# Summary of Financial Results for the First Three Quarters of Fiscal Year ending March 31, 2010

February 3, 2010

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: February 10, 2010

Scheduled date of dividend payment: —

(Figures less than one million yen are omitted)

1. Consolidated Business Results for the Nine Months Ended December 31, 2009 (Apr. 1, 2009 – Dec. 31, 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 | % |
| Nine months ended 12/09 | 104,557 | -14.0 | 2,005 | -57.3 | 2,101 | -50.6 | 2,731 | – |
| Nine months ended 12/08 | 121,619 | – | 4,698 | – | 4,256 | – | -348 | – |

| | Net income per share | Net income per share/ diluted |
|---|---|---|
| | Yen | Yen |
| Nine months ended 12/09 | 85.66 | – |
| Nine months ended 12/08 | -10.60 | – |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| | Million yen | Million yen | % | Yen |
| Nine months ended 12/09 | 169,222 | 81,864 | 42.0 | 2,226.69 |
| Year ended 3/09 | 177,795 | 78,236 | 38.3 | 2,137.03 |

Reference: Shareholders' equity (million yen) Nine months ended 12/09: 70,999 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) | | | – | 5.0 | 10.0 |

(Note) Revision of dividend forecast in the third quarter 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 third quarter 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 5, "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 5, "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 5, "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):
12/09: 35,746,329 shares Year ended 3/09: 35,746,329 shares
2) Number of treasury stock at the end of period
12/09: 3,860,743 shares Year ended 3/09: 3,860,219 shares
3) Average number of shares during the period (quarterly consolidated cumulative period)
12/09: 31,885,890 shares 12/08: 32,870,595 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.

# Qualitative Information and Financial Statements

## 1. Qualitative Information Regarding Consolidated Operating Results

During the first three quarters of the fiscal year under review, despite recoveries in exports and production, the Japanese economy remained sluggish and the difficult conditions persisted. With ongoing weakness in corporate earnings, companies scaled back capital spending, and the employment environment worsened.

The IT industry generally continued to face a difficult operating environment as the corporate sector remained cautious about IT investment and tended to cut or curb expenses.

To execute its management policies, stabilize the revenue base and secure engines for growth in this environment, the Group 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). In October 2009, the Group introduced comprehensive organizational reforms, clarifying the roles of each business group, to aggressively pursue its strategy.

Among other business activities, the Company sold Google Apps Premier Edition to develop and expand the cloud computing market, where it provides a software-as-a-service (SaaS). The Company started to sell its unique Google Apps Start Pack at the same time. Start Pack provides a menu of trial operations for evaluating Google Apps Premier Edition when it is introduced. It also started a service where experts help introduce Google Apps Premier Edition in accordance with customer needs.

To bolster its focus on cloud computing, the Company held the FUJISOFT Solution Seminar 2009 in AKIBA, a solution seminar focusing on cloud computing. The Company decided to hold a similar solution seminar in February 2010.

To boost operations in overseas markets, including emerging countries, the Company established the Fujisoft Taipei office as the first overseas facility, taking advantage of embedded solutions, an area in which we excel.

The Company also took steps to enhance the content of *Minna-no Theater Wii*, the video distribution software it began to market from January 2009 for Nintendo’s game console Wii, to attract new users and bolster customer satisfaction among existing users.

The Company continued to promote cross selling designed to enhance the sharing of management resources, a key policy in the muscular strategy, as well as Group-wide cost cutting initiatives.

As a result, sales in the first three quarters of the fiscal year under review stood at 104,557 million yen, down 14.0% year on year. Selling, general, and administrative expenses fell 11.7% from a year ago, to 21,416 million yen, mainly because of a decline in labor costs due to a reduction in overtime work and cuts in standards for bonus payments, the scaling down of advertising campaigns, and curbs on expenses through the streamlining of training programs.

With lower sales, operating income fell 57.3%, to 2,005 million yen. Ordinary income declined 50.6%, to 2,101 million yen, reflecting an improvement in the gain/loss on equity-method investment. Net income stood at 2,731 million yen, an increase of 3,079 million yen from a year ago, attributable primarily to subsidiaries recording compensation and gains on the sale of fixed assets as extraordinary gains.

