Summary of Financial Results for the Fiscal Year ended March 31, 2010

May 12, 2010

Listed Company Name: 富士ソフト株式会社　　Listing Exchanges: Tokyo Stock Exchange

Securities Code: 9749　　URL: http://www.fsi.co.jp

Representative: Haruhisa Shiraishi, President & Chief Operating Officer

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Scheduled date of Annual General Meeting of Shareholders: June 28, 2010

Scheduled date of dividend payment: June 29, 2010

Scheduled date of filing of Annual Security Report: June 29, 2010

(Figures less than one million yen are omitted)

1. Consolidated Business Results for the Fiscal Year ended March 31, 2010 (April 1, 2009 – March 31, 2010)

(1) Consolidated operating results

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended 3/10	141,682	-14.2	3,293	-55.0	3,592	-45.5	3,710	320.0
Year ended 3/09	165,081	-3.3	7,312	-2.7	6,596	-15.0	883	-59.3

	Net income per share	Net income per share/diluted	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended 3/10	116.37	–	5.3	2.1	2.3
Year ended 3/09	27.07	27.06	1.3	3.7	4.4

Reference: Equity in earnings of affiliates (Million yen): Year ended 3/10: 690　　Year ended 3/09: -784

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended 3/10	168,850	83,297	42.8	2,267.85
Year ended 3/09	177,795	78,236	38.3	2,137.03

Reference: Shareholders' equity (Million yen): Year ended 3/10: 72,311　　Year ended 3/09: 68,141

(3) Consolidated cash flow position

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Ending balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Year ended 3/10	7,985	-5,687	-10,987	16,687
Year ended 3/09	12,204	-11,443	3,037	25,465

2. Dividends

	Dividend per share (Yen)					Total dividends (annual)	Payout ratio (consolidated)	Dividends/net assets (consolidated)
(Record date)	End of first quarter	End of interim period	End of third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended 3/09	–	15.00	–	15.00	30.00	959	110.8	1.4
Year ended 3/10	–	5.00	–	10.00	15.00	478	12.9	0.7
Year ending 3/11 (forecast)	–	10.00	–	10.00	20.00		21.3	

3. Forecast for Consolidated Business Results for the Fiscal Year Ending March 31, 2011 (Apr. 1, 2010 – Mar. 31, 2011)

(Percentages represent changes from the same period of previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second consolidated quarter (cumulative)	68,700	-5.2	2,000	22.2	1,800	11.4	1,200	-4.4	37.63
Full year	142,000	0.2	5,000	51.8	5,000	39.2	3,000	-19.1	94.09

4. Others
(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): Yes
Two new companies
(Company names: ①CYBERNET HOLDINGS CANADA, INC./ ②WATERLOO MAPLE INC.)
Note: For more details, please see Page 8, "2. Outline of the Corporate Group"

(2) Changes in accounting principles, procedures and presentation methods for preparation of consolidated financial statements
1) Changes caused by revision of accounting standards: Yes
2) Other changes: Yes
Note: Please refer to "Change in Basis of Presenting Consolidated Financial Statements" on page 26 for details.

(3) Number of outstanding shares (common shares)
1) Number of shares outstanding at the end of period (including treasury stock):
Year ended 3/10: 35,746,329 shares Year ended 3/09: 35,746,329 shares
2) Number of treasury stock at the end of period
Year ended 3/10: 3,860,908 shares Year ended 3/09: 3,860,219 shares
Note: Please refer to "Per-Share Information" on page 42 for the number of shares used in calculating consolidated net income per share.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Business Results for the Fiscal Year ended March 31, 2010 (April 1, 2009 – March 31, 2010)
(1) Non-consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended 3/10	70,606	-14.1	555	-63.5	482	-84.2	733	420.1
Year ended 3/09	82,153	-8.0	1,522	-12.4	3,061	-0.9	140	-89.3

	Net income per share	Net income per share/diluted
	Yen	Yen
Year ended 3/10	23.00	–
Year ended 3/09	4.32	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended 3/10	133,616	63,745	47.6	1,996.16
Year ended 3/09	143,643	62,668	43.6	1,963.87

Reference: Shareholders' equity (millions of yen): Year ended 3/10: 63,649 Year ended 3/09: 62,621

2. Forecast for Non-Consolidated Business Results for the Fiscal Year Ending March 31, 2011
(Apr. 1, 2010 – Mar. 31, 2011) (Percentages represent changes from the same period of previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter (cumulative)	35,500	1.6	800	–	1,000	–	600	–	18.82
Full year	73,500	4.1	2,000	259.9	2,000	314.7	1,300	77.3	40.77

Explanation about the proper use of results forecasts, and additional information
The above forecast has been prepared based on data as of the announcement date. Since various uncertainties subsist in forecasts, actual results may differ from forecasted figures.

1. Operating Results

(1) Analysis of operating results

1) Overview of the consolidated fiscal year under review

During the consolidated fiscal year under review, the Japanese economy experienced a difficult period as corporate earnings declined, given the appreciation of the yen and deflation, reflecting a persistent slump in the global economy. The fall in corporate earnings created a sluggish employment and income environment, leading to weaker consumer spending. However, some signs of a recovery began to emerge, encouraged by a rise in exports and production thanks to steady economies overseas, and the Japanese economy started to show a gradual recovery.

The IT industry continued to face a difficult operating environment given the weak economy. Companies remained cautious about making new IT outlays, and the scale of investment in information declined. In addition, trading conditions started to become unfavorable, as customers demanded a cut in service prices, reflecting their growing cost awareness.

In this environment, with a basic policy of “Aim to become the leading company in the IT industry,” the Company harnessed its sophisticated technologies to propose new high-value added services to customers, and sought to become a leading company in the industry. Under this basic policy, to bolster its corporate value by developing more a reliable corporate structure and growth foundations, the Company focused its muscular reform strategy from the previous year, namely focusing on the “five pillars” (strengthening of the foundations of the contract business, becoming a prime vendor, productization, globalization, and bolstering group capabilities).

In June 2009, to strengthen corporate governance further and improve management transparency and flexibility, the Company introduced an executive officer system, and established a structure in which the Board of Directors included outside directors. Through these initiatives, the Company’s decision-making and supervisory functions have been clearly separated from its executive functions, and the Board of Directors has been streamlined. In October 2009, the Company also carried out comprehensive organizational reform to facilitate execution of its strategies, and established a structure that clarified the roles of each group.

Moreover, the FUJISOFT Group also took steps to expand the market for its own products at overseas subsidiaries and offices. As part of these initiatives, Cybernet Systems Co., Ltd., a consolidated subsidiary, acquired additional shares in an overseas subsidiary in September 2009.

Among other business activities, the Company focused on strengthening its businesses. In the cloud computing business, which provides software-as-a-service (SaaS) and which the Company began to operate in the previous fiscal year, it sold Google Apps Premier Edition and Google Apps Start Pack. The Company also held solution seminars about cloud computing. In addition, as part of an initiative to strengthen the partnership with Microsoft Corporation, FUJISOFT opened a Microsoft Solution & Cloud Center in March 2010. Meanwhile, to strengthen the contract business – part of its initiatives to become a prime vendor – the Company bolstered sales of operating software from the distribution sector by receiving a larger volume of orders from specific customers.

