



Results of Operation for the First Half of FY2009

November 5, 2009

FUJISOFT INCORPORATED



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Financial Results for the First Half of FY 2009



H1 FY2009 Consolidated Financial Highlights

Net sales fell 13.0% year on year, primarily due to a sharp fall in orders for embedded software development.

- ◇ Group-wide sales of embedded software development fell approx. 30% year on year, owing to a rapid slowdown in development projects by manufacturers.

Cutting SG&A expenses limited the fall in operating income to 2.2 billion yen.

- ◇ Gross profit fell 4.5 billion yen year on year, reflecting the lower working rate of engineers stemming from a decrease in orders and an allowance posted for losses on unprofitable projects with public offices, among other factors. However, the fall in operating income was kept to 2.2 billion yen by cutting SG&A expenses by about 2.3 billion yen.
- ◇ Quarterly net income increased over the previous year, thanks to the posting of extraordinary income of 800 million yen from operating compensation paid to Cybernet Systems following the termination of the MATLAB agency agreement.

(Million yen)

	FY2009 H1 Results	FY2008 H1 Results	YoY change (Amount)	YoY change (%)
Net sales	72,432	83,221	-10,789	87.0%
Operating income	1,636	3,910	-2,274	41.8%
Operating income margin	2.3%	4.7%	-2.4%	-
Ordinary income	1,616	3,535	-1,919	45.7%
Ordinary income margin	2.2%	4.2%	-2.0%	-
Net income	1,254	1,136	118	110.4%
Net income margin	1.7%	1.4%	0.4%	-



Major Factors for Change in Consolidated Sales by Segment

(Million yen)

	FY2009		FY2008		YoY change (Amount)	YoY change (%)
	H1 Results	Component ratio	H1 Results	Component ratio		
Total net sales	72,432	100.0%	83,221	100.0%	-10,789	87.0%
Software Development Related Business	57,404	79.3%	68,412	82.2%	-11,007	83.9%
Embedded Software	21,912	30.3%	31,008	37.3%	-9,096	70.7%
Operation Software	23,695	32.7%	25,556	30.7%	-1,860	92.7%
Other Software	11,796	16.3%	11,846	14.2%	-50	99.6%
Outsourcing Business	12,944	17.9%	13,583	16.3%	-638	95.3%
Other Businesses	2,082	2.9%	1,225	1.5%	857	170.0%

* From the current fiscal year (ending March 2010), real estate rent income is posted in "Other Business" instead of non-operating income.

Highlights of Sales by Segment

● Embedded software

Sales of telecommunications control systems and machine control systems fell approx. 30% year on year, given a rapid slowdown in the development of products by manufacturers.

● Other software

Sales were almost on a par with the level of the previous year, due to firm security solution business, etc.

● Operation software

Although sales from certain customers in the distribution sector were firm, sales fell below the previous year as the environment for orders worsened in manufacturing and other sectors.

● Outsourcing Business

Sales declined because of a decrease in system operations of certain customers.



Major Factors for Change in Sales by Listed Companies of the Group

(Million yen)

	FY2009	FY2008	YoY change (Amount)	YoY change (%)
	H1 Results	H1 Results		
FUJISOFT INCORPORATED (TSE 1st Section)	34,946	42,037	-7,091	83.1%
CYBERNET SYSTEMS Co., Ltd. (TSE 1st Section)	8,824	10,509	-1,685	84.0%
VINCULUM JAPAN Corporation (JASDAQ)	4,757	5,652	-894	84.2%
CYBER COM Co., Ltd. (JASDAQ)	3,109	4,296	-1,186	72.4%

Points in Sales by Listed Companies of the Group

● CYBERNET SYSTEMS Co., Ltd.

MATLAB-related sales, discontinued in June, were almost in line with projections during the quarter under review. In other areas, sales from CAE new projects fell, although maintenance sales were firm.

● CYBER COM Co., Ltd.