Segment results by business were as follows:

1) Software development related business

Sales of embedded software declined, as manufacturers sharply curbed product development. Sales of operating software from the manufacturing sector fell, while sales of operating software from the distribution sector moved higher.

As a result, this segment recorded sales of 82,313 million yen, down 16.8% year on year. Operating income amounted to 728 million yen, a fall of 83.1% from a year ago.

2) Outsourcing business

Sales of office services remained strong, while sales of system maintenance and operation services fell.

Consequently, this segment’s sales stood at 19,061 million yen, down 9.0% from a year earlier. Operating income was 151 million yen, declining 60.5%.

3) Other businesses

Sales in the real-estate rental business, job placement and temporary staffing agency services, and other businesses were 3,182 million yen, up 76.7%, and operating income stood at 1,125 million yen, climbing 1,113 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 is added to the other businesses segment from the fiscal year under review.

## 2. Qualitative Information Regarding Consolidated Financial Position

(Total assets)

Total assets stood at 169,222 million yen at the end of the third quarter of the fiscal year under review, down 8,573 million yen from the end of the preceding consolidated fiscal year. Current assets fell 11,955 million yen from the end of the previous fiscal year, to 56,193 million yen. Fixed assets rose 3,381 million yen, to 113,028 million yen.

The fall in current assets was primarily attributable to a 8,897 million yen fall in cash and time deposits, to 16,456 million yen, and a 5,298 million yen decline in notes and accounts receivable-trade, to 24,963 million yen, offsetting a 2,537 million yen rise in work in progress, to 5,565 million yen.

The rise in fixed assets was primarily attributable to a 2,934 million yen rise in goodwill, intangible fixed assets, from the previous year, to 5,277 million yen.

(Liabilities)

Total liabilities were 87,357 million yen at the end of the third quarter of the fiscal year under review, falling 12,201 million yen from the end of the preceding fiscal year. Current liabilities declined 26,053 million yen, to 57,696 million yen. Long-term liabilities rose 13,851 million yen, to 29,660 million yen.

Current liabilities fell mainly because of a 3,374 million yen decrease, to 6,571 million yen, in accounts payable-trade, and a 22,681 million yen decline, to 32,633 million yen, in short-term loans.

Long-term liabilities increased, primarily attributable to a rise of 12,798 million yen in long-term loans, to 20,638 million yen.

(Net assets)

Net assets climbed 3,628 million yen from the end of the previous fiscal year, to 81,864 million yen at the end of the third quarter of the fiscal year under review. The equity ratio rose to 42.0%, 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 third quarter of the fiscal year under review were 16,472 million yen, a rise of 1,096 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 1,834 million yen, a decrease of 92 million yen compared with the previous fiscal year.

The principal factors included income before income taxes and minority interests of 4,591 million yen, depreciation of 4,946 million yen (falling 137 million yen year on year), a decrease in accounts receivable of 4,907 million yen (1,559 million yen more than the year-ago decrease), an increase in inventories of 2,000 million yen (353 million yen more than the year-ago increase), a decrease in trades payable of 3,380 million yen (111 million yen less than the year-ago decrease), a decrease in accrued personnel expenses of 5,194 million yen (1,464 million yen more than the year-ago decrease), and income taxes paid of 1,841 million yen (down 1,342 million yen year on year).

2) Cash flows from investing activities

Net cash used in investing activities was 3,720 million yen, a decrease of 3,763 million yen from the outflow recorded in the previous fiscal year.

The principal factors were a net cash used of 2,009 million yen from the sum of payments for the purchase of and proceeds from the sale of tangible and intangible fixed assets (a decrease of 1,904 million yen from the outflow recorded in the previous fiscal year), net cash provided of 996 million yen from payments for the acquisition and proceeds from the sale of investment securities (rising 4,699 million yen year on year), and payments of 3,364 million yen for the acquisition of new consolidated subsidiaries (up 3,364 million yen year on year).

3) Cash flows from financing activities

Net cash used in financing activities was 7,036 million yen, 6,315 million yen higher than the outflow for the previous fiscal year.

