




# FUJISOFT 40th anniversary

おかげさまで40周年。

Marking Our 40th Anniversary

# 40<sup>TH</sup> ANNIVERSARY

新たな思いとともに。

with Gratitude and a Renewed Commitment

## Results of Operations for the First Quarter of FY2010 (Fiscal Year Ending March 31, 2011)

August 4, 2010

FUJISOFT INCORPORATED

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# Consolidated Financial Highlights

**Net sales were mostly in line with the plan, but declined 8.9% year on year, primarily reflecting a fall associated with the end of the sale of MATLAB.**

- ◇ Net sales declined 3.1 billion yen (8.9%) year on year, attributable primarily to a fall associated with the end of the sale of MATLAB, analysis software, by Cybernet Systems at the end of June last year. However, net sales were mostly on a par with the plan.
- ◇ In operation software development, net sales were about 1 billion yen below the year-ago level due to the effect of the continued curbing of IT investment. On the other hand, in embedded software development, the development of software, including digital TV, was strong.

**Operating income was 66 million yen as a result of the curbing of selling, general and administrative expenses.**

- ◇ Operating income remained unchanged from the year-ago level, reflecting a review of the rate of subcontracting expenses and the curbing of selling, general and administrative expenses.
- ◇ Due to a fall in income taxes-deferred, net income rose 0.4 billion yen.

(Million yen)

	FY2010 Q1 Results	FY2009 Q1 Results	YoY change (Amount)	YoY change (%)
<b>Net sales</b>	<b>32,775</b>	<b>35,958</b>	<b>-3,183</b>	<b>91.1%</b>
<b>Operating income</b>	<b>66</b>	<b>65</b>	<b>1</b>	<b>101.6%</b>
Operating income ratio	0.2%	0.2%	+ 0.0%	-
<b>Ordinary income</b>	<b>83</b>	<b>40</b>	<b>43</b>	<b>207.7%</b>
Ordinary income ratio	0.3%	0.1%	+ 0.1%	-
<b>Net income</b>	<b>488</b>	<b>59</b>	<b>429</b>	<b>822.5%</b>
Net income ratio	1.5%	0.2%	+ 1.3%	-



# Consolidated Sales by Segment

(Million yen)

	FY2010		FY2009		YoY change (Amount)	YoY change (%)
	Q1 Results	Component ratio	Q1 Results	Component ratio		
<b>Total net sales</b>	<b>32,775</b>	<b>100.0%</b>	<b>35,958</b>	<b>100.0%</b>	<b>-3,183</b>	<b>91.1%</b>
<b>Software Development</b>	<b>25,554</b>	<b>78.0%</b>	<b>28,442</b>	<b>79.1%</b>	<b>-2,887</b>	<b>89.8%</b>
Embedded Software	8,922	27.2%	9,321	25.9%	-398	95.7%
Operation Software	10,388	31.7%	11,412	31.7%	-1,023	91.0%
Other Software	6,244	19.1%	7,709	21.4%	-1,465	81.0%
<b>Outsourcing</b>	<b>6,150</b>	<b>18.8%</b>	<b>6,468</b>	<b>18.0%</b>	<b>-318</b>	<b>95.1%</b>
<b>Other</b>	<b>1,070</b>	<b>3.3%</b>	<b>1,047</b>	<b>2.9%</b>	<b>23</b>	<b>102.2%</b>

## Points in Sales by Segment

### ● Embedded software

Telecommunications control systems continued to face a challenging situation, but the decline narrowed compared with the previous fiscal year. In other embedded software, sales of software for digital televisions were strong.

### ● Other software

Sales declined sharply, primarily reflecting a fall associated with the end of the sale of MATLAB, which Cybernet Systems had sold until a year ago.

### ● Operation software

Although sales in the financial sector were favorable, overall sales fell sharply, reflecting sales in the distribution sector, which were strong last year, and continued cuts in IT investment in the manufacturing sector.

### ● Outsourcing

Although the data center business was strong, sales fell because of a decline in systems operation by certain customers.