Embedded software development decreased with the downsizing, postponing, and freezing of orders from electric companies, our main customers.

● VINCULUM JAPAN Corporation

Sales declined, due primarily to the postponing and freezing of orders and requests for discounts from customers suffering from falling consumption, in addition to the effects of the consolidation of IT systems at our main customers, completed in the previous fiscal year.



Consolidated Selling, General & Administrative Expenses

(Million yen)

	FY2009 H1 Results	FY2008 H1 Results	YoY change (Amount)	YoY change (%)
SG&A expenses	14,284	16,575	-2,291	86.2%
Labor costs	8,301	9,744	-1,442	85.2%
Major account items showing the YoY decrease				
Salary/bonuses	6,000	7,553	-1,552 (1)	79.4%
Expense	5,982	6,831	-849	87.6%
Major account items showing the YoY decrease				
Training expenses/education costs	317	553	-236 (2)	57.3%
Advertising and publicity expenses	182	410	-228 (3)	44.3%
Office work outsourcing fee	976	1,113	-137 (4)	87.7%
Depreciation	702	832	-130 (5)	84.3%

Factors for the Fall in Major Account Items

- (1) **Salary/bonuses**
(decrease of 1,552 million yen year on year)
Reduction of overtime, and lower bonus payments, etc.
- (2) **Training expenses/education costs**
(decrease of 236 million yen year on year)
Fewer new and mid-career recruits and improved training efficiency
- (3) **Advertising and publicity expenses**
(decrease of 228 million yen year on year)
Shrinkage of advertising activities
- (4) **Office work outsourcing fee**
(decrease of 137 million yen year on year)
Compressed fees through the review of operations
- (5) **Depreciation**
(decrease of 130 million yen year on year)
Decline in depreciation related to Akihabara Building, etc.



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

(Million yen)

	FY2009 H1 Results	FY2008 H1 Results	YoY change (Amount)	YoY change (%)
Operating income	1,636	3,910	-2,274	41.8%
Operating income margin	2.3%	4.7%	-2.4%	-
Non-operating income	564	958	-394 (1)	58.8%
Non-operating expenses	583	1,333	-749 (2)	43.8%
Ordinary income	1,616	3,535	-1,919	45.7%
Ordinary income margin	2.2%	4.2%	-2.0%	-
Extraordinary gains	1,114	-	1,114 (3)	-
Extraordinary losses	146	13	133	1124.8%
Income before income taxes and minority interests	2,584	3,522	-938	73.4%
Total income taxes	796	1,763	-967 (4)	45.2%
Minority interests	532	622	-89	85.6%
Net income	1,254	1,136	118	110.4%
Net income margin	1.7%	1.4%	0.4%	-

Points in Non-Operating Income/Loss

(1) Non-operating income

(down 394 million yen year on year)

Decrease due to a gain on equity-method investment (up 151 million yen) and a shift of real estate rent income (of 920 million yen) to sales (down 653 million yen year on year)

(2) Non-operating expenses

(down 749 million yen year on year)

Decrease associated with the shift of real estate rental costs (of 469 million yen) to cost of sales (down 390 million yen year on year)

(3) Extraordinary gains

(up 1,114 million yen year on year)

Gain on sales of investment securities (up 314 million yen)
Operating compensation paid to Cybernett Systems following the termination of its sales agency (up 800 million yen)

(4) Income taxes

(down 967 million yen year on year)

Decrease in income before income taxes following a decline in net income



Consolidated Balance Sheet

(Million yen)

