



Results of Operations for the First Three Quarters of FY2010

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FUJISOFT
INCORPORATED



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Consolidated Financial Highlights

Net sales fell 6.5% year on year due mainly to declines at major subsidiaries, although a recovery was evident in the quarter ended in December.

- ◇ Sales at VIXUS INCORPORATED, a major subsidiary, were down 4.5 billion yen in reaction to the rebound of large projects in the previous fiscal year and a delay in customers' development projects. Consolidated net sales fell 6.5% year on year to 97.7 billion yen.
- ◇ However, the environment for orders improved in the December quarter in both the Embedded Software Development and Operation Software Development businesses. Non-consolidated sales rose from a year ago in the December quarter as well as in the first three quarters on a cumulative basis. Consolidated net sales for the December quarter, excluding VIXUS, rose 1.4 billion yen, showing a recovery.

Operating income declined 6.5% year on year, reflecting the fall in net sales.

- ◇ Although the Company sought to improve the cost ratio by reducing expenses and curbing unprofitable development projects, operating income declined 6.5% year on year, to approximately 1.9 billion yen, reflecting the fall in net sales.
- ◇ In reaction to the gain on sales of real estate recorded as extraordinary profit in the third quarter of last fiscal year, net income declined 54.7% year on year to 1.2 billion yen.

	(Million yen)			
	FY2010 4/10-12/10	FY2009 4/09-12/09	YoY change (Amount)	YoY change (%)
Net sales	97,722	104,557	-6,834	93.5%
Operating income	1,875	2,005	-129	93.5%
Operating income margin	1.9%	1.9%	0.0%	
Ordinary income	1,865	2,101	-236	88.7%
Ordinary income margin	1.9%	2.0%	-0.1%	
Net income	1,237	2,731	-1,493	45.3%
Net income margin	1.3%	2.6%	-1.3%	



Sales by Major Companies of the Group

(Million yen)

	FY2010 4/10-12/10	FY2009 4/09-12/09	YoY change (Amount)	YoY change (%)
FUJISOFT INCORPORATED (TSE 1st Section)	50,814	50,599	215	100.4%
CYBERNET SYSTEMS Co., Ltd. (TSE 1st Section)	9,234	10,907	-1,672	84.7%
VINCULUM JAPAN Corporation (JASDAQ)	6,735	6,907	-171	97.5%
CYBER COM Co., Ltd. (JASDAQ)	4,460	4,643	-182	96.1%
VIXUS INCORPORATED (Unlisted)	15,458	19,956	-4,497	77.5%
Total 5 companies (Before consolidation adjustment)	86,703	93,013	-6,309	93.2%

Highlights in Sales by Major Companies of the Group

● CYBERNET SYSTEMS Co., Ltd.

Although sales and renewals of maintenance contracts for mechanical and optical software were strong, sales declined with the end of sales of the analysis software MATLAB at the end of the first quarter of last fiscal year.

● VINCULUM JAPAN Corporation

Sales rose in the December quarter compared to a year ago, attributable to a solid performance in system maintenance and operation, and the magnitude of the decline in sales shrank from 5.8% in the first half to 2.5% in the third quarter on a cumulative basis.

● CYBER COM Co., Ltd.

Sales increased in the December quarter compared to a year ago, owing to an upsizing of projects for which orders were accepted, and the magnitude of the decline in sales shrank from 8.7% in the first half to 3.9% in the third quarter on a cumulative basis.

● VIXUS INCORPORATED

Sales declined significantly due to a slowdown in the rebound of large projects in the previous fiscal year as well as a delay in major customers' development projects, which continued from the first half.

(Please see p. 10 for non-consolidated financial results.)