The Company has also steadily built know-how in robot technology and the development of embedded software through participation in the robot intelligence development project initiative of the Ministry of Economy, Trade and Industry, and the holding of the All-Japan Robot-Sumo Tournament. Based on research into robot technology uses this expertise, the Company developed PALRO, a humanoid robot, and began selling a model for educational institutions from March 2010. PALRO is a humanoid that was created as a personal home concierge that provides useful information and services to people while they enjoy their daily life. It can communicate naturally with humans using its communication intelligence technology, and can move freely around a living space through its mobile intelligence technology. PALRO is also equipped with a software platform permitting extensive functional enhancements. The Company will be active in developing solutions using as a growth engine the robot technology it has accumulated with the development of PALRO.

In its sales activities, to strengthen the Group’s capability, three Group companies jointly participated in RETAILTECH JAPAN 2010, and presented proposals that met individual customer needs in the distribution sector. The Company also concluded an alliance agreement with ITRI, a research institution in Taiwan, in April 2009, and established a Taipei office as an overseas base in September 2009. (To bolster activities for sales of middleware (FSDTV) for original equipment manufacturers (OEM) and original design manufacturers (ODM), the office was upgraded to a branch in March 2010.) Moreover, the Company achieved full operation of Vinculum China Co., Ltd., a subsidiary of Vinculum Japan Corporation, a consolidated subsidiary, in October 2009, to turn Vinculum China Co., Ltd. into a base for offshore development. Through these initiatives, the Company sought to strengthen its operating structure, and develop and improve its product lineup.

Moreover, while taking steps to streamline management resources, the Company sought to extract Group synergies and bolster its existing businesses by introducing and promoting a cross sell to facilitate cost cutting and the sharing of management resources across the Group.

In research and development, in the cloud computing market, in which not only companies but also governments are increasingly showing interest, FUJISOFT participated jointly with Tsukuba University in the “Research and Development of Dependable Independent and Integrated Cloud Computing Foundations,” which was selected by the Ministry of Internal Affairs and Communications in its public offering. Accordingly, the Company conducted research into technologies to develop a dependable environment by focusing on technologies mainly related to cloud computing and developing an environment for a wide-area data center.

For the consolidated fiscal year under review, the Group’s embedded software development declined significantly, a reflection of the economic slowdown in Japan, which struggled with the global recession. Sales of operation software development to the distribution sector rose, principally on the strength of large-scale projects, while sales to other sectors fell significantly. As a result, net sales for the consolidated fiscal year under review stood at 141,682 million yen, down 14.2% from the preceding period. Operating income fell 55.0%, to 3,293 million yen, reflecting the recording of an allowance for losses from certain projects that became unprofitable, despite a cut in selling, general, and administrative expenses as part of cost-cutting initiatives. Ordinary income declined 45.5%, to 3,592 million yen, partly attributable to the recording of equity in earnings of affiliates.

Net income rose 320.0%, to 3,710 million yen, reflecting the posting of extraordinary gains, including gains on the sale of noncurrent assets and compensation income.

Segment results by business were as follows:

(Software development related business)

Sales of embedded software telecommunication control systems and machine control systems fell sharply, given the persistent economic slump and the inclination of companies to scale back capital spending on information systems.

Sales of operation software from the distribution sector were strong, bolstered by the winning of large-scale projects, although those from other sectors declined, reflecting the weak market conditions in most industries.

As a result, this segment recorded sales of 111,704 million yen, down 17.0% year on year. Operating income amounted to 1,363 million yen, a fall of 79.4% from a year ago.

(Outsourcing business)

Sales of office services were strong, but demand for system maintenance and operation services remained sluggish, with falls in sales to major clients. As a result, this segment’s sales stood at 25,731 million yen, down 8.8% from a year earlier. Operating income was 412 million yen, declining 41.2% from a year ago.

(Other businesses)

Sales in the real-estate rental business and temporary staff dispatch business, etc. were 4,246 million yen, up 81.6% year on year, while operating income stood at 1,517 million yen, rising 1,511 million yen from that for the previous year.

Incidentally, real-estate rental revenues and costs that were recorded as non-operating income and non-operating expenses have been posted as net sales and cost of sales, respectively, from the consolidated fiscal year under review, following the adoption of a new accounting method.

2) Forecast for the next consolidated fiscal year

With signs of a recovery gradually appearing on the strength of government stimulus packages, both the Japanese and global economies are expected to move beyond this serious downturn, and stage a gradual recovery. Supported by this economic turnaround, cut backs in corpoprate capital spending and weak empoyment conditions appeared to improve, and corporate capital spending and consumer spending are also likely to show a gradual recovery. In the information services industry, it will be very difficult to win orders with intensifying competition and slumping investment from corporate clients. However, IT investment is forecast to continue its steady growth in the future, as it is indispensable for companies.

In this situation, the Group will make progress as an IT solution vendor seeking high value-added business in a bid to gain increased confidence from clients.

For the next fiscal year, we forecast that net sales will increase 0.2% year on year to 142 billion yen , operating income will rise 51.8% to 5 billion yen, ordinary income will up 39.2% to 5 billion yen and net income will decrease 19.1% to 3 billion yen.

We plan to pay a dividend of 20 yen per share in the next fiscal year.

* The above forecast has been prepared based on data as of the announcement date. Since various uncertainties subsist in forecasts, actual results may differ from the forecasted figures.

(2) Analysis of financial condition

1) Asset, liabilities and net assets

(Total assets)

Total assets stood at 168,850 million yen at the end of the consolidated fiscal year under review, down 8,944 million yen from the end of the preceding consolidated fiscal year. In the assets section, current assets fell 12,843 million yen from a year earlier, to 55,306 million yen, largely from a decline of 8,612 million yen in cash and time deposits, and a decrease of 3,046 million yen in notes and accounts receivable after the sales decline. Noncurrent assets grew 3,898 million yen from a year earlier, to 113,544 million yen, mainly because of a rise in goodwill and investment securities.

(Liabilities)

At the end of the consolidated fiscal year under review, total liabilities amounted to 85,553 million yen, down 14,005 million yen from the end of the preceding consolidated fiscal year. This was mainly because of a decrease of 9,423 million yen in loans and a fall of 3,972 million yen in accrued expenses.

(Net assets)

Net assets rose 5,060 million yen from the end of the preceding fiscal year, to 83,297 million yen at the end of the consolidated fiscal year under review. This increase was mainly attributable to a rise in retained earnings from net income and an increase in the valuation difference on available-for-sale securities. As a result, the equity ratio rose to 42.8%, up from 38.3% at the end of the previous fiscal year.

2) Cash flows

Consolidated cash and cash equivalents (“cash”) at the end of the fiscal year under review were 16,687 million yen, a decrease of 8,778 million yen year on year.

(Cash flows from operating activities)

In the consolidated fiscal year under review, net cash provided by operating activities stood at 7,985 million yen, a decrease of 4,219 million yen in the inflow compared with the previous fiscal year.

The principal factors included income before income taxes and minority interests of 6,032 million yen (rising 1,509 million yen in the inflow year on year), depreciation and amotization of 7,337 million yen (rising 64 million yen from a year earlier), a decrease in notes and accounts receivable-trade of 2,655 million yen (a fall of 2,214 million yen in the inflow from a year earlier), and a decrease in accrued payable-labor cost of 3,362 million yen (a rise of 2,573 million yen in the outflow year on year).

