



# **Results of Operations for the First Half of FY2011**

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November 7, 2011  
**FUJISOFT INCORPORATED**



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# Consolidated Financial Results for the First Half of FY2011

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## Consolidated Financial Highlights

### Net sales fell 1.6% year on year due mainly to declines in revenue at major subsidiaries.

- ◇ Sales at FUJISOFT INCORPORATED (the “Company”) increased 1,661 million yen, up 4.9% year on year, with a recovery in orders. Consolidated net sales came to 65,788 million yen, down 1.6% year on year, although the initial forecast was achieved. This reflected a decline in sales of 2,127 million yen with the absence of the large projects in the previous fiscal year at VIXUS INCORPORATED and the effect of curbs on investment by major customers, as well as the negative impact on net sales of 1,041 million yen from the inclusion of Mercury Staffing in the Company’s equity method affiliates.

### Operating income rose 37.8% year on year primarily reflecting an increase in non-consolidated operating income.

- ◇ Consolidated operating income stood at 2,102 million yen, up 37.8% year on year, attributable to a rise in non-consolidated net sales and an increase in profits due to cuts in SG&A expenses.
- ◇ Net income came to 264 million yen as a result of taxes.

(Million yen)

	FY2010 H1 Results	FY2011 H1 Results	YoY change (Amount)	YoY change (%)	FY2011 Initial H1 Plan	Comparison with plan
<b>Net sales</b>	<b>66,824</b>	<b>65,788</b>	<b>-1,035</b>	<b>98.4%</b>	<b>64,000</b>	<b>102.8%</b>
<b>Operating income</b>	<b>1,526</b>	<b>2,102</b>	<b>+576</b>	<b>137.8%</b>	<b>1,300</b>	<b>161.7%</b>
Operating income margin	2.3%	3.2%	+0.9%		2.0%	
<b>Ordinary income</b>	<b>1,575</b>	<b>1,550</b>	<b>-25</b>	<b>98.4%</b>	<b>850</b>	<b>182.4%</b>
Ordinary income margin	2.4%	2.4%	-		1.3%	
<b>Net income</b>	<b>1,291</b>	<b>264</b>	<b>-1,026</b>	<b>20.5%</b>	<b>150</b>	<b>176.6%</b>
Net income margin	1.9%	0.4%	-1.5%		0.2%	



## Sales by Major Companies of the Group

(Million yen)

	FY2010 H1 Results	FY2011 H1 Results	YoY change (Amount)	YoY change (%)	FY2011 Initial H1 Plan	Comparison with plan
<b>FUJISOFT INCORPORATED</b> (TSE 1st Section)	34,111	35,772	+1,661	104.9%	35,000	102.2%
<b>CYBERNET SYSTEMS Co., Ltd.</b> (TSE 1st Section)	6,601	7,056	+454	106.9%	6,940	101.7%
<b>VINCULUM JAPAN Corporation</b> (JASDAQ)	4,479	4,403	-76	98.3%	4,215	104.5%
<b>CYBER COM Co., Ltd.</b> (JASDAQ)	2,840	3,184	+344	112.1%	3,000	106.1%
<b>VIXUS INCORPORATED</b> (Unlisted)	11,132	9,004	-2,127	80.9%	-	-

### Highlights in Sales by Major Companies of the Group (See p. 10 for non-consolidated financial results.)

#### ● CYBERNET SYSTEMS Co., Ltd.

Performance in renewals of maintenance contracts in the main software fields was strong. Sales of new licenses and engineering services grew. Consequently, sales rose 6.9% year on year.

#### ● VINCULUM JAPAN Corporation

Sales achieved a rise of 4.5% compared to the plan, attributable to the winning of new customers, but declined 1.7% year on year on diminishing scales of certain outsourcing projects.

#### ● CYBER COM Co., Ltd.

Sales climbed 12.1% year on year as a result of strong sales of network and server construction projects and development projects for combination units, printers, in-vehicle systems, and digital cameras overseas.