The principal factors included net cash used of 5,848 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 10,340 million yen from the net cash provided in the previous year), and the absence of the purchase of treasury stock (compared with 3,596 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 consolidated financial statements

1) Simplified accounting methods

i) Inventory valuation method

Inventories at the end of the first three quarters under review were calculated in a reasonable manner based on the result of physical stocktaking at the end of the first half of the fiscal year. Physical stocktaking was not conducted at the end of the third quarter.

Book values of inventory were reduced based on estimated net sale values only if the profitability of the inventory had obviously declined.

ii) 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 quarterly 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 third 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 quarter.

With this change, net sales for the first three quarters of the fiscal year under review increased 1,423,079,000 yen, and operating income, ordinary income, and income before income taxes and minority interests each rose 258,269,000 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 1,374,663,000 yen, 701,423,000 yen, and 673,239,000 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 (44,400,000 yen for the previous third quarter), which were included in short-term loans in the previous third quarter, as a separate item from the third quarter under review, since their significance increased.

(Consolidated cash flow statement)

1. Because an “Increase (decrease) in liabilities for retirement benefits to employees” (238,684,000 yen for the first three quarters of the previous consolidated fiscal year) included in “Other” of “Cash flows from operating activities” for the first three quarters of the previous consolidated fiscal year has become significant, it is presented as a separate item for the first three quarters under review.
2. Because a “Loss (gain) on the sale of fixed assets” (minus 9,787,000 yen for the first three quarters of the previous consolidated fiscal year) included in “Other” of “Cash flows from operating activities” for the first three quarters of the previous consolidated fiscal year has become significant, it is presented as a separate item for the first three quarters under review.
3. Because “Proceeds from the sale of tangible fixed assets” (6,920,000 yen for the first three quarters of the previous consolidated fiscal year) included in “Other” of “Cash flows from investing activities” for the first three quarters of the previous consolidated fiscal year has become significant, it is presented as a separate item for the first three quarters under review.
4. Because “Proceeds from the sale of investment securities” (83,270,000 yen for the first three quarters of the previous consolidated fiscal year) included in “Other” of “Cash flows from investing activities” for the first three quarters of the previous consolidated fiscal year has become significant, it is presented as a separate item for the first three quarters under review.

5. Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Thousand yen)

| | FY2009 (As of December 31, 2009) | FY2008 Summary (As of March 31, 2009) |
|---|---|---|
| (Assets) | | |
| Current assets | | |
| Cash and time deposits | 16,456,637 | 25,354,026 |
| Notes and accounts receivable – trade | 24,963,207 | 30,261,853 |
| Securities | 313,939 | 398,275 |
| Merchandise | 179,539 | 661,644 |
| Work in process | 5,565,198 | 3,027,621 |
| Raw materials and supplies | 34,376 | 45,239 |
| Other | 9,127,300 | 8,736,837 |
| Allowance for bad debt | -446,978 | -336,317 |
| Total current assets | 56,193,220 | 68,149,181 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Building and structures | 57,036,281 | 57,464,568 |
| Accumulate depreciation | -15,703,067 | -14,541,722 |
| Building and structures (net) | 41,333,214 | 42,922,846 |
| Land | 30,415,744 | 30,576,982 |
| Construction in progress | 824,235 | 134,439 |
| Other | 13,636,977 | 12,343,371 |
| Accumulate depreciation | -7,910,533 | -6,839,199 |
| Other (net) | 5,726,444 | 5,504,172 |
| Total tangible fixed assets | 78,299,638 | 79,138,441 |
| Intangible fixed assets | | |
| Goodwill | 5,277,586 | 2,343,126 |
| Software | 7,298,888 | 6,938,991 |
| Other | 250,013 | 817,930 |
| Total intangible fixed assets | 12,826,488 | 10,100,049 |
| Investments and other assets | | |
| Investment securities | 15,040,453 | 13,819,395 |
| Other | 6,934,689 | 6,660,600 |
| Allowance for bad debt | -73,259 | -71,849 |
| Total investments and other assets | 21,901,883 | 20,408,146 |
| Total fixed assets | 113,028,010 | 109,646,637 |
| Deferred assets | | |
| Bond issuance cost | 1,005 | – |
| Total deferred assets | 1,005 | – |
| Total assets | 169,222,236 | 177,795,818 |