	FY2009 H1 Results	FY2008 H1 Results	YoY change (Amount)
Current assets	57,300	68,149	-10,848
Cash on time deposits	18,606	25,354	-6,747 (1)
Notes and accounts receivable-trade	24,130	30,261	-6,131 (2)
Inventories	5,127	3,734	1,392
Fixed assets	113,500	109,646	3,853
Tangible fixed assets	78,972	79,138	-166
Intangible fixed assets	13,449	10,100	3,349 (3)
Investments and other assets	21,078	20,408	670
Total assets	170,802	177,795	-6,993
Current liabilities	59,684	83,749	-24,065
Accounts payable-trade	8,360	9,946	-1,586 (2)
Short-term loans	31,919	55,315	-23,395 (4)
Long-term loans payable within one year	5,981	1,686	4,294
Accrued expenses	5,863	9,827	-3,963 (2)
Long-term liabilities	31,025	15,809	15,216
Long-term loans	22,157	7,839	14,317 (4)
Total liabilities	90,710	99,559	-8,848
Common stock	26,200	26,200	-
Capital surplus	28,438	28,438	-
Retained earnings	32,302	31,525	776
Valuation difference of available-for-sale securities	-136	-890	754 (5)
Total net assets	80,092	78,236	1,855
Total liabilities and net assets	170,802	177,795	-6,993

Points of the Balance Sheet

- Cash on time deposits**
(down 6,747 million yen from the end of the previous fiscal term)
Cash plus marketable securities declined
- Notes and accounts receivable and payable-trade and accrued expenses**
Decreased following a decrease in orders received
- Intangible fixed assets**
(up 3,349 million from end of previous fiscal year)
Goodwill posted following the consolidation of software companies, namely Cybernet Systems and Vinculum Japan
- Short- and long-term loans**
A reduction of 4,782 million yen in total loans, down to 60% of the amount outstanding at the end of the previous fiscal year, by repaying short-term loans or refinancing with long-term loans
- Valuation difference of available-for-sale securities**
(up 754 million yen from the end of the previous term)
The loss on valuation of securities decreased following the stock market recovery.



Consolidated Cash Flow Statement

(Million yen)

	FY2009 H1 Results	FY2008 H1 Results	YoY change (Amount)
Cash flows from operating activities	4,225	2,589	1,636
Cash flows from investing activities	-5,177	-4,651	-526
Cash flows from financing activities	-5,895	-3,867	-2,028
Increase/decrease in cash and cash equivalents	-6,884	-5,940	-944
Cash and cash equivalents at beginning of period	25,465	21,667	3,798
Cash and cash equivalents at end of period	18,599	15,732	2,866

Highlights of Cash Flows

● Cash flows from operating activities

- An increase due to operating compensation paid to Cybernet Systems (800 million yen for the first half of the fiscal year under review) and a decrease in the payment of income taxes, etc. (up 1,015 million yen year on year)

● Cash flows from investing activities

- A decline in expenditure for the acquisition of investment securities (up 2,242 million yen year on year) and an increase in gains on sales of investment securities (up 1,125 million yen year on year)
- Accrual of expenses for the acquisition of new consolidated subsidiaries (3,364 million yen for the first half of the fiscal year under review)

● Cash flows from financing activities

- A decrease in gains from short-term loans (down 34,600 million yen year on year)
- An increase in gains from long-term loans (up 20,200 million yen year on year)

Topics

Stepping Up Global Deployment by Opening Overseas Bases



● Fujisoft: Taipei Office opened

Opened the Taipei Office, our first overseas base, in Taipei, Taiwan on September 1. The office is playing a role in the construction of a system supporting our software products and is pursuing collaboration with local companies, for overseas deployment of our embedded system solution business.

● Vinculum Japan: subsidiary Vinculum China opened office in China

Vinculum China, established in December 2008 in Hangzhou City, China, completed preparations for full operation in the first half of the fiscal year under review, and officially commenced operation in October 2009. Vinculum China will research offshore development and distribution markets in China.

M&A Activities

● Cybernet Systems: Two overseas software companies acquired

Acquired a controlling interest in Sigmetrix, L.L.C., a CAE software maker in the United States, on July 1 and in Waterloo Maple Inc., a formula manipulation software company in Canada, on September 1, and made them subsidiaries. The acquisitions will provide the basis for Cybernet Systems to enable global expansion of its CAE software service business and to bolster its marketing presence.