(Cash flows from investment activities)

Net cash used in investing activities was 5,687 million yen, a decrease of 5,755 million yen in the outflow recorded in the previous fiscal year.

The principal factors were payments of 3,183 million yen for the purchase of prooperty, plant and equipment (a decline of 444 million yen in the outflow recorded in the previous year) and proceeds of 688 million yen from the sales of prooperty, plant and equipment (a rise of 688 million yen in the inflow from the year earlier), payments of 3,080 million yen for the purchase of intangible assets (a decline of 185 million yen in the outflow recorded in the previous year) and proceeds of 1,862 million yen from the sale of intangible assets (a rise of 1,862 million yen in the inflow from the year earlier), and payments of 3,364 million yen for the acquisition of new consolidated subsidiaries (up 3,364 million yen in the outflow year on year).

(Cash flows from financing activities)

Net cash used in financing activities was 10,987 million yen, a decrease of 14,025 million yen in the inflow recorded in the previous fiscal year.

The principal factors included the proceeds of 50,030 million yen from short-term loans (a decrease of 62,110 million yen in the inflow compared with the previous year), repayments of 81,509 million yen for short-term loans (a decrease of 30,924 million yen in the outflow compared with the previous year, the proceeds of 26,485 million yen from long-term loans (a rise of 17,533 million yen in the inflow compared with the previous year), and repayments of 4,710 million yen for long-term loans (an increase of 4,549 million yen in the outflow compared with the previous year).

(Reference) Cash flow-related indicators

	FY2005	FY2006	FY2007	FY2008	FY2009
Equity ratio (%)	47.3	43.3	41.0	38.3	42.8
Equity ratio based on market value (%)	75.5	71.2	35.5	27.1	29.5
The ratio of interest-bearing debt to operating cash flow (years)	2.0	5.5	3.2	5.3	6.9
Interest coverage ratio (times)	44.6	18.2	21.7	15.2	8.9

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

* Total market value for stocks is calculated on the basis of the number of outstanding shares, excluding treasury stock.

The ratio of interest-bearing debt to operating cash flow: Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest payments

* All the amounts are consolidated bases.
* Cash flows are cash flows from operating activities.
* Interest-bearing debt is all the debt with interest on the consolidated balance sheet.

(3) Basic profit allocation policy, and dividends for the current and new fiscal year

Our industry is facing changes in market structure and rapid technological innovation, and we need to conduct research and development aggressively, and invest in equipment for the rationalization of operations, in order to further improve our market competitiveness and profitability.

Under our basic policy of returning profits to shareholders through sustained and consistent dividend payments, we pay dividends by taking into account a comprehensive range of factors, including strategic growth investments, significant changes in the economic environment, and unexpected business risks.

Under this policy, we have decided to pay a year-end dividend of 10.00 yen per share for the consolidated fiscal year under review, bringing dividend payments on an annual basis to 15.00 yen per share.

For the consolidated fiscal year ending March 31, 2011, we plan to pay a dividend of 20.00 yen per share on an annual basis.

(4) Business risks

Below we discuss risks we believe could have an important influence on the investment decisions of investors.

Forward-looking statements are based on the judgment of management as of the release of this fiscal report (May 12, 2010).

1) Contracted software development

Our group designs, develops, manufactures, and maintains software on contracted from clients and in line with their needs. We are thorough in controlling the quality of our products, we guarantee the quality of our products, and we constantly work to improve customer satisfaction.

We acquired ISO 9001 certification in June 1995, and have established a quality manual and targets to ensure thorough quality control.

Regarding systems development, we are thorough in managing projects from the inquiry, estimate, and order-receipt stages, and we continue to work to strengthen our project management ability in order to prevent the occurrence of unprofitable projects.

However, there is no guarantee that quality problems will not arise in the services that our group provides. We would face additional costs, and perhaps a damages suit, if quality problems did arise, and this could affect our result of operations and financial position.

2) Outsourcing operations

It is essential in the outsourcing business to take appropriate precautions and responses to system instability and trouble. This is why our group has adopted an earthquake-resistant design for data center facilities, and this is why we continue to work to develop an organizational framework that is responsive to sudden system trouble.

However, the occurrence of a major and unexpected natural disaster, and the inability to smoothly carry out operations due to system trouble, could impact our group's result of operations and financial position.

3) Management of classified information

We understand that our group, which handles corporate client information and personal information, has the social responsibility to appropriately manage this classified information and ensure its safety.

Our group has implemented a variety of measures to prevent information leaks, including formulating and observing internal information protection standards such as computer virus countermeasures and network management, introducing building access security systems, ensuring thorough training of employees regarding information management, and concluding nondisclosure agreements with vendors.

The occurrence of an information leak, despite these preventative measures, could lead to damages suits and disrupt our ability to continue commissioned software development activities, thereby impacting our group's result of operations and financial position.

4) Risks related to the application of impairment accounting for fixed assets

Our group owns fixed assets including land and buildings for business purposes. We adopted accounting standards for the impairment of fixed assets starting in the fiscal year ended March 31, 2006, and the necessity to recognize impairment losses due to changes in the market value of assets, and changes in future profit forecasts, could impact our group's result of operations and financial position.

2. Outline of the Corporate Group

Our corporate Group, which consists of FUJISOFT INCORPORATED ("the Company"), 19 consolidated subsidiaries, two equity method non-consolidated subsidiaries, and seven equity method affiliates, is principally engaged in software development, and outsourcing services. In addition to the companies described above, there are four non-consolidated subsidiaries.

Each company in the group is responsible for its own sales strategy, but they also cooperate with one another.