# Sales by Listed Companies of the Group

(Million yen)

	FY2010 Q1 Results	FY2009 Q1 Results	YoY change (Amount)	YoY change (%)
<b>FUJISOFT INCORPORATED</b> (TSE 1st Section)	15,801	16,391	-589	96.4%
<b>CYBERNET SYSTEMS Co., Ltd.</b> (TSE 1st Section)	3,636	5,078	-1,441	71.6%
<b>VINCULUM JAPAN Corporation</b> (JASDAQ)	2,173	2,337	-164	93.0%
<b>CYBER COM Co., Ltd. (JASDAQ)</b>	1,272	1,528	-255	83.3%

## Points in Sales by Listed Companies of the Group

### ● FUJISOFT Incorporated

Sales in embedded software development rose year on year, but sales in operation software development in the manufacturing sector were down from a year ago.

Sales in the outsourcing business increased sharply from the level of the previous year.

### ● VINCULUM JAPAN Corporation

Sales in system maintenance and operation were solid, and SFI Inc, a new consolidated subsidiary, made a contribution. However, sales fell year on year, reflecting the absence of sales from large-scale projects posted in the first quarter of the previous fiscal year.

### ● CYBERNET SYSTEMS Co., Ltd.

Sales declined sharply from a year ago, reflecting the end of the sale of MATLAB analysis software, which had been sold until June last year, although sales rose sharply in fields other than MATLAB.

### ● CYBER COM Co., Ltd

Sales declined because of the continued downsizing, postponing, and freezing of orders in embedded software development.



# Consolidated Selling, General & Administrative Expenses

	(Million yen)			
	FY2010 Q1 Results	FY2009 Q1 Results	YoY change (Amount)	YoY change (%)
<b>SG&amp;A expenses</b>	<b>7,280</b>	<b>7,768</b>	<b>-487</b>	<b>93.7%</b>
<b>Personal expenses</b>	<b>4,579</b>	<b>4,572</b>	<b>6</b>	<b>100.1%</b>
[Major account items]				
Salary/bonuses	3,380	3,300	79	102.4%
Welfare expenses	162	257	-94 (1)	63.3%
<b>Expense</b>	<b>2,701</b>	<b>3,195</b>	<b>-493</b>	<b>84.6%</b>
[Major account items]				
Recruiting and training expenses	15	76	-60 (2)	20.3%
Educational expenses	80	202	-121 (3)	39.9%
Rents	271	333	-61 (4)	81.6%
Research study expenses	119	228	-109 (5)	52.2%
Operations consignment expenses	367	496	-129 (6)	73.9%

## Factors in Changes in Major Account Items

- (1) **Welfare expenses**  
(Decrease of 94 million yen year on year)  
Decline associated with reviews of benefit programs (cancellation of a group cancer life insurance policy)
- (2) **Recruiting and training expenses**  
(Decrease of 60 million yen year on year)
- (3) **Educational expenses**  
(Decrease of 121 million yen year on year)  
Reduction in hiring and education costs associated with fewer new and mid-career recruits
- (4) **Rents**  
(Decrease of 61 million yen year on year)  
Fall in the use of outside rental offices associated with an increase in the rate of utilization of the Group's own buildings
- (5) **Research study expenses**  
(Decrease of 109 million yen year on year)  
Decline associated with the completion of initial research and development relating to robot technology
- (6) **Operations consignment expenses**  
(Decrease of 129 million yen year on year)  
Reduction of outsourcing associated with improvements in business efficiency



# Major Factors for Change in Consolidated Non-Operating Income/Loss

(Million yen)

