



Results of Operations for FY2010

May 11, 2011

FUJISOFT INCORPORATED

Retail Solutions



FSCloud[®]EDI

FSCloud[®]Logistics

FSCloud[®]PAM



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Consolidated Financial Results for FY2010



Consolidated Financial Highlights

Net sales fell 4.9% year on year due mainly to declines at major subsidiaries.

- ◇ Sales at VIXUS INCORPORATED, a major subsidiary, were down 5.1 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 4.9% year on year to 134.7 billion yen.
- ◇ Non-consolidated net sales were up 4.1% year on year in the second half of the fiscal year, reflecting an increase in orders, and rose 0.9% year on year in the full year, the first increase in five years.

Operating income rose 15.2%, reflecting an improvement in the cost ratio and cuts in SG&A expenses.

- ◇ Operating income rose 15.2% year on year, to 3.8 billion yen, and ordinary income climbed 1.5%, to 3.6 billion yen, reflecting an improvement in the cost ratio and the continued control of SG&A expenses associated with the Company's efforts to curb unprofitable development projects.
- ◇ In reaction to the gain on sales of real estate recorded as extraordinary profit last fiscal year, net income declined 32.3% year on year, to 2.5 billion yen.

(Million yen)

	FY2009 (Result)	FY2010 (Result)	YoY change (Amount)	YoY change (%)
Net sales	141,682	134,745	-6,937	95.1%
Operating income	3,293	3,793	499	115.2%
Operating income margin	2.3%	2.8%	0.5%	
Ordinary income	3,592	3,647	54	101.5%
Ordinary income margin	2.5%	2.7%	0.2%	
Net income	3,710	2,511	-1,198	67.7%
Net income margin	2.6%	1.9%	-0.8%	



Sales by Major Companies of the Group

(Million yen)

	FY2009 (Results)	FY2010 (Results)	YoY change (Amount)	YoY change (%)
FUJISOFT INCORPORATED (TSE 1st Section)	70,606	71,249	643	100.9%
CYBERNET SYSTEMS Co., Ltd. (TSE 1st Section)	14,411	13,019	-1,391	90.3%
VINCULUM JAPAN Corporation (JASDAQ)	9,386	9,273	-113	98.8%
CYBER COM Co., Ltd. (JASDAQ)	6,392	6,306	-86	98.6%
VIXUS INCORPORATED (Unlisted)	25,126	20,025	-5,100	79.7%
Total 5 companies (Before consolidation adjustment)	125,923	119,873	-6,050	95.2%

Highlights in Sales by Major Companies of the Group

● CYBERNET SYSTEMS Co., Ltd.

Although sales of mechanical and optical software and renewals of maintenance contracts for existing customers were strong, sales declined with the end of sales of a flagship product at the end of the first quarter of last fiscal year.

● VINCULUM JAPAN Corporation

Sales declined 5.8% year on year in the first half, attributable to prolonged periods from the development to receipt of orders and intensifying price competition. However, the magnitude of the decline in sales shrank to 1.2% for the full year, reflecting a solid performance in system maintenance and operation in the second half.

● CYBER COM Co., Ltd.

Sales fell 8.7% year on year in the first half, reflecting weak orders. However, orders began to recover in the second half, and the magnitude of the decline in sales was limited to 1.4% for the full year.

● VIXUS INCORPORATED

Sales declined significantly with the absence of the major projects in the previous fiscal year as well as the curbing of investments by major customers.

(Please see p. 14 for non-consolidated financial results.)



Sales by Segment

(Million yen)

	FY2009 (Results)	FY2010 (Results)	YoY change (Amount)	YoY change (%)
Total net sales	141,682	134,745	-6,937	95.1%
SI Business	131,028	124,643	-6,384	95.1%
Embedded Software Development	39,945	38,865	-1,079	97.3%
Operation Software Development	47,162	46,781	-380	99.2%
Outsourcing Business	19,166	15,693	-3,473	81.9%
Other SI Business	24,754	23,302	-1,451	94.1%
Facilities Business	2,141	2,106	-35	98.4%
Other Businesses	8,512	7,995	-517	93.9%

Highlights of Sales by Segment

● Embedded Software Development

Although sales associated with digital TV and smartphones were strong, sales of communications control and machine control software declined. Overall, embedded software development sales fell.

● Operation Software Development

In the distribution sector, sales declined in the rebound of VIXUS's large projects. Sales fell also in the financial sector partly in reaction to special demand in the previous fiscal year associated with law revisions. However, overall sales remained mostly unchanged from a year ago, attributable to the consolidation of IDEA Consulting.

● Outsourcing Business

Despite the strong performance of FUJISOFT's data center business, sales declined sharply following a decrease in system maintenance and operations for certain customers of VIXUS.

● Other SI Business

Sales slipped, chiefly attributable to the end of sales of a flagship product of Cybernet Systems.

● Other Businesses

Sales dropped because of the exclusion of Mercury Staffing from the scope of consolidation.



Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

	Orders			Order backlog		
	FY2010 (Result)	YoY change (Amount)	YoY change (%)	FY2010 (Result)	YoY change (Amount)	YoY change (%)
SI Business Total	120,617	-14,167	89.5%	32,385	-4,026	88.9%
Embedded Software Development	38,811	-1,132	97.2%	8,233	-53	99.4%
Operation Software Development	45,331	-4,894	90.3%	11,509	-1,450	88.8%
Outsourcing Business	13,772	-8,328	62.3%	6,714	-1,920	77.8%
Other SI Business	22,701	188	100.8%	5,928	-601	90.8%

Highlights of Orders and Order Backlogs

● Orders

Orders declined 10.5% year on year for the full year, primarily reflecting the rebound of orders for large projects received by VIXUS in the previous fiscal year. However, orders improved in the second half with a 9.2% increase from the first half.

