Summary of Financial Results for the First Half of Fiscal Year ending March 31, 2010

November 5, 2009

Listed Company Name: 富士ソフト株式会社 Listing Exchanges: Tokyo Stock Exchange

Securities Code: 9749 URL: http://www.fsi.co.jp
Representative: Haruhisa Shiraishi, President & Chief Operating Officer
Contact: Tatsuya Naito, Manager of Finance & Accounting Division, Corporate Planning Department
Phone: +81-45-650-8811 (main)
Scheduled date of submission of quarterly report: November 11, 2009
Scheduled date of dividend payment: December 10, 2009

(Figures less than one million yen are omitted)

1. Consolidated Business Results for the Six Months Ended September 30, 2009 (Apr. 1, 2009 – Sep. 30, 2009)

(1) Consolidated operating results (cumulative total) (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended 9/09	72,432	-13.0	1,636	-58.2	1,616	-54.3	1,280	12.6
Six months ended 9/08	83,221	—	3,910	—	3,535	—	1,136	—

	Net income per share	Net income per share/ diluted
	Yen	Yen
Six months ended 9/09	40.15	—
Six months ended 9/08	34.14	34.13

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Six months ended 9/09	170,844	80,134	40.8	2,184.15
Year ended 3/09	177,795	78,236	38.3	2,137.03

Reference: Shareholders' equity (million yen) Six months ended 9/09: 69,643 Year ended 3/09: 68,141

2. Dividends

	Dividend per share				
(Record date)	End of first quarter	End of interim period	End of third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended 3/09	—	15.00	—	15.00	30.00
Year ending 3/10	—	5.00			
Year ending 3/10 (forecast)			—	5.00	10.00

(Note) Revision of dividend forecast in the first half under review: None

3. Forecast for Consolidated Business Results for the Fiscal Year Ending March 31, 2010
(Apr. 1, 2009 – Mar. 31, 2010)

(Percentages represent changes from the same period of previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	145,000	-12.2	3,600	-50.8	3,600	-45.4	3,700	318.8	116.04

(Note) Revision of consolidated results forecast in the first half under review: None

4. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): Yes
Two new companies (Company names: ①CYBERNET HOLDINGS CANADA, INC./ ②WATERLOO MAPLE INC.)
Note: For more details, please see Page 4, “4. Others” of “Qualitative Information and Financial Statements”

(2) Application of the simplified accounting methods and accounting methods specific to the preparation of quarterly consolidated financial statements: Yes
Note: For more details, please see Page 4, “4. Others” of “Qualitative Information and Financial Statements”

(3) Changes in accounting principles, procedures and presentation methods for preparation of consolidated financial statements
1) Changes caused by revision of accounting standards: Yes
2) Other changes: Yes
Note: For more details, please see Page 4, “4. Others” of “Qualitative Information and Financial Statements”

(4) Number of outstanding shares (common shares)
1) Number of shares outstanding at the end of period (including treasury stock):

9/09:	35,746,329 shares	Year ended 3/09:	35,746,329 shares

2) Number of treasury stock at the end of period

9/09:	3,860,556 shares	Year ended 3/09:	3,860,219 shares

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

9/09:	31,885,985 shares	9/08:	33,295,234 shares

* Cautionary statement with respect to forward-looking statements

The forecast described in this report has been prepared based on data available on the announcement date. Since the data contains uncertainties, actual results may differ materially from the projections above due to changes in business performance and other factors.
For assumptions underlying the forecast and other information, please refer to “3. Qualitative Information Regarding Forecasts for Consolidated Business Results” of “Qualitative Information and financial Statements” on Page 5.

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Operating Results

During the first half of the fiscal year under review, despite reports that the downturn was coming to an end in certain sectors, the Japanese economy continued to show no signs of achieving a sustained recovery. Corporate earnings declined and the employment environment became increasingly severe.

The IT industry generally continued to face an extremely difficult operating environment, with falling demand for IT related services from the corporate sector and caution on capital investment, reflecting continued uncertainty over the economic outlook.

In this environment, the Company established a muscular medium-term reform strategy, the five pillars (strengthening of the foundations of the contract business, becoming a prime vendor, productization, globalization, and bolstering group capabilities). We also sought to execute our management policies, stabilize our revenue base and secure engines for growth.

