



Results of Operations for the First Quarter of FY2011

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FUJISOFT INCORPORATED



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Consolidated Financial Highlights

Net sales fell 4.4% year on year due mainly to declines in revenue at major subsidiaries.

- ◇ Sales at FUJISOFT INCORPORATED and at each consolidated subsidiary except VIXUS INCORPORATED rose from a year ago. Sales at VIXUS INCORPORATED were down 2,239 million yen in reaction to large projects in the previous fiscal year and because of the effect of curbs on investment by major customers. Mercury Staffing becoming an equity method affiliate (excluded from the scope of consolidation) reduced sales by 520 million yen. As a result, consolidated net sales fell 4.4% year on year to 31,338 million yen.

Operating income rose sharply, primarily reflecting an increase in non-consolidated operating income.

- ◇ Consolidated operating income stood at 424 million yen, attributable to a rise in non-consolidated net sales and a large increase in non-consolidated operating income due to an improvement in the cost ratio and cuts in SG&A expenses.
- ◇ Net income declined 239 million yen as a result of taxes.

	FY2010 Q1 Results	FY2011 Q1 Results	YoY change (Amount)	YoY change (%)
Net sales	32,775	31,338	-1,437	95.6%
Operating income	66	424	+357	636.4%
Operating income margin	0.2%	1.4%	+1.2%	
Ordinary income	83	286	+202	343.1%
Ordinary income margin	0.3%	0.9%	+0.7%	
Net income	488	-239	-727	-
Net income margin	1.5%	-	-	



Sales by Major Companies of the Group

(Million yen)

	FY2010 Q1 Results	FY2011 Q1 Results	YoY change (Amount)	YoY change (%)
FUJISOFT INCORPORATED (TSE 1st Section)	15,801	16,497	+695	104.4%
CYBERNET SYSTEMS Co., Ltd. (TSE 1st Section)	3,636	3,863	+227	106.2%
VINCULUM JAPAN Corporation (JASDAQ)	2,173	2,277	+103	104.8%
CYBER COM Co., Ltd. (JASDAQ)	1,272	1,593	+320	125.2%
VIXUS INCORPORATED (Unlisted)	6,201	3,961	-2,239	63.9%
Total 5 companies (Before consolidation adjustment)	29,084	28,192	-892	96.9%

Highlights in Sales by Major Companies of the Group

● FUJISOFT

Sales in embedded software development declined from a year ago, reflecting a fall in sales of communications control software, which offset solid sales of machine control software. Operation software development sales rose, led by strong sales in the distribution and manufacturing sectors. Sales of products also increased, driven by sales associated with network equipment and digital TV. Overall, sales at FUJISOFT climbed 4.4% year on year.

● CYBERNET SYSTEMS Co., Ltd.

Performance in renewals of maintenance contracts in the main software fields (mechanical and optical software) for CAE was strong. Sales of new licenses grew. Consequently, sales rose 6.2% year on year.

● VINCULUM JAPAN Corporation

Sales increased a solid 4.8% year on year, attributable to the launch of a new project for a major retail group.

● CYBER COM Co., Ltd.

Sales climbed 25.2% year on year as a result of the expansion of integration projects for major customers and strong sales of control software, including combination units and printers, overseas.

● 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.



Consolidated Sales by Segment

(Million yen)

	FY2010 Q1 Results	FY2011 Q1 Results	YoY change (Amount)	YoY change (%)
Total net sales	32,775	31,338	-1,437	95.6%
SI Business	30,202	29,207	-994	96.7%
Embedded Software Development	9,204	8,774	-430	95.3%
Operation Software Development	11,248	10,597	-650	94.2%
Outsourcing Business	4,213	3,481	-731	82.6%
Other SI Business	5,536	6,354	+818	114.8%
Facilities Business	550	494	-56	89.7%
Other Businesses	2,022	1,636	-386	80.9%

Highlights of Sales by Segment

● Embedded Software Development

Although sales associated with digital TV and smartphones were strong as in the previous fiscal year, the number of feature phone development projects declined. Overall, embedded software development sales fell.