● Order backlog

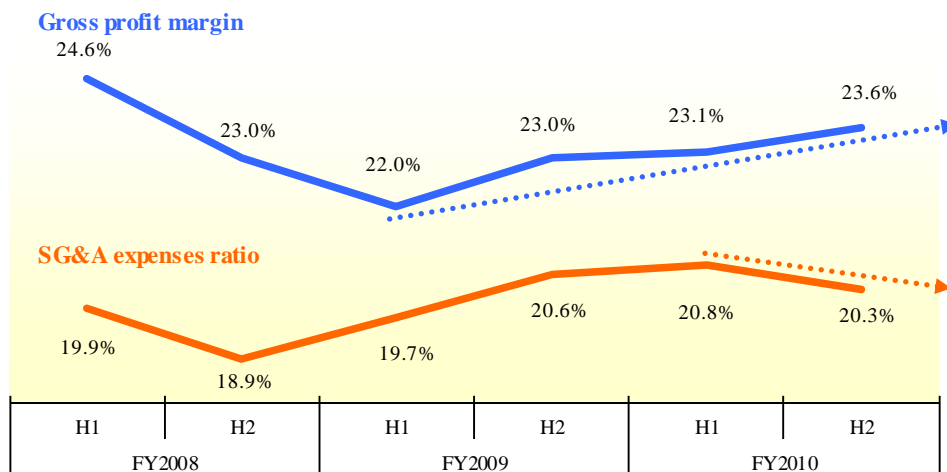
Order backlogs in the Operation Software Development business are increasing in manufacturing and other industries (e-commerce, education, etc.) However, order backlogs in Operation Software Development are declining in the financial and distribution sectors and in the Outsourcing Business given the absence of orders for large projects received by VIXUS towards the end of the previous fiscal year. Overall, the order backlog was down 11.1% year on year.



Major Factors for Change in Consolidated Operating Income

	(Million yen)			
	FY2009 (Result)	FY2010 (Result)	YoY change (Amount)	YoY change (%)
Net sales	141,682	134,745	-6,937	95.1%
Cost of sales	109,813	103,295	-6,517	94.1%
Cost of sales margin	77.5%	76.7%	- 0.8%	
Gross profit	31,869	31,449	-419	98.7%
Gross profit margin	22.5%	23.3%	+ 0.8% (1)	
SG&A expenses	28,575	27,656	-919 (2)	96.8%
SG&A expense ratio	20.2%	20.5%	+ 0.3%	
Operating income	3,293	3,793	499	115.2%
Operating income margin	2.3%	2.8%	+ 0.5%	

Changes in gross profit margin and SG&A expense ratio



Points of Operating Income

- Major factors for change in gross profit margin
 - FUJISOFT
(Increase of 0.4 pt year on year)
The effect of curbing unprofitable development projects through stricter project management
 - VINCULUM JAPAN Corporation
(Increase of 7.5 pt year on year)
An 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
- Major factors for change in SG&A expenses
 - FUJISOFT
(A decrease of 922 million yen year on year)
Please refer to p. 14 for details.



Major Factors for Change in Consolidated Ordinary Income and Net Income

	(Million yen)			
	FY2009 (Results)	FY2010 (Results)	YoY change (Amount)	YoY change (%)
Operating income	3,293	3,793	499	115.2%
Operating income margin	2.3%	2.8%	+ 0.5%	
Non-operating income	1,461	1,814	353 (1)	124.2%
Non-operating expenses	1,161	1,960	798 (2)	168.7%
Ordinary income	3,592	3,647	54	101.5%
Ordinary income margin	2.5%	2.7%	+ 0.2%	
Extraordinary income	3,249	735	-2,513 (3)	22.6%
Extraordinary loss	809	542	-266	67.1%
Income before income taxes and minority interests	6,032	3,840	-2,192	63.7%
Total income taxes	1,237	992	-245	80.2%
Minority interests	1,085	336	-748 (4)	31.0%
Net income	3,710	2,511	-1,198	67.7%
Net income margin	2.6%	1.9%	- 0.8%	

Points in Account Items below Operating Income

(1) Non-operating income

(Increase of 353 million yen year on year)
A gain on the cancellation of system service (897 million yen) posted by VIXUS and a decline in equity in earnings of affiliates (496 million yen) (Ace Securities and other affiliates)

(2) Non-operating expenses

(Increase of 798 million yen year on year)
A loss on the cancellation of system service (861 million yen) posted by VIXUS

(3) Extraordinary income

(Decrease of 2,513 million yen year on year)
Decrease given the absence of operating compensation (800 million yen) posted by CYBERNET SYSTEMS in the previous fiscal year and a gain on sales of real estate (1,651 million yen) posted by Tosho Computer Systems in the previous fiscal year

(4) Minority interests

(Decrease of 748 million yen year on year)
A fall resulting from declines in income at CYBERNET SYSTEMS and Tosho Computer Systems



Consolidated Balance Sheet

(Million yen)

	End of FY2009	End of FY2010	Change
Current assets	55,306	57,534	2,228
Cash and deposits	16,741	22,045	5,304 (1)
Notes and accounts receivable- trade	27,215	28,385	1,170 (2)
Work in process	2,499	1,453	-1,045 (3)
Deferred tax assets	4,448	2,665	-1,782 (5)
Other	4,402	2,984	-1,417 (2)
Noncurrent assets	113,544	111,881	-1,663
Property, plant and equipment	78,375	76,343	-2,032 (4)
Intangible assets	12,424	11,700	-724
Investments and other assets	22,744	23,837	1,093 (5)
Total assets	168,850	169,416	565
Current liabilities	52,462	55,099	2,636
Accounts payable-trade	8,701	7,565	-1,136 (6)
Short-term loans payable / Current portion of long-term	31,216	33,916	2,699 (1)
Accrued expenses	5,854	6,087	232
Other	6,690	7,531	841
Noncurrent liabilities	33,090	30,038	-3,052
Long-term loans payable	24,202	21,641	-2,560
Other	8,888	8,396	-491
Total liabilities	85,553	85,137	-415
Total net assets	83,297	84,278	981
Total liabilities and net assets	168,850	169,416	565