Consolidated Sales by Segment

(Million yen)

	FY2010 4/10-12/10	FY2009 4/09-12/09	YoY change (Amount)	YoY change (%)
Total net sales	97,722	104,557	-6,834	93.5%
SI Business	90,266	96,914	-6,647	93.1%
Embedded Software Development	28,119	29,045	-926	96.8%
Operation Software Development	34,079	34,846	-766	97.8%
Outsourcing Business	11,682	13,512	-1,830	86.5%
Other SI Business	16,384	19,510	-3,125	84.0%
Facilities Business	1,607	1,612	-4	99.7%
Other Businesses	5,848	6,030	-182	97.0%

Highlights of Sales by Segment

● Embedded Software Development

Although sales by FUJISOFT increased slightly thanks to continued strength in digital TV, this was not enough to offset a decline in sales by CYBER COM, and overall sales decreased 3.2% year on year.

● Operation Software Development

Sales decreased from a year ago, attributable chiefly to a slowdown in the rebound of large projects in the previous fiscal year in VIXUS's distribution software, despite strength in e-commerce and educational sales by FUJISOFT, as well as added sales from the consolidation of iDEA Consulting.

● Outsourcing Business

Sales declined significantly, mainly because of a decrease in system maintenance and operations for certain customers of VIXUS.

● Other SI Business

Sales fell sharply, chiefly attributable to a decrease on the rebound of the end of the development of large projects by FUJISOFT in the previous fiscal year and a decrease in sales as a result of the end of sales of MATLAB by Cybernet Systems.



Major Factors for Change in Consolidated Operating Income

(Million yen)

	FY2010 4/10-12/10	FY2009 4/09-12/09	YoY change (Amount)	YoY change (%)
Net sales	97,722	104,557	-6,834	93.5%
Cost of sales	75,234	81,135	-5,900 (1)	92.7%
Cost of sales margin	77.0%	77.6%	- 0.6%	
Gross profit	22,487	23,421	-933	96.0%
Gross profit margin	23.0%	22.4%	+ 0.6%	
SG&A expenses	20,611	21,416	-804 (2)	96.2%
SG&A expense ratio	21.1%	20.5%	+ 0.6%	
Operating income	1,875	2,005	-129	93.5%
Operating income margin	1.9%	1.9%	+ 0.0%	

Points of Operating Income

(1) Major factors for change in gross profit margin

- **FUJISOFT** (Increase of 0.1% year on year)
The effect of curbing unprofitable development projects through the enforcement of project management

- **CYBERNET SYSTEMS**
(Decrease of 1.0% year on year)

A deterioration in the gross profit margin, reflecting the end of sales of MATLAB, which was a leading product

- **VINCULUM JAPAN**
(Increase of 7.7% year on year)

Improvement in the gross profit margin, owing to the absence of expenses incurred in the previous fiscal year in relation to a transition to a Chinese subsidiary

(2) Major factors for change in SG&A expenses

- **SG&A and personal expenses**
(Increase of 390 million yen year on year)

Increase resulting from the strengthening of operating activities

- **Operations consignment expenses**
(Decrease of 442 million yen year on year)

A decline in outsourced business associated with operational streamlining

- **Research study expenses**
(Decrease of 303 million yen year on year)

A fall following the completion of early studies on robot technology

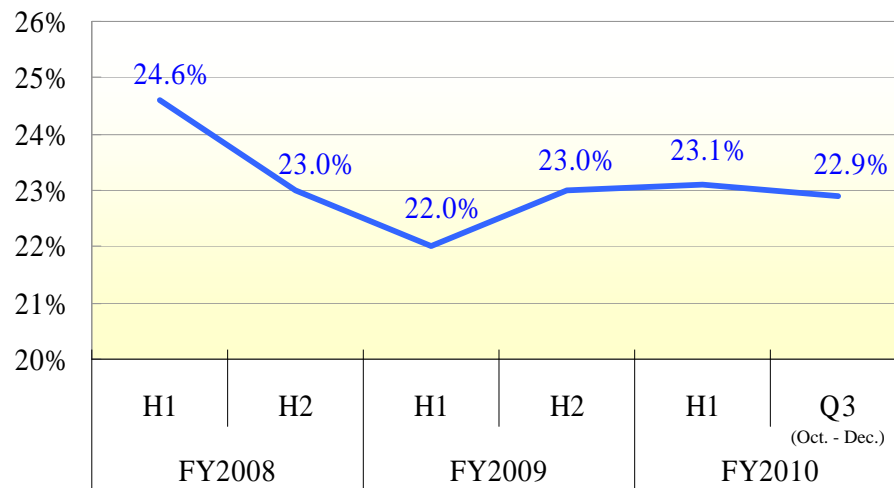
- **Recruiting and training expenses**
(Decrease of 156 million yen year on year)