#### ● VIXUS INCORPORATED

Sales declined 19.1% year on year 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		FY2011		YoY change (Amount)	YoY change (%)
	H1 Results	Component ratio	H1 Results	Component ratio		
<b>Total net sales</b>	<b>66,824</b>	<b>100.0%</b>	<b>65,788</b>	<b>100.0%</b>	<b>-1,035</b>	<b>98.4%</b>
<b>SI Business</b>	<b>61,534</b>	<b>92.1%</b>	<b>61,674</b>	<b>93.7%</b>	<b>+139</b>	<b>100.2%</b>
Embedded Software Development	19,085	28.6%	17,679	26.9%	-1,405	92.6%
Operation Software Development	23,945	35.8%	24,444	37.2%	+498	102.1%
Outsourcing Business	7,720	11.6%	7,070	10.7%	-649	91.6%
Other SI Business	10,783	16.1%	12,480	19.0%	+1,696	115.7%
<b>Facilities Business</b>	<b>1,081</b>	<b>1.6%</b>	<b>974</b>	<b>1.5%</b>	<b>-106</b>	<b>90.1%</b>
<b>Other Businesses</b>	<b>4,208</b>	<b>6.3%</b>	<b>3,139</b>	<b>4.8%</b>	<b>-1,068</b>	<b>74.6%</b>

### Highlights of Sales by Segment

#### SI Business

##### ● Embedded Software Development

Although sales associated with machine control software were strong, falls in sales related to feature phone development accelerated in the second quarter. Overall sales in Embedded Software Development fell.

##### ● Operation Software Development

Declines in sales at VIXUS due to the absence of the major projects of the previous fiscal year and the curbing of investments by major customers were offset by strong sales associated with Internet business and social infrastructure at the Company. Consequently, overall sales in Operation Software Development increased.

##### ● Outsourcing Business

Sales fell following a decrease in system operations and maintenance for certain customers of VIXUS.

##### ● Other SI Business

Sales rose year on year, attributable to strong sales of CAE products, CYBERNET SYSTEMS' main area of strengths, and increases in the non-consolidated sales of products associated with FSMobile.

#### Other Businesses

Sales dropped because of the exclusion of Mercury Staffing (sales of 1,041 million yen for the same period of the previous fiscal year) from the scope of consolidation.



# Consolidated Income Statement

	(Million yen)			
	FY2010 H1 Results	FY2011 H1 Results	YoY change (Amount)	YoY change (%)
<b>Net sales</b>	<b>66,824</b>	<b>65,788</b>	<b>-1,035</b>	<b>98.4%</b>
<b>Cost of sales</b>	<b>51,412</b>	<b>50,526</b>	<b>-885</b>	<b>98.3%</b>
Cost of sales margin	76.9%	76.8%	- 0.1%	
<b>Gross profit</b>	<b>15,412</b>	<b>15,262</b>	<b>-149</b>	<b>99.0%</b>
Gross profit margin	23.1%	23.2%	+0.1%	
<b>SG&amp;A expenses</b>	<b>13,886</b>	<b>13,159</b>	<b>-726</b>	<b>94.8%</b>
SG&A expense ratio	20.8%	20.0%	-0.8%	
<b>Operating income</b>	<b>1,526</b>	<b>2,102</b>	<b>576 (1)</b>	<b>137.8%</b>
Operating income margin	2.3%	3.2%	+0.9%	
<b>Non-operating income</b>	*1 <b>1,257</b>	<b>288</b>	<b>-968 (2)</b>	<b>22.9%</b>
<b>Non-operating expenses</b>	<b>1,341</b>	*2 <b>476</b>	<b>-864 (2)</b>	<b>35.5%</b>
Equity in earnings (losses) of affiliates	134	-363	-497 (3)	-
<b>Ordinary income</b>	<b>1,575</b>	<b>1,550</b>	<b>-25</b>	<b>98.4%</b>
Ordinary income margin	2.4%	2.4%	-	
<b>Extraordinary income</b>	<b>196</b>	<b>41</b>	<b>-154 (4)</b>	<b>21.0%</b>
<b>Extraordinary loss</b>	<b>82</b>	<b>232</b>	<b>149 (5)</b>	<b>281.2%</b>
<b>Income before income taxes and minority interests</b>	<b>1,689</b>	<b>1,359</b>	<b>-329</b>	<b>80.5%</b>
Total income taxes	138	856	718	618.5%
Minority interests	259	237	-21	91.8%
<b>Net income</b>	<b>1,291</b>	<b>264</b>	<b>-1,026 (6)</b>	<b>20.5%</b>
Net income margin	1.9%	0.4%	-1.5%	

\*1 Figures indicate those after excluding gains from investment by the equity method (134 million yen).