Points of the Balance Sheet

- (1) **Cash and deposits** (Increase of 5,304 million yen from the end of the previous fiscal term)
Short-term loans payable (Increase of 2,699 million yen from the end of the previous fiscal term)
 Increase in cash on hand in preparation for unforeseen circumstances associated with the Great East Japan Earthquake
- (2) **Accounts receivable-trade** (Increase of 1,170 million yen from the end of the previous fiscal term)
 Construction work accounts receivable in “Other” of current assets transferred to accounts receivable-trade (1,198 million yen)
- (3) **Work in process** (Decrease of 1,045 million yen from the end of the previous fiscal term)
 Decrease associated with the end of large projects of VIXUS
- (4) **Property, plant and equipment** (Decrease of 2,032 million yen from the end of the previous fiscal term)
 Decrease because of depreciation
- (5) **Investments and other assets**
 (Increase of 1,093 million yen from the end of the previous fiscal term)
 Part of the deferred net loss transferred to deferred tax assets in investments and other assets
- (6) **Accounts payable-trade** (Decrease of 1,136 million yen from the end of the previous fiscal term)
 Decline in outsourcing due to increasing self-manufacture
 (Subcontract expenses declined 16.5% year on year.)



Consolidated Cash Flow Statement

(Million yen)

	FY2009 (Result)	FY2010 (Result)	YoY change (Amount)
Net cash provided by (used in) operating activities	7,985	12,529	4,544
Net cash provided by (used in) investment activities	-5,687	-5,910	-222
Net cash provided by (used in) financing activities	-10,987	-1,280	9,706
Net increase (decrease) in cash and cash equivalents	-8,778	5,272	14,050
Cash and cash equivalents at beginning of period	25,465	16,687	-8,778
Increase in cash and cash equivalents from newly consolidated subsidiary	-	85	85
Cash and cash equivalents at end of period	16,687	22,044	5,357

Highlights of Cash Flows

- Net cash provided by (used in) operating activities**
 Net cash provided by (used in) operating activities increased 4.5 billion yen year on year, primarily reflecting decreases in labor cost and income taxes paid.
- Net cash provided by (used in) investing activities**
 Investments in the fiscal year under review, including purchase of property, plant and equipment (2,109 million yen) and the purchase of intangible assets (3,636 million yen), were mostly unchanged from the previous fiscal year.
- Net cash provided by (used in) financing activities**
 The main outflow was cash dividends paid. The cash outflow was lower than it was in the previous fiscal year, when repayments of loans repayable were made.
- Cash and cash equivalents at end of period**
 Cash and deposits increased with an increase in cash on hand at the end of the fiscal year in association with the earthquake (up 5,357 million yen).



Dividend

Dividend

	(Million yen)	
	FY2009 (Result)	FY2010 (Result)
Net income	3,710	2,511
(per share)	(116.37 yen)	(78.77 yen)
Dividend	478	637
(per share)	(15.00 yen)	(20.00 yen)
Consolidated dividend payout ratio	12.9%	25.4%

The year-end dividend per share will be 10 yen as initially planned. The annual dividend will be 20 yen, up 5 yen from the previous fiscal year.

Topics

Starting to Provide FSCloud Series

Private cloud series of FUJISOFT

FUJISOFT has begun offering an original cloud service series, FSCloud, using private cloud infrastructure that it developed.

As a first stage, FUJISOFT began offering three services—EDI, logistics, and employment management—as a Distribution Cloud for the distribution industry, a field in which the FUJISOFT Group excels. The Group will continue to expand its lineup, seeking to become a leader in the distribution cloud field. Moreover, the Group will make the series a profitable growth engine by expanding it to other business fields.

Lineup of Distribution Cloud



Trade name	Launch date	Service	Main customer
FSCloud®EDI	Feb-11	Provide next-generation EDI standards (Ryutsu BMS*) for retailers, wholesalers, manufacturers, and other businesses to send and receive information on the receipt and placement of orders and payment over the Internet.	Large and medium-sized retailers and wholesalers
FSCloud®Logistics	Mar-11	Manage the receipt of goods and inspection, shipping instructions and inspection, processes of returned products, inventory management, and inventory taking.	Large and medium-sized retailers and wholesalers
FSCloud®PAM	Apr-11	Manage steps from the recruitment of part-time workers to contracts in an integrated fashion.	Large and medium-sized retailers, food service businesses, and service businesses

*Ryutsu BMS is a registered trademark of The Distribution Systems Research Institute.



Reconstruction Assistance after the Great East Japan Earthquake

Reconstruction Assistance

- Offering a free intranet bulletin board service

(FUJISOFT)

Jointly with Fujifilm, FUJISOFT will offer intranet bulletin board service that will enable users to view an intranet website using mobile phones and smartphones. FUJISOFT will offer the service for free to companies in affected areas from May 16 through December 31. The service will enable companies, local governments, and other organization that have been affected by the earthquake to communicate quickly using mobile communication lines that are restored relatively early. The service will be offered as SaaS, enabling users to introduce it promptly. No new equipment or system development will be needed.

- Offering a free phone environment for companies

(CYBER COM)

CYBER COM will provide IP-PBX equipment (private branch exchange for IP telephone) for companies in affected areas free of charge for one year from the day the equipment is installed. By providing Smart IP-PBX, its own product, for free, CYBER COM will help companies and local governments in affected areas build a phone environment.

Monetary Donations

The FUJISOFT Group made a monetary donation comprising a Company contribution as well as donations collected from executives and employees of the Group, for use in relief and reconstruction.



