

Financial Results

27th March 2014

FISCO Ltd.

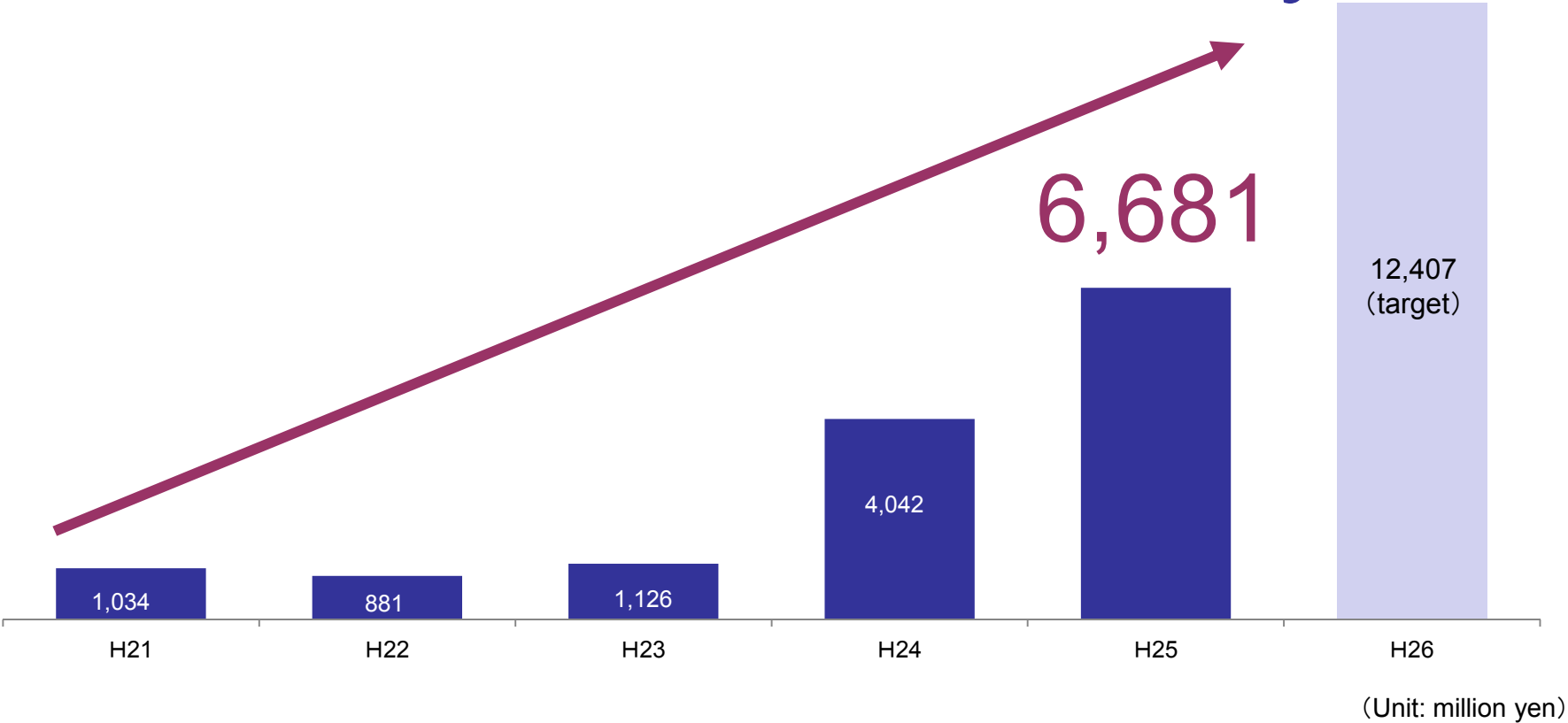


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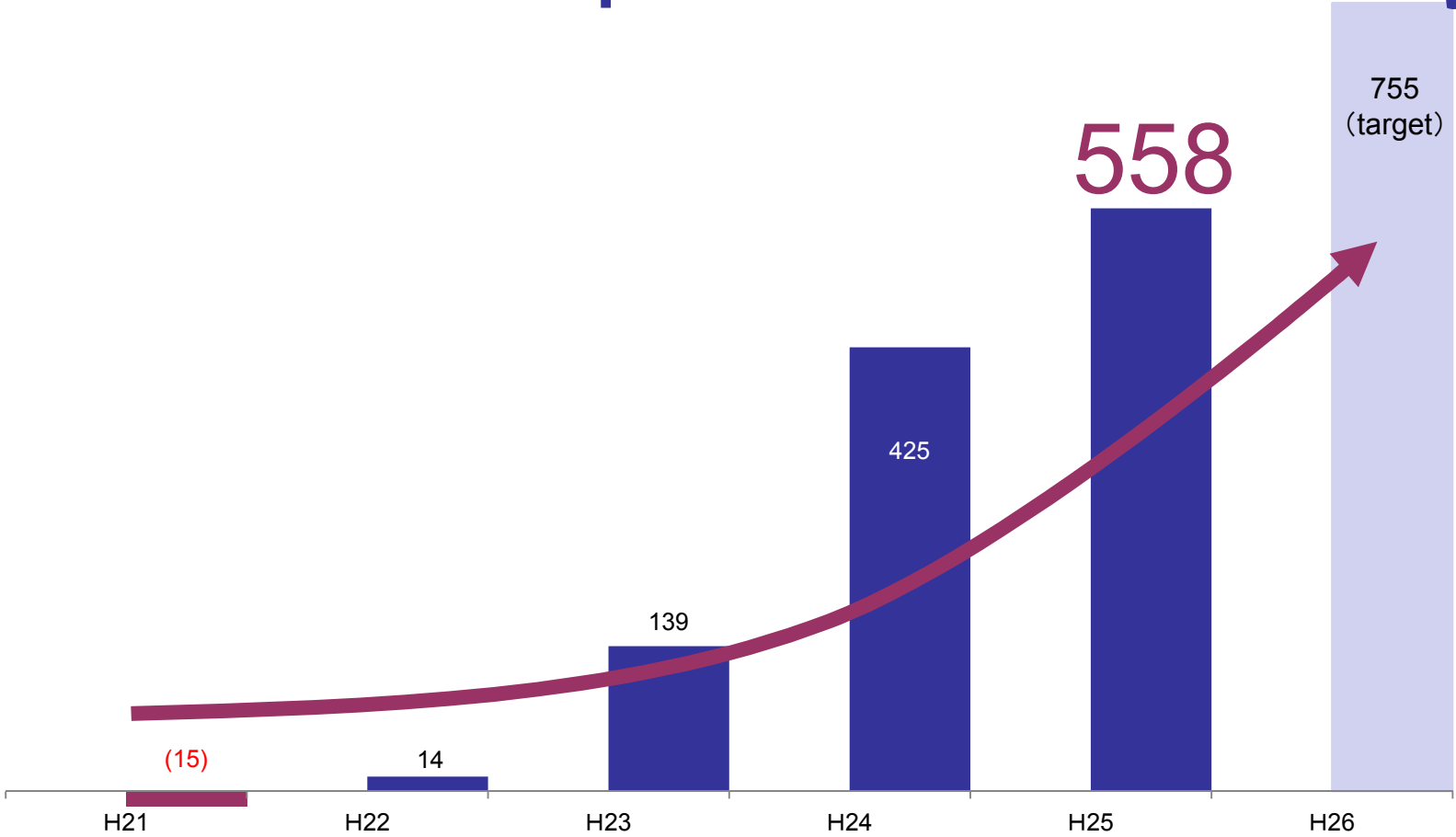
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This document provides an outline of a presentation and is incomplete without accompanying oral commentary and discussion.

A miracle occurred.

Sales increased 6-fold in 5 years



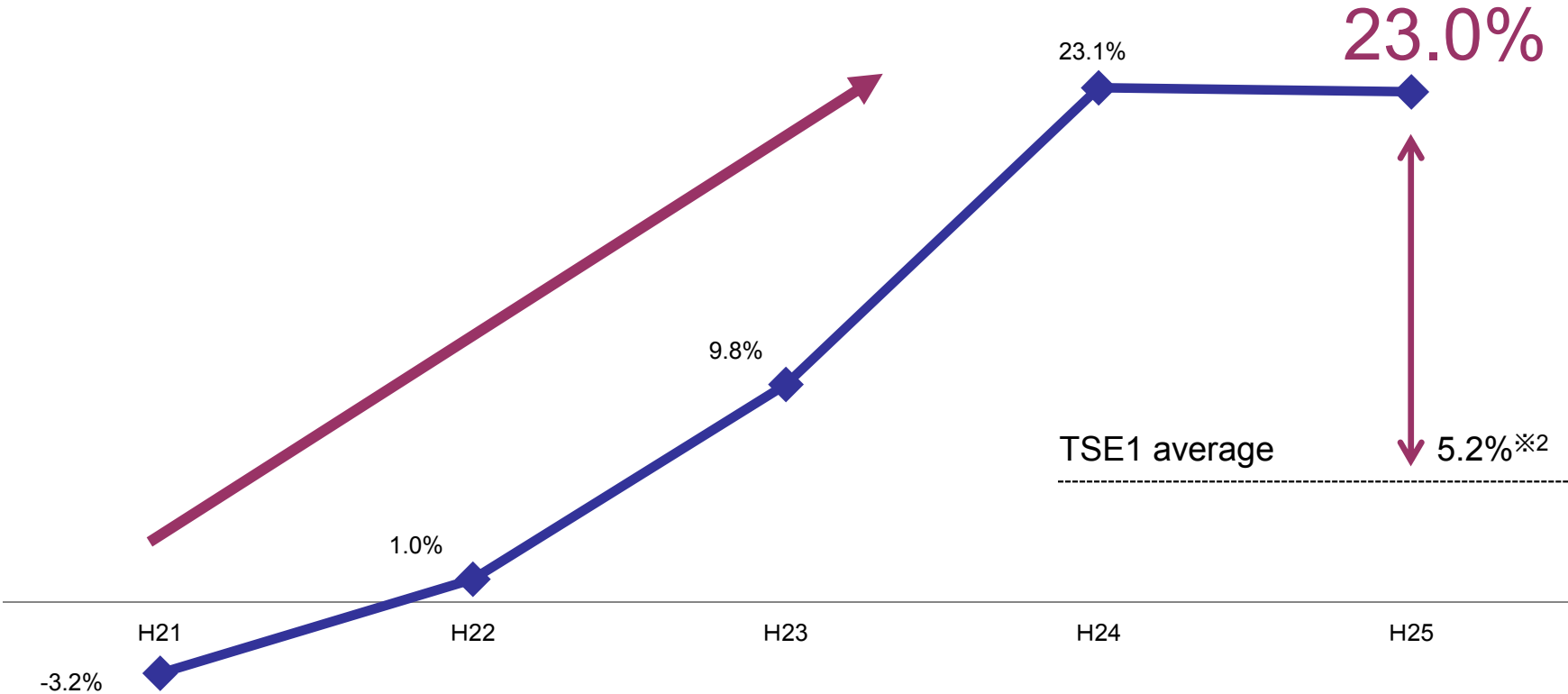
Pretax net profit returned to profit substantially



(Unit: million yen)