\*2 Figures indicate those after excluding losses from investment by the equity method (363 million yen).

## Points in Income Statement

- (1) Operating income (up 576 million yen year on year)  
Increased chiefly because of a large increase in non-consolidated operating income
- (2) Non-operating income (down 968 million yen year on year)  
Non-operating expenses (down 864 million yen year on year)  
Decreased in reaction to the gain on the cancellation of system service (VIXUS: 906 million yen) posted in the previous year and the loss on cancellation of system service (VIXUS: 853 million yen)
- (3) Equity in earnings (losses) of affiliates (down 497 million yen year on year)  
Decreased, primarily reflecting losses at equity method affiliates (especially Ace Securities; down 307 million yen from a year ago)
- (4) Extraordinary income (down 154 million yen year on year)  
Decreased in reaction to the gain on sales of investment securities posted in the previous year (Tosho Computer Systems: 166 million yen)
- (5) Extraordinary loss (up 149 million yen year on year)  
Loss on valuation of investment (VIXUS: 89 million yen)  
Provision for loss associated with the closing of business offices (VIXUS: 142 million yen)
- (6) Net income (down 1,026 million yen year on year)  
The posting of extraordinary loss and taxes



# Consolidated Balance Sheet

	Enf of FY2010	End of H1 of FY2011	Change (Amount)
(Million yen)			
<b>Current assets</b>	<b>57,534</b>	<b>51,006</b>	<b>-6,528</b>
Cash and deposits	22,045	17,709	-4,335 (1)
Notes and accounts receivable-trade	28,385	25,752	-2,632 (2)
Work in process	1,453	2,082	+628
Other	5,650	5,462	-187
<b>Noncurrent assets</b>	<b>111,881</b>	<b>108,550</b>	<b>-3,331</b>
Property, plant and equipment	76,343	75,295	-1,048
Intangible assets	11,700	10,929	-770
Investments and other assets	23,837	22,325	-1,512 (3)
<b>Total assets</b>	<b>169,416</b>	<b>159,556</b>	<b>-9,859</b>
<b>Current liabilities</b>	<b>55,099</b>	<b>49,739</b>	<b>-5,359</b>
Accounts payable-trade	7,565	7,992	+427
Short-term loans payable / Current portion of long-term loan payable	33,916	29,279	-4,636 (1)
Accrued expenses	6,087	6,536	+449
Other	7,531	5,931	-1,599
<b>Noncurrent liabilities</b>	<b>30,038</b>	<b>25,575</b>	<b>-4,462</b>
Long-term loans payable	21,641	17,487	-4,154 (4)
Other	8,396	8,088	-308
<b>Total liabilities</b>	<b>85,137</b>	<b>75,314</b>	<b>-9,822</b>
<b>Total net assets</b>	<b>84,278</b>	<b>84,241</b>	<b>-37</b>
<b>Total liabilities and net assets</b>	<b>169,416</b>	<b>159,556</b>	<b>-9,859</b>

## Points of the Balance Sheet

- (1) Cash and deposits (Decrease of 4,335 million yen from the end of the previous fiscal term)  
Short-term loans payable (Decrease of 4,636 million yen from the end of the previous fiscal term)  
 Cash on hand accumulated at the end of the previous fiscal year in preparation for unforeseen circumstances was repaid.
- (2) Notes and accounts receivable-trade (Decrease of 2,632 million yen from the end of the previous fiscal term)  
 Fall because of seasonal effects
- (3) Investments and other assets (Decrease of 1,512 million yen from the end of the previous fiscal term)  
 Decrease associated with sales of investment securities (CYBERNET SYSTEMS)
- (4) Long-term loans payable (Decrease of 4,154 million yen from the end of previous fiscal term)  
 Decline associated with scheduled repayment