(Thousand yen)

| | FY2009 (As of December 31, 2009) | FY2008 Summary (As of March 31, 2009) |
|---|---|---|
| (Liabilities) | | |
| Current liabilities | | |
| Accounts payable – trade | 6,571,754 | 9,946,231 |
| Short-term loans | 32,633,136 | 55,315,100 |
| Long-term loans payable within one year | 6,003,126 | 1,686,892 |
| Current portion of bonds | 68,400 | – |
| Accrued expenses | 4,484,014 | 9,827,012 |
| Income taxes payable | 264,501 | 1,250,069 |
| Allowance for bonuses to directors and corporate auditors | 66,990 | 160,019 |
| Provision for loss on construction contracts | 1,805,997 | – |
| Other | 5,798,800 | 5,564,414 |
| Total current liabilities | 57,696,721 | 83,749,740 |
| Long-term liabilities | | |
| Bonds payable | 128,200 | – |
| Long-term loans | 20,638,411 | 7,839,908 |
| Liabilities for retirement benefits to employees | 4,877,922 | 4,619,259 |
| Liabilities for retirement benefits to directors and corporate auditors | 443,024 | 379,982 |
| Other | 3,573,093 | 2,970,122 |
| Total long-term liabilities | 29,660,652 | 15,809,272 |
| Total liabilities | 87,357,373 | 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 | 33,619,137 | 31,525,608 |
| Treasury stock | -8,100,769 | -8,099,900 |
| Total owners' equity | 80,157,623 | 78,064,962 |
| Valuation and translation adjustment | | |
| Valuation difference of available-for-sale securities | -25,823 | -890,801 |
| Deferred hedge gain (loss) | 677 | 18,533 |
| Land revaluation difference | -9,051,263 | -9,051,263 |
| Foreign currency translation adjustment | -81,973 | – |
| Total valuation and translation adjustments | -9,158,382 | -9,923,531 |
| Stock acquisition rights | 90,396 | 46,566 |
| Minority interest | 10,775,225 | 10,048,808 |
| Total net assets | 81,864,862 | 78,236,805 |
| Total liabilities and net assets | 169,222,236 | 177,795,818 |

(2) Consolidated Income Statement
Consolidated first three quarters results

(Thousand yen)

| | FY2008 (From April 1, 2008 to December 31, 2008) | FY2009 (From April 1, 2009 to December 31, 2009) |
|---|---|---|
| Net sales | 121,619,469 | 104,557,313 |
| Cost of sales | 92,679,915 | 81,135,553 |
| Gross of profit | 28,939,554 | 23,421,760 |
| Selling, general and administrative expenses | 24,240,836 | 21,416,096 |
| Operating income | 4,698,718 | 2,005,664 |
| Non-operating income | | |
| Interest income | 40,296 | 11,368 |
| Dividend income | 89,513 | 88,305 |
| Foreign exchange gains | – | 116,386 |
| Equity in earnings of affiliates | – | 364,620 |
| Rent income | 1,077,920 | 26,535 |
| Other | 496,378 | 346,285 |
| Total non-operating income | 1,704,108 | 953,502 |
| Non-operating expenses | | |
| Interest expense | 604,293 | 684,920 |
| Losses from equity-method investment | 540,390 | – |
| Cost of rents | 601,399 | – |
| Other | 400,705 | 172,512 |
| Total non-operating expenses | 2,146,789 | 857,433 |
| Ordinary income | 4,256,037 | 2,101,733 |
| Extraordinary gains | | |
| Gain on sales of fixed assets | – | 1,651,260 |
| Gain on sales of investment securities | – | 335,620 |
| Compensation income | – | 800,000 |
| Total extraordinary gains | – | 2,786,881 |
| Extraordinary losses | | |
| Loss on retirement of fixed assets | – | 71,295 |
| Loss on valuation of investment securities | 1,457,094 | – |
| Loss on liquidation of subsidiaries and affiliates | – | 66,931 |
| Office transfer expenses | – | 72,245 |
| Amortization of goodwill | – | 14,032 |
| Loss on changes in equity | 3,263 | – |
| Provision of allowance for bad debt | – | 72,273 |
| Equity in losses of affiliates | 465,265 | – |
| Total extraordinary losses | 1,925,623 | 296,777 |
| Income before income taxes and minority interests | 2,330,414 | 4,591,838 |
| Income taxes – current | 1,199,290 | 785,490 |
| Income taxes – deferred | 770,361 | 49,853 |
| Total income taxes | 1,969,652 | 835,344 |
| Minority interests | 709,247 | 1,025,227 |
| Net income/loss | -348,485 | 2,731,266 |