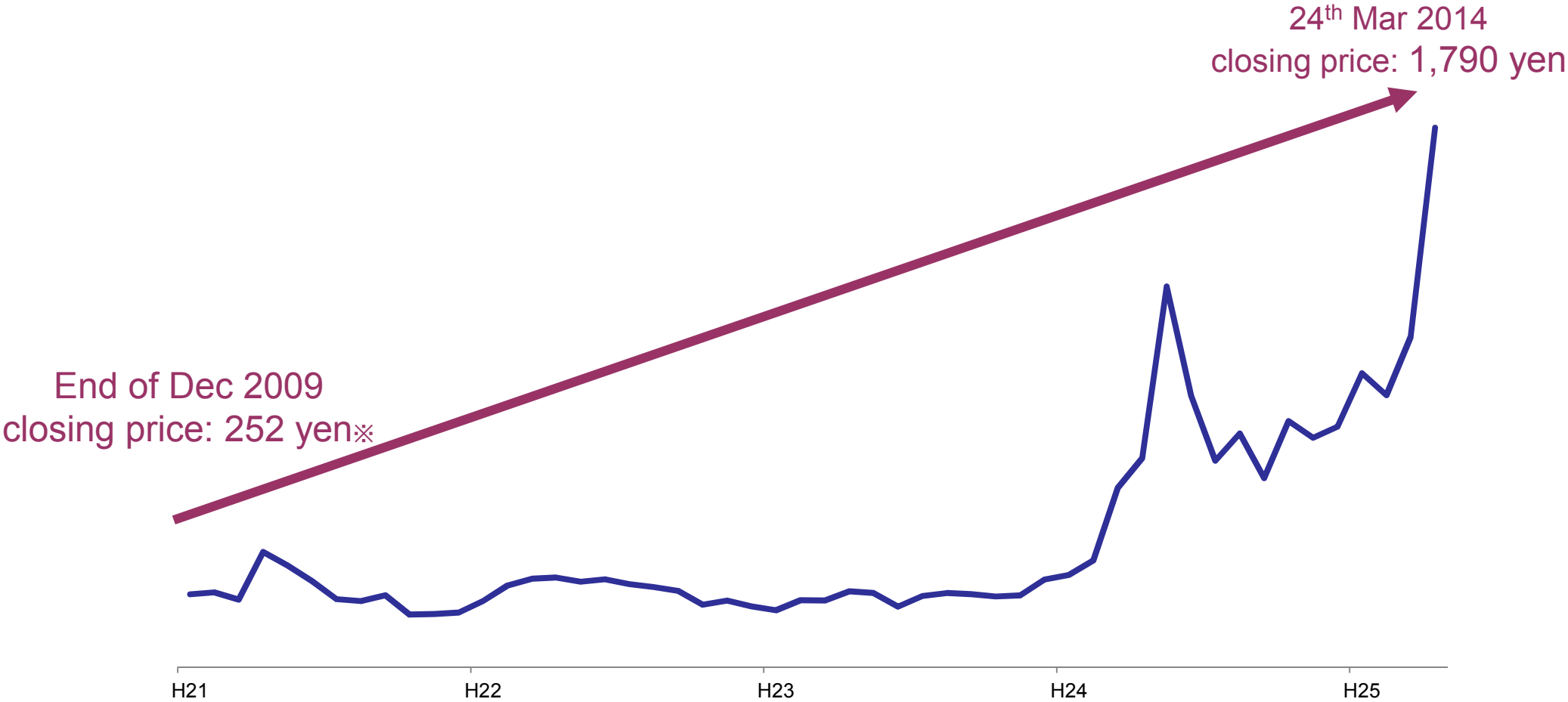
ROE in a high level, in the top 150 among all listed companies ^{※1}



※1 Based on the data of 3475 listed companies on Yahoo! Finance (as in the end of Feb 2014)

※2 Calculated by FISCO based on the TSE data as in the end of Feb 2014.

Stock price rose 7-fold in 5 years



※The stock price is correction value due to the share division in 2013 (by 100).

Full-swing growth is yet to come!

We aim to be the best company in the financial service industry.
We are committed to giving neutral and fair judgments,
valuing the individual and respect the spirit of harmony.



We are becoming a company as described.

FISCO

The biggest financial information platform in Japan

NCXX

The biggest M2M experts group in Japan

To achieve further growth, these are our medium- to long-term goals

Medium-term operating targets (5 years later)

Sales:	>30 billion yen
OP:	>4.5 billion yen (OP margin 15%)
Pretax net profit:	>3 billion yen (net income ratio 10%)
Market capitalization:	Around 80 billion yen
Target price:	6,100~10,800 yen
to be listed on TSE1 soon (including NCXX the subsidiary)	



To be achieved.

To achieve further growth, these are our medium- to long-term goals

Long-term operating targets (10 years later)

Sales:	>100 billion yen
OP:	>18 billion yen (OP margin 18%)
Pretax net profit:	>12 billion yen (net income ratio 12%)
Market capitalization:	Around 180~320 billion yen
Target price:	24,000~43,000 yen
to be listed as Nikkei 225 stock	



To be achieved.

To achieve further growth, these are our medium- to long-term goals

【Dividend policy】

In the last four years, we achieved an average annual growth of 158%, thanks to an abundance of investment opportunities that exceeded the capital costs significantly. For the future dividend policy, we will maintain a stable dividend, with the stock price increase as our first priority, and attempt to return profits to shareholders in consideration of treasury shares acquisition and dividend amount.

【Maximize shareholders return】

In order to thank the shareholders' support, there is a policy to distribute shareholders return.

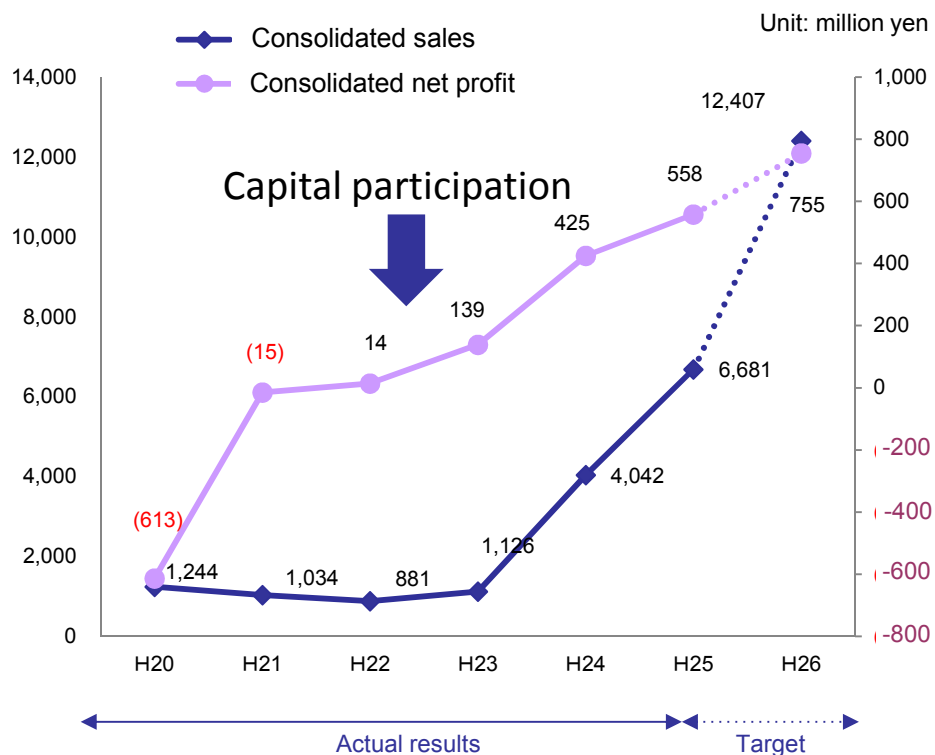


To be achieved.

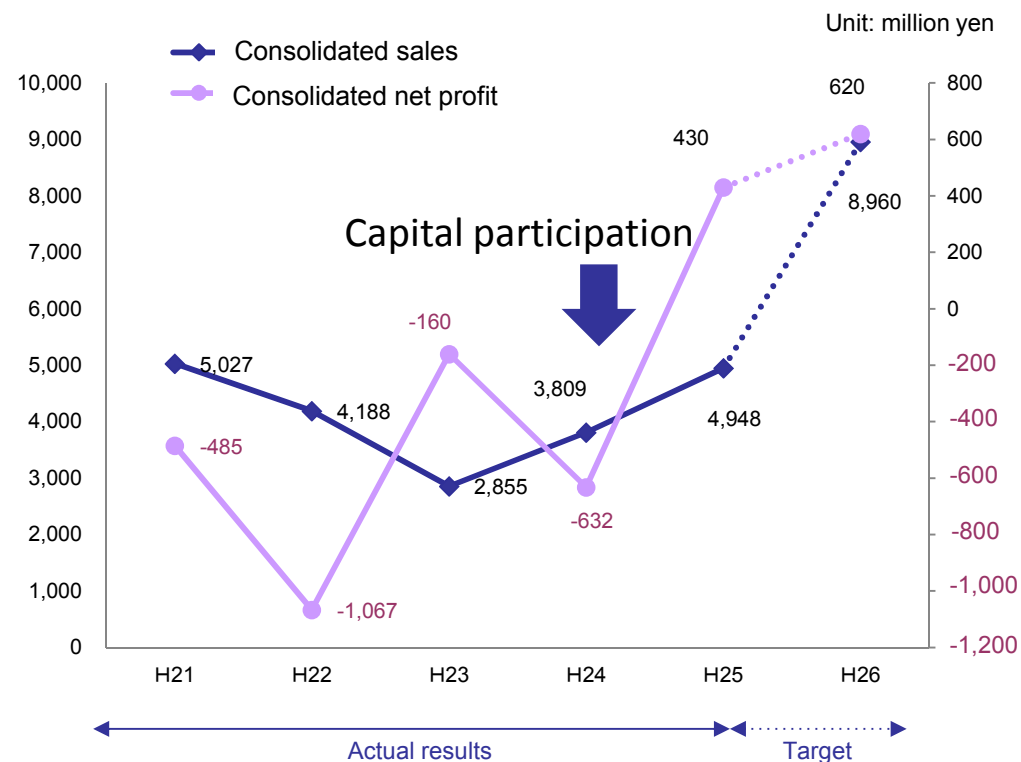
Growth achieved

Our management succeeded in leading FISCO Group to grow rapidly these 4 years.

FISCO: Consolidated sales and net profit



NCXX: Consolidated sales and net profit



But this is not the miracle.

The success was mainly based on the following 3 points.