● Vinculum Japan: Domestic software company acquired

Acquired a controlling interest in SFI Inc., a company that develops package software dedicated to department stores, on August 5, 2009 and made the company a subsidiary. Vinculum Japan is seeking to attract new customers and strengthen the competitiveness of its products by tapping SFI's marketing channels in the distribution sector, where Vinculum Japan also operates.



H1 FY2009 Non-Consolidated Financial Results

(Million yen)

	FY2009 H1 Results	FY2008 H1 Results	YoY change (Amount)	YoY change (%)
Net sales	34,946	42,037	-7,091 (1)	83.1%
Cost of sales	27,546	31,641	-4,095	87.1%
Cost of sales margin	78.8%	75.3%	3.6%	-
Gross of profit	7,399	10,395	-2,995	71.2%
Gross profit ratio	21.2%	24.7%	-3.6% (2)	-
SG&A expenses	7,930	9,653	-1,722	82.2%
SGA ratio	22.7%	23.0%	-0.3%	-
Operating income	-530	742	-1,272	-
Operating income margin	-1.5%	1.8%	-3.3%	-
Ordinary income	-454	1,639	-2,094 (3)	-
Ordinary income margin	-1.3%	3.9%	-5.2%	-
Net income	27	1,041	-1,013 (4)	2.7%
Net income margin	0.1%	2.5%	-2.4%	-

Notes to Non-Consolidated Financial Results

(1) Net sales

(down 7,091 million yen)

Decreased over the previous year in both the software development business and outsourcing business

(2) Gross profit ratio

(down 3.6% year on year)

Fell because of the reduced utilization rate of engineers stemming from the lower orders and reduced allowance for unprofitable projects

(3) Ordinary income

(down 2,094 million yen year on year)

A decrease in operating income associated with the posting of real estate rents received on sales and a decrease in non-operating expenses associated with the posting of real estate rental costs on the cost of sales, in addition to a decrease in operating income

(4) Net income

(down 1,013 million yen year on year)

Total income taxes, etc. down 832 million yen



Forecasts for 2009

Orders and Order Backlogs for Consolidated Software Development

(Million yen)

	FY2009 H1 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 (%)
Software Development Business	24,649	89.9%	58,163	81.6%	57,404	83.9%	25,407	83.9%
Embedded Software	9,368	77.2%	21,523	70.7%	21,912	70.7%	8,979	77.7%
Operation Software	10,578	104.3%	25,178	88.4%	23,695	92.7%	12,060	92.3%
Other Software	4,702	91.5%	11,460	92.7%	11,796	99.6%	4,367	77.3%

State of Orders and Order Backlog

● Embedded software development

Orders and order backlogs from the telecommunications control systems and other embedded systems fell because of a decrease in manufacturers' development volumes. However, the fall in orders now appears to have bottomed out.

● Operation software development

Orders centering on the financial business (79.0% year on year) and manufacturing business (58.7% year on year) decreased, although the distribution business (126.3% year on year) was good. Order backlogs from the financial system business and manufacturing business also fell.

● Other software development

Order backlogs fell below the level of the previous year, because of a fall in the backlogs of Cybernet Systems, which won significant orders during the previous year. However, orders received during the quarter declined only slightly compared to other software development.



Full-Year Forecasts for FY 2009 (figures in October 30 announcement)

(Million yen)

	Consolidated			Non-consolidated		
		YoY change (Amount)	YoY change (%)		YoY change (Amount)	YoY change (%)
Net sales	145,000	-20,081	87.8%	73,000	-9,153	88.9%
Cost of sales	111,500	-14,228	88.7%	56,200	-6,035	90.3%
Cost of sales margin	76.9%			77.0%		
Gross of profit	33,500	-5,853	85.1%	16,800	-3,117	84.3%
Gross profit ratio	23.1%			23.0%		
SG&A expenses	29,900	-2,140	93.3%	16,450	-1,944	89.4%
SGA ratio	20.6%			22.5%		
Operating income	3,600	-3,712	49.2%	350	-1,172	23.0%
Operating income margin	2.5%			0.5%		
Ordinary income	3,600	-2,996	54.6%	350	-2,711	11.4%
Ordinary income margin	2.5%			0.5%		
Net income	3,700	2,816	418.8%	400	259	283.7%
Net income margin	2.6%			0.5%		