(3) Consolidated Cash Flow Statement

(Thousand yen)

| | FY2008 (From April 1, 2008 to December 31, 2008) | FY2009 (From April 1, 2009 to December 31, 2009) |
|---|---|---|
| Cash flows from operating activities | | |
| Income before income taxes and minority interests | 2,330,414 | 4,591,838 |
| Depreciation | 5,084,404 | 4,946,741 |
| Amortization of goodwill | 804,065 | 855,044 |
| Increase (decrease) in provision for retirement benefits | – | 201,439 |
| Interest expense | 604,293 | 684,920 |
| Loss (gain) on sales of investment securities | – | -335,620 |
| Loss (gain) on valuation of securities | 1,457,094 | 467 |
| Loss (gain) on sales of fixed assets | – | -1,651,260 |
| Decrease (increase) in accounts receivable | 3,348,248 | 4,907,786 |
| Decrease (increase) in inventories | -1,646,334 | -2,000,167 |
| Increase (decrease) in trades payable | -3,492,429 | -3,380,754 |
| Increase (decrease) in accrued personnel expenses | -3,729,392 | -5,194,091 |
| Increase (decrease) in consumption tax payable | -1,118,358 | -497,983 |
| Decrease (increase) in long-term prepaid expenses | -1,004,420 | -239,934 |
| Increase (decrease) in provision for loss on construction contracts | – | 1,805,997 |
| Other | 2,870,347 | -1,339,596 |
| Subtotal | 5,507,932 | 3,354,824 |
| Proceeds from compensation | – | 800,000 |
| Interest and dividends received | 216,139 | 115,787 |
| Interest paid | -611,921 | -593,985 |
| Income taxes paid | -3,184,707 | -1,841,829 |
| Net cash provided by operating activities | 1,927,444 | 1,834,796 |
| Cash flows from investing activities | | |
| Payments for purchases of tangible fixed assets | -1,384,213 | -2,105,700 |
| Proceeds from sales of tangible fixed assets | – | 688,736 |
| Payments for purchases of intangible fixed assets | -2,536,503 | -2,455,148 |
| Proceeds from sales of intangible fixed assets | – | 1,862,350 |
| Payments for purchases of securities | -2,296,722 | – |
| Proceeds from sales of securities | 2,495,583 | 800,000 |
| Payments for purchases of investment securities | -3,786,340 | -316,492 |
| Proceeds from sales of investment securities | – | 1,313,230 |
| Payments for the acquisition of new consolidated subsidiaries | – | -3,364,221 |
| Proceeds from the acquisition of new consolidated subsidiaries | – | 80,994 |
| Other | 23,884 | -224,520 |
| Net cash used in investing activities | -7,484,312 | -3,720,770 |
| Cash flows from financing activities | | |
| Acquisition of short-term loans | 90,600,000 | 44,349,026 |
| Repayment of short-term loans | -86,027,541 | -67,116,249 |
| Acquisition of long-term loans | 60,000 | 20,200,000 |
| Repayment of long-term loans | -140,770 | -3,281,601 |
| Payments for purchases of treasury stock | -3,597,370 | -869 |
| Dividends paid | -907,534 | -634,765 |
| Dividends paid to minority shareholders | -413,491 | -280,236 |
| Other | -294,196 | -271,922 |
| Net cash used in financing activities | -720,903 | -7,036,618 |
| Translation difference of cash and cash equivalents | -14,363 | -70,703 |
| Increase (decrease) in cash and cash equivalents | -6,292,134 | -8,993,296 |
| Cash and cash equivalents at beginning of period | 21,667,287 | 25,465,345 |
| Cash and cash equivalents at end of period | 15,375,152 | 16,472,049 |