Company's capability to improve operation efficiency

Optimization of company's portfolio

High level financial arrangement abilities

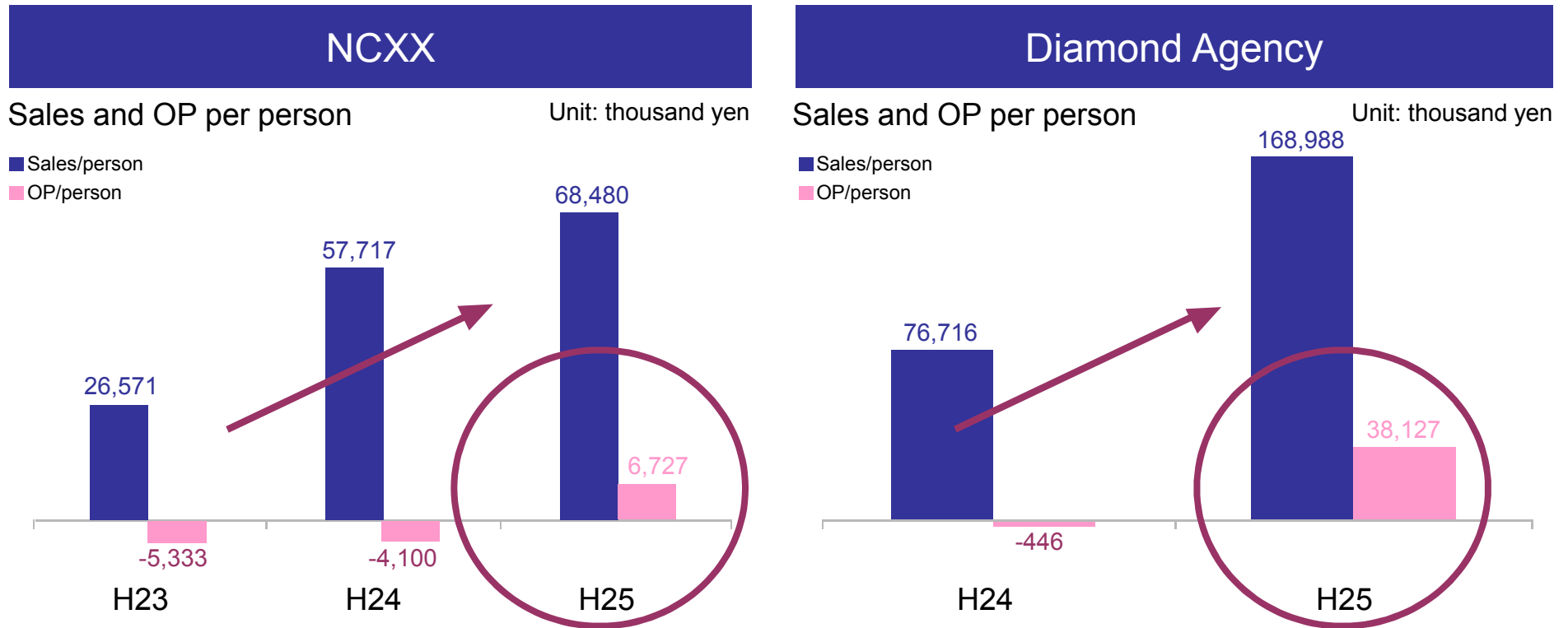
Company's capability to improve operation efficiency

Optimization of company's portfolio

High level financial arrangement abilities

Getting rid of excessive resources by increasing efficiency

The company can get rid of excessive resources by executing an efficient operation, through choosing the most suitable resource for its different businesses and projects.



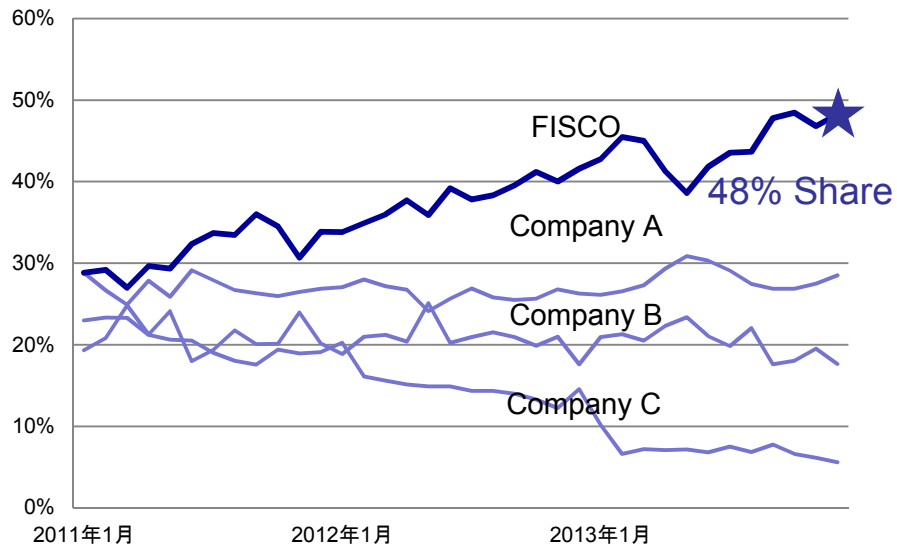
The efficiency can be improved by giving more resources to more profitable projects and vice versa.

Focus on growth areas (establishment of new businesses)

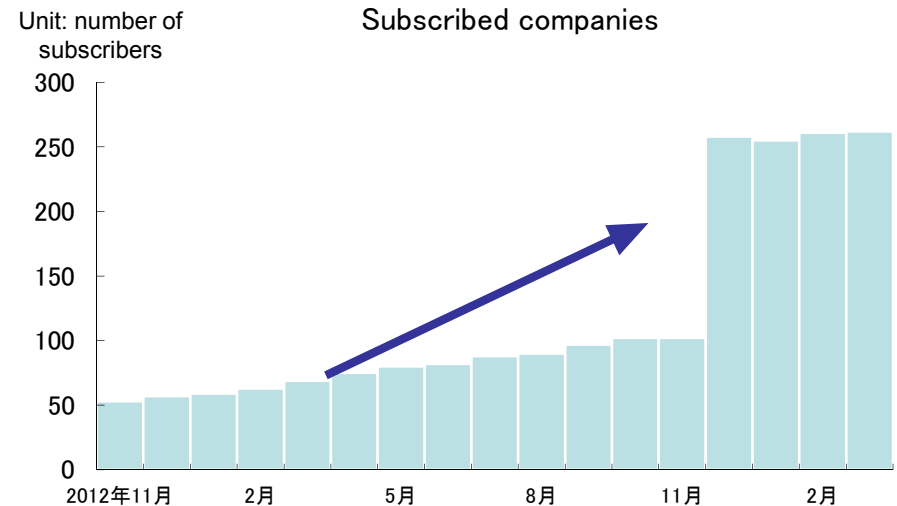
Together with the expansion of its finance information business, FISCO also started to establish its delivery business.

(e.g.) FISCO

Expansion of finance information business



Start of IR support business



Grow into a leading company that holds 48% ※ of PV shares, according to Yahoo! Finance.

※Actual results in Dec 2013

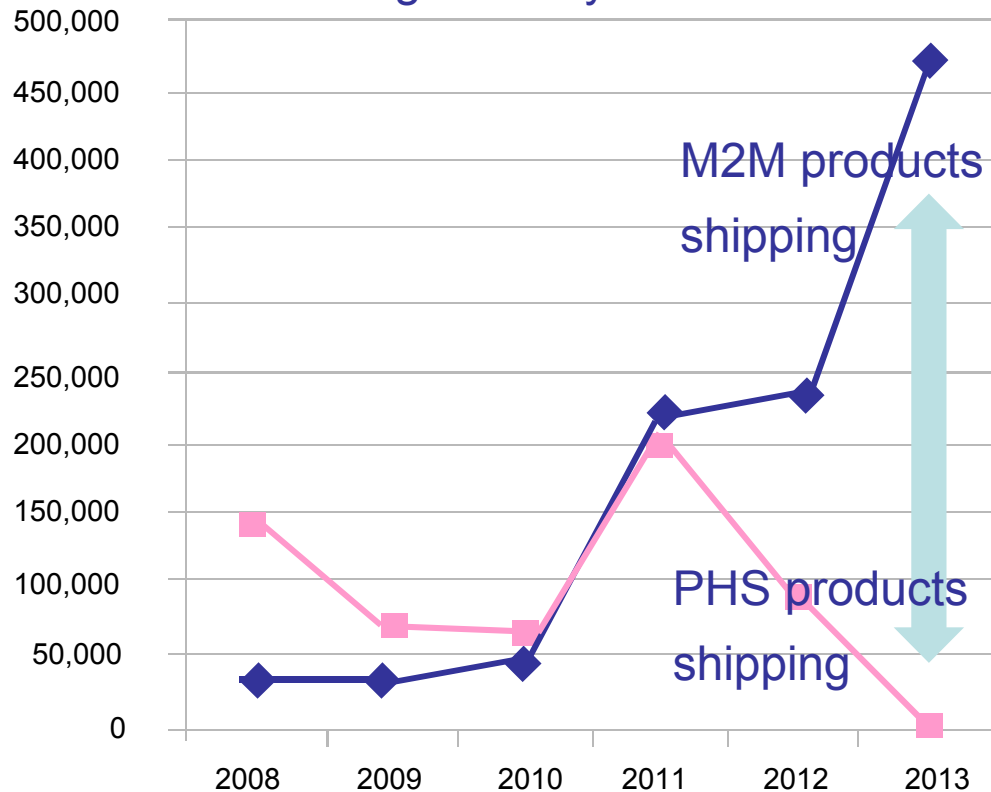
It is becoming a business with larger impact than other companies, thanks to the strong delivering power in addition to the analytic and editing abilities.

Focus on growth areas (establishment of new businesses)

NCXX is shifting its resources to M2M (its growth area) from relying much on PHS terminals.

(e.g.) NCXX

The current shipping of M2M products exceeds PHS significantly.



M2M products

The M2M market further expanded thanks to the acceleration of communications infrastructure and the decreased communication fee.

The shipping volume increased thanks to the sales of vehicle-use products and PC-use modules.

PHS products

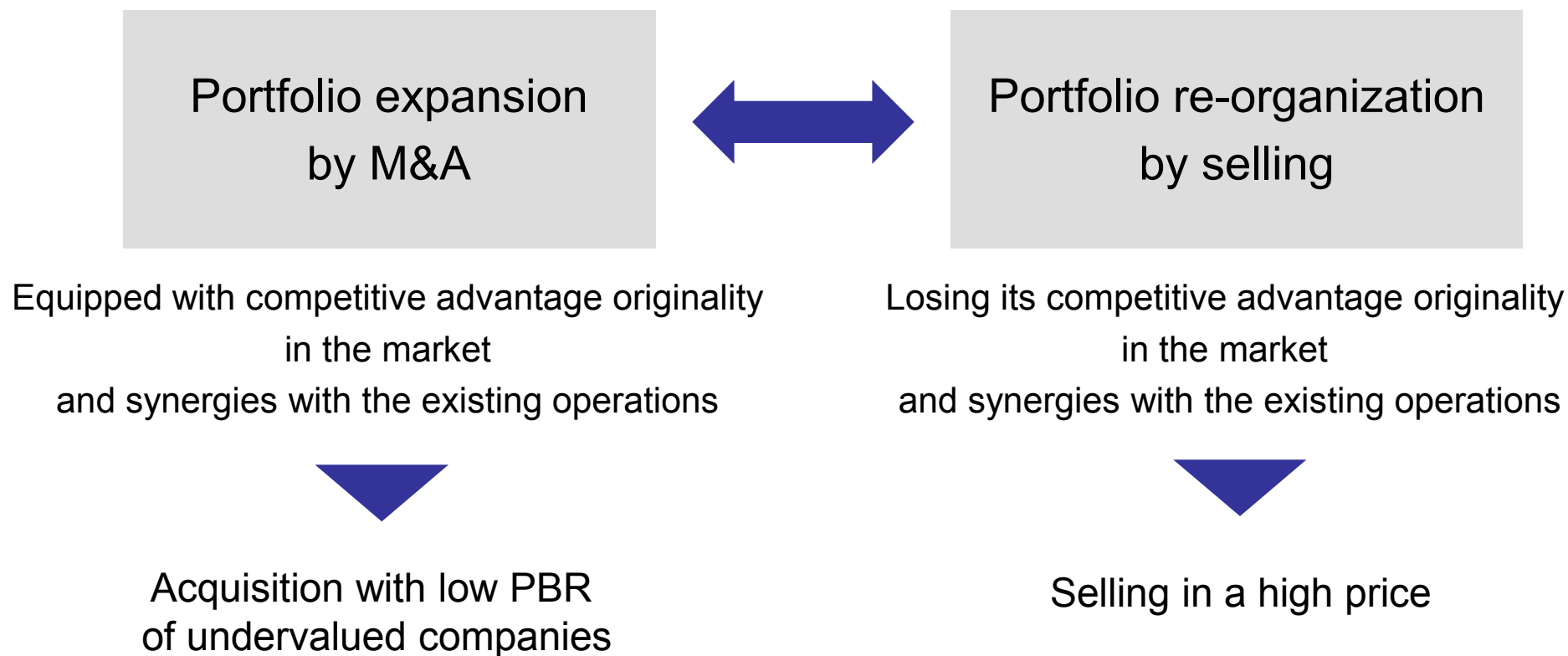
The PHS market shrank. Despite the core attention given to sound terminals, the focus is shifted to M2M products.