Notes to Full-Year Financial Forecasts

● Net income

Compared to ordinary income, net income is expected to rise, given extraordinary income of 1,862 million yen posted on the sale of fixed assets of Tosho Computer Systems.



Principal Initiatives for Improving Operating Performance



Principal Initiatives for Improving Operating Performance

Promoting JPPGG strategy

Non-Consolidated

**Consolidating Stable Earning
Ensuring Growth Engines**

Consolidated

Strengthening Collaboration within the Group



Measure (1): Promoting JPPGG strategy

Past Progress in JPPGG Promotion

October 2009:
Adopted an organization to aggressively promote JPPGG

July 2009:

Primary candidates for growth engines selected

Developing strategic thinking
 for Fujisoft/Group companies

November 2008:
 Muscular strategy
 -- Five pillars "JPPGG" announced --

June 2008:
 Mr. Shiraishi assumed office as President

What is "JPPGG"?

J: Strengthening the business based on contracting
 P: Making it prime
 P: Product manufacturing
 G: Globalizing
 G: Strengthening the Group power

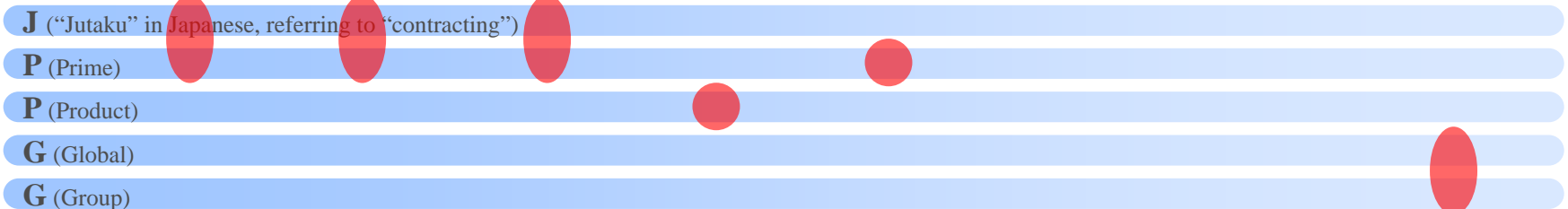
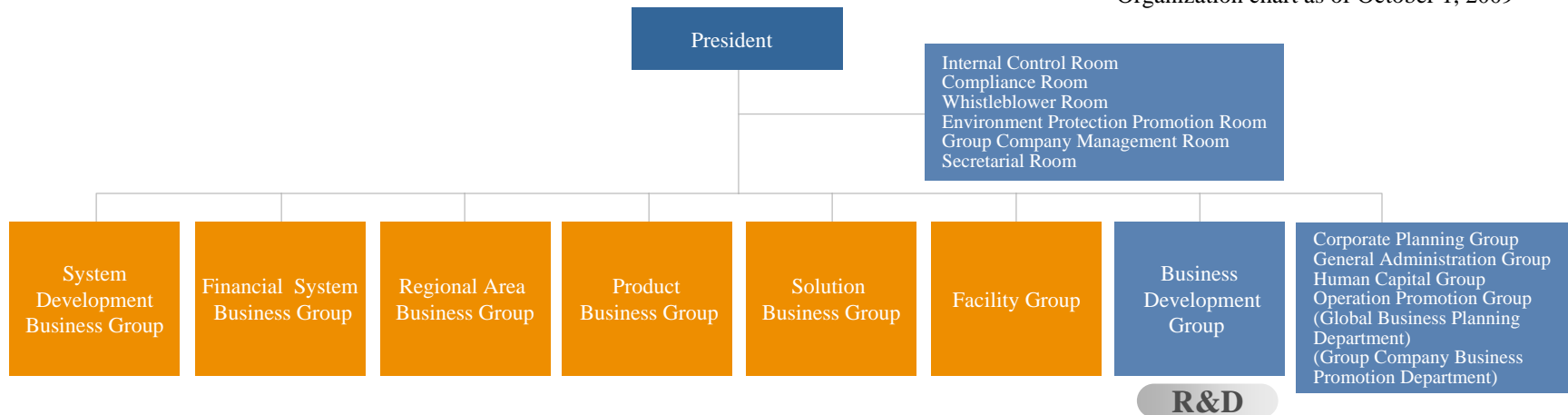