In June 2009, the Company introduced an executive officer system. Then, in October 2009, we introduced comprehensive organizational reforms, and developed a system in which we flexibly deployed strategies and measures based on a flat organization. Under this reform, we will streamline head office divisions, and abolish the existing business division system to realign business groups. With these initiatives, the Company will clarify the roles of each business group and endeavor to promote its muscular medium-term reform strategy, or five pillars.

Among other business activities, under its two management policies, the Company entered a number of markets that could serve as future engines of growth. These markets included distribution BMS, which is a new EDI standard in the distribution industry; digital signage, which is advertising media that presents images and information through digital communications; cloud computing, which provides the Group's package products as a software-as-a-service (SaaS); and the thin client plus SaaS combination, which provides customers with instant communications service software. In April 2009, the Company concluded a memorandum for a comprehensive business alliance with the Industrial Technology Research Institute (ITRI), a Taiwanese research organization. In September 2009, we established the Fujisoft Taipei office as an overseas facility to promote overseas operations of embedded solutions, an area in which we excel. We then established a business collaboration with local companies to develop new businesses in the overseas market, based on our alliance with Taiwanese hardware vendors. The Company entered the market for mobile phones for emerging countries, while it initiated Group-wide cost cutting measures and cross selling designed to enhance the sharing of management resources. By adopting these initiatives, the Company has focused on stabilizing its revenue base as a key policy.

Moreover, to strengthen the development of the cloud computing market, an area of focus since the previous year, the Company started to sell its unique Google Apps Start Pack as a support service for the introduction of Google Apps Premier Edition. Based on this initiative, we have introduced comprehensive services for cloud computing. Meanwhile, we have taken steps to support our business activities by holding events such as the FUJISOFT Solution Seminar 2009 in AKIBA, a solution seminar focusing on cloud computing.

The Company also sought to improve the contents of its *Minna-no Theater ® Wii*, the VOD service it began to offer from January 2009 for WiiWare™ of Wii®, Nintendo's game console for the home. Our goal was to attract new users and bolster customer satisfaction among existing users by taking initiatives such as forming an alliance with Sonic Solutions (Cinema Now) and concluding a film distribution license agreement with Warner Bros. Digital Distribution of Warner Entertainment Japan Inc.

In addition, Cybernet Systems Co., Ltd., the Company's consolidated subsidiary, acquired the shares of its overseas subsidiaries as a means to expand the market for the sales of the Company's products. Through these initiatives, the Company was able to bolster its global operations.

Notwithstanding the activities described above, given the extremely difficult business environment, with falling demand for IT services from the corporate sector and an aversion to capital spending, net sales in the first half of the fiscal year under review stood at 72,432 million yen, down 13.0% year on year. Although selling, general, and administrative expenses fell 13.8% from the previous year, to 14,284 million yen, mainly reflecting lower labor costs, with a higher cost of sales and lower sales, operating income fell 58.2% year on year, to 1,636 million yen, and ordinary income declined 54.3%, to 1,616 million yen. Net income stood at 1,280 million yen, up 12.6% from the previous year, primarily attributable to the recording of compensation and a gain on sales of investment securities as extraordinary gains.

Segment results by business were as follows:

1) Software development related business
   Sales of operation software mainly from the distribution sector rose, but sales of embedded software fell significantly. As a result, this segment recorded sales of 57,404 million yen, down 16.1% year on year. Operating income amounted to 605 million yen, a fall of 84.0% from a year ago.
2) Outsourcing business
   Office services performed well, while sales of system maintenance and operation services fell.
   Consequently, this segment's sales stood at 12,944 million yen, down 4.7% from a year earlier. Operating income was 291 million yen, rising 137.2%.
3) Other businesses
   Sales of the real-estate rental business, job placement and temporary staffing agency services, and other businesses were 2,082 million yen, up 70.0%, and operating income stood at 738 million yen, climbing 737 million yen from the previous year.
   As described in 4. (3) 2) Change in standard for recording real-estate rental revenues and costs on Page 5, the real-estate rental business in added to the other businesses segment from the first half of the fiscal year under review.

2. Qualitative Information Regarding Consolidated Financial Position

(Assets)

Total assets stood at 170,844 million yen at the end of the first half of the fiscal year under review, down 6,951 million yen from the end of the preceding consolidated fiscal year. Current assets fell 10,806 million yen from the end of the previous fiscal year, to 57,342 million yen. Fixed assets rose 3,853 million yen, to 113,500 million yen.

