms to make a comprehensive judgment on its ultimate dividend payment.

Reference Materials

Corporate Overview (as of December 31, 2014)

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
<i>Founding date :</i>	April 17, 1985
<i>Capital :</i>	995 million yen
<i>Number of Employees :</i>	Consolidated / 563, Non-Consolidated / 341
<i>Subsidiaries & affiliates :</i>	Consolidated / Waterloo Maple Inc. Noesis Solutions NV CYBERNET SYSTEMS (SHANGHAI) CO., LTD. Sigmetrix, L.L.C. CYBERNET HOLDINGS CANADA, INC. (Special Purpose Company) Cybernet Systems Holdings U.S. Inc. (Special Purpose Company) Cybernet Systems Korea Co., LTD. CYBERNET SYSTEMS TAIWAN CO., LTD.
<i>Software Vendors :</i>	20 software companies mostly in the US, including ANSYS, Inc. , Synopsys, Mentor Graphics Japan Co.,Ltd. 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

	14.12 Results	13.12 After Adjustment	YoY Change Amount	YoY Change %	14.12 Plan	Change Amount from Plan	Change % from Plan
Net sales	12,294	11,981	+ 312	102.6%	12,800	(505)	96.0%
Gross profit	5,001	4,978	+ 23	100.5%	5,293	(291)	94.5%
Operating income	1,136	1,049	+ 87	108.3%	1,276	(139)	89.1%
Operating income margin	9.2%	8.8%	+ 0.4P		10.0%	(0.8P)	
Ordinary income	1,192	1,207	(14)	98.8%	1,293	(100)	92.2%
Ordinary income margin	9.7%	10.1%	(0.4P)		10.1%	(0.4P)	
Net income	535	725	(190)	73.8%	799	(264)	67.0%
Net income margin	4.4%	6.1%	(1.7P)		6.2%	(1.8P)	

*P : Point

[Non-consolidated] Projection for Next Fiscal Year

CYBERNET SYSTEMS CO., LTD.

Million yen

	First Half-year				Full year			
	15.12E/1H	14.12/1H Results	YoY change Amount	YoY change %	15.12E	14.12 Results	YoY change Amount	YoY change %
Net sales	7,324	7,322	+ 1	100.0%	13,222	12,294	+ 927	107.5%
Gross profit	3,015	3,037	(22)	99.3%	5,456	5,001	+ 454	109.1%
Gross profit margin	41.2%	41.5%	(0.3P)		41.3%	40.7%	+ 0.6P	
Operating income	952	1,107	(155)	86.0%	1,278	1,136	+ 141	112.5%
Operating income margin	13.0%	15.1%	(2.1P)		9.7%	9.2%	+ 0.5P	
Ordinary income	971	1,163	(192)	83.5%	1,314	1,192	+ 121	110.2%
Ordinary income margin	13.3%	15.9%	(2.6P)		9.9%	9.7%	+ 0.2P	
Net income	624	681	(57)	91.6%	843	535	+ 307	157.5%
Net income margin	8.5%	9.3%	(0.8P)		6.4%	4.4%	+ 2.0P	

*P : Point

Results forecast

Exchange rate for beginning of the results forecast for 15.12E is JPY117/USD.

CYBERNET SYSTEMS CO., LTD.

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