



July 25, 2013

Panasonic Information Systems Co., Ltd.

Consolidated Financial Statements for the First Quarter Ended June 30, 2013 [JGAAP]

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Planned Submission Date of the Quarterly Security Report: August 6, 2013

Planned Dividend Payment Date: —

Availability of Supplementary Briefing Material on Quarterly Results: Available

Schedule of Quarterly Results Briefing Session: Scheduled (for institutional investors and analysts)

(Amounts less than one million yen have been omitted.)

1. Operating Results and Financial Position for the First Quarter of FY 2013 (April 1, 2013 – June 30, 2013)

(1) Operating results (Accumulated Total)

(% shows the change from the previous first quarter.)

	Net sales (¥ million)	Percentage change (%)	Operating income (¥ million)	Percentage change (%)	Ordinary income (¥ million)	Percentage change (%)
First quarter of FY 2013	8,309	5.9	1,259	75.0	1,262	74.0
First quarter of FY 2012	7,843	(5.4)	719	(16.4)	725	(17.4)

Note: Comprehensive income: The first quarter of FY 2013: ¥792 million (93.2%), The first quarter of FY 2012: ¥410 million (-18.2%)

	Net income (¥ million)	Percentage change (%)	Net income per share (¥)	Diluted net income per share (¥)
First quarter of FY 2013	789	79.8	74.08	—
First quarter of FY 2012	438	(16.3)	41.19	—

(2) Financial positions

	Total assets (¥ million)	Net assets (¥ million)	Ratio of shareholders' equity to total assets (%)	Net assets per share (¥)
First quarter of FY 2013	29,743	25,283	85.0	2,372.82
Year ended March 31, 2013	31,355	24,838	79.2	2,330.98

Reference: Shareholders' equity: The first quarter of FY 2013: ¥25,283 million, Year ended March 31, 2013: ¥24,838 million

2. Dividend

	Annual dividend per share				
	1Q (¥)	2Q (¥)	3Q (¥)	Year end (¥)	Annual (¥)
Year ended March 31, 2013	—	32.50	—	32.50	65.00
Year ending March 31, 2014	—				
Year ending March 31, 2014 (Forecast)		32.50	—	32.50	65.00

Note: Changes in forecasts of dividends from recently announced figures: None

3. Forecast of Operating Results for the Fiscal Year Ending March 31, 2014 (April 1, 2013– March 31, 2014)

(% shows the change from the previous year)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
First half ending September 30, 2013	16,900	0.2	2,050	1.3	2,050	0.8
Year ending March 31, 2014	36,000	2.3	4,450	0.6	4,450	0.9

	Net income	Percentage change	Net income per share
	(¥ million)	(%)	(¥)
First half ending September 30, 2013	1,250	1.2	117.31
Year ending March 31, 2014	2,720	0.7	255.26

Note: Changes in forecasts of operating results and financial position from recently announced figures: None

*Annotations

(1) Significant changes in subsidiaries in the first quarter of FY 2013 (transfer of specified subsidiaries resulting in a change in the scope of consolidation): None

Newly accounted: 0 (Company name:) Excluded from account: 0 (Company name:)

(2) Application of special accounting method for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and corrections of errors

(a) Changes in accounting policies accompanying the revisions to items such as accounting standards: None

(b) Changes in accounting policies other than (a) above: None

(c) Changes in accounting estimates: None

(d) Corrections of errors: None

(4) Number of shares issued (common shares)

(a) Number of shares issued at the end of the period (including treasury shares)

Q1 of FY ending March 2014	10,656,000 shares
FY ended March 2013	10,656,000 shares

(b) Number of treasury shares at the end of the period

Q1 of FY ending March 2014	372 shares
FY ended March 2013	372 shares

(c) Average number of shares during the period (quarterly consolidated cumulative period)

Q1 of FY ending March 2014	10,655,628 shares
Q1 of FY ended March 2013	10,655,680 shares

* Information regarding the implementation status of the quarterly review

This quarterly consolidated financial statement is not subject to the quarterly review procedures based on the Japanese Financial Instruments and Exchange Act. However, at the time of the disclosure of this quarterly consolidated financial statement, the quarterly financial statement review procedures based on the Act is being implemented.