The fall in current assets was primarily attributable to a 6,747 million yen fall in cash and time deposits year on year, to 18,606 million yen, and a 6,131 million yen decline in notes and accounts receivable-trade, to 24,130 million yen, offsetting a 1,930 million yen rise in work in progress, to 4,958 million yen.

The rise in fixed assets was primarily attributable to a 3,288 million yen rise in goodwill, intangible fixed assets, from the previous year, to 5,631 million yen.

(Liabilities)

Total liabilities were 90,710 million yen at the end of the first half of the fiscal year under review, falling 8,848 million yen from the end of the preceding fiscal year. Current liabilities declined 24,065 million yen, to 59,684 million yen. Long-term liabilities rose 15,216 million yen, to 31,025 million yen.

Current liabilities fell mainly because of a year-on-year 23,395 million yen decrease, to 31,919 million yen, in short-term loans as a result of the repayment of loans, and a 3,963 million yen decline, to 5,863 million yen, in accrued expenses as a result of a reduction in labor costs. These changes offset a 4,294 million yen rise, to 5,981 million yen, in long-term loans scheduled to be paid within one year.

Long-term liabilities increased, primarily attributable to a year-on-year rise of 14,317 million yen in long-term loans, to 22,157 million yen.

(Net assets)

Net assets climbed 1,897 million yen from the end of the previous fiscal year, to 80,134 million yen at the end of the first half of the fiscal year under review. The equity ratio rose to 40.8%, up from 38.3% at the end of the previous fiscal year.

(Cash flows)

Consolidated cash and cash equivalents (“cash”) at the end of the first half of the fiscal year under review were 18,599 million yen, a rise of 2,866 million yen year on year.

Cash flows in each category are as follows:

1) Cash flows from operating activities

Net cash provided by operating activities stood at 4,225 million yen, an increase of 1,636 million yen compared with the previous fiscal year.

The main factors included income before income taxes and minority interests of 2,655 million yen, a decrease in accounts receivable of 5,283 million yen (2,871 million yen more than the year-ago decrease), a decrease in trades payable of 1,591 million yen (1,528 million yen less than the year-ago decrease), and a decline in accrued personnel expenses of 3,488 million yen (3,436 million yen more than the year-ago decrease).

2) Cash flows from investing activities

Net cash used in investing activities was 5,177 million yen, an increase of 526 million yen from the outflow recorded in the previous fiscal year.

The main factors were payments for the acquisition of tangible and intangible fixed assets of 3,643 million yen (up 1,099 million yen year on year), net cash provided of 1,936 million yen from payments for the acquisition and proceeds from sales of securities and investment securities (rising 3,968 million yen year on year), and net payments of 3,283 million yen for the acquisition of new consolidated subsidiaries (up 3,283 million yen year on year).

3) Cash flows from financing activities

Net cash used in financing activities was 5,895 million yen, 2,028 million yen higher than the outflow for the previous fiscal year.

Major factors included a net cash used of 5,064 million yen from the sum of the acquisition and repayment of short-term loans and the acquisition and repayment of long-term loans (a change of 5,587 million yen from the net cash provided in the previous year), and the absence of the purchase of treasury stock (compared with 3,444 million yen outlaid in the previous year).

3. Qualitative Information Regarding Forecasts for Consolidated Business Results

The forecasts for the full-year results stated in the Notice of Revisions to Consolidated and Non-Consolidated Forecasts announced on October 30, 2009 have not been changed.

4. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation)

Cybernet Systems Co., Ltd., the Company’s consolidated subsidiary, established Cybernet Holdings Canada Inc. on August 24, 2009, and Waterloo Maple Inc. on September 2, 2009. The two companies are deemed to be the Company’s specified subsidiaries.

(2) Application of the simplified accounting methods and accounting methods specific to the preparation of quarterly

1) Simplified accounting methods

Method of calculating the depreciation expenses of fixed assets

For assets for which the declining balance method is used, we calculated depreciation expenses by proportionally distributing the amount of depreciation for the fiscal year to the period.