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

(5) Segment information
Segment information by business type
First Three Quarters of FY2008 (From April 1, 2008 to December 31, 2008)

(Thousand yen)

| | Software development related business | Outsourcing business | Other businesses | Total | Eliminations or corporate | Consolidation |
|---|---|---|---|---|---|---|
| Net sales | | | | | | |
| (1) Sales to outside customers | 98,878,360 | 20,940,364 | 1,800,744 | 121,619,469 | – | 121,619,469 |
| (2) Inter-segment sales or transfers | 12,187 | 41,029 | 14,034 | 67,250 | (67,250) | – |
| Total | 98,890,548 | 20,981,393 | 1,814,778 | 121,686,720 | (67,250) | 121,619,469 |
| Operating income | 4,301,752 | 384,069 | 12,815 | 4,698,637 | 80 | 4,698,718 |

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
As described in “4 (3) Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements” on page 5, 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 13,886,000 yen in the first three quarters of the fiscal year under review. The change had no impact on the outsourcing business and other businesses.
4. Change of business segment
In the past, the Company classified its businesses into four segments, namely the software development-related business, the outsourcing business, the solution services business and other businesses. However, solution services are increasingly likely to be provided in association with sales in other segments, given the Company’s 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. The Company can therefore provide segment information that is better aligned with the current organization structure of the Group by consolidating the solutions services business into other segments, and has consequently changed its business segments into the following three categories starting the first quarter: the software development-related business, the outsourcing business and other businesses.

First Three Quarters of FY2009 (From April 1, 2009 to December 31, 2009)

(Thousand yen)

| | Software development related business | Outsourcing business | Other businesses | Total | Eliminations or corporate | Consolidation |
|---|---|---|---|---|---|---|
| Net sales | | | | | | |
| (1) Sales to outside customers | 82,313,419 | 19,061,168 | 3,182,725 | 104,557,313 | – | 104,557,313 |
| (2) Inter-segment sales or transfers | 4,110 | 333,031 | 836,805 | 1,173,946 | (1,173,946) | – |
| Total | 82,317,529 | 19,394,199 | 4,019,530 | 105,731,259 | (1,173,946) | 104,557,313 |
| Operating income | 728,113 | 151,671 | 1,125,871 | 2,005,656 | 7 | 2,005,664 |

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) Change 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 1,423,079,000 yen, and operating income, ordinary income, and income before income taxes and minority interests each increased 258,269,000 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 quarter 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 2,204,084,000 yen and 1,054,834,000 yen, respectively.

Geographical segment information

First Three Quarters of FY2008 (From April 1, 2008 to December 31, 2008)

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

First Three Quarters of FY2009 (From April 1, 2009 to December 31, 2009)

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

Overseas sales

First Three Quarters of FY2008 (From April 1, 2008 to December 31, 2008)

Not applicable because overseas sales are less than 10% of consolidated net sales.

First Three Quarters of FY2009 (From April 1, 2009 to December 31, 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 three quarters under review.

| Segment by business type | Amount (Thousand yen) | Year on year (%) |
|---|---|---|
| Software development related business | 62,442,679 | 85.6% |

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 three quarters 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 | 82,090,406 | 83.2% | 24,426,113 | 89.7% |

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 three quarters under review.

| Segment by business type | Amount (Thousand yen) | Year on year (%) |
|---|---|---|
| Software development related business | 82,313,419 | 83.2% |
| Outsourcing business | 19,061,168 | 91.0% |
| Other businesses | 3,182,725 | 176.7% |
| Total | 104,557,313 | 86.0% |

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 three quarters in the preceding fiscal year and in the first three quarters under review were omitted, since the ratio was less than 10%.
4. The real-estate rental business was added to the "other businesses" from the first quarter of the fiscal year under review. As a result, sales in the other businesses were 1,374,663,000 yen higher than they would have been if calculated in accordance with the old classification.