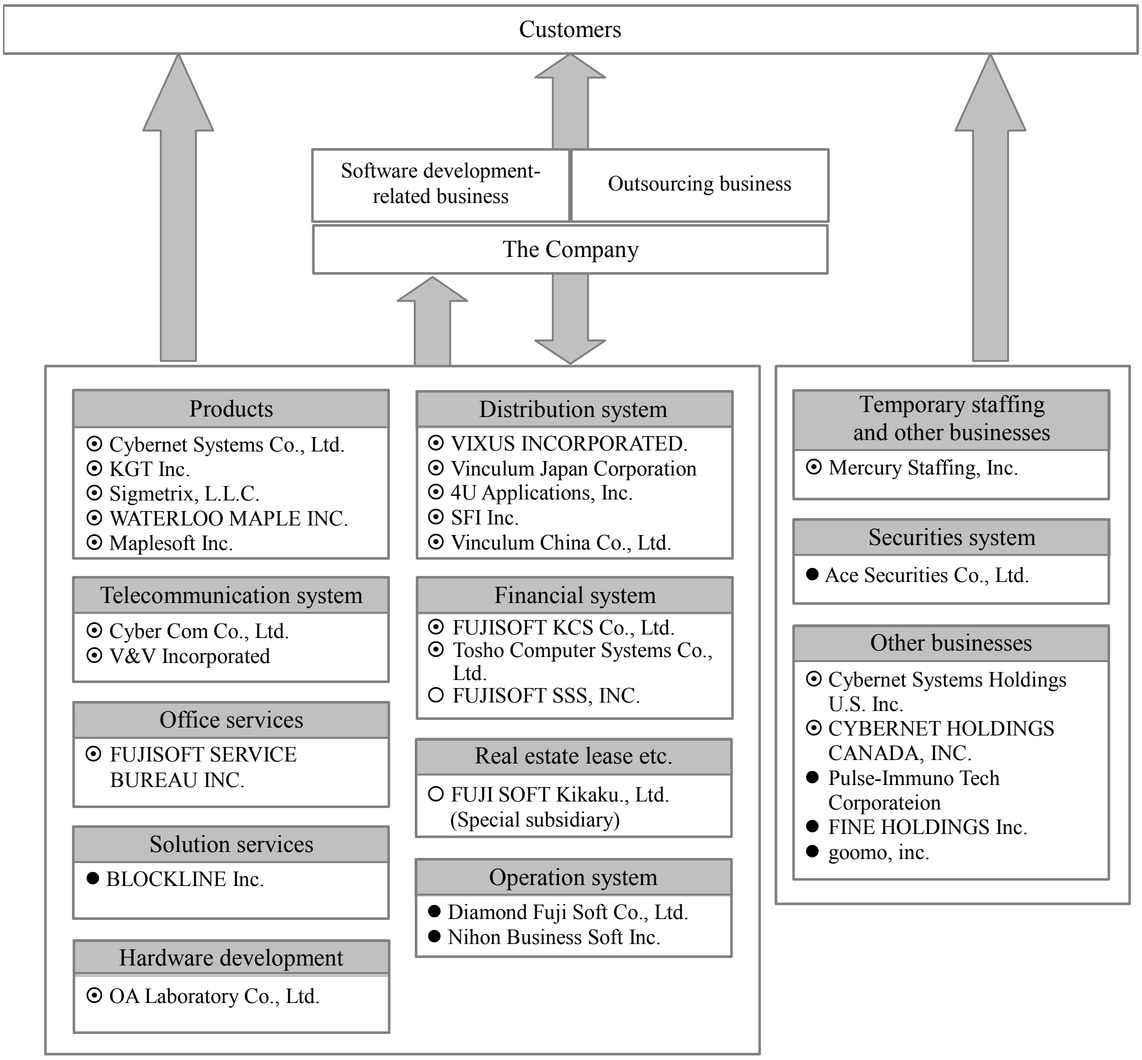
The positioning of each company in the group is shown in the diagram below.

As for the positioning of group companies in the software development business, the Company handles all systems development, while group companies handle mostly software development.

Category	Business description
Software development related business	Contract software development of telecommunication control systems, machine control systems, operating systems and operation applications used in different industries, quality evaluation and control support, consulting, product development and sales, and design, manufacture, sales and other activities of personal computer related devices
Outsourcing business	System maintenance and operation services, data entry and helpdesk services and other services
Other businesses	Real-estate rental business and temporary staff dispatch services

The operational diagram is as follows:

⊙: Consolidated subsidiaries (19 companies) / ○: Equity-method non-consolidated subsidiaries (2 companies) /
●: Equity-method affiliates (7 companies)



* Other group companies (Four non-consolidated subsidiaries)

3. Management Policies

(1) Basic management policies

Under its basic management policy of “Take advantage of our strength and create a new market! Become an influential and unique corporate group!,” the FUJISOFT Group has adopted a basic philosophy of aiming to become a corporate group that contributes to society, provides satisfaction to customers, initiates eco-friendly activities, and believes in a “comfortable and rewarding environment” in a more extensive manner.

In addition, as “a software maker to which customers can feel secure entrusting work,” we aim to be a best partner trusted by our customers by providing them with the service basics of “quality, fast turnaround, and confidentiality.” Also, we will work strenuously to “challenge & creation” as a total system vendor that strives to always be ahead of the curve, in order to contribute to the further development of the industry and society.

(2) Management target

We consider consistent and overall improvements in profits to be an important management target.

Consistent and stable dividend is the Company’s management target.

(3) Medium and long-term management strategies

We aim to expand group sales and profits to achieve our medium to long-term business targets by finding new customers in different industries and businesses, promoting co-existence and co-prosperity with client companies, and strengthening direct marketing to end-users. Also, we will introduce a project management framework for different fields – financial, distribution, manufacturing, and public works – and thoroughly review unprofitable projects, to improve service quality and win new customers.

In the new business, we will focus on expanding oursourcing business to provide all kind of services ranging from consulting service, such as operation and management improvements, to system development and maintenance, while continuing to focus on our priority solutions business. We also aim to create a high value-added business by strengthening services for end-uses.

On the technological side of things, we will continue to actively invest in research and development to create original software products and solutions, improve the sophistication of our technologies, and provide leading-edge technologies. We are also active in development, shorten development periods, improve quality and reduce costs, by making parts from already-developed assets and reusing those parts.

(4) Future challenges

The Japanese economy is likely to stage a gradual recovery in the future, aided by a recovery in exports and production on the strength of an improving overseas economy. However, with the completion of the stimulus package, it is expected to take more time before consumer spending and corporate capital spending recovers, leaving the economic outlook uncertain.

In the information service industry, corporate IT investments are likely to remain restrained, while demand for high-level services and product quality is expected to increase.

In this environment, our Group has adopted a basic policy of “Take advantage of our strength and create a new market! Become an influential and unique corporate group!” and will continue to engage in activities to achieve its management policy, reinforcing the stable revenue base and securing engines for growth.

We will continue to reduce costs and improve productivity by committing to achieving the five pillars listed below as our key strategies:

1) Strengthening the foundations of the contract business

We will aim to develop an accurate understanding of customers’ needs, strengthen our ability to deal with customer needs, and expand and streamline the scale of orders. We will also strive to bolster profitability by strengthening our project management structure and our risk management structure, to enhance product quality and shorten times to delivery.

2) Becoming a prime vendor

In an effort to differentiate us from competitors by improving our specialty expertise and providing unique services and solutions, we will work to obtain professional engineers as project managers that lead the IT industry and step up our efforts to develop these human resources.

3) Accelerating productization

We will strive to develop and improve not only products that are compatible to specific companies, but also develop products based on the “One village, one product initiative” (in which each section creates its own technologies, and understand customer needs to bolster sales). We will also bolster corporate value by promoting the following growth engines that have been introduced in the market.

(Distribution cloud)

We will provide the distribution BMS, the new EDI standard for the distribution industry, digital signage, the Group company’s package products and other products to customers in the distribution industry through the SaaS approach.

(Thin-client + SaaS)

We will provide comprehensive services in communication module and thin-client integrated terminals, communication services (MVNO), software and other products.

(Robot technology)

By developing new solutions based on robot intelligence technologies, we will invigorate the nascent market.

4) Accelerating globalization

We will establish sales, technology and management structures to promote global businesses, with a focus on emerging economies. We will seek to benefit from the economic growth in Asia, particularly China, with an emphasis on the Chinese market, and we will strive to increase business with companies associated with these growth areas. We will provide services by combining embedded software solutions, in which the Company excels, video processing and distribution technologies, and technologies associated with our robot technology.

5) Reinforcing Group capabilities

We will establish a structure for collaboration by sharing market strategies across the whole Group and conducting sales activities in a more collaborative and efficient manner to increase our market share by utilizing the entire Group’s collective capabilities.

(5) Internal administrative structure and management

Please see the corporate governance report “Basic policy and structure of internal control,” disclosed separately.