Company's capability to improve operation efficiency

Optimization of company's portfolio

High level financial arrangement abilities

The portfolio is expanded and re-organized based on clear criteria and detailed business evaluations.



Everything is thoroughly evaluated, from screening and due diligence before the acquisition, to business management after so.

Despite being undervalued by the market, a portfolio growth is achieved with the effective acquisition of technologically superior NCXX.

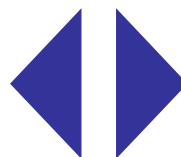
(e.g.) NCXX

Despite technological superiority...

- Modem technology as a core part of communication technology
- Advanced embedded system technology
- Performance of in-vehicle products and thorough quality control
- Operating power, covering from single modules to final products
- Many patented technologies

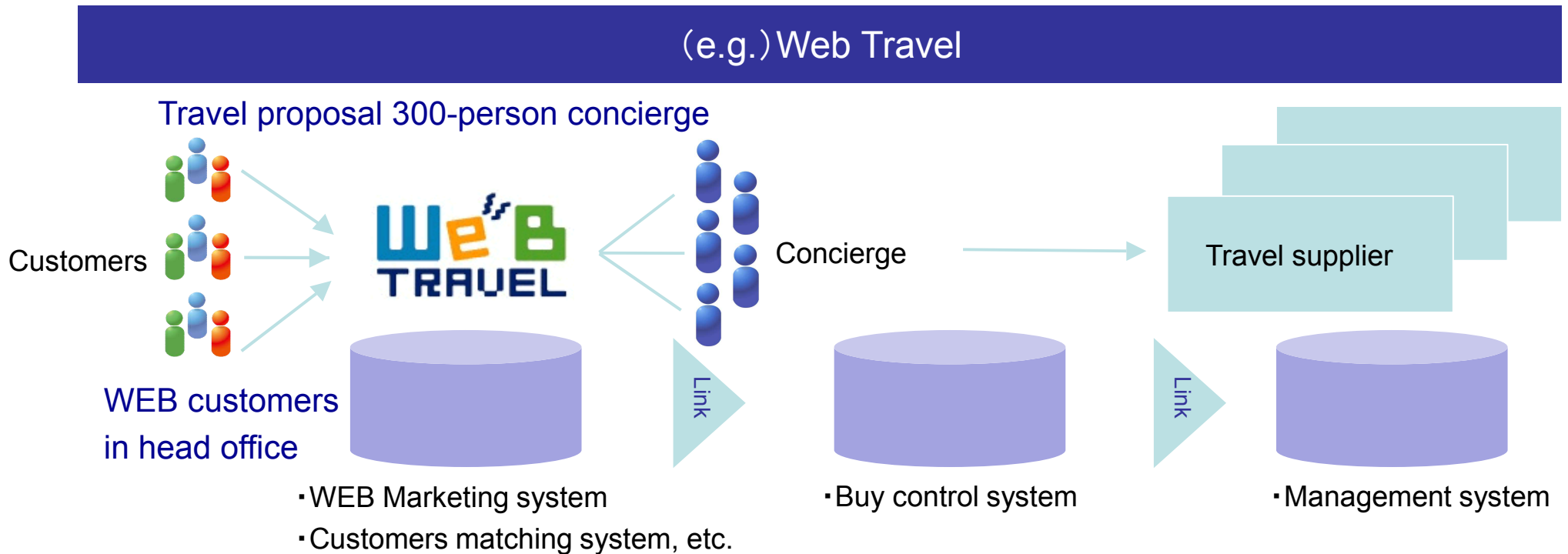
Undervalued by market due to bad business performance

- Net loss for 5 years since 2008
- Doubts on the premise of a going concern since 2Q FY09/3
- Low stock price at 200 yen level in July 2012



Returning to profitability right after acquisition ⇒ First profit in 6 years
Stock price in Feb 2014 increased more than 4-fold from before acquisition






Web Travel is a proposal-making travel company, which is top in the industry with its advanced WEB system and WEB marketing know-how.



- Acquisition of Web Travel's advanced WEB marketing know-how
- Business establishment with more-efficient WEB system
- Business synergy by publicity effects thanks to popularity and reliability of financial information service business

Effective acquisition(3)

Successfully acquire many other corporations with favorable terms on similar standards

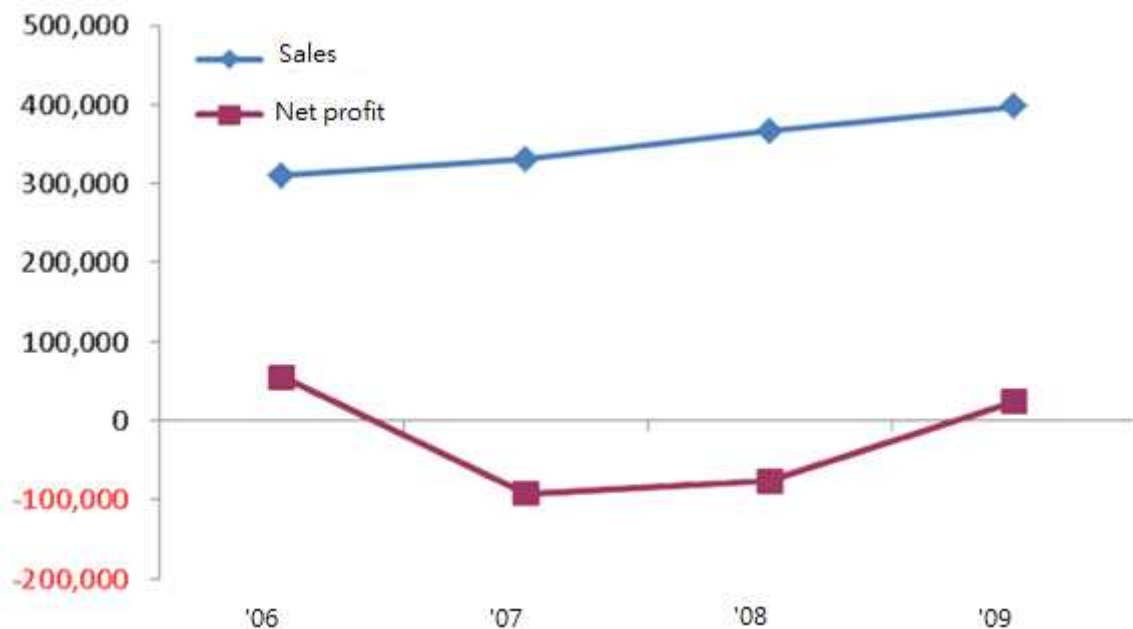
	Competitive advantage	Synergy with FISCO	Payback period	Background which gave rise to favorable terms
 D & Join	40 years of past records. Awarded in and outside Japan. Proven abilities and credibility	IR support service, annual reports, newsletters to shareholders etc., expansion of service	2.5 years	Non-existence of successor in succeeding the business. Favorable terms obtained as time is limited for the corporation
 Diamond Agency	Outstanding ability in creating contents which are creative etc.	Cross selling fusion of IR and PR. Improve creativity of the group.	0.5years	As the corporation faced critical financial difficulty, we were able to obtain significant discount in acquisition price
 Versatile	Know-hows in business strategies and marketing plans, records in medical/nursing fields	Improve quality of consulting, M&A and operation etc.	2.4years	We cooperated with this company before acquisition, and terms were reached based on high understanding of internal know-hows and quality
 NCXX Solutions	Outstanding development abilities and dominant market in west Japan area	Vertical integration of product development operation held by its subsidiary NCXX	2.9years	Both corporations were interested in finding new business chances by expanding their business scope. Therefore, we were able to reach win-win solutions with both corporations on good terms
 Care Online	Past record and proved development abilities selling composite nursing software among ASPs	Highly compatible with existing network of the group, easy for expansion	2.5years	

※Payback period=calculation based on actual time needed to recover actual investment on actual results/plan after acquisition

Removing unnecessary businesses from the portfolio

Rebalancing portfolio of FISCO Group by selling businesses with no commercial synergy with FISCO while capturing capital gain

(e.g.) NNA



FISCO has already built up network in Asia through other overseas subsidiaries and affiliation with other corporations. There is no meaning in developing business through NNA



Capturing capital gain by selling at 1.5x acquisition price

While sales stayed almost flat, profit cannot be expected under the profit structure

Structuring portfolio balancing short term economic rationality and long term growth opportunities

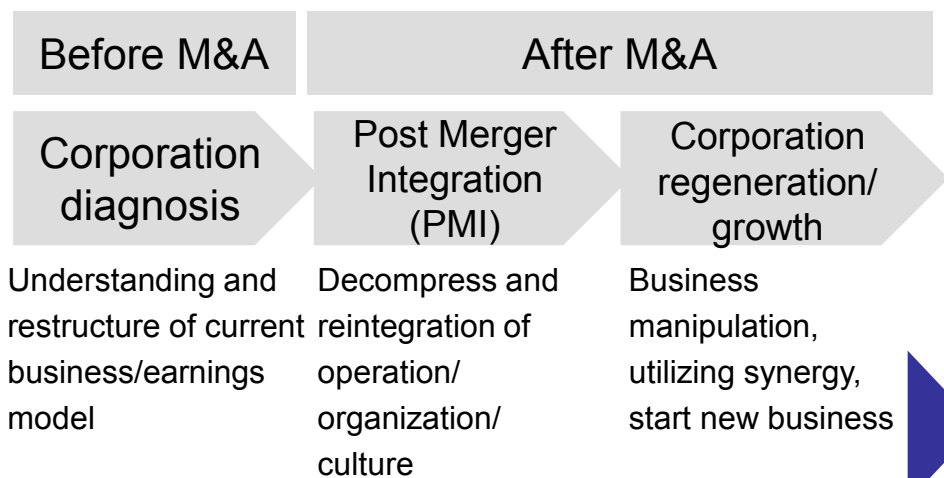
Company's capability to improve operation efficiency

Optimization of company's portfolio

High level financial arrangement abilities

We have in-house M&A team responsible for whole process from making investment schemes to operation in order to maximize our capital efficiency.

