



Results of Operations for the First Three Quarters of FY2011

February 6, 2012
FUJISOFT INCORPORATED



Consolidated Financial Results for the First Three Quarters of FY2011



Consolidated Financial Highlights

Net sales fell 0.9% year on year due mainly to declines in revenue at major subsidiaries.

- ◇ Sales at FUJISOFT INCORPORATED (the “Company”) increased 2,096 million yen, up 4.1% year on year, primarily attributable to a recovery in orders in Operation Software Development, which continued from the first half of the fiscal year under review. Consolidated net sales came to 96,808 million yen, down 0.9% year on year. This reflected the absence in the first half of the fiscal year of the large projects in the previous fiscal year at VIXUS INCORPORATED and the effect of curbs on investment by major customers which continued through the December quarter, 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 46.6% year on year primarily reflecting an increase in non-consolidated operating income.

- ◇ Consolidated operating income stood at 2,751 million yen, up 46.6% year on year, attributable to a rise in non-consolidated net sales and an increase in profits due to cuts in SG&A expenses, which continued from the first half of the fiscal year.
- ◇ Net income came to 440 million yen as a result of taxes.

(Million yen)

	FY2010 4/10-12/10	FY2011 4/11-12/11	YoY change (Amount)	YoY change (%)
Net sales	97,722	96,808	-914	99.1%
Operating income	1,875	2,751	+875	146.6%
Operating income margin	1.9%	2.8%	+0.9%	
Ordinary income	1,865	2,239	+374	120.1%
Ordinary income margin	1.9%	2.3%	+0.4%	
Net income	1,237	440	-797	35.6%
Net income margin	1.3%	0.5%	-0.8%	



Sales by Major Companies of the Group

(Million yen)

	FY2010 4/10-12/10	FY2011 4/11-12/11	YoY change (Amount)	YoY change (%)
FUJISOFT INCORPORATED (TSE 1st Section)	50,814	52,911	+2,096	104.1%
CYBERNET SYSTEMS Co., Ltd. (TSE 1st Section)	9,234	9,773	+538	105.8%
VINCULUM JAPAN Corporation (JASDAQ)	6,735	6,590	-144	97.8%
CYBER COM Co., Ltd. (JASDAQ)	4,460	4,710	+250	105.6%
VIXUS INCORPORATED (Unlisted)	15,458	13,227	-2,230	85.6%

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

● CYBERNET SYSTEMS Co., Ltd.

The performance of maintenance contract renewals in the main software fields (machine control) of CAE products remained strong, continuing from the first half of the fiscal year (the difference year on year in the first half +454 million yen). Consequently, sales rose 5.8% year on year.

● VINCULUM JAPAN Corporation

Sales declined 2.2% year on year on a decline in operation work as a result of the management integration of major customers, which was not enough to offset buoyant orders, including the winning of a large outsourcing project for a major retail group ahead of schedule and several solution projects.

● CYBER COM Co., Ltd.

Sales climbed 5.6% year on year as a result of strong sales, which continued from the first half of the fiscal year, of development projects for machine control software for combination units, printers and in-vehicle systems, as well as network and server construction, operation and maintenance services, despite a contraction in sales of development projects for communications software.

● VIXUS INCORPORATED

Sales declined 14.4% year on year with the effect of the absence in the first half of the fiscal year of the major projects in the previous fiscal year as well as the curbing of investments by major customers which continued through the December quarter.



Consolidated Sales by Segment

(Million yen)

	FY2010		FY2011		YoY change (Amount)	YoY change (%)
	4/10-12/10	Component ratio	4/11-12/11	Component ratio		
Total net sales	97,722	100.0%	96,808	100.0%	-914	99.1%
SI Business	90,266	92.4%	90,650	93.6%	+383	100.4%
Embedded Software Development	28,369	29.0%	26,322	27.2%	-2,047	92.8%
Operation Software Development	33,829	34.6%	36,030	37.2%	+2,200	106.5%
Outsourcing Business	11,682	12.0%	10,571	10.9%	-1,111	90.5%
Other SI Business	16,384	16.8%	17,725	18.3%	+1,341	108.2%
Facilities Business	1,607	1.6%	1,472	1.5%	-135	91.6%
Other Businesses	5,848	6.0%	4,685	4.8%	-1,162	80.1%

Highlights of Sales by Segment

SI Business

● Embedded Software Development

Overall sales in Embedded Software Development fell with sluggish sales related to feature phone development, although sales associated with machine control software, mainly in the automotive and factory automation fields, were strong.

● 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 the Internet business and social infrastructure at the Company. Consequently, overall sales in Operation Software Development increased, maintaining the strong trend from the first half of the fiscal year.

● Outsourcing Business

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

● Other SI Business

Sales rose year on year, attributable to renewals of maintenance contracts in 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 previous fiscal year) from the scope of consolidation. (Mercury Staffing became an equity method affiliate starting in the second half of the fiscal year ended March 2011.)