< Reference >
Non-Consolidated Financial Results for FY2010



Non-Consolidated Financial Results for FY2010

(Million yen)

	FY2009 (Result)	FY2010 (Result)	YoY change (Amount)	YoY change (%)
Net sales	70,606	71,249	643 (1)	100.9%
Cost of sales	54,061	54,264	203	100.4%
Cost of sales margin	76.6%	76.2%	-0.4%	-
Gross profit	16,544	16,984	439	102.7%
Gross profit margin	23.4%	23.8%	0.4%	-
SG&A expenses	15,989	15,066	-922 (2)	94.2%
SG&A expense ratio	22.6%	21.1%	-1.5%	-
Operating income	555	1,917	1,362	345.2%
Operating income margin	0.8%	2.7%	1.9%	-
Ordinary income	482	2,104	1,621	436.3%
Ordinary income margin	0.7%	3.0%	2.3%	-
Income before income taxes	949	2,762	1,813	291.1%
Net income	733	2,147	1,413	292.8%
Net income margin	1.0%	3.0%	2.0%	-

Main Points in Non-Consolidated Financial Results

(1) Net sales

(Increase of 643 million yen year on year)

- Embedded Software Development
-13 million yen
- Operation Software Development
+1,361 million yen

Increases in orders in the Internet business, distribution industry, and manufacturing industry

- Outsourcing Business +270 million yen
 - Other SI Business -691 million yen
- Decline in sales of system solution projects
- Facilities Business -283 million yen

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

(Decrease of 922 million yen year on year)

- Operations consignment expenses
-422 million yen
- Research study expenses
-216 million yen
- Recruiting and training expenses
-175 million yen
- Advertising expenses -115 million yen



Non-Consolidated Balance Sheet

(Million yen)

	End of FY2009	End of FY2010	Change
Current assets	31,274	34,064	2,789
Cash and deposits	8,314	12,681	4,367 (1)
Notes and accounts receivable-trade	16,622	17,794	1,171 (2)
Other	6,337	3,587	-2,749 (2)
Non-current assets	102,342	100,006	-2,335
Property, plant and equipment	71,853	69,883	-1,969 (3)
Intangible assets	3,183	2,753	-430
Investments and other assets	27,305	27,369	64
Total asset	133,616	134,070	453
Current liabilities	43,771	45,847	2,075
Accounts payable-trade	3,832	3,242	-589
Short-term loans payable / Current portion of long-term	34,136	36,204	2,068 (1)
Other	5,802	6,399	596
Non-current liabilities	26,099	23,317	-2,781
Long-term loans payable	23,948	21,496	-2,452
Other	2,150	1,821	-329
Total liabilities	69,870	69,164	-706
Total net assets	63,745	64,905	1,159
Total liabilities and net assets	133,616	134,070	453

Points of the Balance Sheet

- Cash and deposits** (Increase of 4,367 million yen from the end of the previous fiscal term)
Short-term loans payable (Increase of 2,068 million yen from the end of the previous fiscal term)
 Increase in cash on hand in preparation for unforeseen circumstances associated with the Great East Japan Earthquake
- Accounts receivable-trade** (Increase of 1,171 million yen from the end of the previous fiscal term)
 Construction work accounts receivable in "Other" of current assets transferred to accounts receivable-trade (1,199 million yen)
- Property, plant and equipment**
 (Decrease of 1,969 million yen from the end of the previous fiscal term)
 Decrease because of depreciation



First Management Plan

(fiscal year ending March 2012 through fiscal year ending March 2016)



History of the JPPGG Strategy

First Management Plan Starts

The First Management Plan starts in April 2011. From the launch of the strategy to the ignition of engines for growth and a leap forward

April 2010: Bringing the “JPPGG” Strategy into practice and producing steady results

Launching the JPPGG Strategy and engines for growth

Mar. 2010: The Taipei Office is upgraded to the Taipei Branch.

Oct. 2009:

The structure of the organization was changed to facilitate JPPGG.

Feb. 2010:

Robot technology named as a fourth possible engine for growth

Jul. 2009:

Primary potential engines for growth shortlisted

- Cloud for distribution
- Thin-clients and SaaS
- Overseas markets

Building awareness of the strategy within the Company and Group

Nov. 2008:

Five pillars of JPPGG announced as a solid strategy

Jun. 2008: Mr. Shiraishi becomes president.



Management Objectives

Vision

Making FUJISOFT a unique corporate group with a strong presence, which helps boost Japan's competitiveness and global economic development

Management Objectives

Changing the business structure

Make prime products (services) a pillar of non-consolidated net sales, accounting for 50%.

Raise overseas sales, primarily sales of products, to 10% of total sales on a consolidated and non-consolidated basis.

Increasing earnings strength

Aim for a consolidated operating income margin of 9% and a non-consolidated operating income margin of 10% or higher.

Integrating Group management

The entire Group promotes businesses in an integrated fashion, based on a robust strategy—five pillars “JPPGG.”

Bolstering the management infrastructure

Strengthen the system to promote the First Management Plan by enhancing the personnel function and boosting business efficiency.