FISCO M&A system

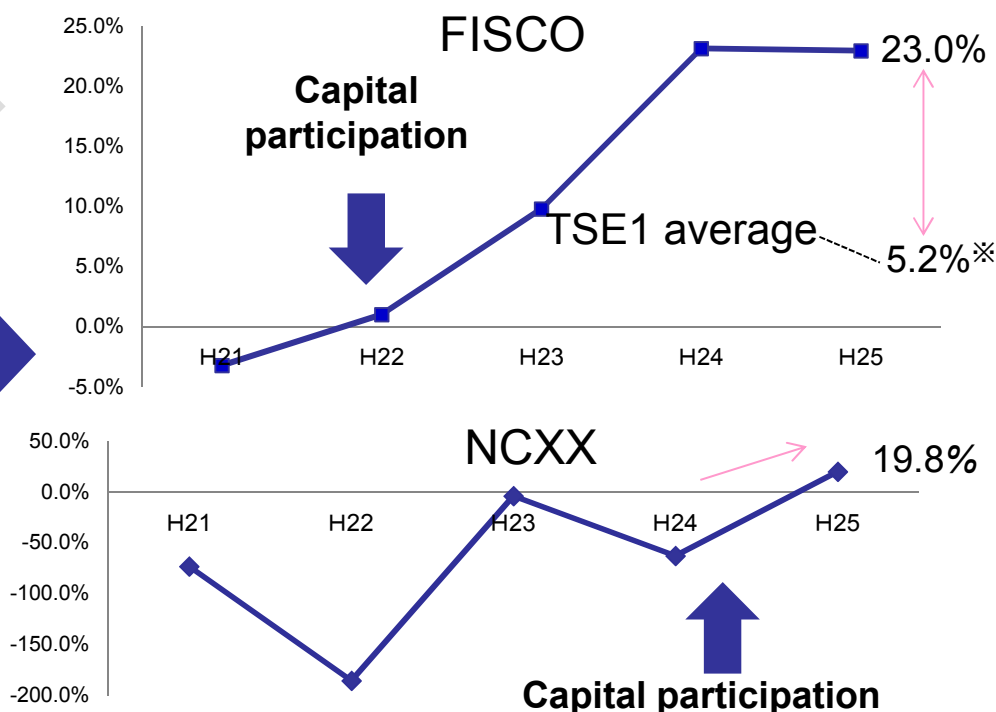


- Excellent M&A team with various specialties structuring acquisition scheme in order to optimize risk and return
- M&A executed after fully planning post merger integration (PMI) and operation plan
- Quick implementation of PMI and process towards mid-long term growth after M&A

※FISCO calculations based on TSE data till 2014 Feb

Stringent pursuit of capital efficiency

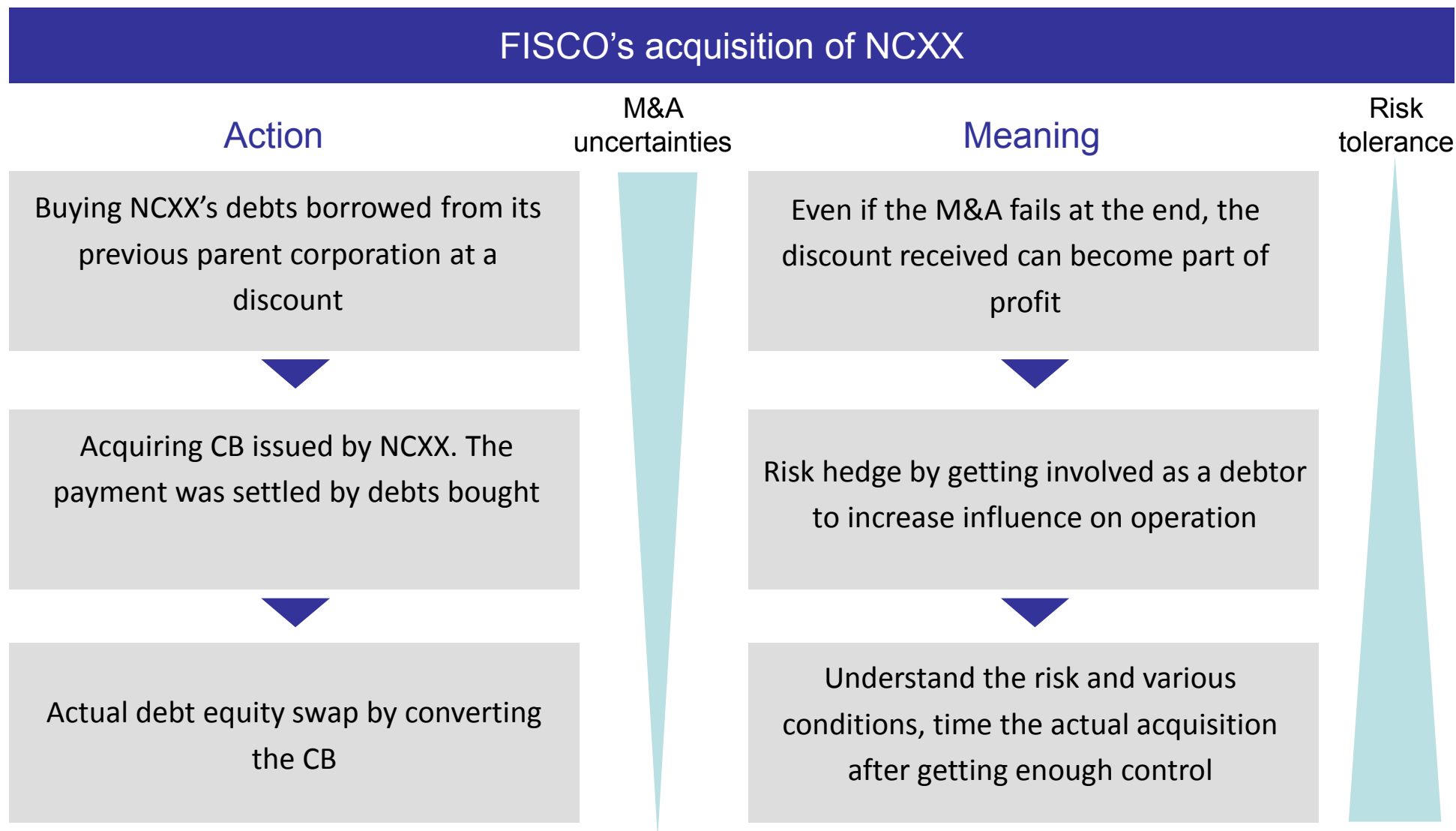
Trend of ROE



Not just simple implementation of operation plan designed before M&A, but also find innovative measures after M&A to achieve highest capital efficiency

Risk hedge using optimal combination of financial techniques

In the acquisition of NCXX by FISCO, optimal combination of financial techniques were used to achieve ideal risk hedge according to the progress of M&A scenario



Optimal finance made available by the platform

Business platform of FISCO can arrange optimal tie-ups from both strategic and financial viewpoints

abit taking third party-allocation of new shares of NCXX

Business platform formed by FISCO which has high corporation analytical ability building relationship with massive corporations



Realizing financial value while maintaining strategical value

While financial value is realized in FISCO's investment in Chinese corporations in the form of capital gain in reselling the shares, it also retains option of expanding China business obtained from the investment

CNFOL.COM(CNFOL)'s full service tie-up and capital participation



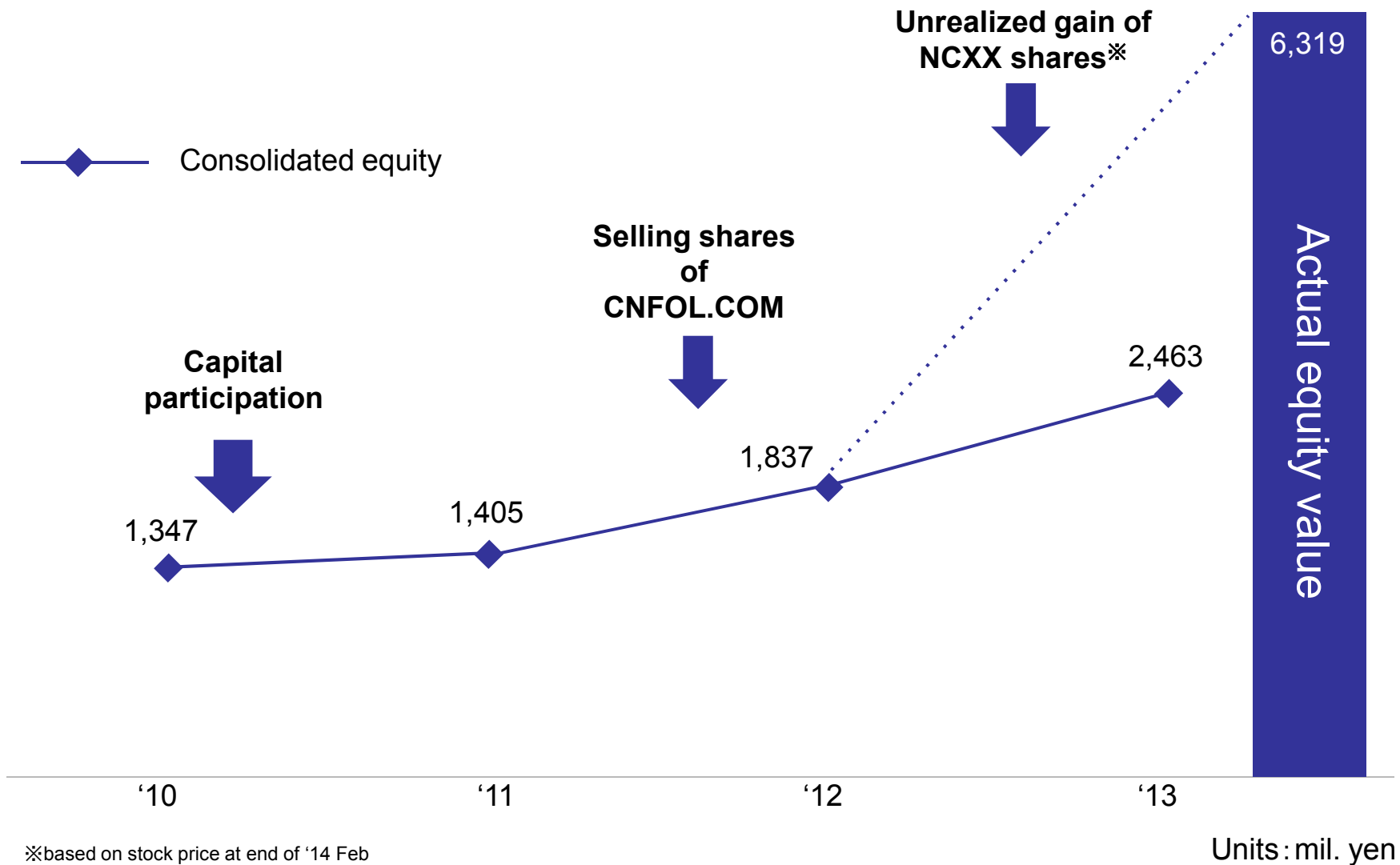
realizing capital gain of 260mil. Yen in selling the shares

Factors considered in selling the shares

- Will information distribution market in China become more attractive in short time? **NO**
- Will CNFOL get listed shortly and see sharp rise in stock price? **NO**
- Does CNFOL take FISCO's offer to buy back its shares? **YES**
- Can the company continue to has stable business partnership with CNFOL after selling stake in CNFOL? **YES**