2) Accounting methods specific to the preparation of quarterly consolidated financial statements
Calculation of tax expenses
Certain subsidiaries have adopted a method in which tax expenses are calculated by multiplying income before income taxes by an estimated effective tax rate that is reasonably estimated to be applicable to net income before tax for the consolidated fiscal year under review after the application of tax effect accounting.

(3) Changes in accounting principles, procedures and presentation methods for preparation of consolidated financial statements
1) Change in standard for recording revenues and costs relating to made-to-order software development
The Company applied the completed-contract method for recording revenues and costs relating to made-to-order software development. However, in the first quarter, the Company applied the percentage-of-completion method (construction-cost-percentage method for estimating the degree of completion of software development) for contracts whose outcome at the end of the second quarter is deemed certain and the completed-contract method for other contracts of the made-to-order software development contracts that started to be implemented in the first quarter under the Accounting Standard for Construction Contracts (Accounting Standards Board of Japan Statement No. 15; December 27, 2007) and Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18; December 27, 2007), which the Company started to apply in the first half under review.
With this change, net sales for the first half of the fiscal year under review increased 1,887,408,000 yen, and operating income, ordinary income, and income before income taxes and minority interests each rose 519,666,000 yen.

2) Change in standard for recording real-estate rental revenues and costs
The Company recorded real-estate rental revenues and costs in non-operating income and non-operating expenses, respectively. Starting the first quarter, however, the Company is recording real-estate rental revenues and costs in net sales and cost of sales, respectively.
The reason of the change is that we expect real-estate rental revenues to increase and have changed our business purpose in the Articles of Incorporation. As a result of the change, sales, the cost of sales, and operating income rose 920,122,000 yen, 469,803,000 yen, and 450,319,000 yen respectively. The change does not affect ordinary income and income before income taxes and minority interests.

3) Changes in presentation
(Consolidated balance sheet)
The Company is presenting long-term loans payable within one year (20,430,000 yen for the previous first half), which were included in short-term loans in the previous first half, as a separate item from the first half under review, since their significance increased.

(Consolidated cash flow statement)
Because a “Loss on valuation of investment securities” classified in “Cash flows from operating activities” for the first half of the previous consolidated fiscal year has become insignificant, it is included in “Other” of “Cash flows from operating activities” from the first half of the consolidated fiscal year under review.
The loss on valuation of investment securities was 467,000 yen for the first half of the consolidated fiscal year under review.

5. Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Thousand yen)

	H1 FY2009 (As of September 30, 2009)	FY2008 Summary (As of March 31, 2009)
(Assets)		
Current assets		
Cash and time deposits	18,606,505	25,354,026
Notes and accounts receivable-trade	24,130,180	30,261,853
Securities	311,004	398,275
Merchandise	136,196	661,644
Work in process	4,958,242	3,027,621
Raw materials and supplies	32,667	45,239
Other	9,550,710	8,736,837
Allowance for bad debt	-383,207	-336,317
Total current assets	57,342,300	68,149,181
Fixed assets		
Tangible fixed assets		
Building and structures	57,747,533	57,464,568
Accumulate depreciation	-15,726,713	-14,541,722
Building and structures (net)	42,020,820	42,922,846
Land	30,576,982	30,576,982
Construction in progress	743,278	134,439
Other	13,244,487	12,343,371
Accumulate depreciation	-7,613,310	-6,839,199
Other (net)	5,631,177	5,504,172
Total tangible fixed assets	78,972,258	79,138,441
Intangible fixed assets		
Goodwill	5,631,891	2,343,126
Software	6,991,925	6,938,991
Other	825,862	817,930
Total intangible fixed assets	13,449,679	10,100,049
Investments and other assets		
Investment securities	14,457,433	13,819,395
Other	6,689,525	6,660,600
Allowance for bad debt	-68,778	-71,849
Total investments and other assets	21,078,181	20,408,146
Total fixed assets	113,500,119	109,646,637

(Thousand yen)

	H1 FY2009 (As of September 30, 2009)	FY2008 Summary (As of March 31, 2009)
Deferred assets		
Bond issuance cost	2,010	－
Total deferred assets	2,010	－
Total assets	170,844,430	177,795,818

(Thousand yen)