A reduction in recruitment and education costs, reflecting a decrease in the number of new graduates and mid-career workers hired

- **Rents** (Decrease of 128 million yen year on year)

A reduction in the use of rental offices associated with a rise in the rate of use of the Company's own buildings

Changes in gross profit margin





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

(Million yen)

	FY2010 4/10-12/10	FY2009 4/09-12/09	YoY change (Amount)	YoY change (%)
Operating income	1,875	2,005	-129	93.5%
Operating income margin	1.9%	1.9%	+ 0.0%	
Non-operating income	1,604	953	650 (1)	168.2%
Non-operating expenses	1,615	857	757 (1)	188.4%
Ordinary income	1,865	2,101	-236	88.7%
Ordinary income margin	1.9%	2.0%	- 0.1%	
Extraordinary income	196 (2)	2,786	-2,590	7.0%
Extraordinary loss	99	296	-197	33.4%
Income before income taxes and minority interests	1,962	4,591	-2,629	42.7%
Total income taxes	484	835	-350	58.0%
Minority interests	239	1,025	-785	23.4%
Net income	1,237	2,731	-1,493	45.3%
Net income margin	1.3%	2.6%	- 1.3%	

Points in Account Items below Operating Income

(1) Non-operating income

(Increase of 650 million yen year on year)

Non-operating expenses

(Increase of 757 million yen year on year)

A gain on the cancellation of system service (897 million yen) and a loss on the cancellation of system service (866 million yen) (VIXUS)

(2) Extraordinary income

A gain on sales of investment securities (Tosho Computer Systems Co., Ltd.: 166 million yen)



Consolidated Balance Sheet

(Million yen)

	FY2010 End of Q3	End of FY2009	Change
Current assets	51,307	55,306	-3,998
Cash and deposits	15,064	16,741	-1,676
Notes and accounts receivable–trade	25,914	27,215	-1,300 (1)
accounts receivable–other	735	1,576	-841
Other	9,593	9,773	-180
Noncurrent assets	113,388	113,544	-156
Property, plant and equipment	77,333	78,375	-1,042 (2)
Intangible assets	12,223	12,424	-200
Investments and other assets	23,831	22,744	1,087 (3)
Total assets	164,695	168,850	-4,155
Current liabilities	50,364	52,462	-2,098
Accounts payable–trade	5,998	8,701	-2,703 (1)
Short-term loans payable / Current portion of long-term loans payable	33,446	31,216	2,230 (4)
Accrued expenses	4,946	5,854	-908
Other	5,973	6,690	-717
Noncurrent liabilities	30,989	33,090	-2,101
Long-term loans payable	21,874	24,202	-2,327 (4)
Other	9,114	8,888	226
Total liabilities	81,353	85,553	-4,199
Total net assets	83,342	83,297	44
Total liabilities and net assets	164,695	168,850	-4,155

Points of the Balance Sheet

- (1) Accounts receivable/payable–trade
Fall associated with seasonal effects
- (2) Property, plant and equipment
(A decrease of 1,042 million yen from the end of the previous fiscal term)
A reduction associated with the progress of depreciation, despite capacity investment
- (3) Investments and other assets
(Increase of 1,087 million yen from the end of the previous fiscal term)
Increase in investment securities
(439 million yen)
Increase in deferred tax assets
(226 million yen), etc.
- (4) Loans payable
Despite the transition of long-term loans payable to current liabilities with the arrival of the due date, we continued to reduce loans.