The corporate governance report, last updated on March 30, 2010, is available at the following URLs.

(The Company’s website)

http://www.fsi.co.jp/company/img/7/corporate_governance_20100330.pdf

(The website of the Tokyo Stock Exchange)

http://www.tse.or.jp/disc/97490/140120100330061324.pdf

(6) Other important management matters

Not applicable.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousand yen)

		FY2008 (As of March 31, 2009)		FY2009 (As of March 31, 2010)
Assets				
Current assets				
Cash and deposits		25,354,026	*2	16,741,043
Notes and accounts receivable-trade		30,261,853		27,215,028
Short-term investment securities		398,275		315,471
Merchandise		661,644		295,422
Work in process		3,027,621	*6	2,499,806
Raw materials and supplies		45,239		34,294
Deferred tax assets		4,760,967		4,448,143
Other		3,975,869		3,821,408
Allowance for doubtful accounts		-336,317		-64,543
Total current assets		68,149,181		55,306,076
Noncurrent assets				
Property, plant and equipment				
Buildings and structures		57,464,568		56,993,628
Accumulated depreciation		-14,541,722		-16,204,238
Buildings and structures, net		42,922,846		40,789,390
Land	*3	30,576,982	*3	30,415,744
Construction in progress		134,439		1,394,693
Other		12,343,371		13,746,414
Accumulated depreciation		-6,839,199		-7,970,293
Other, net		5,504,172		5,776,121
Total property, plant and equipment		79,138,441		78,375,949
Intangible assets				
Goodwill		2,343,126		5,026,384
Software		6,938,991		6,924,225
Other		817,930		473,855
Total intangible assets		10,100,049		12,424,466
Investments and other assets				
Investment securities	*1, 5	13,819,395	*1	15,861,167
Deferred tax assets		1,860,098		1,773,770
Other		4,800,501		5,258,207
Allowance for doubtful accounts		-71,849		-148,810
Total investments and other assets		20,408,146		22,744,334
Total noncurrent assets		109,646,637		113,544,751
Total assets		177,795,818		168,850,827

(Thousand yen)

		FY2008 (As of March 31, 2009)		FY2009 (As of March 31, 2010)
Liabilities				
Current liabilities				
Accounts payable-trade		9,946,231		8,701,224
Short-term loans payable		55,315,100	*2	23,983,466
Current portion of long-term loans payable		1,686,892		7,233,004
Current portion of bonds		–	*2	118,400
Accrued expenses		9,827,012		5,854,856
Income taxes payable		1,250,069		702,516
Provision for directors' bonuses		160,019		146,105
Provision for loss on construction contracts		–	*6	122,328
Other		5,564,414		5,600,728
Total current liabilities		83,749,740		52,462,630
Noncurrent liabilities				
Bonds payable		–	*2	59,000
Long-term loans payable		7,839,908	*2	24,202,331
Provision for retirement benefits		4,619,259		4,840,582
Provision for directors' retirement benefits		379,982		460,992
Deferred tax liabilities		–		407,727
Other		2,970,122		3,119,907
Total noncurrent liabilities		15,809,272		33,090,541
Total liabilities		99,559,013		85,553,171
Net assets				
Shareholders' equity				
Capital stock		26,200,289		26,200,289
Capital surplus		28,438,965		28,438,965
Retained earnings		31,525,608		34,598,277
Treasury stock		-8,099,900		-8,101,010
Total shareholders' equity		78,064,962		81,136,521
Valuation and translation adjustments				
Valuation difference on available-for-sale securities		-890,801		262,753
Deferred gains or losses on hedges		18,533		7,993
Revaluation reserve for land	*3	-9,051,263	*3	-9,051,263
Foreign currency translation adjustment		–		-44,626
Total valuation and translation adjustments		-9,923,531		-8,825,142
Subscription rights to shares		46,566		95,886
Minority interests		10,048,808		10,890,390
Total net assets		78,236,805		83,297,655
Total liabilities and net assets		177,795,818		168,850,827

(2) Consolidated Income Statement

(Thousand yen)

	FY2008 (From April 1, 2008 to March 31, 2009)		FY2009 (From April 1, 2009 to March 31, 2010)
Net sales	165,081,666		141,682,899
Cost of sales	125,728,602	*1	109,813,615
Gross profit	39,353,063		31,869,284
Selling, general and administrative expenses			
Advertising expenses	808,311		496,908
Directors' compensations	954,045		1,051,168
Employees' salaries	13,814,689		12,151,254
Retirement benefit expenses	600,548		643,181
Legal welfare expenses	1,758,353		1,962,968
Provision for directors' retirement benefits	72,802		72,607
Provision for directors' bonuses	172,117		167,585
Welfare expenses	732,053		610,203
Recruiting and training expenses	940,717		461,686
Traveling and transportation expenses	837,436		632,061
Stationery expenses	377,364		328,515
Rent expenses	224,908		340,280
Rents	1,119,943		1,212,434
Taxes and dues	763,661		773,311
Provision of allowance for doubtful accounts	6,498		7,067
Depreciation	1,668,389		1,544,601
Research study expenses	777,025		837,957
Operations consignment expenses	2,240,820		1,779,155
Amortization of goodwill	1,130,764		1,157,232
Other	3,040,343		2,345,783
Total selling, general and administrative expenses	32,040,796		28,575,966
Operating income	7,312,267		3,293,317
Non-operating income			
Interest income	53,647		16,276
Dividends income	89,624		88,292
Gain on sales of securities	57,120		–
Foreign exchange gains	–		105,998
Equity in earnings of affiliates	–		690,666
Subsidy income	–		248,289
Rent income	1,498,235		–
Cancellation income for system services	272,373		–
Other	259,780		311,659
Total non-operating income	2,230,782		1,461,182

(Thousand yen)

		FY2008 (From April 1, 2008 to March 31, 2009)		FY2009 (From April 1, 2009 to March 31, 2010)
Non-operating expenses				
Interest expenses		802,019		902,236
Equity in losses of affiliates		784,070		–
Cost of lease revenue		791,653		–
Cancellation loss for system services		139,101		–
Loss on retirement of noncurrent assets		94,216		130,419
Foreign exchange losses		130,052		–
Other		205,175		128,921
Total non-operating expenses		2,946,288		1,161,578
Ordinary income		6,596,761		3,592,921
Extraordinary income				
Gain on sales of noncurrent assets		–	*5	1,651,260
Compensation income		–	*6	800,000
Surrender value of insurance		–		434,620
Gain on sales of investment securities		–		363,350
Total extraordinary income		–		3,249,231
Extraordinary loss				
Loss on retirement of noncurrent assets		–	*7	139,483
Loss on valuation of investment securities		1,539,693		63,057
Loss on liquidation of subsidiaries and affiliates		–		267,027
Loss on the impairment of noncurrent assets	*3	2,414		–
Office transfer expenses		–	*8	231,631
Amortization of goodwill		–		14,032
Equity in losses of affiliates	*4	527,916		–
Loss on change in equity		3,263		–
Loss on abolishment of retirement benefit plan		–		18,959
Provision of allowance for doubtful accounts		–		74,963
Total extraordinary loss		2,073,288		809,156
Income before income taxes		4,523,472		6,032,997
Income taxes-current		2,266,235		1,242,059
Income taxes-deferred		411,143		-4,527
Total income taxes		2,677,378		1,237,531
Minority interests in income		962,623		1,085,060
Net income		883,470		3,710,405