Rich equity

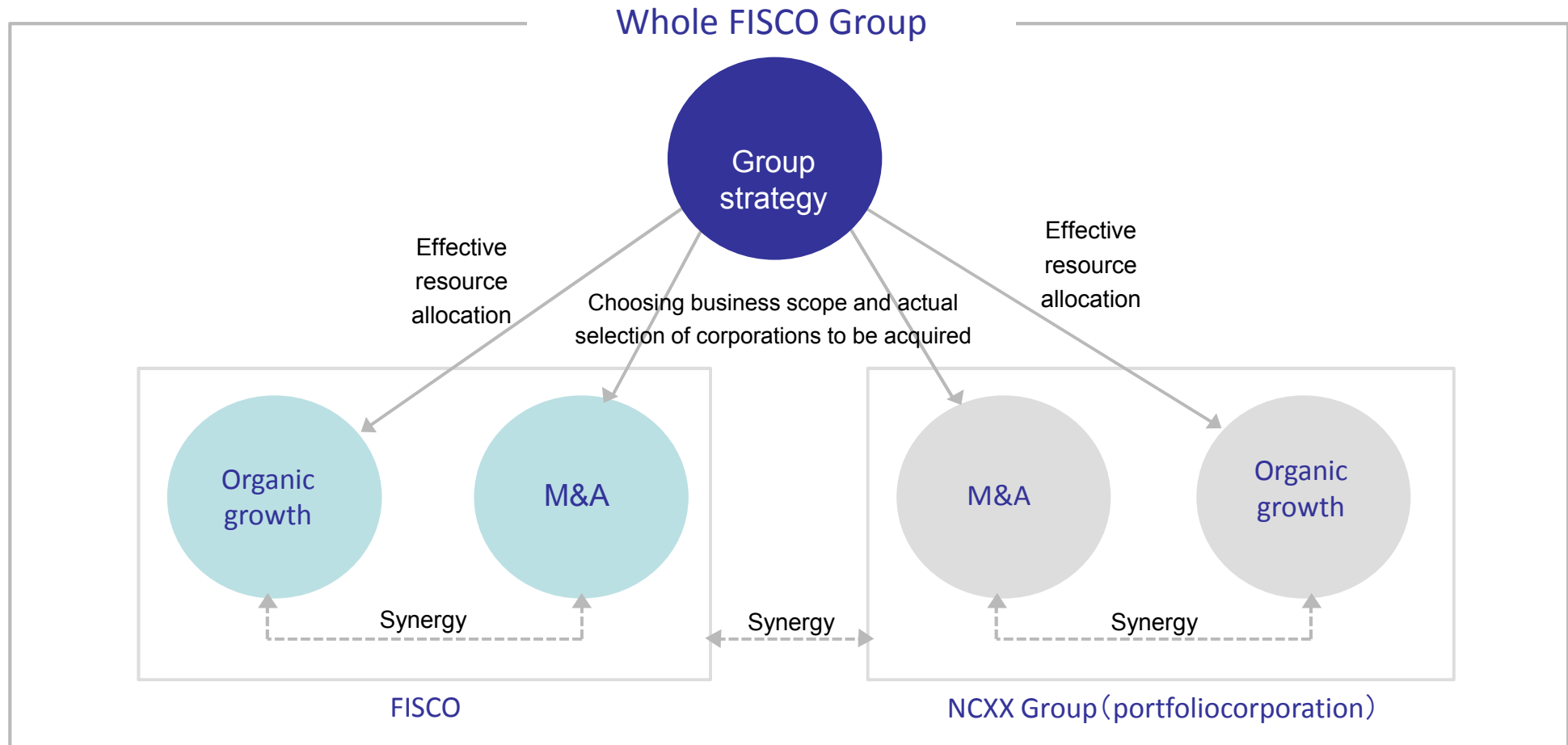
As equity expanded sufficiently, it is possible to deploy needed resources for M&A and organic growth



Strategies to achieve further growth

FISCO's group management

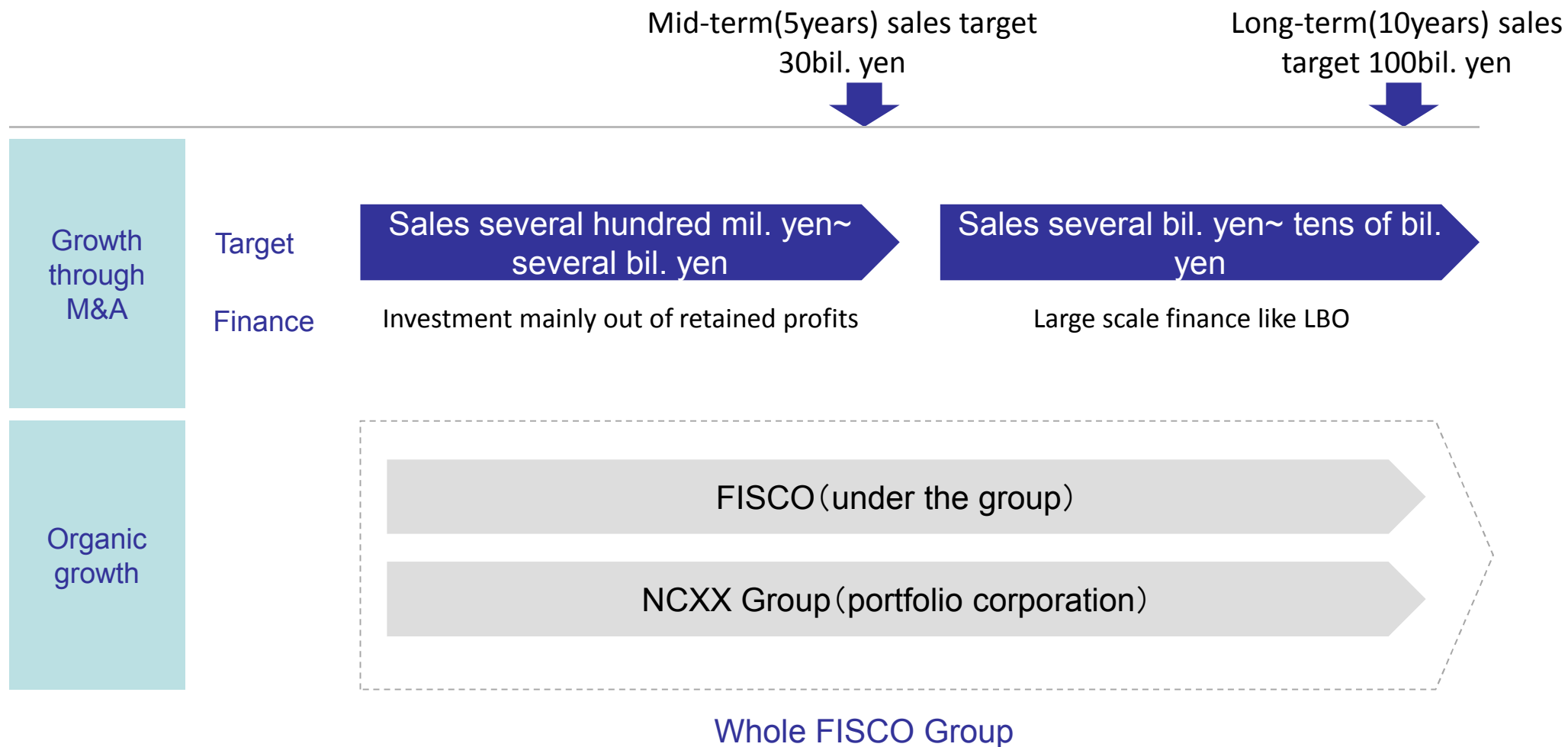
- "System for designing strategical plan", "Resource allocation across the group" and "business development considering profit for group as a whole" to optimize the whole FISCO Group
- FISCO under the group focuses on increasing shareholders' value for its customers. Therefore, it forms its competitive edge using its portfolio corporations including NCXX. It also goes through M&A to promote shareholders' value by assuming risk and achieving synergies in the group.



Future growth drivers

The mid-long term sales target is high supported by organic growth and M&A

For M&A, when sales go over 30bil. Yen, the company will start targeting larger corporations



Traditional assets of FISCO

- Strong brand name as financial information distributor
- Know-hows and network related to corporation IR

New abilities of FISCO

- Capability in improving corporation operation
- Optimization of corporation portfolio
- High-level finance arrangement abilities

↓ Become stronger on autonomous growth ↓

- Expansion of network with listed corporations on development of corporation research report business
- Strengthen cross selling of products from subsidiaries like making IR contents and promotion business

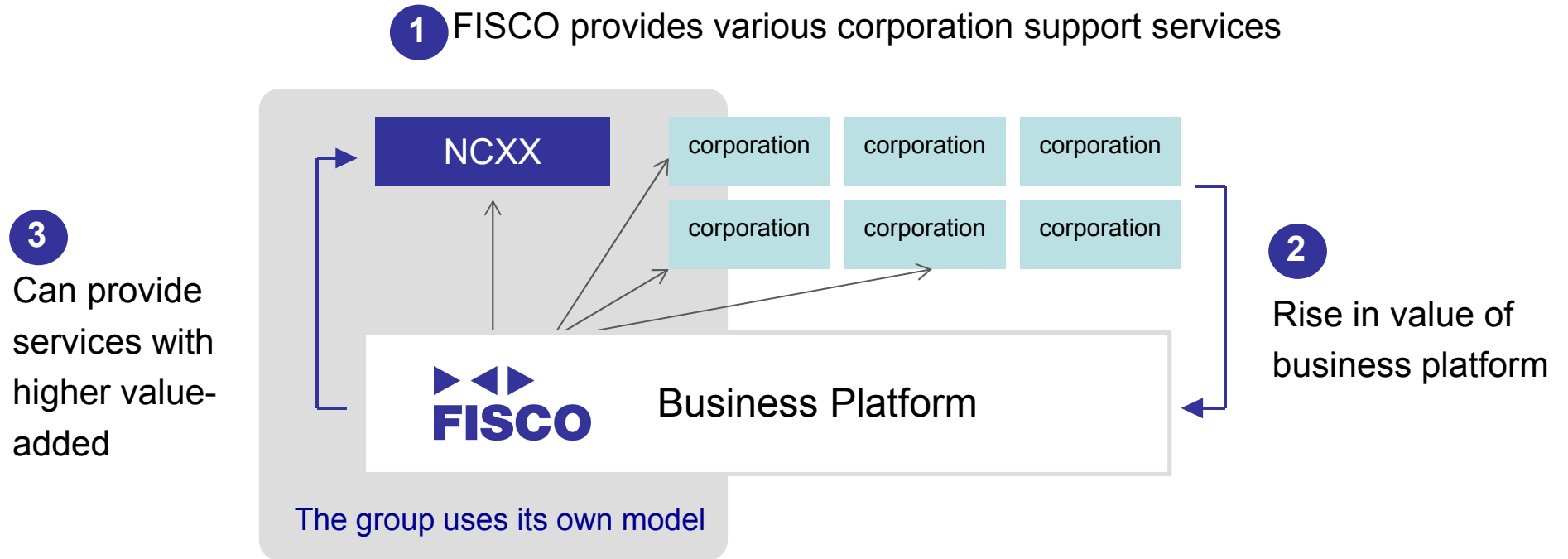
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- Improvement in responses to operational/financial needs

Pilot testing in FISCO's group corporations, further accumulate know-hows in improving operation/finance

FISCO to provide various accumulated know-hows/services through platform-type solution business using corporation network built

FISCO positions group corporation NCXX as experimental laboratory of its own platform-type solution business to improve value



Results achieved

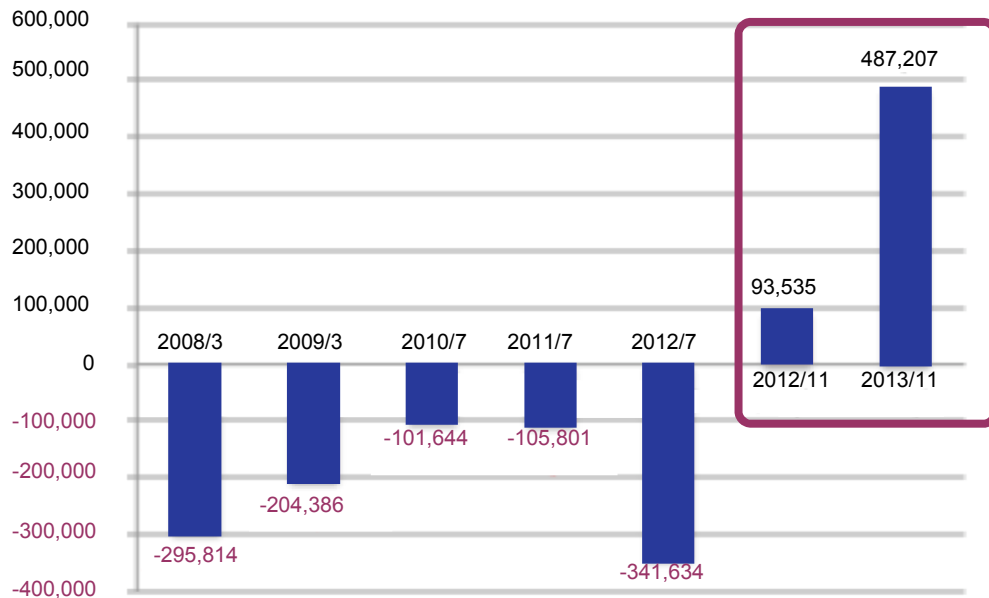
- Financial arrangements like designing financial strategies, support for implementation and financing like increase of equity
- Consulting like switch of business portfolio(dedicating operating resources into growth sectors) etc.
- CI implementation, designing marketing strategies, matching of customer corporations etc.