	H1 FY2009 (As of September 30, 2009)	FY2008 Summary (As of March 31, 2009)
(Liabilities)		
Current liabilities		
Accounts payable-trade	8,360,057	9,946,231
Short-term loans	31,919,236	55,315,100
Long-term loans payable within one year	5,981,840	1,686,892
Current portion of bonds	68,400	—
Accrued expenses	5,863,063	9,827,012
Income taxes payable	1,284,001	1,250,069
Allowance for bonuses to directors and corporate auditors	51,886	160,019
Provision for loss on construction contracts	1,581,061	—
Other	4,575,124	5,564,414
Total current liabilities	59,684,671	83,749,740
Long-term liabilities		
Bonds payable	143,200	—
Long-term loans	22,157,901	7,839,908
Liabilities for retirement benefits to employees	4,758,523	4,619,259
Liabilities for retirement benefits to directors and corporate auditors	425,116	379,982
Other	3,540,607	2,970,122
Total long-term liabilities	31,025,348	15,809,272
Total liabilities	90,710,019	99,559,013
(Net assets)		
Owners' equity		
Common stock	26,200,289	26,200,289
Capital surplus	28,438,965	28,438,965
Retained earnings	32,327,638	31,525,608
Treasury stock	-8,100,474	-8,099,900
Total owners' equity	78,866,418	78,064,962
Valuation and translation adjustment		
Valuation difference of available-for-sale securities	-136,360	-890,801
Deferred hedge gain (loss)	-307	18,533
Land revaluation difference	-9,051,263	-9,051,263
Foreign currency translation adjustment	-35,061	—
Total valuation and translation adjustments	-9,222,992	-9,923,531
Stock acquisition rights	77,610	46,566
Minority interest	10,413,374	10,048,808
Total net assets	80,134,410	78,236,805
Total liabilities and net assets	170,844,430	177,795,818

(2) Consolidated Income Statement

Consolidated first half results

(Thousand yen)

	H1 FY2008 (From April 1, 2008 to September 30, 2008)	H1 FY2009 (From April 1, 2009 to September 30, 2009)
Net sales	83,221,219	72,432,161
Cost of sales	62,735,089	56,512,065
Gross of profit	20,486,130	15,920,096
Selling, general and administrative expenses	16,575,765	14,284,090
Operating income	3,910,364	1,636,006
Non-operating income		
Interest income	31,045	8,956
Dividend income	54,996	40,829
Foreign exchange gains	—	107,340
Equity in earnings of affiliates	—	151,073
Rent income	670,775	17,354
Other	202,102	238,750
Total non-operating income	958,918	564,305
Non-operating expenses		
Interest expense	398,432	457,361
Losses from equity-method investment	362,916	—
Cost of rents	390,688	—
Exchange loss	26,764	—
Other	154,659	126,618
Total non-operating expenses	1,333,461	583,980
Ordinary income	3,535,822	1,616,331
Extraordinary gains		
Gain on sales of investment securities	—	314,435
Compensation income	—	800,000
Total extraordinary gains	—	1,114,435
Extraordinary losses		
Loss on valuation of investment securities	9,750	—
Loss on liquidation of subsidiaries and affiliates	—	66,931
Amortization of goodwill	—	8,746
Loss on changes in equity	3,263	—
Total extraordinary losses	13,013	75,677
Income before income taxes and minority interests	3,522,809	2,655,089
Income taxes – current	1,636,664	1,114,986
Income taxes – deferred	127,218	-289,507
Total income taxes	1,763,883	825,479
Minority interests	622,241	549,275
Net income	1,136,684	1,280,333

(3) Consolidated Cash Flow Statement

(Thousand yen)