Consolidated Income Statement

	(Million yen)			
	FY2010	FY2011	YoY change	YoY change
	4/10-12/10	4/11-12/11	(Amount)	(%)
Net sales	97,722	96,808	-914	99.1%
Cost of sales	75,234	74,400	-834	98.9%
Cost of sales margin	77.0%	76.9%	-0.1%	
Gross profit	22,487	22,408	-79	99.6%
Gross profit margin	23.0%	23.1%	+0.1%	
SG&A expenses	20,611	19,657	-954	95.4%
SG&A expense ratio	21.1%	20.3%	-0.8%	
Operating income	1,875	2,751	+875 (1)	146.6%
Operating income margin	1.9%	2.8%	+0.9%	
Non-operating income	*1 1,505	405	-1,099 (2)	26.9%
Non-operating expenses	1,615	*2 625	-989 (2)	38.7%
Equity in earnings (losses) of affiliates	99	-291	-390 (3)	-
Ordinary income	1,865	2,239	+374	120.1%
Ordinary income margin	1.9%	2.3%	+0.4%	
Extraordinary income	196	41	-154 (4)	21.0%
Extraordinary loss	99	272	+173 (5)	275.3%
Income before income taxes and minority interests	1,962	2,007	+45	102.3%
Total income taxes	484	1,428	+943 (6)	294.7%
Minority interests	239	138	-101	57.8%
Net income	1,237	440	-797 (6)	35.6%
Net income margin	1.3%	0.5%	-0.8%	

*1 Figures indicate those after excluding gains from investment by the equity method (99 million yen).

*2 Figures indicate those after excluding losses from investment by the equity method (291 million yen).

Points in Income Statement

- (1) Operating income (up 875 million yen year on year)
Increased chiefly because of a large increase in non-consolidated operating income
- (2) Non-operating income (down 1,099 million yen year on year)
Non-operating expenses (down 989 million yen year on year)
Decreased in reaction to the gain on the cancellation of system service (VIXUS: 897 million yen) posted in the previous year and the loss on cancellation of system service (VIXUS: 867 million yen)
- (3) Equity in earnings (losses) of affiliates (down 390 million yen year on year)
Decreased, primarily reflecting losses at equity method affiliates (especially Ace Securities; down 245 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 173 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)
Cost of headquarter relocation and cost associated with the cancellation of certain data centers (Tosho Computer Systems: 40 million yen)
- (6) Total income taxes (up 943 million yen year on year)
Net income (down 797 million yen year on year)
Cost of headquarters relocation and cost associated with the cancellation of certain data centers
An increase in the amount posted as income taxes (661 million yen) as a result of a rise in non-consolidated profits and an increase associated with the change in corporate tax rate (287 million yen)



Consolidated Balance Sheet

(Million yen)

	Enf of FY2010	FY2011 End of Q3	Change (Amount)
Current assets	57,534	45,319	-12,215
Cash and deposits	22,045	14,576	-7,468 (1)
Notes and accounts receivable-trade	28,385	22,878	-5,507 (2)
Work in process	1,453	2,849	+1,395
Other	5,650	5,015	-635
Noncurrent assets	111,881	107,657	-4,224
Property, plant and equipment	76,343	74,774	-1,568 (3)
Intangible assets	11,700	10,273	-1,426 (3)
Investments and other assets	23,837	22,609	-1,228 (4)
Total assets	169,416	152,977	-16,439
Current liabilities	55,099	41,762	-13,337
Accounts payable-trade	7,565	6,203	-1,361 (2)
Short-term loans payable / Current portion of long-term loan payable	33,916	23,676	-10,239 (1)
Accrued expenses	6,087	5,234	-852
Other	7,531	6,646	-884
Noncurrent liabilities	30,038	28,256	-1,781
Long-term loans payable	21,641	20,184	-1,457 (1)
Other	8,396	8,072	-324
Total liabilities	85,137	70,018	-15,118
Total net assets	84,278	82,958	-1,320
Total liabilities and net assets	169,416	152,977	-16,439

Points of the Balance Sheet

- (1) Cash and deposits (Decrease of 7,468 million yen from the end of the previous fiscal term)
Short-term loans payable (Decrease of 10,239 million yen from the end of the previous fiscal term)
Long-term loan payable (Decrease of 1,457 million yen from the end of the previous fiscal term)
 Decreased as a result of the repayment of cash on hand accumulated at the end of the previous fiscal year in preparation for unforeseen circumstances as well as a further contraction of loans payable.
- (2) Notes and accounts receivable-trade (Decrease of 5,507 million yen from the end of the previous fiscal term)
Accounts payable-trade (Decrease of 1,361 million yen from the end of the previous fiscal term)
 Fall because of seasonal effects
- (3) Property, plant and equipment (Decrease of 1,568 million yen from the end of the previous fiscal year)
Intangible assets (Decrease of 1,426 million yen from the end of the previous fiscal year)
 Decreased due to write-off
- (4) Investments and other assets (Decrease of 1,228 million yen from the end of the previous fiscal term)
 Decreased because of the sale of investment securities (CYBERNET SYSTEMS) posted in the first half of the fiscal year