## Consolidated Cash Flow Statement

	FY2010 H1 Results	FY2011 H1 Results	(Million yen) YoY change (Amount)
<b>Net cash provided by (used in) operating activities</b>	<b>4,824</b>	<b>6,199</b>	<b>+1,374</b>
<b>Net cash provided by (used in) investment activities</b>	<b>-5,276</b>	<b>-989</b>	<b>+4,287</b>
<b>Net cash provided by (used in) financing activities</b>	<b>-1,193</b>	<b>-9,532</b>	<b>-8,338</b>
Net increase (decrease) in cash and cash equivalents	-1,681	-4,382	-2,701
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	-	-85
<b>Cash and cash equivalents at end of period</b>	<b>15,091</b>	<b>17,661</b>	<b>+2,570</b>

### Highlights of Cash Flows

- **Net cash provided by (used in) operating activities**

Net cash provided by operating activities increased 1,374 million yen from the same period a year ago, reflecting an improvement in ordinary income and an increase in the collection of accounts receivable associated with additional sales.

- **Net cash provided by (used in) investing activities**

Net cash used in investing activities decreased 4,287 million yen year on year. This was attributable to sales of investment securities at CYBERNET SYSTEMS, the absence of the acquisition of investment securities at the Company, as well as 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**

Net cash used in financing activities increased 8,338 million yen from the same period of the previous fiscal year, due to the repayment of cash on hand accumulated at the end of the previous fiscal year in preparation for unforeseen circumstances and the scheduled repayment of loans.



## Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

	Orders				Order backlog			
	FY2010 H1 Results	FY2011 H1 Results	YoY change (Amount)	YoY change (%)	FY2010 H1 Results	FY2011 H1 Results	YoY change (Amount)	YoY change (%)
<b>SI Business Total</b>	<b>57,880</b>	<b>61,600</b>	<b>+3,719</b>	<b>106.4%</b>	<b>31,444</b>	<b>31,103</b>	<b>-340</b>	<b>98.9%</b>
Embedded Software Development	19,464	17,661	-1,803	90.7%	7,740	7,555	-185	97.6%
Operation Software Development	22,854	24,207	+1,352	105.9%	11,480	10,723	-756	93.4%
Outsourcing Business	5,981	7,920	+1,938	132.4%	6,897	7,564	+667	109.7%
Other SI Business	9,580	11,811	+2,231	123.3%	5,325	5,259	-66	98.8%

### Highlights of Orders and Order Backlogs

#### ● Highlights of orders

Orders in Embedded Software Development fell 9.3% from the same period of the previous fiscal year, reflecting a large drop in orders associated with feature phones, which offset solid orders in machine control. On the other hand, orders in Operation Software Development increased 5.9% year on year, chiefly because orders associated with Internet business were solid and orders related to social infrastructure were strong. Outsourcing Business and Other SI Business enjoyed orders for large projects. As a result, orders for the overall SI Business rose 6.4% year on year.

#### ● Highlights of order backlogs

Order backlogs for the overall SI Business declined 1.1% from the same period of the previous fiscal year. Although the Company received large orders in Outsourcing Business, both order backlogs in Operation Software Development at VIXUS and those in system operations and maintenance in Outsourcing Business for major customers decreased.

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



# Non-Consolidated Financial Results for the First Half of FY2011

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## Non-Consolidated Financial Results for the First Half of FY2011

(Million yen)