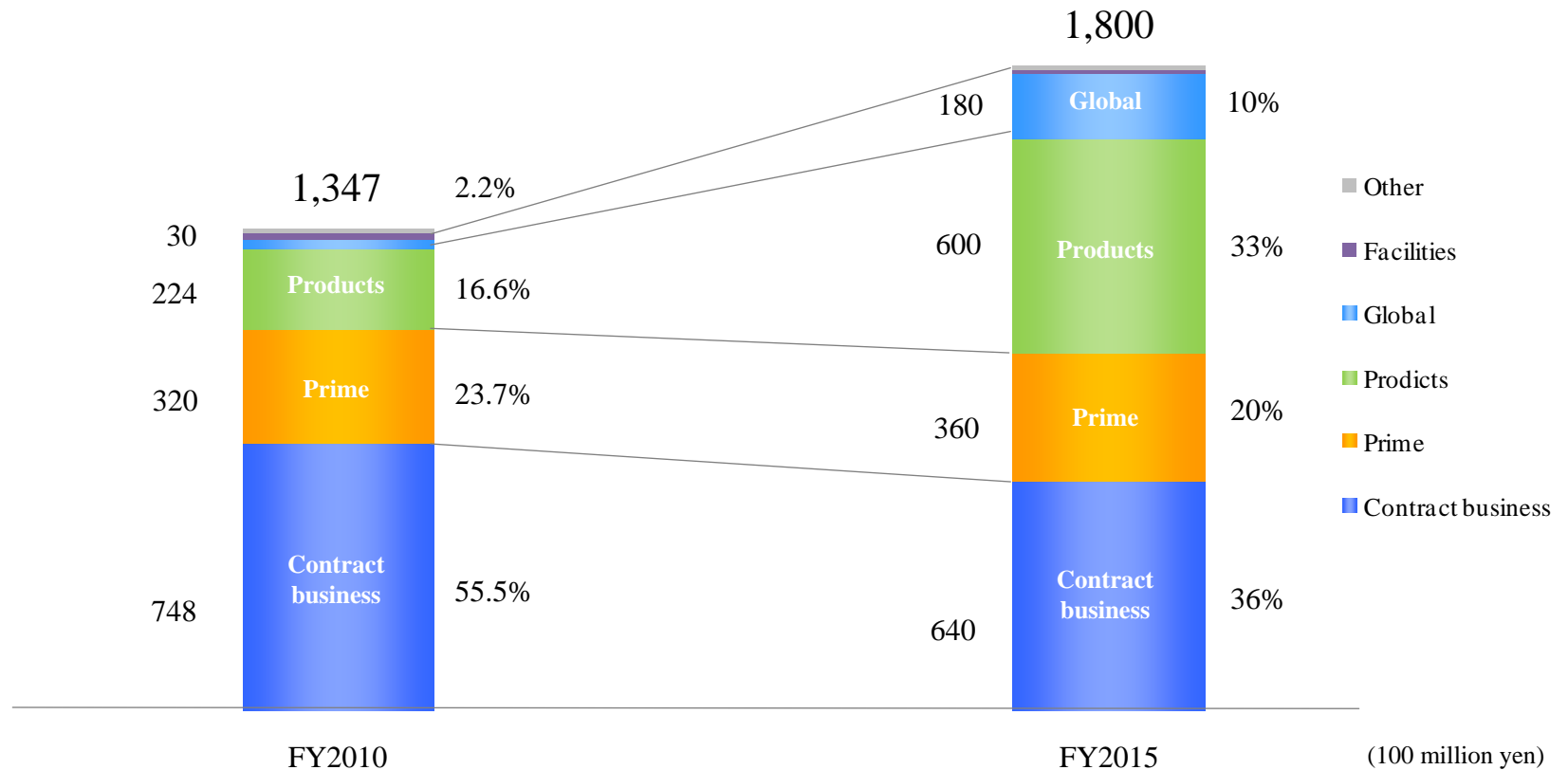


Changing the Business Structure

Make prime products (services) a pillar of sales and increase overseas sales to 10% of total sales.

Business Structure in FY2010
(consolidated)

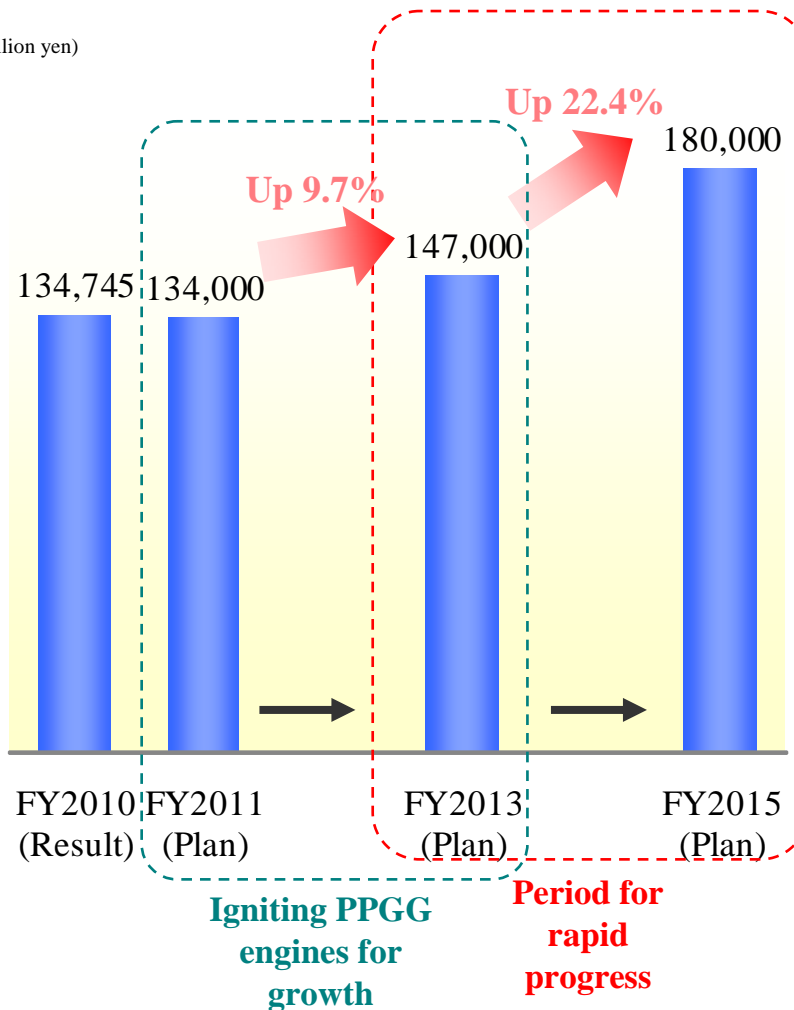
Business Structure in FY2015
(consolidated)