(3) Consolidated Statements of Changes in Net Assets

(Thousand yen)

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	26,200,289	26,200,289
Balance at the end of the period	26,200,289	26,200,289
Capital surplus		
Balance at the end of previous period	28,438,965	28,438,965
Balance at the end of the period	28,438,965	28,438,965
Retained earnings		
Balance at the end of previous period	35,802,405	31,525,608
Changes of items during the period		
Dividends from surplus	-988,519	-637,736
Net income	883,470	3,710,405
Retirement of treasury stock	-4,171,748	–
Total changes of items during the period	-4,276,797	3,072,669
Balance at the end of the period	31,525,608	34,598,277
Treasury stock		
Balance at the end of previous period	-8,566,839	-8,099,900
Changes of items during the period		
Purchase of treasury stock	-3,704,809	-1,110
Retirement of treasury stock	4,171,748	–
Total changes of items during the period	466,939	-1,110
Balance at the end of the period	-8,099,900	-8,101,010
Total shareholders' equity		
Balance at the end of previous period	81,874,820	78,064,962
Changes of items during the period		
Dividends from surplus	-988,519	-637,736
Net income	883,470	3,710,405
Purchase of treasury stock	-3,704,809	-1,110
Total changes of items during the period	-3,809,857	3,071,558
Balance at the end of the period	78,064,962	81,136,521
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	-17,377	-890,801
Changes of items during the period		
Net changes of items other than shareholders' equity	-873,424	1,153,555
Total changes of items during the period	-873,424	1,153,555
Balance at the end of the period	-890,801	262,753
Deferred gains or losses on hedges		
Balance at the end of previous period	-65,240	18,533
Changes of items during the period		
Net changes of items other than shareholders' equity	83,773	-10,539
Total changes of items during the period	83,773	-10,539
Balance at the end of the period	18,533	7,993

(Thousand yen)

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Revaluation reserve for land		
Balance at the end of previous period	-9,051,263	-9,051,263
Balance at the end of the period	-9,051,263	-9,051,263
Foreign currency translation adjustment		
Changes of items during the period		
Net changes of items other than shareholders' equity	–	-44,626
Total changes of items during the period	–	-44,626
Balance at the end of the period	–	-44,626
Total valuation and translation adjustments		
Balance at the end of previous period	-9,133,881	-9,923,531
Changes of items during the period		
Net changes of items other than shareholders' equity	-789,650	1,098,389
Total changes of items during the period	-789,650	1,098,389
Balance at the end of the period	-9,923,531	-8,825,142
Subscription rights to shares		
Balance at the end of previous period	–	46,566
Changes of items during the period		
Net changes of items other than shareholders' equity	46,566	49,320
Total changes of items during the period	46,566	49,320
Balance at the end of the period	46,566	95,886
Minority interests		
Balance at the end of previous period	9,556,039	10,048,808
Changes of items during the period		
Net changes of items other than shareholders' equity	492,768	841,582
Total changes of items during the period	492,768	841,582
Balance at the end of the period	10,048,808	10,890,390
Total net assets		
Balance at the end of previous period	82,296,979	78,236,805
Changes of items during the period		
Dividends from surplus	-988,519	-637,736
Net income	883,470	3,710,405
Purchase of treasury stock	-3,704,809	-1,110
Net changes of items other than shareholders' equity	-250,316	1,989,291
Total changes of items during the period	-4,060,174	5,060,850
Balance at the end of the period	78,236,805	83,297,655

(4) Consolidated Cash Flow Statement

(Thousand yen)

	FY2008 (From April 1, 2008 to March 31, 2009)		FY2009 (From April 1, 2009 to March 31, 2010)
Net cash provided by (used in) operating activities			
Income before income taxes	4,523,472		6,032,997
Depreciation and amortization	7,273,367		7,337,624
Loss on the impairment of noncurrent assets	2,414		–
Amortization of goodwill	1,130,764		1,157,232
Increase (decrease) in provision for retirement benefits	337,317		164,098
Interest expenses	802,019		902,236
Equity in (earnings) losses of affiliates	1,311,986		-690,666
Loss (gain) on sales of investment securities	–		-363,350
Loss (gain) on valuation of investment securities	1,539,693		63,057
Loss (gain) on sales of noncurrent assets	–		-1,651,260
Decrease (increase) in notes and accounts receivable-trade	4,870,064		2,655,096
Decrease (increase) in inventories	579,043		251,611
Increase (decrease) in notes and accounts payable-trade	-3,353,840		-1,251,285
Increase (decrease) in accounts payable-labor cost	-789,682		-3,362,737
Increase (decrease) in accrued consumption taxes	-845,727		-371,949
Increase (decrease) in accounts payable-other	-414,782		-17,144
Decrease (increase) in long-term prepaid expenses	-1,151,382		-518,082
Increase (decrease) in provision for loss on construction contracts	–		122,328
Directors' bonuses	-59,106		–
Other	309,099		-726,424
Subtotal	16,064,722		9,733,383
Proceeds from compensation	–		800,000
Interest and dividends income received	231,235		119,815
Interest expenses paid	-781,992		-825,901
Income taxes paid	-3,309,117		-1,841,829
Net cash provided by (used in) operating activities	12,204,848		7,985,468
Net cash provided by (used in) investment activities			
Purchase of property, plant and equipment	-3,627,520		-3,183,033
Proceeds from sales of property, plant and equipment	–		688,736
Purchase of intangible assets	-3,265,466		-3,080,416
Proceeds from sales of intangible assets	–		1,862,350
Purchase of short-term investment securities	-2,296,722		–
Proceeds from sales of short-term investment securities	2,994,079		800,000
Purchase of investment securities	-5,631,038		-816,763
Proceeds from sales of investment securities	358,789		1,530,996
Payments for purchase of newly subsidiaries	–	*2	-3,364,221
Proceeds from purchase of newly subsidiaries	–	*2	80,994
Other	24,512		-206,091
Net cash provided by (used in) investment activities	-11,443,366		-5,687,449

(Thousand yen)

		FY2008 (From April 1, 2008 to March 31, 2009)		FY2009 (From April 1, 2009 to March 31, 2010)
Net cash provided by (used in) financing activities				
Increase in short-term loans payable		112,140,000		50,030,000
Decrease in short-term loans payable		-112,434,391		-81,509,716
Proceeds from long-term loans payable		8,951,500		26,485,000
Repayment of long-term loans payable		-161,470		-4,710,869
Purchase of treasury stock		-3,704,809		-1,110
Cash dividends paid		-977,958		-647,043
Cash dividends paid to minority shareholders		-415,614		-283,717
Repayments of lease obligations		-359,281		-296,717
Other		–		-53,400
Net cash provided by (used in) financing activities		3,037,975		-10,987,573
Effect of exchange rate change on cash and cash equivalents		-1,399		-88,524
Net increase (decrease) in cash and cash equivalents		3,798,058		-8,778,079
Cash and cash equivalents at beginning of period		21,667,287		25,465,345
Cash and cash equivalents at end of period	*1	25,465,345	*1	16,687,266

(5) Note on going concern assumptions

Not applicable.