● Operation Software Development

Sales in “other” operations were strong, reflecting new projects in public services and other factors. However, overall operation software development sales declined, attributable to the performance of VIXUS, which was affected by the absence of the major projects of the previous fiscal year and the curbing of investments by major customers.

● Outsourcing Business

Despite the strong performance of the data center business, sales fell following a decrease in system operations and maintenance for major customers of VIXUS.

● Other SI Business

Sales rose 14.8% year on year, reflecting strong sales of in-house products.

● Other Businesses

Sales dropped because of the exclusion of Mercury Staffing (sales of 520 million yen for the same quarter of the previous fiscal year) from the scope of consolidation.



Consolidated Income Statement

(Million yen)

	FY2010 Q1 Results	FY2011 Q1 Results	YoY change (Amount)	YoY change (%)
Net sales	32,775	31,338	-1,437	95.6%
Cost of sales	25,428	24,254	-1,173	95.4%
Cost of sales margin	77.6%	77.4%	-0.2%	
Gross profit	7,347	7,083	-264	96.4%
Gross profit margin	22.4%	22.6%	+0.2%	
SG&A expenses	7,280	6,658	-621	91.5%
SG&A expense ratio	22.2%	21.2%	-1.0%	
Operating income	66	424	+357 (1)	636.4%
Operating income margin	0.2%	1.4%	+1.2%	
Non-operating income	415	199	-215 (2)	48.0%
Non-operating expenses	398	337	-60	84.7%
Ordinary income	83	286	+202 (2)	343.1%
Ordinary income margin	0.3%	0.9%	+0.7%	
Income before income taxes and minority interests	55	238	+182	426.8%
Total income taxes	-563	329	+892 (3)	-
Minority interests	130	147	+17	113.4%
Net income	488	-239	-727 (3)	-
Net income margin	1.5%	-	-	

Points in Income Statement

- [Major factors for change in operating income](#)
Increased chiefly due to a large increase in non-consolidated operating income.
- [Major factors for change in ordinary income](#)
Rose, primarily reflecting an increase in non-consolidated ordinary income, despite the worsening of equity in earnings of affiliates (especially Ace Securities; down 212 million yen from a year ago)
- [Major factors for change in net income](#)
The posting of taxes



Consolidated Balance Sheet

(Million yen)

	End of FY2010	End of Q1 of FY2011	Change (Amount)
Current assets	57,534	51,177	-6,357
Cash and deposits	22,045	18,677	-3,367 (1)
Notes and accounts receivable-trade	28,385	23,068	-5,317 (2)
Work in process	1,453	2,846	+1,392
Other	5,650	6,585	+934
Noncurrent assets	111,881	109,556	-2,324
Property, plant and equipment	76,343	75,830	-512
Intangible assets	11,700	11,464	-235
Investments and other assets	23,837	22,261	-1,576 (3)
Total assets	169,416	160,733	-8,682
Current liabilities	55,099	48,978	-6,120
Accounts payable-trade	7,565	6,419	-1,145 (2)
Short-term loans payable / Current portion of long-term loan payable	33,916	28,062	-5,853 (1)
Accrued expenses	6,087	7,865	+1,778 (4)
Other	7,531	6,631	-899
Noncurrent liabilities	30,038	27,721	-2,316
Long-term loans payable	21,641	19,550	-2,090 (5)
Other	8,396	8,170	-226
Total liabilities	85,137	76,700	-8,436
Total net assets	84,278	84,033	-245
Total liabilities and net assets	169,416	160,733	-8,682