Increasing Earnings Strength

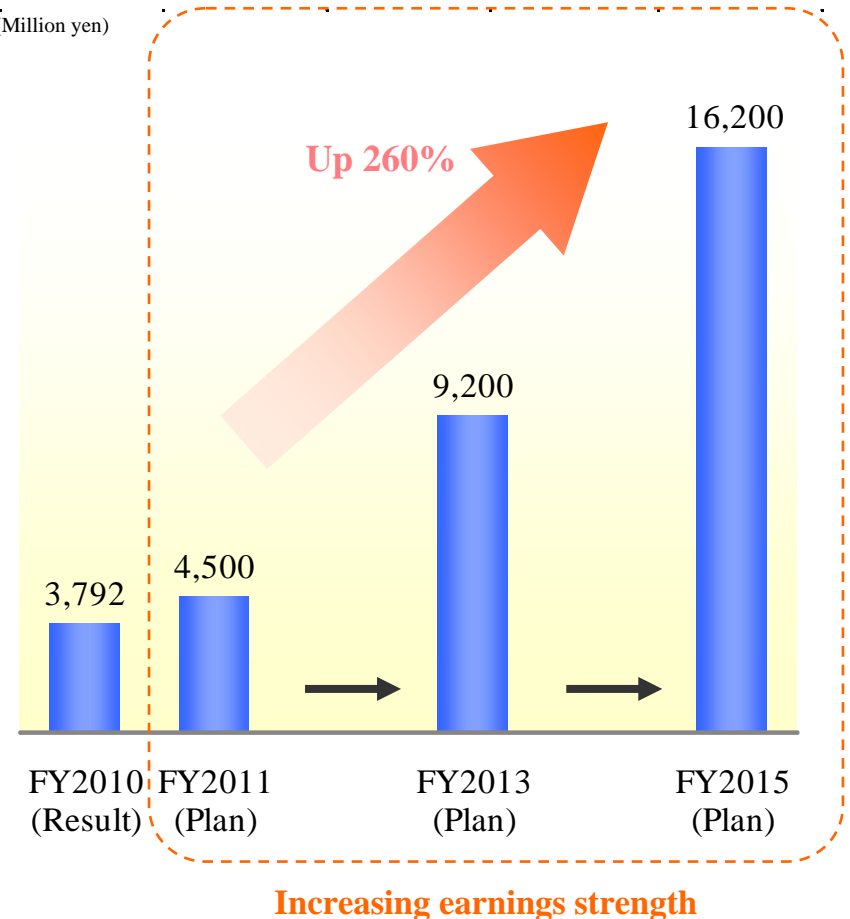
Changes in Consolidated Net Sales

(Million yen)



Changes in Consolidated Operating Income

(Million yen)





Integrating Group Management

Promote a cooperation system and the sharing of resources to integrate Group management.

Enhancing Cross-Selling and Alliances

FUJISOFT, VINCULUM JAPAN, and VICUS will accelerate alliances among themselves in developing and selling cloud services for distribution for the distribution industry. In the financial field, FUJISOFT KCS and Tosho Computer Systems will bolster their cooperation in system building.

Reinforcing Cooperation in Functions

FUJISOFT and other Group companies will step up their cooperation in common management infrastructure, including investment, personnel, and information systems, to support business strategies and facilitate Group-wide initiatives.

Strengthening System to Promote Cooperation within the Group

FUJISOFT will establish a Group Strategy Office to advance financial and strategic cooperation within the Group.



Bolstering the Management Infrastructure

Raising Business Efficiency

● Establishing a Work Restructuring Committee

To achieve the objectives of the First Management Plan, we have established a committee that will advance work restructuring to support the First Management Plan, drastically reviewing the business flows, regulations, procedures, and systems of Company-wide operations in terms of business, strategy, streamlining, compliance, and regulations.

Risk Management

● Enhancing risk management

To enhance risk management, the Internal Control Committee will enhance internal control, the Productivity Enhancement Committee will strengthen project risk management, and the Risk Compliance Committee will manage general operational risks.

Strategic Personnel Function

● Setting up a new Human Capital Group to promote business reform

We have restructured the Human Capital Group, which until the previous fiscal year was responsible for training employees, recruitment, and welfare management, and have positioned it as an organ for developing and carrying out medium- to long-term human resource development and personnel management strategies.

The Human Capital Group will strategically develop an organization, education, and evaluation that will be necessary for promoting business reform in the Company based on the JPPGG Strategy.



Bolstering the structure to promote the First Management Plan



Strengthening System to Promote the Plan

Board of Directors, Management Conference, Meeting of Presidents of Group Companies



Strategic Conference,
Business Development Meeting (FUJISOFT
INCORPORATED and the Group)

**Planning,
monitoring**

Work Restructuring Committee

Personnel Initiative Exploratory Committee

Business Strengthening Committee

Productivity Enhancement Committee

Internal System Planning Meeting

**System to promote
planning for reinforcing
management
infrastructure**



Meeting of General Managers of
Business Planning Departments

**Vertically integrated and
cross-functional functions**

Divisions to implement strategies



Consolidated Results Forecasts for FY2011



Consolidated Results Forecasts for FY2011

(Million yen)

	FY2010 (Result)	FY2011 (Forecast)	YoY change (Amount)	YoY change (%)
Net sales	134,745	134,000	-745	99.4% (1)
Cost of sales	103,295	101,000	-2,295	97.8%
Cost of sales margin	76.7%	75.4%		
Gross profit	31,449	33,000	1,550	104.9% (2)
Gross profit margin	23.3%	24.6%		
SG&A expenses	27,656	28,500	843	103.0% (3)
SG&A expense ratio	20.5%	21.3%		
Operating income	3,793	4,500	706	118.6% (4)
Operating income margin	2.8%	3.4%		
Ordinary income	3,647	3,700	52	101.4% (5)
Ordinary income margin	2.7%	2.8%		
Net income	2,511	1,300	-1,211	51.8% (6)
Net income margin	1.9%	1.0%		

Main Points of Results Forecasts

- Net sales** (Decrease of 745 million yen from the end of the previous fiscal term)
(Up 0.2% year on year excluding Mercury Staffing)
Remaining flat, attributable to increases in sales in the contract business and sales of products especially at FUJISOFT and a decrease in sales at distribution subsidiaries.
- Gross profit** (Increase of 1,550 million yen from the end of the previous fiscal term)
Improvement in the gross profit margin, reflecting the strengthening of project management and personnel management at FUJISOFT (to 24.6% from 23.3%)
- SG&A expenses** (Increase of 843 million yen from the end of the previous fiscal term)
Active strategic investments (in research and development and education) for changing the business structure
- Operating income** (Increase of 706 million yen from the end of the previous fiscal term)
Increase owing to an improvement in gross profit
- Ordinary income** (Increase of 52 million yen from the end of the previous fiscal term)
Ordinary income expected to increase only 52 million yen year on year because of an expected decline in non-operating income and an expected fall in income at equity method affiliated companies
- Net income** (Decrease of 1,211 million yen from the end of the previous fiscal term)
Decrease due to an increase in income taxes paid