Measure (1): Promoting JPPGG strategy

Building an Institutional System to Promote JPPGG

- **Expected roles defined:** Aims to define the expected roles by Group business based on JPPGG
- **Organization made flat:** Aims to make the organization flat to add mobile power to strategic deployment and measure deployment
- **Head office streamlined:** Aims to consolidate similar tasks to enable more sophisticated head office functions with a limited number of employees
- **A group dedicated to bolstering sales and marketing set up:**
The group aims to strengthen globalization and Group capacity by supporting and promoting sales and marketing.

* Organization chart as of October 1, 2009





● Measure (2): Ensuring Growth Engines

Selecting Primary Candidates for Growth Engines

Fujisoft will ensure growth engines for medium- and long-term earning sources and has been working to select primary candidates for growth engines based on their market growth rates, as described below.

Promising candidates for growth engines

- **Distribution cloud**
(Distribution BMS, digital signage, value-added services)
- **Thin client + SaaS**
(Thin client terminals, MVNO, value-added services)
- **Overseas markets**
(New businesses based on an alliance with a hardware vendor in Taiwan, mobile phone markets in emerging countries)

Measure (3): Consolidating Stable Earning Bases

Strengthening Project Management, Improving Quality, and Eliminating Unprofitable Projects

In anticipation of prime projects growing in the future, Fujisoft is going to “strengthen project management” by training project managers (PMs) and other measures.

Fujisoft will strengthen its management by educating and training PMs within the company; improve the quality of deliverables by introducing common frameworks; implement profiling development projects to eliminate unprofitable projects; enhance QDC (quality, delivery time, confidentiality) accuracy; and minimize costs.

Strengthening project management

- Educating and training PMs within the company
- Introducing common frameworks
- Profiling development projects



Improving quality (Q)

Observing delivery time (D)

Maintaining confidentiality (C)