	FY2010 Q1 Results	FY2009 Q1 Results	YoY change (Amount)	YoY change (%)
<b>Operating income</b>	<b>66</b>	<b>65</b>	<b>1</b>	<b>101.6%</b>
Operating income ratio	0.2%	0.2%	+ 0.0%	-
<b>Non-operating income</b>	<b>415</b>	<b>215</b>	<b>199 (1)</b>	<b>192.3%</b>
<b>Non-operating expenses</b>	<b>398</b>	<b>241</b>	<b>156 (2)</b>	<b>165.1%</b>
<b>Ordinary income</b>	<b>83</b>	<b>40</b>	<b>43</b>	<b>207.7%</b>
Ordinary income ratio	0.3%	0.1%	+ 0.1%	-
<b>Extraordinary income</b>	<b>1</b>	<b>258</b>	<b>-257</b>	<b>0.5%</b>
<b>Extraordinary loss</b>	<b>28</b>	<b>75</b>	<b>-46</b>	<b>38.2%</b>
<b>Income before income taxes and minority interests</b>	<b>55</b>	<b>223</b>	<b>-167</b>	<b>25.0%</b>
Income taxes-current	2	390	-388 (3)	0.6%
Income taxes-deferred	-565	-342	-223	165.2%
Total income taxes	-563	48	-611	-
Minority interests	130	115	15	113.1%
<b>Net income</b>	<b>488</b>	<b>59</b>	<b>429</b>	<b>822.5%</b>
Net income ratio	1.5%	0.2%	+ 1.3%	-

## Points in Account Items below Operating Income

- (1) **Non-operating income**  
(Increase of 199 million yen year on year)
- (2) **Non-operating expenses**  
(Increase of 156 million yen year on year)  
Revenue from cancellation of system services (143 million yen) and loss from cancellation (137 million yen) (VIXUS)
- (3) **Income taxes-current**  
(Decrease of 388 million yen year on year)  
Decline in tax associated with a fall in profit (Cybernet Systems, etc.)



# Consolidated Balance Sheet

(Million yen)

	End of Q1 of FY2010	End of FY2009	Change (Amount)
<b>Current assets</b>	<b>52,956</b>	<b>55,306</b>	<b>-2,349</b>
Cash and deposits	16,844	16,741	103
Notes and accounts receivable-trade	24,689	27,215	-2,525 (1)
Other	11,422	11,350	72
<b>Noncurrent assets</b>	<b>112,496</b>	<b>113,544</b>	<b>-1,048</b>
Property, plant and equipment	78,330	78,375	-45
Intangible assets	12,323	12,424	-100
Investments and other assets	21,842	22,744	-902 (2)
Deferred assets	2	-	2
<b>Total assets</b>	<b>165,455</b>	<b>168,850</b>	<b>-3,395</b>
<b>Current liabilities</b>	<b>51,238</b>	<b>52,462</b>	<b>-1,224</b>
Accounts payable-trade	6,526	8,701	-2,174 (1)
Short-term loans payable/ Current portion of long-term loans	31,697	31,216	480
Accrued expenses	7,289	5,854	1,434 (3)
Income taxes payable	113	702	-589
Other	5,611	5,987	-376
<b>Noncurrent liabilities</b>	<b>31,222</b>	<b>33,090</b>	<b>-1,868</b>
Long-term loans payable	22,404	24,202	-1,797 (4)
Other	8,817	8,888	-70
<b>Total liabilities</b>	<b>82,460</b>	<b>85,553</b>	<b>-3,092</b>
<b>Total net assets</b>	<b>82,994</b>	<b>83,297</b>	<b>-303</b>
<b>Total liabilities and net assets</b>	<b>165,455</b>	<b>168,850</b>	<b>-3,395</b>

## Points of the Balance Sheet

- (1) **Accounts receivable/payable-trade**  
Fall in accounts receivable/payable-trade because of seasonal effects
- (2) **Investments and other assets**  
(Decrease of 902 million yen from the end of the previous fiscal year)  
Decrease in gain on valuation of investment securities
- (3) **Accrued expenses**  
(Increase of 1,434 million yen from the end of the previous fiscal year)  
Increase in provision for winter bonuses
- (4) **Long-term loans payable**  
(Decrease of 1,797 million yen from the end of the previous fiscal year)  
Decline associated with repayment



# Consolidated Cash Flow Statement

(Million yen)