Rapidly growing NCXX Group

NCXX Group received various support services from FISCO in raising business value. Its financial results expanded quickly on expansion of M2M business

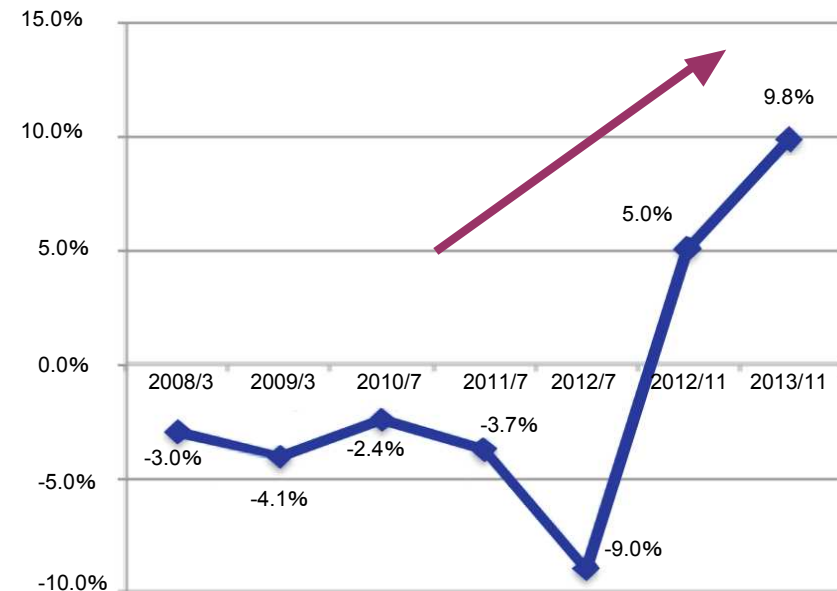
NCXX Group consolidated results

Recurring Profits



Units : '000 yen

Gross profit margin



Factors behind the growth

- Internal operation improvements boosted by support services from FISCO
- M2M business segment expansion

Competitiveness of NCXX in M2M market

NCXX is highly competitive in M2M market, with proven records

Provide products compatible with most domestic MNO standards

Logos of domestic MNOs: SoftBank, WILLCOM, docomo, UQ WiMAX, and Overseas Vodafone.

Expansion of NCXX M2M products

Logos of M2M product partners for years '12, '13, and '14*.

M2M product shipment communication module share*

1st	HITACHI	Hitachi Kokusai Electric	19%
2nd	SII		18%
3rd	NCXX		15%
4th	HUAWEI		12%
5th	KYOCERA		10%

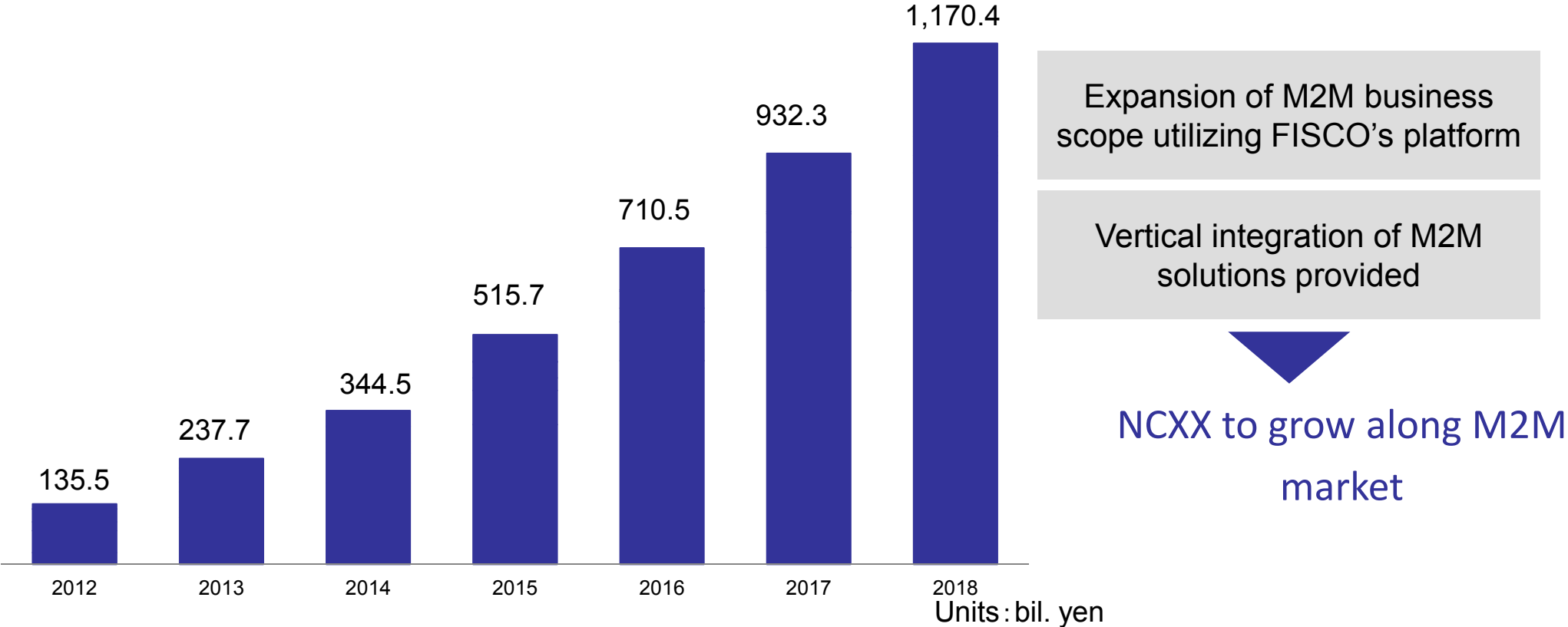
*Source: Techno Systems Research "Domestic mobile M2M market trend survey"

*Outlook for '14

Connection with the growing M2M market

NCXX is in rapidly growing M2M market. Utilizing FISCO's support service for corporations, it can expand in M2M business scope and further accelerate its growth through vertical integration of provided solutions

M2M market size forecast*

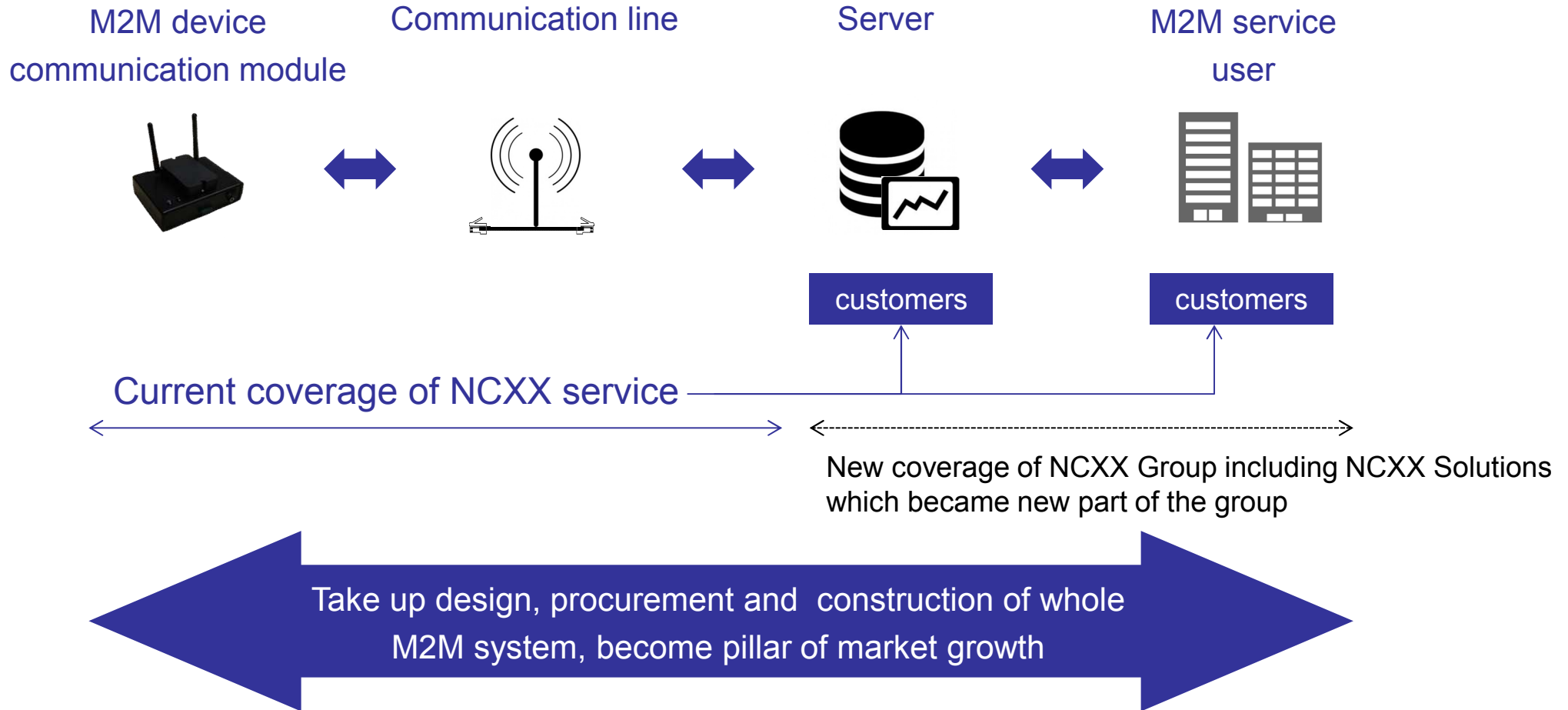


M2M market size growing at 30~50% annual rate, expected to reach 1tril. yen in 2018

*Source: Nomura Research Institute "IT Navigator Ver. 2014"