} Improving QDC accuracy

Preventing projects from becoming unprofitable

Minimizing development costs

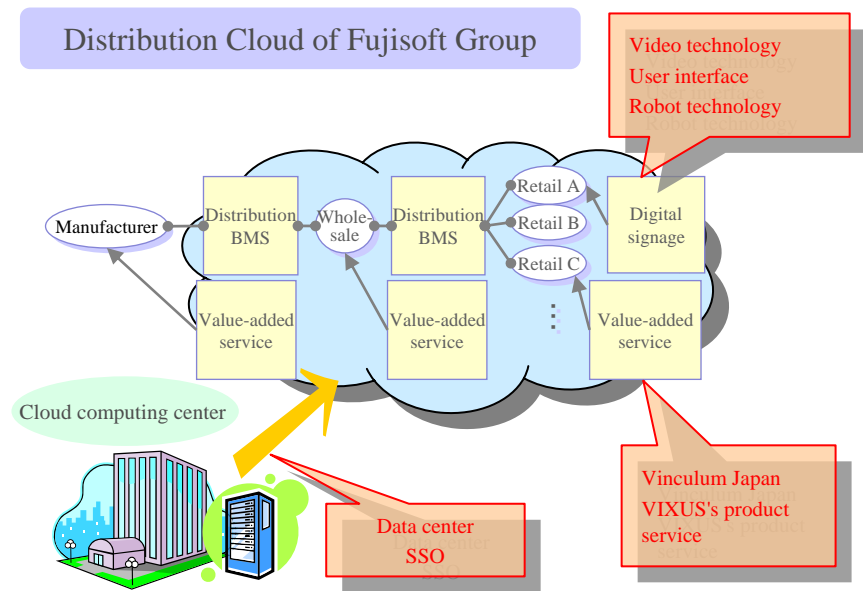
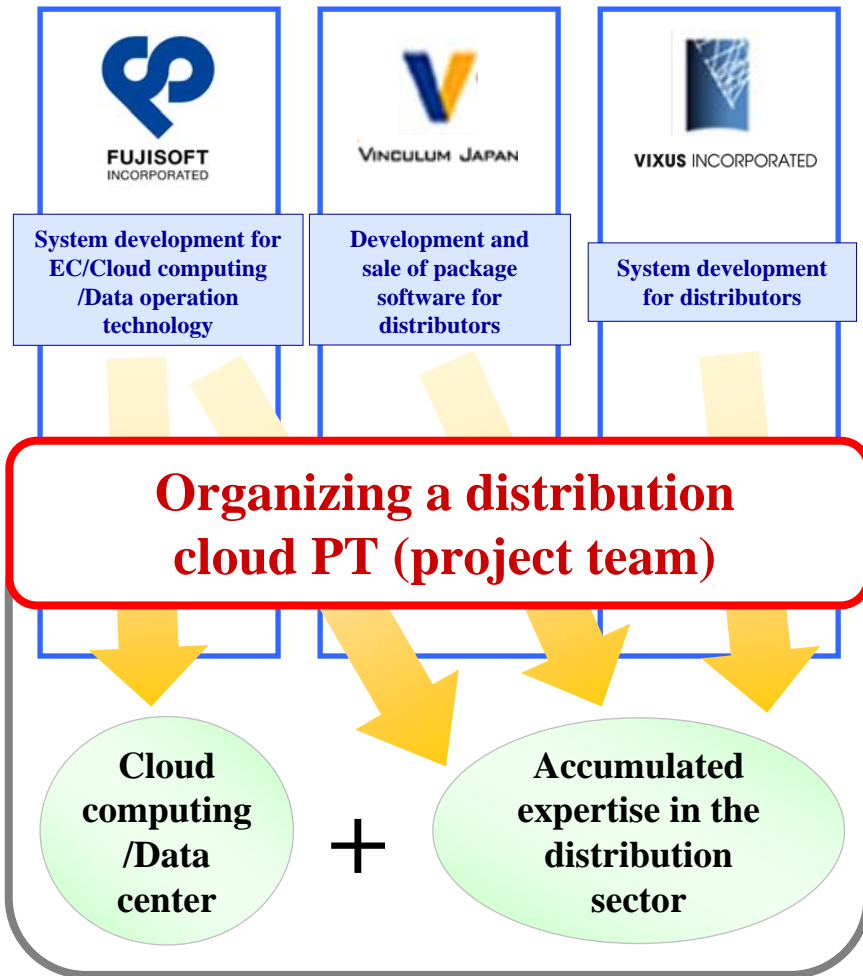
Shifting to Bonus Payment Levels More Closely Linked to Employee Performances

Fujisoft will improve incentives of employees by reviewing salary standards to link their performances to bonuses and achieve cost control based on their performances.



Measure (4): Strengthening Collaboration within the Group

Promoting Distribution Cloud in Collaboration Among Group Companies



Currently under development, in anticipation of service starting in the first half of 2010

Distribution BMS
Offering a SaaS-type distribution system supporting the distribution BMS, a new EDI standard.

Measure (4): Strengthening Collaboration within the Group

Effect of Cross-Selling within the Group

Fujisoft has introduced cross-selling among Group companies by deploying the networks of the Fujisoft Group. This approach has been producing growing results, and the Company will continue to use it to win more projects.