Consolidated Cash Flow Statement

(Million yen)

	FY2010 4/10-12/10	FY2009 4/09-12/09	YoY change (Amount)
Net cash provided by (used in) operating activities	5,395	1,834	3,560
Net cash provided by (used in) investing activities	-6,149	-3,720	-2,429
Net cash provided by (used in) financing activities	-922	-7,036	6,114
Net increase (decrease) in cash and cash equivalents	-1,741	-8,993	7,251
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
Cash and cash equivalents at end of period	15,030	16,472	-1,441

Highlights of Cash Flows

● Net cash provided by (used in) operating activities

Although income before income taxes decreased compared to a year ago when a gain on sales of real estate were posted, net cash provided by (used in) operating activities increased 3.5 billion yen year on year because of decreases in accounts payable–labor cost and income taxes and other dues paid.

● Net cash provided by (used in) investing activities

In the first three quarters under review, the Company purchased property, plant and equipment (2,321 million yen), intangible assets (2,633 million yen) and investment securities (1,358 million yen).

● Net cash provided by (used in) financing activities

In the previous fiscal year, the Company used part of its cash and deposits, which it had accumulated in response to changes in the financial environment from the fall of 2008, to repay interest-bearing debt. In the first three quarters under review, cash and deposits were at an appropriate level at the beginning of the period, and there were no significant changes during the period.



Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

	Orders				Order backlog			
	FY2010 4/10-12/10	FY2009 4/09-12/09	YoY change (Amount)	YoY change (%)	FY2010 4/10-12/10	FY2009 4/09-12/09	YoY change (Amount)	YoY change (%)
SI Business Total	85,869	95,401	-9,532	90.0%	32,014	31,141	872	102.8%
Embedded Software Development	28,134	29,402	-1,267	95.7%	8,302	8,643	-341	96.1%
Operation Software Development	32,535	35,832	-3,296	90.8%	11,415	10,882	533	104.9%
Outsourcing Business	9,701	14,024	-4,322	69.2%	6,655	5,209	1,445	127.7%
Other SI Business	15,497	16,142	-645	96.0%	5,641	6,406	-764	88.1%

Highlights of Orders and Order Backlogs

● Highlights of orders

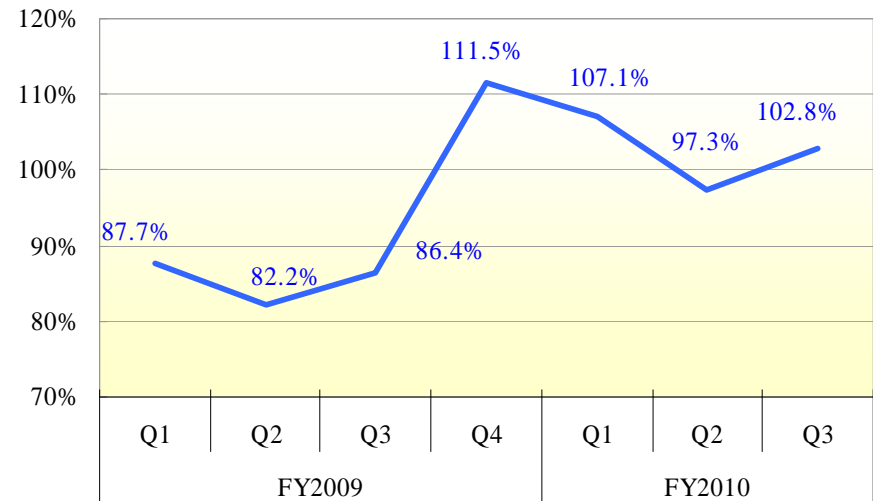
Resiliency in orders is gradually surfacing, which resulted in a rise of **3.7% year on year in the December quarter**. However, this was not enough to offset the loss in the first half, and orders dropped 10.0% year on year for the three quarters under review on a cumulative basis.

● Highlights of order backlogs

Order backlogs in Operation Software Development business are increasing in the manufacture, distribution, and other industries (EC, education, etc.)

Order backlogs in Outsourcing Business are increasing, attributable mainly to the large maintenance and operations project won in the previous fiscal year.