Consolidated Cash Flow Statement

(Million yen)

	FY2010 4/10-12/10	FY2011 4/11-12/11	YoY change (Amount)
Net cash provided by (used in) operating activities	5,395	8,161	+2,765
Net cash provided by (used in) investment activities	-6,149	-2,105	+4,044
Net cash provided by (used in) financing activities	-922	-13,464	-12,542
Net increase (decrease) in cash and cash equivalents	-1,741	-7,506	-5,764
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
Cash and cash equivalents at end of period	15,030	14,538	-492

Highlights of Cash Flows

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

Net cash provided by operating activities increased 2,765 million yen from the same period a year ago, reflecting an improvement in operating 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 4,044 million yen year on year. This was mainly attributable to sales of investment securities at CYBERNET SYSTEMS, the absence of the acquisition of investment securities at the Company and large investments mainly in the development of in-house products in the previous fiscal year, as well as expenses associated with the consolidation of a subsidiary of CYBERNET SYSTEMS and investments in data centers by VIXUS.

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

Net cash used in financing activities increased 12,542 million yen from the same period of the previous fiscal year, because of the repayment of cash on hand accumulated at the end of the previous fiscal year in preparation for unforeseen circumstances, the scheduled repayment of loans, and the purchase of treasury shares.



Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

	Orders				Order backlog			
	FY2010 4/10-12/10	FY2011 4/11-12/11	YoY change (Amount)	YoY change (%)	FY2010 4/10-12/10	FY2011 4/11-12/11	YoY change (Amount)	YoY change (%)
SI Business Total	85,130	89,550	+4,419	105.2%	29,962	30,077	+115	100.4%
Embedded Software Development	28,445	26,412	-2,033	92.9%	7,437	7,663	+225	103.0%
Operation Software Development	31,594	35,887	+4,293	113.6%	10,336	10,818	+481	104.7%
Outsourcing Business	9,701	10,432	+730	107.5%	6,655	6,576	-78	98.8%
Other SI Business	15,388	16,817	+1,428	109.3%	5,533	5,020	-513	90.7%

Highlights of Orders and Order Backlogs

● Highlights of orders

Despite solid orders in machine control (automotive related and FA), orders in Embedded Software Development fell 7.1% from the same period of the previous fiscal year, reflecting a large drop in orders associated with feature phones, which continued from the first half of the fiscal year. On the other hand, orders in Operation Software Development increased 13.6% year on year, chiefly because of robust demand for social infrastructure and a solid performance in the Internet business. As a result, orders for the overall SI Business rose 5.2% year on year.

● Highlights of order backlogs

Order backlogs for Embedded Software Development increased 3.0% year on year, thanks to a rise in order backlogs in machine control (automotive related), reflecting the tendency for orders to concentrate at quarter ends. This offset a fall in order backlogs of communications control software. Order backlogs for Operation Software Development increased 4.7% year on year, mainly attributable to an order for a new project in the non-life insurance sector by the Company. Order backlogs for the overall SI Business rose 0.4% from the same period of the previous fiscal year. This is because both order backlogs in Embedded Software Development and Operation Software Development increased, although the order backlog in Other SI Business decreased significantly after posting sales of large product projects.

* 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 Three Quarters of FY2011



Non-Consolidated Financial Results for the First Three Quarters of FY2011

(Million yen)

	FY2010 4/10-12/10	FY2011 4/11-12/11	YoY change (Amount)	YoY change (%)
Net sales	50,814	52,911	+2,096	104.1% (1)
Cost of sales	38,932	40,233	+1,301	103.3%
Cost of sales margin	76.6%	76.0%		
Gross profit	11,882	12,677	+795	106.7%
Gross profit margin	23.4%	24.0%		
SG&A expenses	11,137	10,926	-210	98.1%
SG&A expense ratio	21.9%	20.7%		
Operating income	744	1,751	+1,006	235.2% (2)
Operating income margin	1.5%	3.3%		
Ordinary income	1,182	1,935	+753	163.7% (3)
Ordinary income margin	2.3%	3.7%		
Income before income taxes	1,081	1,935	+853	178.9%
Total income taxes	-22	643	+665 (4)	-
Net income	1,103	1,292	+188	117.1%
Net income margin	2.2%	2.4%		

Main Points of Non-Consolidated Results

(1) Net sales (Increase of 2,096 million yen year on year)

Sales in Embedded Software Development declined from the previous fiscal year. Solid sales in machine control, mainly automotive-related, was not enough to offset a drop in sales associated with feature phones. However, with year-on-year rises in all segments of Operation Software Development, including projects associated with social infrastructure and Internet business, sales were up 4.1% from the same period of the previous fiscal year.

(2) Operating income (Increase of 1,006 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 753 million yen year on year)

Ordinary income increased, reflecting a rise in operating income.

(4) Total income taxes (Increase of 665 million yen year on year)

The amount posted as income taxes increased as a result of a significant rise in profits.



* 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.