	FY2010 H1 Results	FY2011 H1 Results	YoY change (Amount)	YoY change (%)	FY2011 Initial H1 Plan	Comparison with plan
<b>Net sales</b>	<b>34,111</b>	<b>35,772</b>	<b>+1,661</b>	<b>104.9% (1)</b>	<b>35,000</b>	<b>102.2%</b>
<b>Cost of sales</b>	<b>26,079</b>	<b>27,289</b>	<b>+1,210</b>	<b>104.6%</b>	<b>26,400</b>	<b>103.4%</b>
Cost of sales margin	76.5%	76.3%				
<b>Gross profit</b>	<b>8,032</b>	<b>8,483</b>	<b>+450</b>	<b>105.6%</b>	<b>8,600</b>	<b>98.6%</b>
Gross profit margin	23.5%	23.7%				
<b>SG&amp;A expenses</b>	<b>7,430</b>	<b>7,247</b>	<b>-183</b>	<b>97.5%</b>	<b>8,100</b>	<b>89.5%</b>
SG&A expense ratio	21.8%	20.3%				
<b>Operating income</b>	<b>602</b>	<b>1,236</b>	<b>+634</b>	<b>205.3% (2)</b>	<b>500</b>	<b>247.2%</b>
Operating income margin	1.8%	3.5%				
<b>Ordinary income</b>	<b>1,041</b>	<b>1,450</b>	<b>+408</b>	<b>139.3% (3)</b>	<b>550</b>	<b>263.7%</b>
Ordinary income margin	3.1%	4.1%				
<b>Net income</b>	<b>917</b>	<b>1,048</b>	<b>+131</b>	<b>114.3%</b>	<b>550</b>	<b>190.7%</b>
Net income margin	2.7%	2.9%				

### Main Points of Non-Consolidated Results Forecasts

**(1) Net sales** (Increase of 1,661 million yen year on year)

Sales in Embedded Software Development declined from the previous fiscal year. Solid sales in machine control was not enough to offset a drop in sales associated with feature phones. However, owing to year-on-year rises in segments of Operation Software Development, including projects associated with the Internet business and social infrastructure, and a strong performance in the data center business, sales increased 4.9% from the same period of the previous fiscal year.

**(2) Operating income** (Increase of 634 million yen year on year)

Strong growth in operating income, attributable chiefly to increase in sales and cuts in SG&A expenses

**(3) Ordinary income** (Increase of 408 million yen year on year)

Ordinary income increased, reflecting a rise in operating income.



# Consolidated Forecasts for FY2011

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## Consolidated Forecasts for FY2011

(Million yen)

	H1 Results	FY2011 Plan
<b>Net sales</b>	<b>65,788</b>	<b>134,000</b>
<b>Cost of sales</b>	<b>50,526</b>	<b>102,500</b>
Cost of sales margin	76.8%	76.5%
<b>Gross profit</b>	<b>15,262</b>	<b>31,500</b>
Gross profit margin	23.2%	23.5%
<b>SG&amp;A expenses</b>	<b>13,159</b>	<b>27,000</b>
SG&A expense ratio	20.0%	20.1%
<b>Operating income</b>	<b>2,102</b>	<b>4,500</b>
Operating income margin	3.2%	3.4%
<b>Ordinary income</b>	<b>1,550</b>	<b>3,700</b>
Ordinary income margin	2.4%	2.8%
<b>Net income</b>	<b>264</b>	<b>1,300</b>
Net income margin	0.4%	1.0%

### Main Points of Results Forecasts

The initial consolidated forecasts for FY2011 are maintained, given the impact of rising investment costs, as in the first half of the fiscal year, for the stable operation of large projects at a listed subsidiary as well as the continued challenges likely in the operating environment surrounding the securities industry for equity method affiliates.



# Non-Consolidated Forecasts for FY2011

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## Changes in Non-Consolidated Forecasts for FY2011 (Timely disclosure on November 7)

(Million yen)

	H1 Results	FY2011 Plan	Comparison with initial plan
<b>Net sales</b>	<b>35,772</b>	<b>73,500</b>	-
<b>Cost of sales</b>	<b>27,289</b>	<b>56,000</b>	+700
Cost of sales margin	76.3%	76.2%	
<b>Gross profit</b>	<b>8,483</b>	<b>17,500</b>	-700
Gross profit margin	23.7%	23.8%	
<b>SG&amp;A expenses</b>	<b>7,247</b>	<b>15,100</b>	-1,000
SG&A expense ratio	20.3%	20.5%	
<b>Operating income</b>	<b>1,236</b>	<b>2,400</b>	+300
Operating income margin	3.5%	3.3%	
<b>Ordinary income</b>	<b>1,450</b>	<b>2,400</b>	+500
Ordinary income margin	4.1%	3.3%	
<b>Net income</b>	<b>1,048</b>	<b>1,500</b>	+400
Net income margin	2.9%	2.0%	

### Main Points of Changes in Results Forecasts

Non-consolidated forecasts for FY2011 are changed given consideration of first half results, which exceeded expectations, and anticipated up-front costs, including research and development costs.