* Explanation of the proper use of earnings projections and other notes

Forward-looking statements including the forecast of future earnings together with plans, strategies, targets and other matters stated in this document have been prepared based on currently available information and certain preconditions which the Company believes to be reasonable. Actual results may differ from these forecasts due to their various uncertain factors and the internal and external conditional changes in business operation after the announcement.

For the notes concerning the use of earnings forecasts, please refer to "3. Explanation of Future Forecasts, including the Forecast of Operating Results and Financial Position" on page 4 of the Consolidated Financial Statements for the First Quarter Ended June 30, 2013 (Appendix).

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* Panasonic Information Systems Co., Ltd. is planning to hold a briefing session for investors as detailed below. Information is to be posted on the corporate website immediately after the session.

- Thursday, July 25, 2013: Financial results presentation meeting for institutional investors and analysts

* Aside from the above session, Panasonic Information Systems Co., Ltd. holds similar meetings to discuss the Company's businesses and financial performance for individual investors. For more details including scheduled dates, please visit the corporate website.

I. Qualitative Information on Quarterly Financial Results

1. Explanation of Operating Results

During the first quarter (April 1, 2013 to June 30, 2013), the Japanese economy began to show signs of recovery as the yen weakened and stock prices rose, buoyed by expectations in the economic policies of the new administration, including the large-scale monetary easing by the Bank of Japan. While domestic corporate investments have started to recover on the back of improved business sentiment, IT investment has yet to break free from restraining factors, and as a result, the growth of the information service industry has remained almost unchanged.

In these business conditions, the Panasonic Information Systems Group formulated a medium-term management plan starting from FY 2013. The Group continues to press ahead to achieve the plan's themes. These comprise the three themes of "Reinforcing business in general market," "Reinforcing partnerships with the Panasonic Group" and "Developing business in new markets while maintaining high profitability."

(1) Operating results of the Group for the first quarter ended June 30, 2013

	First quarter of FY 2012		First quarter of FY 2013		Change (%)
	Amount (¥ million)	Composition ratio (%)	Amount (¥ million)	Composition ratio (%)	
Net sales	7,843	100.0	8,309	100.0	5.9
Operating income	719	9.2	1,259	15.2	75.0
Ordinary income	725	9.3	1,262	15.2	74.0
Net income	438	5.6	789	9.5	79.8

In the first quarter ended June 30, 2013, the Group placed a particular emphasis on the expansion of sales to clients in general market, and building and reinforcing partnerships in the Panasonic Group. In addition, the Group continued to drive forward the improvement of its management practices by containing costs, strengthening operating efficiency and other initiatives.

As a result, net sales increased, mainly due to increased orders in cloud services received from clients in the general market and the launch of business services under the growth strategy of the Panasonic Group. Net income also significantly increased, mainly thanks to increased sales in System Services and promotion of rationalization.

(2) Operating results by product segment for the first quarter ended June 30, 2013

	First quarter of FY 2012		First quarter of FY 2013		Change in net sales (%)	Point difference in gross profit ratio on net sales
	Net sales (¥ million)	Gross profit ratio on net sales (%)	Net sales (¥ million)	Gross profit ratio on net sales (%)		
(a) System Services	5,454	20.2	5,624	26.2	3.1	6.0
(b) System Solutions	2,389	17.0	2,684	18.3	12.3	1.3
Total	7,843	19.2	8,309	23.6	5.9	4.4

*Product segment has changed from the first quarter of FY 2013. For details, please refer to "Additional Information" on page 9.

(a) System Services

Net sales increased by 3.1% from the same period of the previous year to 5,624 million yen, and the gross profit ratio on net sales was 26.2% (20.2% in the same period of the previous year).

Net sales were higher than that of the same period of the previous year, as cloud services for general market and the new projects in system operations and system maintenance for the Panasonic Group increased, although the downward trend in service prices to existing clients continued.

The gross profit ratio on net sales was higher than the ratio for the same period of the previous year, as the Group pursued out-and-out efficiency in the management of system operations and succeeded in reducing costs.

(b) System Solutions

Net sales increased by 12.3% from the same period of the previous year to 2,684 million yen, and the gross profit ratio on net sales were 18.3% (17.0% in the same period of the previous year).

During the first quarter ended June 30, 2013, this segment worked on several system development businesses for general market including the development of an ERP system for a manufacturing company and thin client systems for educational institutions. For the Panasonic Group, the Group launched the systems that they had developed since last year.

As a result, net sales and the gross profit ratio on net sales were higher than those for the same period of the previous year.