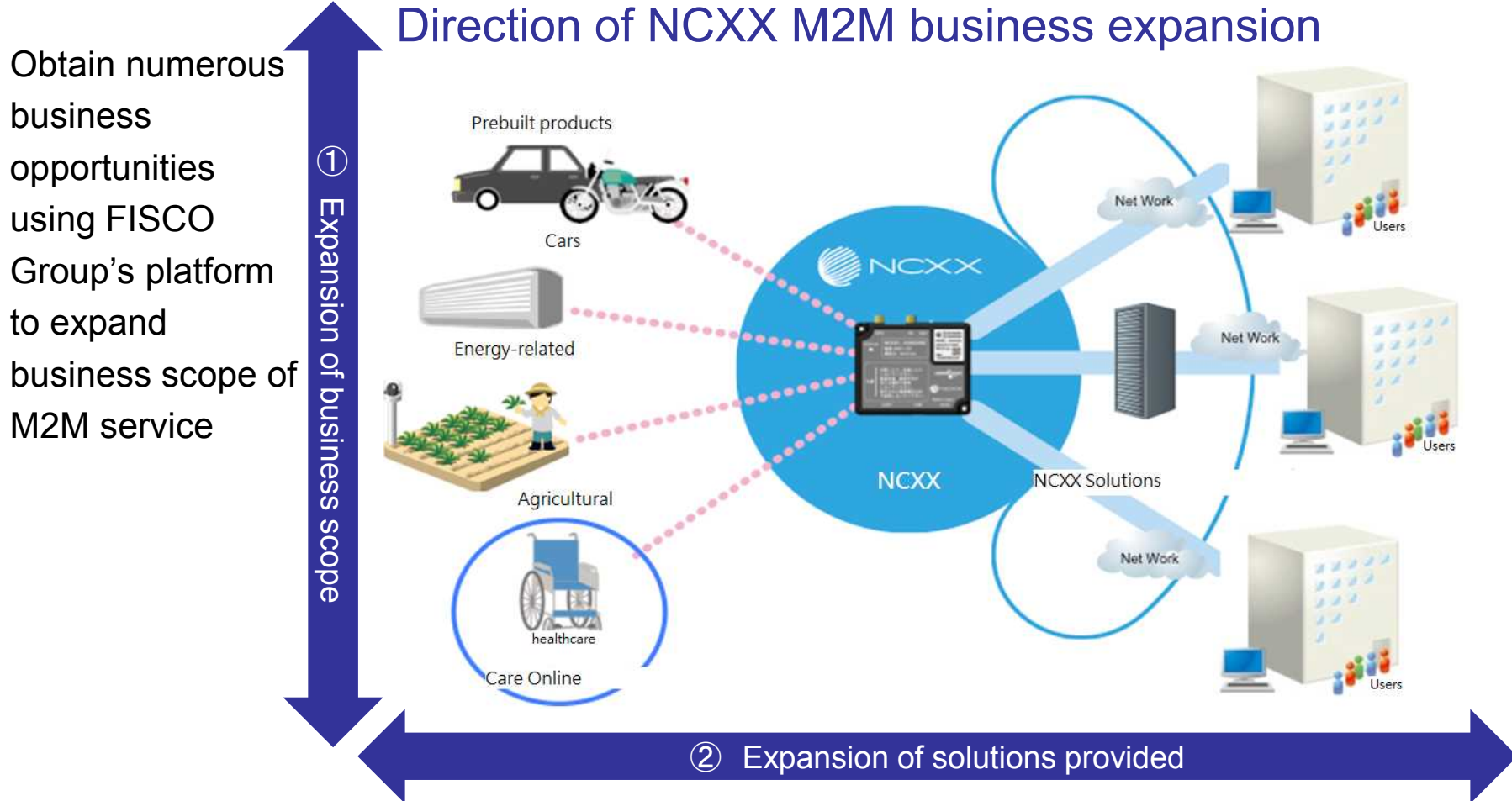
Expansion of M2M solutions provided

NCXX Group is aiming to provide one-stop service of complete M2M solutions to users in the future



Expansion of M2M business of NCXX Group

NCXX Group is aiming at growing into leading company in M2M business through expansion of business scope as well as providing total solution through vertical integration

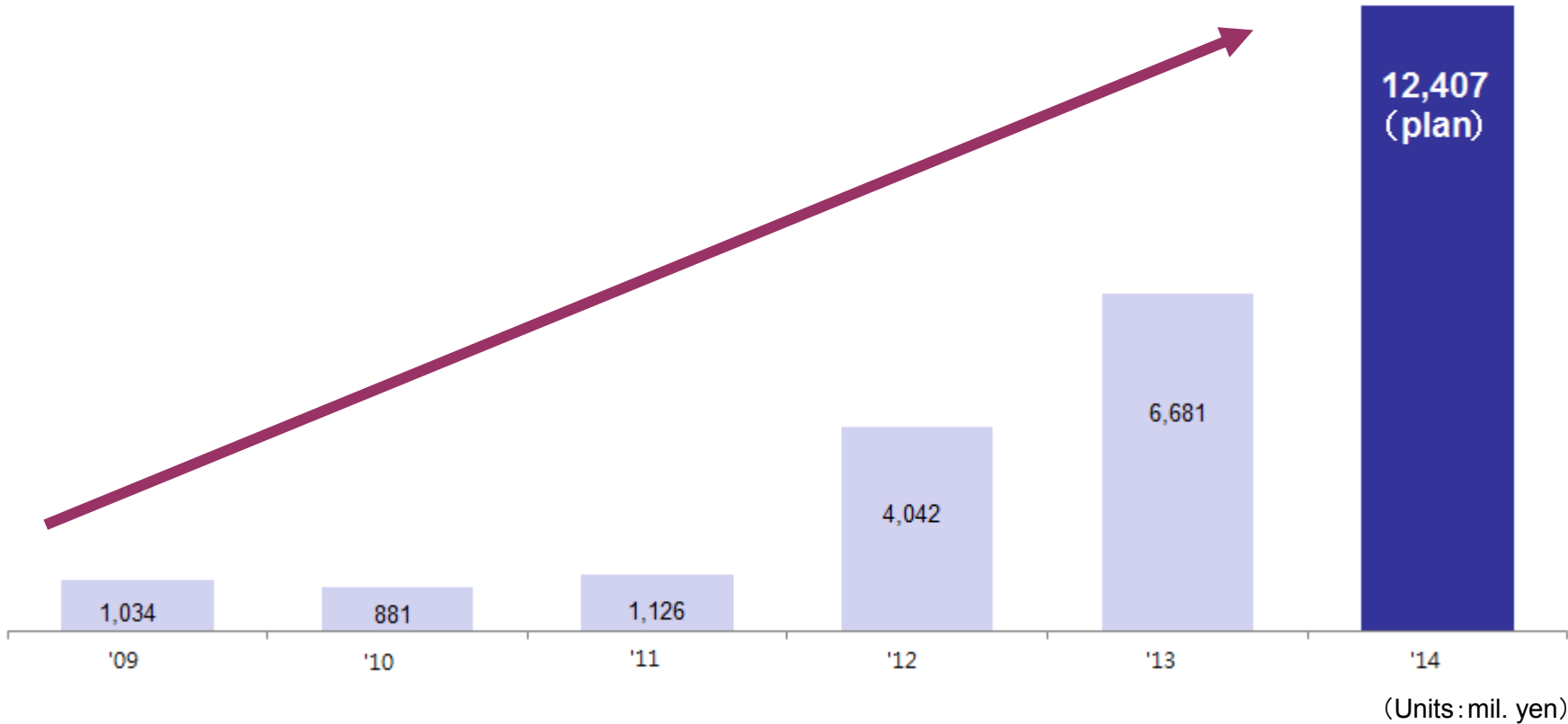


We FISCO Group will continue to grow rapidly and achieve our high mid-long term operating goals.

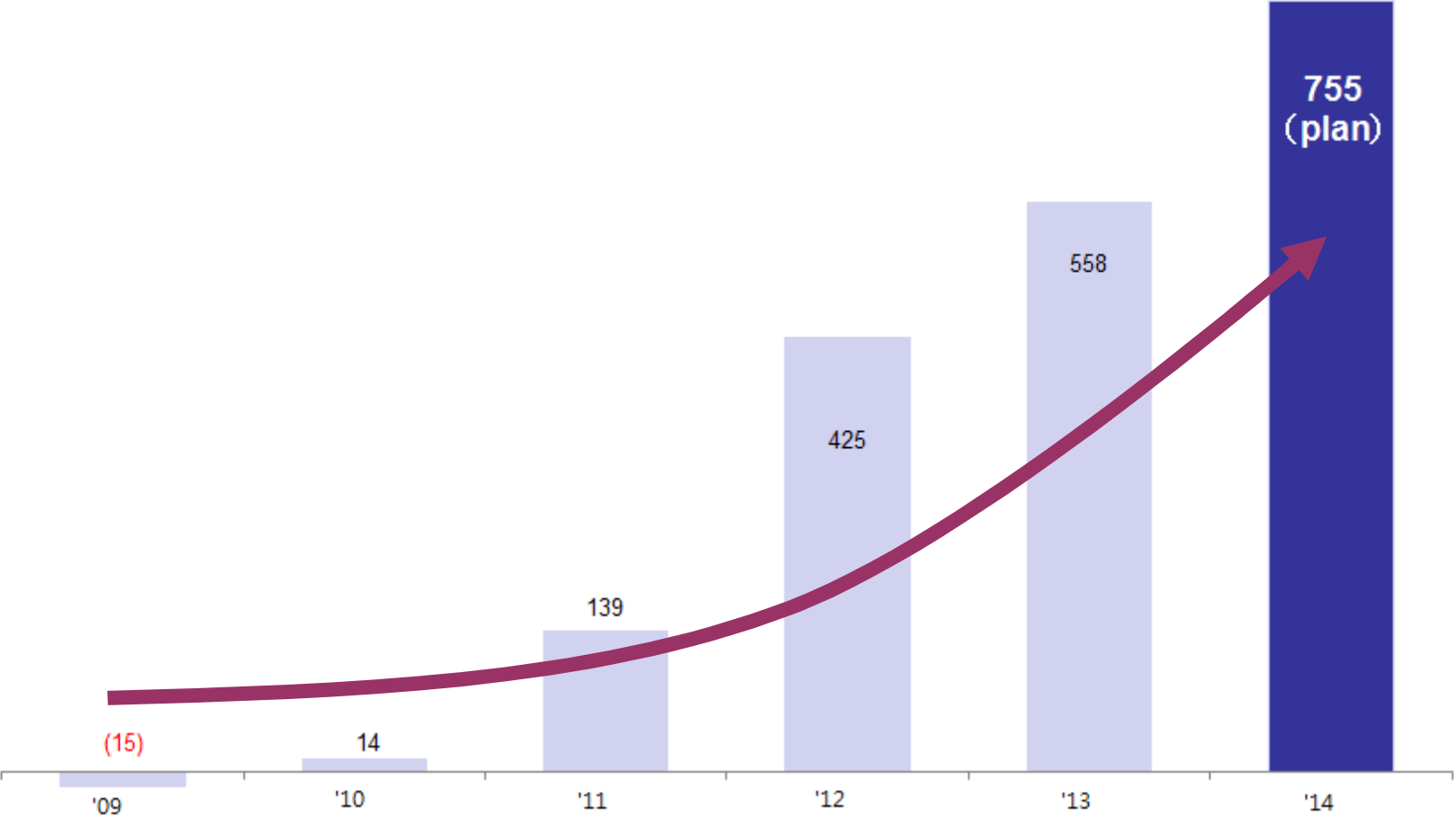
1. We the management team led FISCO Group to success and rapid growth in the past 4 years.
2. Success factors were well proved over past 4 years.
3. We firmly believe that we can further strengthen and reinforce these success factors in the future
4. We have the confidence and passion needed in achieving the high mid-long term operating goals.
5. We promise success to all stakeholders of FISCO.

We will keep our promise in achieving
our goals.

Doubling the sales again



Further rise in net profit this period



(Units : mil. yen)

Thank you for your attention.

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