Sales Forecasts for Major Group Companies

(Million yen)

	FY2010 (Result)	FY2011 (Forecast)	YoY change (Amount)	YoY change (%)
FUJISOFT INCORPORATED (TSE 1st Section)	71,249	73,500	2,250	103.2%
CYBERNET SYSTEMS Co., Ltd. (TSE 1st Section)	13,019	13,670	650	105.0%
VINCULUM JAPAN Corporation (JASDAQ)	9,273	8,500	-773	91.7%
CYBER COM Co., Ltd. (JASDAQ)	6,306	6,400	93	101.5%
VIXUS INCORPORATED (Unlisted)	20,025	17,500	-2,525	87.4%
Total 5 companies (Before consolidation adjustment)	119,873	119,570	-303	99.7%

Outlook for Major Group Companies

● CYBERNET SYSTEMS Co., Ltd.

The CAE software market for manufacturers is expanding in emerging countries. In these circumstances, sales are expected to be strong as in FY2010.

● VINCULUM JAPAN Corporation

Although the company will develop new customers in Asian markets, using VINCULUM CHINA, a subsidiary in China, sales are expected to decline, primarily reflecting the effect of mergers of major customers.

● CYBER COM Co., Ltd.

The development of smartphone-related software using LTE service is expanding. Sales are anticipated to rise slightly.

● VIXUS INCORPORATED

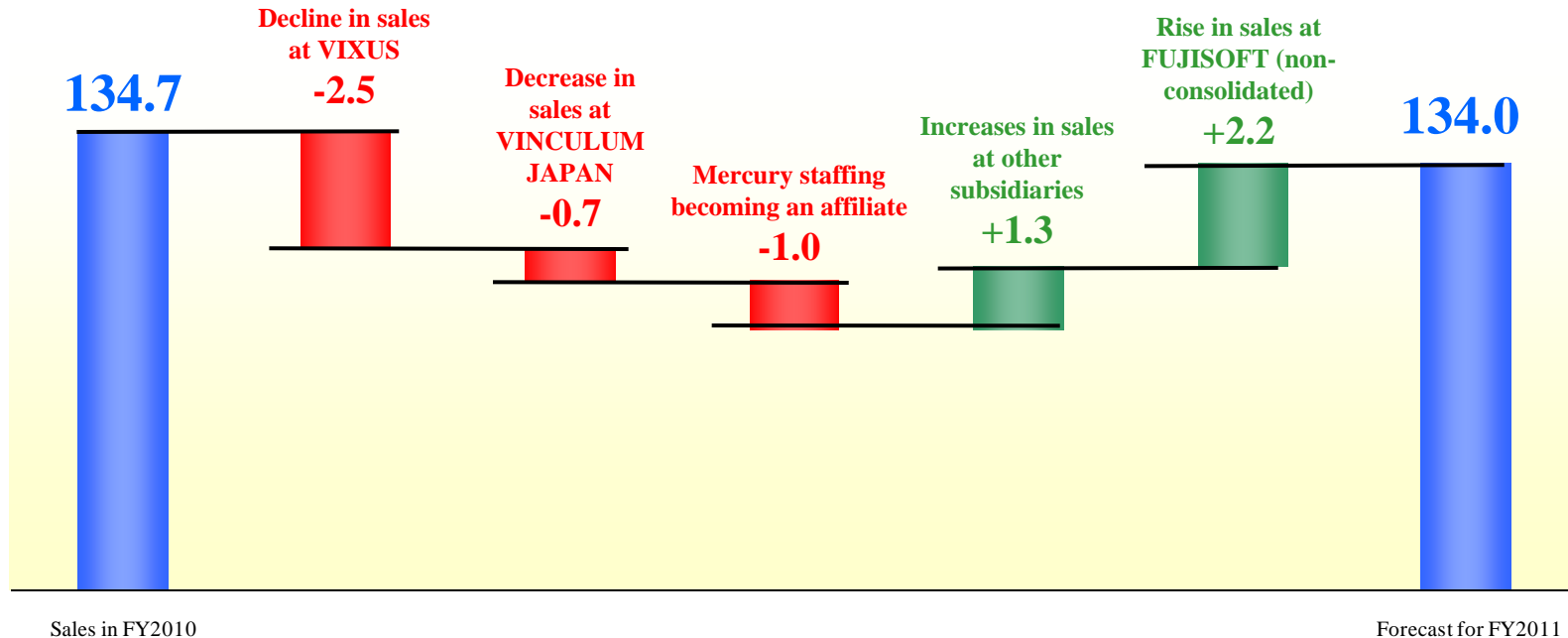
Major customers are expected to continue to curb investments. However, the company will take steps to increase profitability to secure a profit.

For non-consolidated results forecasts, please refer to p. 30.



Breakdown of Changes in Sales

(Billion yen)



Although sales are expected to decline at distribution subsidiaries, total sales will be driven by sales at FUJISOFT (non-consolidated) and other subsidiaries including CYBERNET SYSTEMS.

Making Mercury Staffing an affiliate will reduce sales by about 1 billion yen.



Dividend Policy

Dividend

	(Million yen)	
	FY2010 (Result)	FY2011 (Forecast)
Net income	2,511	1,300
(per share)	(78.77 yen)	(40.77 yen)
Dividend	637	637
(per share)	(20.00 yen)	(20.00 yen)
Consolidated dividend payout ratio	25.4%	49.1%

In accordance with the basic policy for consistent redistribution of profits, the Company plans to distribute 20 yen per share for the fiscal year ending March 2012.