2. Qualitative Information on Financial Position

Assets, liabilities and net assets

As of the end of the first quarter ended June 30, 2013, total assets decreased by 1,611 million yen (5.1%) from the end of the previous year to 29,743 million yen.

(a) Current assets

Current assets decreased by 1,396 million yen (5.4%) from the end of the previous year to 24,333 million yen, mainly due to a decrease of 3,167 million yen in notes and accounts receivable-trade owing to decreasing sales at the end of the previous year, despite an increase of 1,523 million yen in deposits paid to Panasonic Corporation, etc.

(b) Noncurrent assets

Noncurrent assets decreased by 215 million yen (3.8%) from the end of the previous year to 5,409 million yen, mainly due to a 179 million yen decrease of property, plant and equipment resulting from the depreciation of hardware and other noncurrent assets.

(c) Current liabilities

Current liabilities decreased by 2,010 million yen (31.9%) from the end of the previous year to 4,285 million yen. This is mainly due to the following factors: In current liabilities, a 700 million yen and 697 million yen decrease in notes and accounts payable-trade, and accounts payable-other, respectively, because of the settlement of notes and accounts payable-trade and accounts payable for purchased equipment at the end of the previous year, and a 668 million yen decrease in income taxes payable due to the payment of final tax return amounts for the previous year.

(d) Noncurrent liabilities

Due to factors such as progress in the repayment of lease obligations, noncurrent liabilities fell by 47 million yen (21.4%) from the end of the previous year to 174 million yen.

(e) Net assets

Net assets showed an increase of 445 million yen (1.8%) from the end of the previous year to 25,283 million yen as net income of 789 million yen was posted, although a year-end dividend of the previous year of 346 million yen was paid.

3. Explanation of Future Forecasts, including the Forecast of Operating Results and Financial Position

No changes have been made to the consolidated financial results forecasts for the first half ending September 30, 2013 and the year ending March 31, 2014 announced on April 23, 2013.

Risks Concerning Forecasts

Forecasts described above have been made based on information available as of the date of the announcement and assumptions that seem to be reasonable, but actual results may differ from these forecasts.

Although possible risks are listed below, these are not all. Please also refer to the annual security report providing information on risks, uncertainties and other factors.

- Rapid changes in the Japanese economic conditions or demand for products and services
- Trends of demand in industry
- Shortages of raw materials or sharp rise in their prices
- Changes in social infrastructure brought about by a rapid technological change
- Trends in business concerning alliances and cooperation between the Group and other companies
- The possibility of incurring expenses as a result of defects or flaws relating to products or services
- Limitations on the use of the patents and other intellectual property of third parties
- Changes in the market value of assets such as investment securities or the valuation of assets such as deferred tax assets or other changes in accounting policies
- Natural disasters such as an earthquake and other factors that could disrupt business activities

II. Matters Related to Summary Information (Annotations)

1. Significant Changes in Subsidiaries in the First Quarter of FY 2013

There is no relevant information.

2. Application of Special Accounting Method for the Preparation of Quarterly Consolidated Financial Statements

There is no relevant information.

3. Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors

There is no relevant information.

III. Consolidated Financial Statements

1. Consolidated Balance Sheets

(¥ million)

	As of March 31, 2013	As of June 30, 2013
Assets		
Current assets		
Cash and deposits	268	121
Notes and accounts receivable-trade	6,750	3,583
Construction deferred payment	831	1,294
Inventories	382	272
Deferred tax assets	498	255
Deposits paid	16,236	17,760
Other	761	1,045
Total current assets	25,730	24,333
Noncurrent assets		
Property, plant and equipment		
Buildings, net	651	633
Tools, furniture and fixtures, net	2,194	2,062
Lease assets, net	317	274
Construction in progress	142	156
Total property, plant and equipment	3,305	3,126
Intangible assets		
Software	435	376
Other	78	106
Total intangible assets	514	482
Investments and other assets		
Investment securities	231	235
Deferred tax assets	42	59
Prepaid pension cost	679	653
Other	852	851
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,805	1,800
Total noncurrent assets	5,624	5,409
Total assets	31,355	29,743

(¥ million)