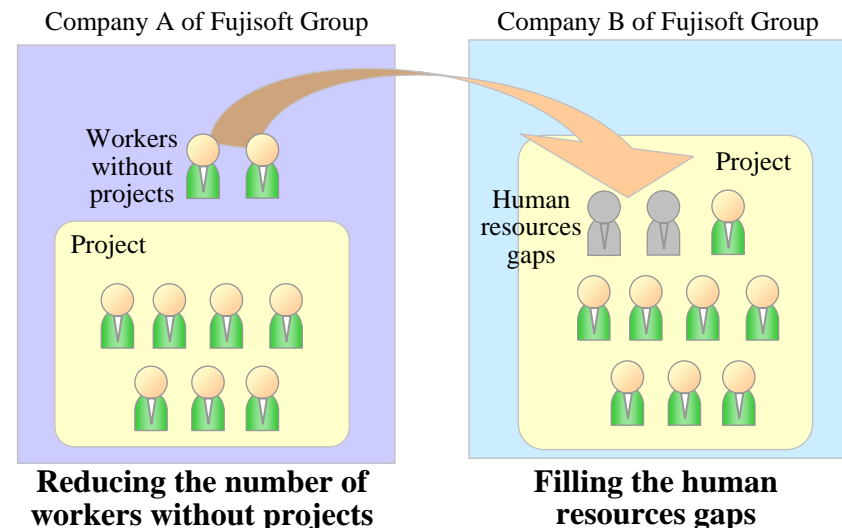
● Results of cross-selling among Group companies

FY2009 H1	
Number of inquiries	83
(Including orders and ongoing business negotiations)	47

Deploying Engineers in Exchanges among Group Companies

Fujisoft has been calling on the human capital of its Group companies without having to rely on new recruits when orders exceed expectations and produce a shortfall in engineers.

With this measure, the Company has been aiming to improve the operating ratio of engineers throughout the Group.





Vision for the Future

The Fujisoft Group will
aggressively promote **JPPGG**
with a new strategic organization.



(Reference) Fujisoft's New Officer System

New Officer System introduced following the change in the organization on October 1

(As of November 5, 2009)

● Chairman

Post	Name
Chairman	Hiroshi Nozawa

● Directors

Post	Name	Assignment
President	Haruhisa Shiraishi *	Overall
Vice Chairman & Director	Toshio Hasumi *	General Administration Group reporting directly to the President
Vice Chairman & Director	Kazufu Hotta *	Operation Promotion Group
Executive Managing Director	Tsuneaki Misumi *	Financial System Business Group Business Development Group
Executive Managing Director	Minoru Yoshida *	System Business Group Regional Area Business Group Product Business Group
Director (outside)	Hideo Aiso	
Director (outside)	Taichi Sakaiya	

*: Concurrently an operating officer

● Operating Officers

Post	Name	Assignment
Executive Operating Officer	Shigemi Ikushima	Solution Business Group Chief In charge of Facility Group
Executive Operating Officer	Satoyasu Sakashita	In charge of Corporate Planning Group and Human Capital Group
Executive Operating Officer	Koichi Imagi	Director of Product Business Group
Executive Operating Officer	Fumitoyo Kawano	Director of System Development Business Group
Operating Officer	Tsukasa Kurotaki	Director of Regional Area Business Group
Operating Officer	Koji Mitsumoto	General Manager of Mobile Solution Department in Product Business Group
Operating Officer	Masataka Yamaguchi	Director of Financial System Business Group
Operating Officer	Kenji Tsunekawa	Director of General Administration Group
Operating Officer	Yoshinobu Takebayashi	Deputy Director of System Development Business Group
Operating Officer	Hideo Yanagi	General Manager of Outsourcing Business Department in Solution Business Group
Operating Officer	You Kajino	Director of Corporate Planning Group



FUJISOFT

New answer is here

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