(6) Basis of Presenting Consolidated Financial Statements

Item	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
1. Scope of consolidation	14 consolidated subsidiaries: Vinculum Japan Corporation 4U Applications, Inc. Vinculum China Co., Ltd. OA LABORATORY CO, LTD. Cyber Com Co., Ltd. CYBERNET SYSTEMS CO., LTD. PLAMEDIA CORPORATION KGT Inc. Tosho Computer Systems Co., Ltd. FUJISOFT KCS Co., Ltd. FUJI SOFT SERVICE BUREAU INCORPORATED FUJISOFT DIS Co., Ltd. Mercury Staffing Co., Ltd. V&V Incorporated Vinculum China Co., Ltd. is included in the scope of consolidation, given that it was established byVinculum Japan Corporation, a consolidated subsidiary of the Company. FUJISOFT DIS Co., Ltd. changed its company name to VIXUS Incorporated on April 1, 2009.	19 consolidated subsidiaries: VIXUS INCORPORATED Vinculum Japan Corporation 4U Applications, Inc. Vinculum China Co., Ltd. SFI Inc. OA LABORATORY CO, LTD. Cyber Com Co., Ltd. CYBERNET SYSTEMS CO., LTD. KGT Inc. Cybernet Systems Holdings U.S. Inc. Sigmetrix, L.L.C. CYBERNET HOLDINGS CANADA, INC. WATERLOO MAPLE INC. Maplesoft Inc. Tosho Computer Systems Co., Ltd. FUJISOFT KCS Co., Ltd. FUJI SOFT SERVICE BUREAU INCORPORATED Mercury Staffing Co., Ltd. V&V Incorporated CYBERNET SYSTEMS CO., LTD., the Company's consolidated subsidiary, established Cyberrnet System Holdings U.S. Inc., through which CYBERNET SYSTEMS CO., LTD. made Sigmetrix, L.L.C. its subsidiary by underwriting a capital increase for Sigmetrix, L.L.C. through the private placement, and by acquiring equity in Sigmetrix, L.L.C. CYBERNET SYSTEMS CO., LTD. also established CYBERNET HOLDINGS CANADA, INC., through which CYBERNET SYSTEMS CO., LTD. made WATERLOO MAPLE INC., and Maplesoft Inc. its subsidiaries. As a result, the above companies were included in the scope of consolidation. PLAMEDIA CORPORATION was excluded from the scope of consolidation, because it was merged with CYBERNET SYSTEMS CO., LTD., the Company's consolidated subsidiary. SYSTEMS FORMULATIONS AND INTEGRATIONS Incorporated was included in the scope of consolidation, because it became a subsidiary as Vinculum Japan Corporation, the Company's consolidated subsidiary, acquired shares in SYSTEMS FORMULATIONS AND INTEGRATIONS Incorporated.

Item	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
	Seven non-consolidated subsidiaries: Japan Internet News Co., Ltd. Fujisoft Kikaku, LTD. FUJISOFT SSS, INC. FUJISOFT MEDICAL, Inc. CCA Engineering Simulation Software (Shanghai) Co., Ltd. Cybernet CAE Systems (Shanghai) Co., Ltd. CYBERNET SYSTEMS TAIWAN Co., Ltd.	Five non-consolidated subsidiaries: Fujisoft Kikaku, LTD. FUJISOFT SSS, INC. CCA Engineering Simulation Software (Shanghai) Co., Ltd. Cybernet CAE Systems (Shanghai) Co., Ltd. CYBERNET SYSTEMS TAIWAN Co., Ltd.
	The reason for exclusion from consolidation is: Fujisoft Kikaku, LTD., FUJISOFT SSS, INC., FUJISOFT MEDICAL, Inc., Japan Internet News Co., Ltd., and CCA Engineering Simulation Software (Shanghai) Co., Ltd., Cybernet CAE Systems (Shanghai) Co., Ltd., CYBERNET SYSTEMS TAIWAN Co., Ltd. are small in size, and their total assets, sales, net income or loss (amounts equivalent to the equity holding), and retained earnings (amounts equivalent to the equity holding) for the fiscal year 2008 do not have any material effect on the consolidated financial statements.	The reason for exclusion from consolidation is: Fujisoft Kikaku, LTD., FUJISOFT SSS, INC., CCA Engineering Simulation Software (Shanghai) Co., Ltd., Cybernet CAE Systems (Shanghai) Co., Ltd., CYBERNET SYSTEMS TAIWAN Co., Ltd. are small in size, and their total assets, sales, net income or loss (amounts equivalent to the equity holding), and retained earnings (amounts equivalent to the equity holding) for the fiscal year 2009do not have any material effect on the consolidated financial statements. Japan Internet News Co., Ltd. was excluded from non-consolidated subsidiaries, because the Company sold shares in Japan Internet News Co., Ltd. during the consolidated fiscal year under review. FUJISOFT MEDICAL, Inc. was excluded from non-consolidated subsidiaries, following the completion of its liquidation procedures.
2. Application of equity method	Companies to which the equity method is applicable: Three non-consolidated subsidiaries Fujisoft Kikaku, Ltd. FUJISOFT SSS, Inc. FUJISOFT MEDICAL, Inc.	Companies to which the equity method is applicable: Two non-consolidated subsidiaries Fujisoft Kikaku, Ltd. FUJISOFT SSS, Inc. FUJISOFT MEDICAL, Inc. was excluded from non-consolidated subsidiaries accounted for using the equity method, following the completion of its liquidation procedures.
	The equity method is applied to the Company’s investment in the following six affiliates: Diamond Fuji Soft Co., Ltd. Nihon Business Soft, Inc. BLOCKLINE, Inc. Ace Securities Co., Ltd. Pulse-Immuno Tech Corp. FINE HOLDINGS Inc. FINE HOLDINGS Inc. is included in the scope of application of equity method because its stock has been recently acquired.	The equity method is applied to the Company’s investment in the following seven affiliates: Diamond Fuji Soft Co., Ltd. Nihon Business Soft, Inc. BLOCKLINE, Inc. Ace Securities Co., Ltd. Pulse-Immuno Tech Corp. FINE HOLDINGS Inc. goomo, inc. goomo, inc. is included in the scope of application of equity method because its stock has been recently acquired.