	H1 FY2008 (From April 1, 2008 to September 30, 2008)	H1 FY2009 (From April 1, 2009 to September 30, 2009)
Cash flows from operating activities		
Income before income taxes and minority interests	3,522,809	2,655,089
Depreciation	3,385,708	3,240,476
Amortization of goodwill	534,105	571,910
Increase (decrease) in provision for retirement benefits	120,198	82,039
Interest expense	398,432	457,361
Loss (gain) on sales of investment securities	—	-314,435
Loss (gain) on valuation of securities	9,750	—
Decrease (increase) in accounts receivable	2,412,080	5,283,372
Decrease (increase) in inventories	150,371	-1,334,762
Increase (decrease) in trades payable	-3,119,989	-1,591,449
Increase (decrease) in accrued personnel expenses	-52,036	-3,488,891
Increase (decrease) in consumption tax payable	-1,267,038	-720,766
Increase (decrease) in long-term prepaid expenses	-808,336	-179,700
Increase (decrease) in provision for loss on construction contracts	—	1,581,061
Other	-310,943	-1,398,149
Subtotal	4,975,111	4,843,156
Proceeds from compensation	—	800,000
Interest and dividends received	146,172	66,226
Interest paid	-393,857	-360,317
Income taxes paid	-2,138,207	-1,123,197
Net cash provided by operating activities	2,589,218	4,225,868
Cash flows from investing activities		
Payments for purchases of tangible fixed assets	-1,164,771	-1,973,706
Payments for purchases of intangible fixed assets	-1,378,769	-1,669,647
Payments for purchases of securities	-2,296,722	—
Proceeds from sales of securities	2,495,583	800,000
Payments for purchases of investment securities	-2,273,092	-30,500
Proceeds from sales of investment securities	42,020	1,167,037
Payments for the acquisition of new consolidated subsidiaries	—	-3,364,468
Proceeds from the acquisition of new consolidated subsidiaries	—	80,994
Other	-75,327	-187,403
Net cash provided by (used in) investing activities	-4,651,080	-5,177,694
Cash flows from financing activities		
Acquisition of short-term loans	59,700,000	25,100,000
Repayment of short-term loans	-59,051,791	-48,571,123
Acquisition of long-term loans	—	20,200,000
Repayment of long-term loans	-124,740	-1,793,397
Payments for purchases of treasury stock	-3,444,800	-574

(Thousand yen)

	H1 FY2008 (From April 1, 2008 to September 30, 2008)	H1 FY2009 (From April 1, 2009 to September 30, 2009)
Dividends paid	-507,699	-488,300
Dividends paid to minority shareholders	-284,744	-188,908
Other	-153,298	-153,276
Net cash provided by (used in) financing activities	-3,867,074	-5,895,579
Translation difference of cash and cash equivalents	-5,540	-18,387
Increase (decrease) in cash and cash equivalents	-5,934,476	-6,865,793
Cash and cash equivalents at beginning of period	21,667,287	25,465,345
Cash and cash equivalents at end of period	15,732,810	18,599,552

(4) Event or situation that gives rise to doubt about going concern
Not applicable.

(5) Segment information
Segment information by business type

H1 FY2008 (From April 1, 2008 to September 30, 2008)

(Thousand yen)

	Software development related business	Outsourcing business	Other businesses	Total	Eliminations or corporate	Consolidation
Net sales						
(1) Sales to outsidecustomers	68,412,475	13,583,443	1,225,300	83,221,219	—	83,221,219
(2) Inter-segment sales or transfers	12,187	29,154	8,857	50,199	(50,199)	—
Total	68,424,663	13,612,597	1,234,157	83,271,418	(50,199)	83,221,219
Operating income/loss	3,786,709	122,899	685	3,910,294	70	3,910,364

Notes: 1. Business is classified based on the classification adopted for internal management.

2. Description of each business

(1) Software development related business

Contract software development of telecommunication control systems, machine control systems, operating systems and operation applications used in different industries, quality evaluation and control support, consulting, product development and sales, and design, manufacture, sales and other activities of personal computer related devices

(2) Outsourcing business

System maintenance and operations, data entry and helpdesk services, etc.

(3) Other businesses

Temporary staff dispatch business, etc.

3.Change in accounting policies

Since the first quarter of the fiscal year under review, the Company has adopted the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 originally issued by the Corporate Accounting Council (“CAC”) on June 17, 1993 and revised by the ASBJ on March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 originally issued by the Japanese Institute of Certified Public Accountants (“JICPA”) on January 18, 1994 and revised by the ASBJ on March 30, 2007). This change caused operating income for the software development related business to increase by 6,745,000 yen in the first half of the fiscal year under review. The change had no impact on the outsourcing business and other business.

4. Change of business segment

In the past, we classified out businesses into four segments, namely the software development-related business, the outsourcing business, the solution services business and other businesses. However, the solution services business is closed tied to other segments, given our position as an IT solutions vendor, and the ratio of sales in this segment to total sales has been declining and will continue to decline. We can therefore provide segment information that is better aligned with the current organization structure of the Group by consolidating the solution services business into other segments. We have consequently changed our business segments into the following three categories starting the first quarter: the software development-related business, the outsourcing business and other businesses.