Points of the Balance Sheet

- Cash and deposits** (Decrease of 3,367 million yen from the end of the previous fiscal term)
Short-term loans payable (Decrease of 5,853 million yen from the end of the previous fiscal term)
Part of cash on hand in preparation for unforeseen circumstances repaid
- Accounts receivable-trade** (Decrease of 5,317 million yen from the end of the previous fiscal term)
Accounts payable-trade (Decrease of 1,145 million yen from the end of the previous fiscal term)
Fall in accounts receivable/payable-trade because of seasonal effects
- Investments and other assets** (Decrease of 1,576 million yen from the end of the previous fiscal term)
Sales of investment securities (Decrease of 932 million yen from the end of the previous fiscal term)
Decrease in deferred tax assets associated with the posting of income (Decrease of 557 million yen from the end of the previous fiscal term)
- Accrued expenses** (Increase of 1,778 million yen from the end of the previous fiscal term)
Provision for winter bonuses posted
- Long-term loans payable** (Decrease of 2,090 million yen from the end of the previous fiscal term)
Decline associated with scheduled repayment



Consolidated Cash Flow Statement

(Million yen)

	FY2010 Q1 Results	FY2011 Q1 Results	YoY change (Amount)
Net cash provided by (used in) operating activities	3,725	4,833	+1,108
Net cash provided by (used in) investment activities	-1,637	321	+1,959
Net cash provided by (used in) financing activities	-2,074	-8,511	-6,437
Net increase (decrease) in cash and cash equivalents	18	-3,367	-3,386
Cash and cash equivalents at beginning of period	16,687	22,044	+5,357
Increase in cash and cash equivalents from newly consolidated subsidiary	85	0	-85
Cash and cash equivalents at end of period	16,790	18,676	+1,886

Highlights of Cash Flows

● Net cash provided by (used in) operating activities

Net cash provided by operating activities increased 1,108 million yen from the end of the previous fiscal year, primarily reflecting an improvement in ordinary income and the collection of accounts receivable.

● Net cash provided by (used in) investing activities

Net cash provided by investing activities stood at 321 million yen, chiefly attributable to sales of investment securities of CYBERNET SYSTEMS. Net cash provided by investing activities rose 1,959 million yen from the end of the previous fiscal year because of large data center investments and investments in the development of in-house products in the previous fiscal year.

● Net cash provided by (used in) financing activities

The main outflows were the use of part of cash on hand in preparation for unforeseen circumstances and the scheduled repayment of loans.



Orders and Order Backlogs for the Consolidated SI Business

	Orders				Order backlog		
	FY2010 Q1 Results	FY2011 Q1 Results	YoY change (Amount)	YoY change (%)	FY2010 Q1 Results	FY2011 Q1 Results	YoY change (Amount)
SI Business Total	28,083	28,895	+811	102.9%	33,106	30,957	-2,149
Embedded Software Development	9,468	8,888	-579	93.9%	7,625	7,688	+62
Operation Software Development	10,602	10,798	+196	101.9%	12,051	11,254	-797
Outsourcing Business	3,335	3,279	-56	98.3%	7,757	6,512	-1,245
Other SI Business	4,678	5,928	+1,250	126.7%	5,671	5,501	-169

Highlights of Orders and Order Backlogs

● Highlights of orders

Orders in embedded software development fell 6.1% year on year as development for feature phones declined more rapidly, although orders associated with digital televisions were solid thanks to rush demand before the end of terrestrial analogue broadcasting. Orders in operation software development and the other SI business (including sales of products) were firm. As a result, orders for the overall SI business rose 2.9% year on year.

● Highlights of order backlogs

Order backlogs declined 6.5% year on year, chiefly because of the absence of major projects in operation software development in the previous fiscal year, the shortening of renewal terms for major customers at a subsidiary for the securities business, and a decrease in system operations and maintenance for major customers of VIXUS.

* The method of calculating order backlogs was changed in the first quarter under review from calculating contractual order backlogs to calculating order backlogs in consideration of sales on a percentage of completion basis.



* 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.