

Translation, Summary

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Consolidated Financial Summary for Three Months Period of Fiscal Year Ending July 31, 2014 (Japanese Accounting Standards)

December 3, 2013

Bit-isle Inc.

Stock Exchange: Tokyo Stock Exchange Code No: 3811

(URL <http://www.bit-isle.co.jp/>)

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(All amounts are rounded down to the nearest million yen.)

1. Consolidated operating results for three months period of fiscal year ending July 31, 2014 (August 1, 2013 to October 31, 2013)

(1) Consolidated sales and income (cumulative total)

(Figures in percentages denote the year-on-year change.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months period ending								
July 31, 2014	4,427	9.9	806	0.1	742	1.1	460	2.3
July 31, 2013	4,027	15.8	805	12.2	734	14.4	449	23.8

(Note) Comprehensive income: Three months period of fiscal year ending July 31, 2014 445million yen (-24.1%)
Three months period of fiscal year ending July 31, 2013 587 million yen (62.2%)

	Net income per share	Diluted net income per share
Three months period ending	Yen	Yen
July 31, 2014	12.96	12.64
July 31, 2013	13.63	13.35

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	Yen
Three months period ended				
October, 2013	33,581	12,260	35.5	335.78
Year ended				
July 31, 2013	34,528	12,129	34.2	333.20

(Reference) Shareholders' equity

Three months period of fiscal year ending July 31, 2014 11,919 million yen

Fiscal year ended July 31, 2013 11,823 million yen

2. Status of dividend payments

(Record date)	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Annual
Year ended	yen	yen	yen	yen	yen
July 31, 2013	—	5.00	—	10.00	15.00
July 31, 2014	—				
Year ending					
July 31, 2014 (forecast)		6.00	—	7.00	13.00

(Note) Revising latest announced statement of dividend payments : None

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3. Forecasts for consolidated sales and income for the year ending July 31, 2014 (August 1, 2013 to July 31, 2014)

(Figures in percentages denote the year-on-year change.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
Six month period ending July 31, 2014	9,000	11.7	1,650	3.5	1,500	3.0	930	4.0	26.21
Year ending July 31, 2014	18,800	12.8	3,500	14.0	3,200	16.5	2,000	17.4	56.36

(Note) Revising latest announced statement of dividend payments : None

Other:

Shares outstanding (common shares)

(i) Shares outstanding at term-end (including treasury stock)

Three months period of fiscal year ending July 31, 2014: 35,496,200shares

Fiscal year ended July 31, 2013: 35,483,200shares

(ii) Treasury stocks at term-end

Three months period of fiscal year ending July 31, 2014: — shares

Fiscal year ended July 31, 2013: — shares

(iii) Average number of shares outstanding

Three months period of fiscal year ending July 31, 2014: 35,496,200shares

Three months period of fiscal year ended July 31, 2013: 33,004,289 shares

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Qualitative Information on Consolidated Results

(1) Qualitative information on consolidated results

Operating results

IT outsourcing services market in Japan, which was worth 2,968.4 billion yen in 2012, is expected to grow to 3,292.5 billion yen in 2018 (Yano Research Institute Ltd.). Notwithstanding the increasingly uncertain economic outlook, because IT outsourcing services help users reduce costs, the market should maintain solid growth, particularly for companies that are able to provide services that strengthen the business foundations of their customers while cutting costs with services that meet diversified user needs. And many companies have started to view internet assets as something to “use”, instead of something to “own”. This paradigm shift is one of the elements that are driving the growth of the Bit-isle Group’s business.

The data center market, which is closely correlated to the iDC service, the core service of the Bit-isle Group, is also expected to grow from 1,129.8 billion yen in 2012 to 1,215.6 billion yen in 2013, driven by higher demand for new services such as cloud computing and SaaS. Even after that, the market is forecast to continue to grow by around 10% (International Data Corporation Japan).

In this environment, the Group continued its efforts to raise utilization rates at data centers by stepping up sales of its iDC service and sought to increase profits from managed services, particularly rental and cloud services. Thanks to the steady performance of the iDC service, managed services and solutions services, the Group recorded net sales of 4,427 million yen (an increase of 9.9% year on year), operating income of 806 million yen (an increase of 0.1% year on year), ordinary income of 742 million yen (an increase of 1.1% year on year), and net income of 460 million yen (an increase of 2.3% year on year) for currently period under review.

iDC services

In iDC services, as a result of continuing to develop and strengthen the sales system based on data centers equipped with sufficient power receiving capability and extensible space able to respond to the solid market conditions, the number of racks in operation increased to 4,617 racks at current fiscal year under review (an increase of 3.1% year on year). This represented a steady buildup in sales and customer numbers.

Consequently, net sales in the iDC service reached 2,720 million yen (an increase of 0.1% year on year).

Managed services

In managed services, both sales and profits increased, reflecting our efforts to bolster cloud services. As a result, net sales came to 1,164 million yen (an increase of 16.7% year on year) in managed services.

Solutions services

In solutions services, because the consistently solid performance of system integration and engineering services for users outside the Group at Bit-surf Inc., a wholly owned subsidiary, net sales in solutions services is 493 million yen (an increase of 58.0 % year on year) .

(2) Qualitative information on the consolidated financial position

Total assets stood 33,581 million yen at currently period of the fiscal year under review, decrease of 947 million yen from the end of the previous fiscal year. This was mainly attributable to decrease in cash and deposits of 503 million yen, increase in property, plant and equipment of 466 million yen due to data center buildings and facilities, and decrease depreciation to data center buildings and facilities of 798 million yen.

Total liabilities decrease 1,078 million yen from the end of the previous fiscal year, to 21,320 million yen at current fiscal year under review. The major factors included to decrease debt balance of 692 million yen, decrease accounts payable other of 279 million yen.

Net assets at current fiscal year under review increased 130 million yen from the end of the previous fiscal year, to 12,260 million yen. The major factors included dividend payments of 354 million yen, net income of 460 million yen. As a result, the shareholders’ equity ratio came to 35.5 %.

(3) Outlook for Forecasts for consolidated sales and income for the year ending July 31, 2014

Forecasts for consolidated sales and income for the year ending July 31, 2014 is not revised.