	FY2010 Q1 Results	FY2009 Q1 Results	YoY change (Amount)
Net cash provided by (used in) operating activities	3,725	3,474	251
Net cash provided by (used in) investment activities	-1,637	94	-1,732
Net cash provided by (used in) financing activities	-2,074	-3,678	1,604
Net increase (decrease) in cash and cash equivalents	18	-95	114
Cash and cash equivalents at beginning of period	16,687	25,465	-8,778
Increase in cash and cash equivalents from newly consolidated subsidiary	85	-	85
<b>Cash and cash equivalents at end of period</b>	<b>16,790</b>	<b>25,369</b>	<b>-8,578</b>

## Highlights of Cash Flows

- **Net cash provided by (used in) operating activities**  
Net cash provided was mostly on a par with the year-ago level.
- **Net cash provided by (used in) investment activities**  
Cash was used for investments in data centers and developing the Group's own products. Net cash declined 1,732 million yen from the previous fiscal year, when a cash inflow resulted from sales of securities.
- **Net cash provided by (used in) financing activities**  
Loans were repaid, as in the previous fiscal year.





# Orders and Order Backlogs for Consolidated Software Development

(Million yen)

FY2010 Q1 Results									
	Order backlog at beginning of period	YoY change (%)	Orders received	YoY change (%)	Net sales	YoY change (%)	Order backlog at end of period	YoY change (%)	
<b>Software Development</b>	<b>26,868</b>	<b>109.0%</b>	<b>23,908</b>	<b>85.1%</b>	<b>25,554</b>	<b>89.8%</b>	<b>25,222</b>	<b>103.8%</b>	
Embedded Software	8,107	98.9%	8,964	101.0%	8,922	95.7%	8,149	105.1%	
Operation Software	13,230	122.8%	9,700	74.4%	10,388	91.0%	12,543	101.2%	
Other Software	5,530	97.4%	5,243	84.7%	6,244	81.0%	4,529	108.9%	

## State of Orders and Order Backlog

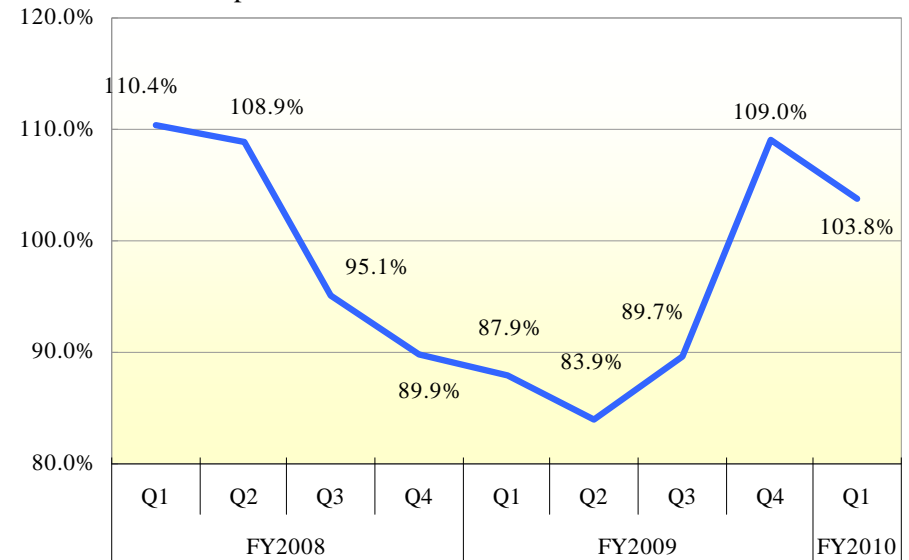
### Orders

Orders rose on a year-on-year basis in embedded software development, reflecting strong orders in fields other than telecommunication control systems. In contrast, orders declined sharply from a year ago in operation software development, attributable to the absence of large-scale projects won in the distribution sector in the previous fiscal year.