H1 FY2009 (From April 1, 2009 to September 30, 2009)

(Thousand yen)

	Software development related business	Outsourcing business	Other businesses	Total	Eliminations or corporate	Consolidation
Net sales						
(1) Sales to outside customers	57,404,589	12,944,769	2,082,802	72,432,161	—	72,432,161
(2) Inter-segment sales or transfers	1,860	221,465	580,382	803,708	(803,708)	—
Total	57,406,449	13,166,235	2,663,185	73,235,870	(803,708)	72,432,161
Operating income/loss	605,792	291,520	738,544	1,635,857	149	1,636,006

Notes: 1. Business is classified based on the classification adopted for internal management.

2. Description of each business

(1) Software development related business

Contract software development of telecommunication control systems, machine control systems, operating systems and operation applications used in different industries, quality evaluation and control support, consulting, product development and sales, and design, manufacture, sales and other activities of personal computer related devices

(2) Outsourcing business

System maintenance and operations, data entry and helpdesk services, etc.

(3) Other businesses

Real-estate rental business, temporary staff dispatch business, etc.

3. Change in accounting policies

1) As described in “4. (3) 1) Changes in standard for recording revenues and costs relating to made-to-order software development” on Page 5, the Company is applying the Accounting Standard for Construction Contracts (Accounting Standards Board of Japan Statement No. 15, December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18, December 27, 2007) from the first quarter of the fiscal year under review. With the change, net sales of the software development related business rose 1,887,408,000 yen, and operating income, ordinary income, and income before income taxes and minority interests each increased 519,666,000 yen.

2) As described in “4. (3) 2) Change in standard for recording real-estate rental revenues and costs” on Page 5, the Company has added the real-estate rental business to the business segment “other businesses” from the first half of the fiscal year under review. As a result of the change, compared with the previous method, net sales (before the deduction of inter-segment sales or transfers) and operating income of other businesses increased 1,494,769,000 yen and 717,755,000 yen, respectively.

Geographical segment information

H1 FY2008 (From April 1, 2008 to September 30, 2008)

As Japan accounts for more than 90% of total sales of all segments, the posting of geographical segment information is omitted.

H1 FY2009 (From April 1, 2009 to September 30, 2009)

As Japan accounts for more than 90% of total sales of all segments, the posting of geographical segment information is omitted.

Overseas sales

H1 FY2008 (From April 1, 2008 to September 30, 2008)
Not applicable because overseas sales are less than 10% of consolidated net sales.

H1 FY2009 (From April 1, 2009 to September 30, 2009)
Not applicable because overseas sales are less than 10% of consolidated net sales.

(6) Note when there is a considerable change in the amount of shareholders' equity
Not applicable.

6. Others
Production, Orders, and Sales Situations

(1) Production performance
The table below shows production performance by business segment in the first half under review.

Segment by business type	Amount (Thousand yen)	Year on year (%)
Software development related business	43,916,063	88.0%

Notes 1. Inter-segment transactions were canceled out.
2. The production performance is relating to the software development related business.
3. The amount is calculated based on the manufacturing cost.
4. Amounts are not inclusive of the consumption tax.

(2) Orders
The table below shows orders received by business segment in the first half under review.

Segment by business type	Amount of orders (Thousand yen)	Year on year (%)	Outstanding balance of orders (Thousand yen)	Year on year (%)
Software development related business	58,163,116	81.6%	25,407,653	83.9%

Notes 1. Inter-segment transactions were canceled out.
2. The amount of orders and outstanding balance of orders are relating to the software development related business.
3. Amounts are not inclusive of the consumption tax.

(3) Sales performance
The table below shows sales performance by business segment in the first half under review.

Segment by business type	Amount (Thousand yen)	Year on year (%)
Software development related business	57,404,589	83.9%
Outsourcing business	12,944,769	95.3%
Other businesses	2,082,802	170.0%
Total	72,432,161	87.0%

Notes 1. Inter-segment transactions were canceled out.
2. Amounts are not inclusive of the consumption tax.
3. Sales by major customer and the ratio of sales by major customer to total sales in the first half under review were omitted, since the ratio was less than 10%.
4. The real-estate rental business was added to the "other businesses" in the first half under review. As a result, sales in the other businesses were920,122,000 yen higher than they would have been if calculated in accordance with the old classification.