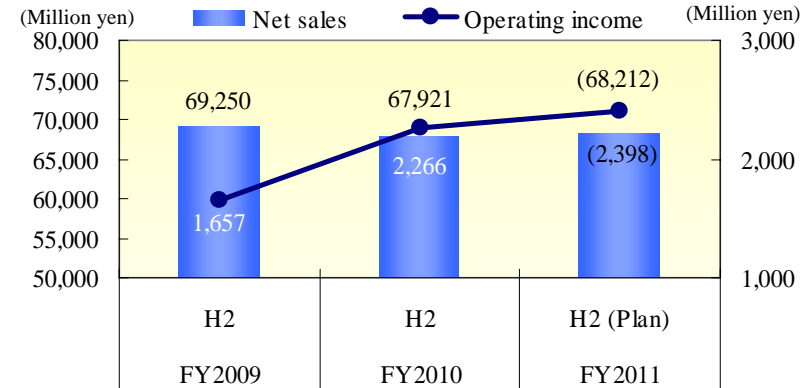
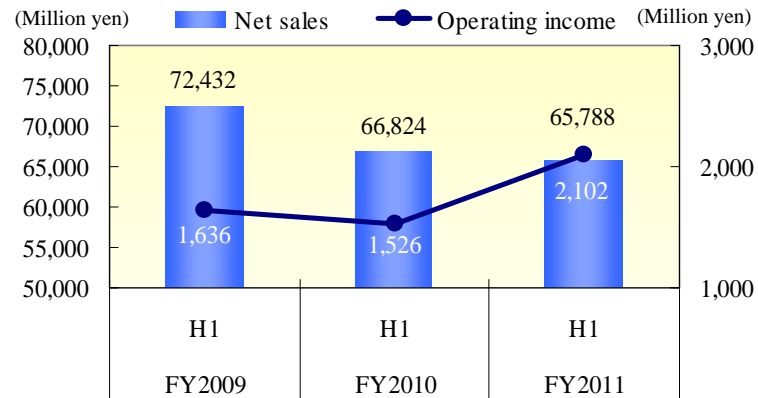
# Changes in Results

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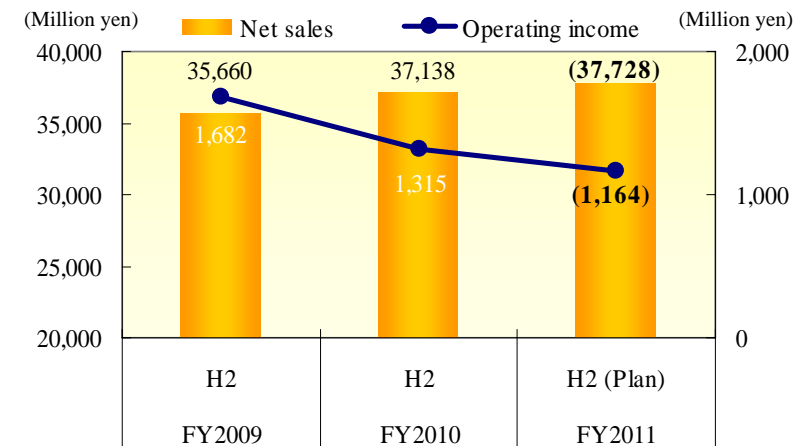
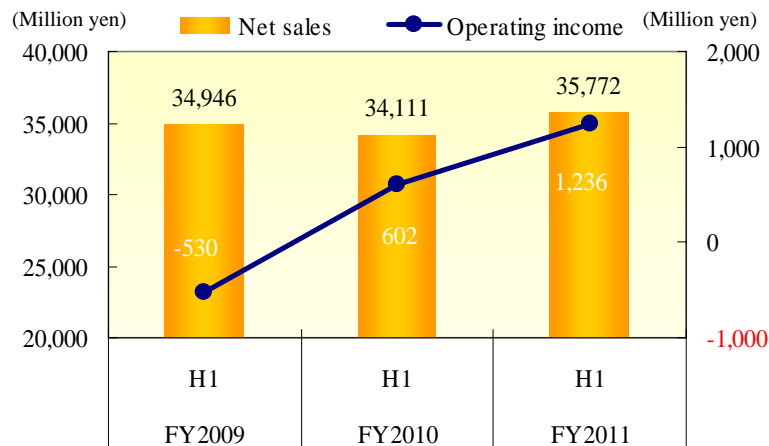