	As of March 31, 2013	As of June 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,253	1,552
Income taxes payable	947	279
Accounts payable-other	1,658	961
Accrued expenses	163	735
Accrued consumption taxes	258	113
Deposits received	17	40
Provision for bonuses	670	250
Provision for directors' bonuses	24	1
Other	301	350
Total current liabilities	6,295	4,285
Noncurrent liabilities		
Provision for retirement benefits	10	11
Long-term deposits received	35	34
Lease obligations	175	128
Total noncurrent liabilities	221	174
Total liabilities	6,517	4,459
Net assets		
Shareholders' equity		
Capital stock	1,040	1,040
Capital surplus	870	870
Retained earnings	22,900	23,343
Treasury stock	(0)	(0)
Total shareholders' equity	24,810	25,253
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27	30
Total accumulated other comprehensive income	27	30
Total net assets	24,838	25,283
Total liabilities and net assets	31,355	29,743

2. Consolidated Statements of Income and Comprehensive Income
 [First Quarter of FYs 2012 and 2013]

(¥ million)

	First quarter ended June 30, 2012 (From April 1, 2012 to June 30, 2012)	First quarter ended June 30, 2013 (From April 1, 2013 to June 30, 2013)
Net sales	7,843	8,309
System service sales	5,454	5,624
System solution sales	2,389	2,684
Cost of sales	6,334	6,346
System service cost of goods sold	4,351	4,153
System solution cost of goods sold	1,982	2,193
Gross profit	1,509	1,962
Selling, general and administrative expenses	789	702
Operating income	719	1,259
Non-operating income		
Interest income	6	8
Dividends income	3	3
Other	1	1
Total non-operating income	11	13
Non-operating expenses		
Interest expenses	3	2
The fixed assets abandonment is disadvantageous	1	3
Exchange loss	0	3
Other	0	0
Total non-operating expenses	5	9
Ordinary income	725	1,262
Income before income taxes and minority interests	725	1,262
Income taxes-current	339	250
Income taxes-deferred	(53)	223
Total income taxes	286	473
Income before minority interests	438	789
Net income	438	789
Income before minority interests	438	789
Other comprehensive income		
Valuation difference on available-for-sale securities	(28)	2
Total other comprehensive income	(28)	2
Comprehensive income	410	792
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	410	792
Comprehensive income attributable to minority interests	—	—

3. Notes on the Consolidated Financial Statements

(Notes on the Premises of a Going Concern)

There is no relevant information.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

There is no relevant information.

(Segment Information, etc.)

The Group conducts a single-unit business, which comprises an information service business and its incidental businesses. In this light, information is omitted as there is no segment subject to disclosure.

(Additional Information)

(Changes in the Format)

In the first quarter of FY 2012, net sales and cost of sales were formerly classified into three categories: "System Services," "System Solutions," and "System and Communications Equipment." To report according to a classification closer to the actual situation, the Company has renewed the "System Solutions" segment by consolidating the previous "System Solutions" segment with the "System and Communications Equipment" segment, effective from the first quarter of FY 2013. This is mainly because "System Solutions" and "System and Communications Equipment" are provided together in many cases with a strong link between them, and recently the Company has not placed emphasis on sales of the equipment by itself as a policy. Accordingly, the information is now reported on two product segments, "System Services" and "System Solutions."

As a result, net sales (cost of sales) of "System Solutions" and "System and Communications Equipment" reported in the Consolidated Statements of Income and Comprehensive Income of the first quarter of FY 2012, 1,356 million yen (1,097 million yen) and 1,033 million yen (885 million yen) respectively, have been modified to 2,389 million yen (1,982 million yen) in net sales (cost of sales) of "System Solutions."

IV. Supplementary Information

1. Order Backlog

	End of FY 2012 (¥ million)	End of first quarter of FY 2013 (¥ million)	Change (%)
System Services	629	701	11.4
System Solutions	1,967	2,122	7.9
Total	2,597	2,824	8.7

- Notes:
1. Above figures do not include consumption tax, etc.
 2. Product segment has changed from the first quarter of FY 2013. For details, please refer to "Additional Information" on page 9.

2. Sales Performance

	First quarter of FY 2012		First quarter of FY 2013		Change in net sales (%)
	Net sales (¥ million)	Share (%)	Net sales (¥ million)	Share (%)	
Panasonic Group	6,489	82.7	6,861	82.6	5.7
General Market	1,354	17.3	1,447	17.4	6.9
Total	7,843	100.0	8,309	100.0	5.9

Note: Above figures do not include consumption tax, etc.