### Order Backlog

Although orders declined 14.9% year on year for the reasons described above, the order backlog at the end of the period increased 3.8% due to large, medium- to long-term projects that were won in the previous fiscal year.

■ Trends in year-on-year changes in order backlogs for consolidated software development



# Topics

## FUJISOFT Launched Mobile Thin Client on May 11

The first step in the development of Thin-client + SaaS, a potential growth engine FUJISOFT launched a mobile thin client on May 11. FUJISOFT is proposing and offering optimal configurations, including servers, software, and thin client terminals, to meet the needs of corporate customers.

FUJISOFT developed a USB terminal named FSMobile® for Thin Client, which readily turns existing personal computers into thin clients in the wireless environment, on its own. Two terminals, a thin-client terminal and a data communication terminal, were required for using a wireless thin client. FUJISOFT has developed a terminal having the two functions to improve convenience for users.



FSMobile for Thin Client

## Situation of Businesses Related to Microsoft (FUJISOFT, Tosho Computer Systems)



Front page of "iR-service.net"

Strong orders for BPOS / Web service using Windows® Azure™ launched

FUJISOFT is focusing on expanding sales of BPOS (Business Productivity Online Standard Suite), which is cloud groupware of Microsoft. Orders for and inquiries about BPOS have been strong, especially from leading medium-sized firms.

Tosho Computer Systems developed and launched "iR-service.net", a service providing corporate information using Windows® Azure™ Platform, on July 1.



# Topics

## Cybernet Systems Made Belgium CAE Software Development Company Noesis Its Subsidiary

Aiming to make a PIDO tool\* a global standard

Cybernet Systems has made Noesis, which has developed OPTIMUS, a leading PIDO tool, its wholly owned subsidiary. Cybernet Systems, which has expertise in CAE solutions accumulated over more than 25 years, seeks to increase the competitiveness of OPTIMUS and to make it a global standard as a PIDO tool by integrating Noesis, which has the ability to develop cutting-edge PIDO products.

**Official name:** Noesis Solutions NV  
**Head office location:** Kingdom of Belgium  
**Established:** July 2003  
**Capital:** 6,710,000 yen  
**Sales:** 134 million yen (fiscal year ended December 2009)  
**Business:** Developing, selling, and giving technical assistance for OPTIMUS, an optimum design aid tool

\*PIDO (process integration design optimization) tool

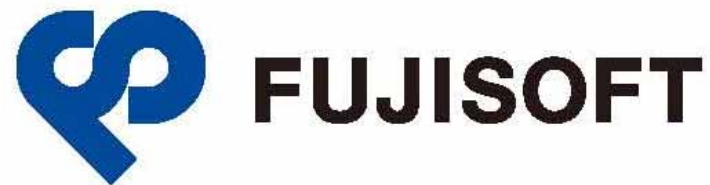
A total optimization solution that helps to improve quality, shorten development periods, and reduce development costs by automating, integrating, and optimizing production development processes using CAD and CAE

## iDEA Consulting Established

Specializing in support of and consulting on the introduction of ERP

FUJISOFT INCORPORATED spun off the ERP introduction division of Diamond Fujisoft Co., Ltd. (outside the scope of consolidation) into iDEA Consulting Inc. (a consolidated subsidiary) on June 1, investing 100% of the capital. iDEA Consulting will seek to expand its businesses as a consulting firm dealing with the introduction of ERP and BI, for which needs are expected to increase.

**Business name:** iDEA Consulting Inc.  
**Address:** 19 Kandamatunagacho, Chiyoda-ku, Tokyo  
**Established:** June 1, 2010  
**Capital:** 200 million yen  
**Officers:** Chairman: Tsuneaki Misumi  
 President: Masaaki Kakee  
**Shareholder:** FUJISOFT INCORPORATED (100%)



\* This material contains financial forecasts and other information about the future that are deemed reasonable on the basis of currently available information. Please note that actual financial results may differ materially depending on a number of factors, including market trends and economic conditions. Please also note that distribution of this material is not intended for recommending continued ownership or additional purchase of the Company's shares.