■ Changes in order backlog in the entire SI Business





Consolidated Full-Year Results Forecasts for FY2010

Highlights of the Fourth Quarter

	(Million yen)			
	4/10-12/10	FY2010 1/11-3/11 Estimate	YoY change (%)	Full-year plan
Net sales	97,722	39,277	105.8% (1)	137,000
Cost of sales	75,234	30,265	105.5%	105,500
Cost of sales margin	77.0%	77.1%		77.0%
Gross profit	22,487	9,012	106.7%	31,500
Gross profit margin	23.0%	22.9%	(2)	23.0%
SG&A expenses	20,611	6,588	92.0% (3)	27,200
SG&A expense ratio	21.1%	16.8%		19.9%
Operating income	1,875	2,424	188.3%	4,300
Operating income margin	1.9%	6.2%		3.1%
Ordinary income	1,865	2,634	176.7%	4,500
Ordinary income margin	1.9%	6.7%		3.3%
Net income	1,237	1,462	149.3%	2,700
Net income margin	1.3%	3.7%		2.0%

(1) Net sales

An increase of 5.8% year on year is expected as a result of the improvement in the environment for orders at FUJISOFT and the prospect of subsidiaries winning projects that were delayed as of the third quarter.

(2) Gross profit margin

Levels on a par with the cumulative first three quarters are expected given the improvement generated from the increase in sales, which in turn is likely to contribute to rises in the in-house engineer production ratio and outsourcing.

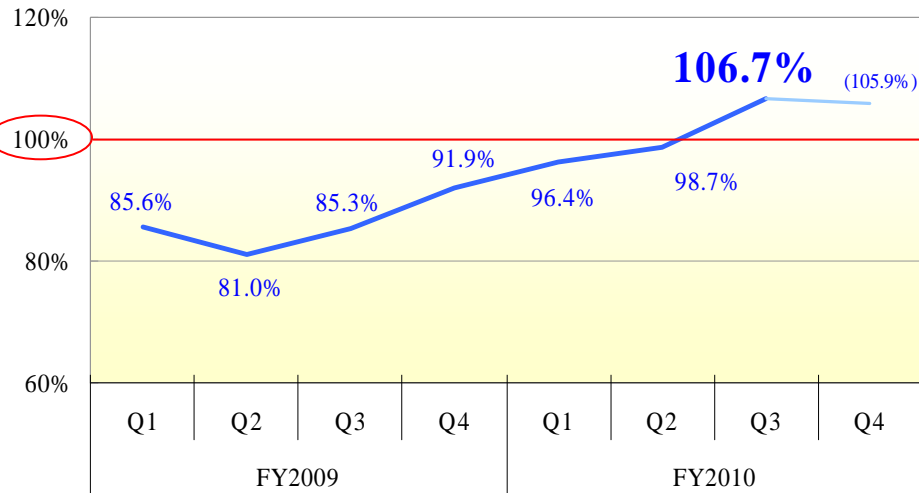
(3) SG&A expenses

We aim at a reduction of 8% year on year through continuous cuts by all the companies of the Group.



Non-Consolidated Financial Results

Year on Year Changes in Non-Consolidated Sales



Non-consolidated financial results show continuing improvement, attributable to the gradual recovery seen in the environment for customers' development initiatives and the sentiment for information technology investment, as well as the effects of the "JPPGG Strategy" (p. 15 of the supplementary Information on the Financial Results) that have gradually become visible.

Under its medium-term basic policy of

**“Harnessing our strengths to create a market!
Evolving into a unique corporate group
with presence,”**

FUJISOFT will continue to exert efforts for the recovery and expansion of financial results.

Highlights by Segment

- Embedded Software Development** (Increase of 0.2% year on year in the December quarter)
 Sales of “FSDTV,” which is software for digital TV, were strong, and software development for machine accessories and office automation equipment also performed well.
- Operation Software Development** (Increase of 28.8% year on year in the December quarter)
 Customers in the manufacture industry are resuming information technology investment, while EC-related business continued to show positive development.
- Outsourcing Business** (Increase of 58.7% year on year in the December quarter)
- Other SI Business** (Decrease of 18.2% year on year in the December quarter)
 “Other SI” decreased due to the end of a large project by a financial institution. “Outsourcing business” is expanding with the start of the operation of the systems built in said large project. In addition, data center business is performing strongly overall, with each center showing higher operating ratio.



* 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.