< Reference >

Non-Consolidated Results forecast for FY2011



Non-Consolidated Results Forecasts for FY2011

(Million yen)

	FY2010 (Result)	FY2011 (Forecast)	YoY change (Amount)	YoY change (%)
Net sales	71,249	73,500	2,250 (1)	103.2%
Cost of sales	54,264	55,300	1,035	101.9%
Cost of sales margin	76.2%	75.2%	-0.9%	-
Gross profit	16,984	18,200	1,215	107.2%
Gross profit margin	23.8%	24.8%	0.9% (2)	-
SG&A expenses	15,066	16,100	1,033 (3)	106.9%
SG&A expense ratio	21.1%	21.9%	0.8%	-
Operating income	1,917	2,100	182	109.5%
Operating income margin	2.7%	2.9%	0.2%	-
Ordinary income	2,104	1,900	-204 (4)	90.3%
Ordinary income margin	3.0%	2.6%	-0.4%	-
Income before income taxes	2,762	1,900	-862 (5)	68.8%
Net income	2,147	1,100	-1,047	51.2%
Net income margin	3.0%	1.5%	-1.5%	-

Main Points of Results Forecasts

- (1) **Net sales** (Increase of 2,250 million yen from the end of the previous fiscal term)
Increase in sales of products and prime projects
- (2) **Gross profit margin** (Increase of 0.9 percentage points)
Improvement reflecting a decrease in unprofitable projects and the curbing of standby efforts
- (3) **SG&A expenses**
(Increase of 1,033 million yen from the end of the previous fiscal term)
Active strategic investments (in research and development and education) to change the business structure
- (4) **Ordinary income** (Decrease of 204 million yen from the end of the previous fiscal term)
Decline in dividends income (from CYBERNET SYSTEMS and other companies)
- (5) **Income before income taxes**
(Decrease of 862 million yen from the end of the previous fiscal term)
Decrease given the absence of a gain on sales of investment securities and profit from merger in the previous fiscal year

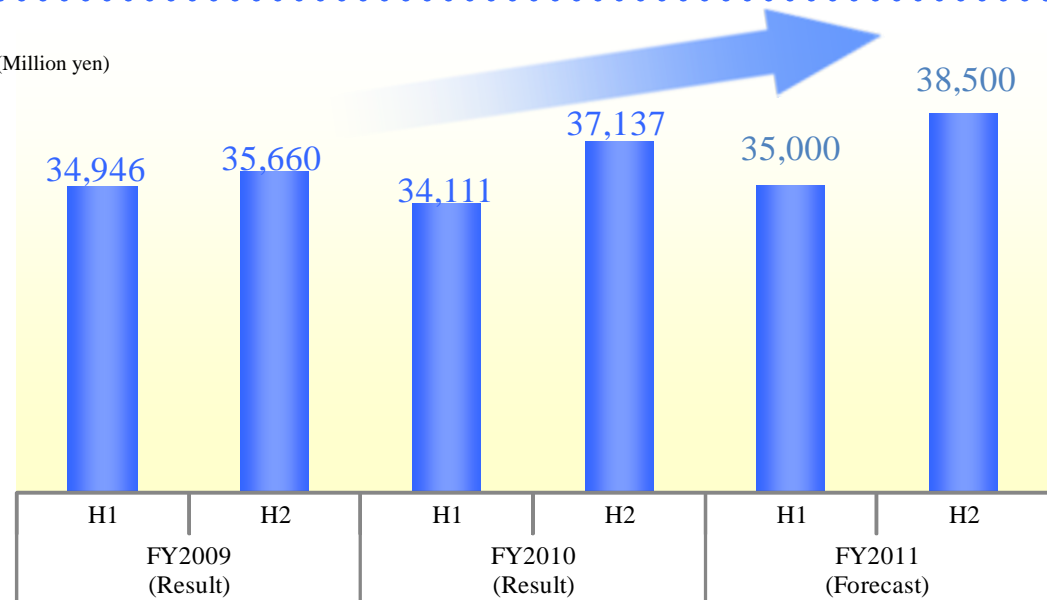


Changes in Non-Consolidated Results

Net Sales

We expect net sales to increase with a recovery in orders in the first half and a rise in sales of products and prime projects in the second half.

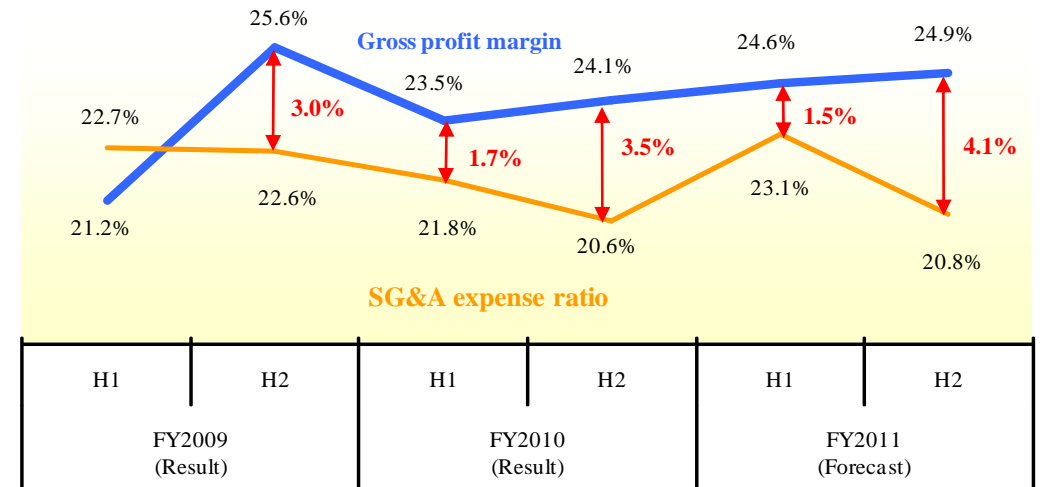
(Million yen)



Gross Profit Margin and SG&A Expense Ratio

The gross profit margin will improve (the cost ratio will decline) with the strengthening of the sales force and project management.

The SG&A expense ratio will rise to 21.9% for the full year following the posting of strategic investments (expenses).





* 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.