## Changes in Results

### ■ Trends of (consolidated) results for half years



### ■ Trends of (non-consolidated) results for half years



\* Figures for the second half (plan) indicate those obtained by subtracting the actual results of the first half from the full-year forecasts.



# Dividend

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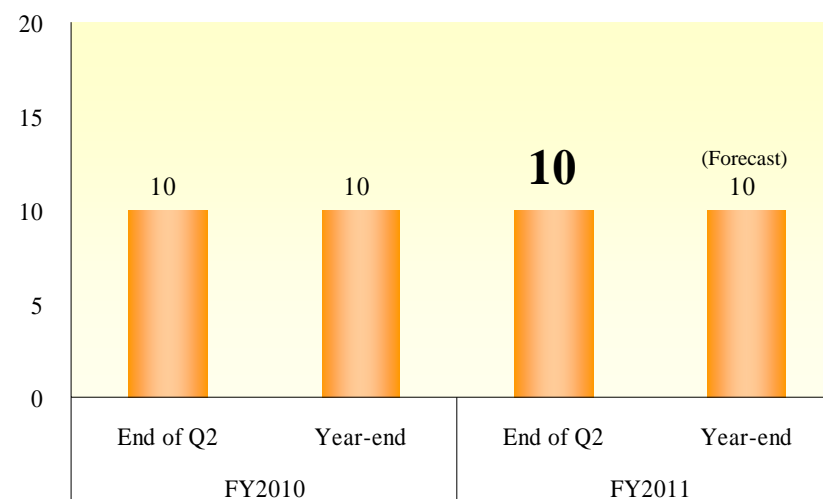


## Dividend

### Dividend at End of First Half of FY2011

The dividend at the end of the first half of FY2011 is 10 yen, as initially planned.

The initial year-end dividend forecast of 10 yen remains unchanged. This reflects our policy of paying stable dividends.



### ■ Trends in per-share net income, dividend and dividend payout ratio

(Yen)

Consolidated	FY2008 Results	FY2009 Results	FY2010 Results	FY2011 Forecast
Per-share net income	27.07	116.37	78.77	40.77
Dividend per share	30	15	20	20
Dividend payout ratio	110.8%	12.9%	25.4%	49.1%



# New Management Team

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## New Management Team

### New management team as of October 1, 2011

The Company will seek to accelerate structural reforms and achieve further improvements in performance under the new management team.

<b>President &amp; Representative Director</b> Satoyasu Sakashita*	<b>Chairman &amp; Operating Officer</b> Hiroshi Nozawa
<b>Executive Managing Director</b> Minoru Yoshida*	<b>Executive Operating Officer</b> Fumitoyo Kawano      Masataka Yamaguchi
<b>Executive Managing Director</b> Shigemi Ikushima*	<b>Operating Officer</b> Koji Mitsumoto      Kenji Tsunekawa Yoshinobu Takebayashi      Hideo Yanagi You Kajino      Masaki Shibuya Hiroyuki Kimura      Koichi Toyota Hitoshi Chiyoda      Satoshi Satou Jintaro Nozawa      Masaru Sudo Yutaka Tahara      Nobuyuki Nunome
<b>Managing Director</b> Koichi Imagi*	
<b>Outside Director</b> Hideo Aiso	
<b>Outside Director</b> Tsuneo Futami	

\* Additional post of Operating Officer



\* 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.