Item	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
	Companies to which the equity method was not applicable: The equity method was not applied to nonconsolidated subsidiaries Nippon Internet Newspaper Co., Ltd., CCA Engineering Simulation Software (Shanghai) Co., Ltd., and Cybernet CAE Systems (Shanghai) Co., Ltd. and an affiliate KOUSOKUYA Inc., because these companies have little effects on net income or loss (amounts equivalent to the equity holding), retained earnings (amounts equivalent to the equity holding) of the consolidated financial statements.	Companies to which the equity method was not applicable: The equity method was not applied to nonconsolidated subsidiaries CCA Engineering Simulation Software (Shanghai) Co., Ltd., and Cybernet CAE Systems (Shanghai) Co., Ltd., CYBERNET SYSTEMS TAIWAN Co., Ltd. and an affiliate KOUSOKUYA Inc., because these companies have little effects on net income or loss (amounts equivalent to the equity holding), retained earnings (amounts equivalent to the equity holding) of the consolidated financial statements. Japan Internet News Co., Ltd. was excluded from non-consolidated subsidiaries accounted for using the equity method, because the Company sold the shares of Japan Internet News Co., Ltd. during the consolidated fiscal year under review.
3. Fiscal year of consolidated subsidiaries	The fiscal year end of PLAMEDIA CORPORATION and Vinculum China Co., Ltd. is December 31. When preparing the consolidated financial statements, the Company uses the financial statements of PLAMEDIA CORPORATION and Vinculum China Co., Ltd., as of this date and makes necessary adjustments for important transactions between December 31 and the consolidated book-closing date. Vinculum China Co., Ltd. was included in the scope of consolidation only for the balance sheets for the consolidated fiscal year under review, as its acquisition date was deemed to be March 31, 2009.	The fiscal year end of Cybernet Systems Holdings U.S. Inc., Sigmetrix, L.L.C., CYBERNET HOLDINGS CANADA, INC., WATERLOO MAPLE INC., Maplesoft Inc. and Vinculum China Co., Ltd. is December 31. When preparing the consolidated financial statements, the Company uses the financial statements of Cybernet Systems Holdings U.S. Inc., Sigmetrix, L.L.C., CYBERNET HOLDINGS CANADA, INC., WATERLOO MAPLE INC., Maplesoft Inc. and Vinculum China Co., Ltd., as of this date and makes necessary adjustments for important transactions between December 31 and the consolidated book-closing date.
4. Significant accounting policies (1) Valuation of major assets	Securities Bonds held to maturity Stated at amortized cost. (Straight-line method) Available-for-sale securities For those with market value: Stated at market value based on market prices, etc., as of the period-end (Unrealized valuation gains or losses are reported in the shareholders' equity, and sales costs are determined by the moving average method.) For those without market value: Stated at cost as determined by the moving average method.	Securities Bonds held to maturity Same as on the left Available-for-sale securities For those with market value: Same as on the left For those without market value: Same as on the left Derivatives Stated at market value

Item	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
	Inventories Valuation standards are based on the cost method (the method of writing down the book value based on a fall in profitability). Merchandise: Stated at cost as determined with the moving average method. Raw materials: Stated at cost as determined with the moving average method. Work in process: Stated at cost on a specific identification method. Supplies: Stated at cost on a specific identification method.	Inventories Same as on the left Merchandise: Same as on the left Raw materials: Same as on the left Work in process: Same as on the left Supplies: Same as on the left
	(Change in accounting method) From the consolidated fiscal year under review, the Accounting Standard for Measurement of Inventories (ASB Statement No. 9, July 5, 2006) is applied. This change has no impact on the Company's earnings.	
(2) Depreciation of major fixed assets	Property, plant and equipment (except leased assets) Computed with the declining balance method. However, buildings (excluding building attachments) acquired after April 1, 1998, are depreciated on a straight-line method. Major useful lives: Building and structures: 3 to 50 years Machinery, equipment and vehicles: 2 to 17 years Tools, furniture and fixtures: 2 to 20 years	Property, plant and equipment (except leased assets) Computed with the declining balance method. Same as on the left
	Intangible assets (except leased assets) Software for sale: Stated at the larger amount of either an amortizable amount based on the estimated sales volume during the valid sales period (less than 3 years) or an amortizable amount based on a straight-line method over the remaining valid sales period.	Intangible assets (except leased assets) Software for sale: Same as on the left
	Software for the Company's own use: Amortized on a straight-line method over an estimated useful life (5 years) in the Company.	Software for the Company's own use: Same as on the left
	Other: Amortized on a straight-line method.	Other: Same as on the left

Item	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
	Leased assets Lease assets associated with finance leases other than those for which the ownership rights of the leased property are deemed to transfer to the lessee are amortized using the straight line method, with the lease period being the useful life and the residual value being zero. For finance leases other than those for which the ownership rights of the leased property are deemed to transfer to the lessee whose date of commencing the lease transaction is March 31, 2008 or earlier, accounting treatment similar to that for ordinary rental transactions is applied.	Leased assets Same as on the left
	Investments and other assets: Computed with the declining balance method.	Investments and other assets: Same as on the left
(3) Standards for recording allowances	Allowance for doubtful accounts To provide for possible bad debt losses at the end of the fiscal year, the Company records an allowance based on historical percentage for ordinary receivables and an estimated amount for specific uncollectible receivables.	Allowance for doubtful accounts Same as on the left
	Provision for directors' bonuses To provide for payments of bonuses to directors and corporate auditors, an allowance is recorded in the amount recognized to have accrued at the end of the fiscal year 2008 based on estimated amounts of payment at the end of the fiscal year.	Provision for directors' bonuses Same as on the left
	Provision for retirement benefits To provide for payments of retirement benefits to employees, the Company records an amount recognized to have accrued at the end of fiscal year based on estimated amounts of retirement benefit obligations and pension assets at the end of the fiscal year. As the estimated amount of pension assets exceeded the estimated amount of retirement benefit obligations after deduction of unsettled difference at change of accounting principle, unrecognized actuarial differences, and unrecognized prior service cost. Consequently, the exceeded amount is booked as prepaid pension expenses and classified as "Other" under "Investments and other assets" of the consolidated balance sheet. In addition, a difference arisen as a result of the change of accounting standards (5,034,915 thousand yen) is expensed equally, mainly over 15 years. Also, an actuarial difference is expensed equally from the fiscal year following its accrual over an average remaining service period (10 to 13 years) of employees at the time of the accrual. And prior service costs are accounted for based on an average remaining service period (10 to 13 years) of employees at the time of the accrual using the straight-line method.	Provision for retirement benefits Same as on the left

Item	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
	――――――	(Change in accounting method) From the consolidated fiscal year under review, the Partial Revision (Part 3) to the Accounting Standard for Retirement Benefit (ASBJ statement No. 19; July 31, 2008) is applied. This change has no impact on the Company's operating income, ordinary income, or income before income taxes.
	Provision for directors' retirement benefits The Company and some of its consolidated subsidiaries record amounts that they are required to pay upon retirement of directors and corporate auditors at the end of the fiscal year, based on internal policies.	Provision for directors' retirement benefits Same as on the left
	――――――	Provision for loss on construction contracts To provide for possible losses associated with made-to-order software development, the Company recorded estimated losses as at the end of the consolidated fiscal year under review from contracts for made-to-order software development, in which losses were expected and the amount of the losses could be estimated in an appropriate manner.
(4) Hedge accounting	――――――	Hedge accounting Deferral hedge accounting is, in principle, adopted. Appropriation accounting is applied to forward foreign exchange contracts and currency option transactions that meet the requirements for appropriation accounting, and special accounting is applied to the interest-rate swap transactions that meet the requirements for special accounting. Hedging instruments and hedged items Hedging instruments: Interest-rate swaps, forward foreign exchange contracts and currency options Hedged items: Borrowings, and claims and liabilities denominated in foreign currencies Hedging policy Forward foreign exchange contracts and currency options transactions are entered to deter risks involved in transactions denominated in foreign currencies from the fluctuations in the foreign exchange market. Interest-rate swap transactions are entered to deter risks involved in borrowings from the fluctuations of interest rates. These transactions will never be entered for speculative purpose. Assessment of hedge effectiveness The Company assesses the effectiveness of hedging based on the extent of the fluctuations of hedged items and hedging instruments by semi-annually comparing the fluctuations of the market of hedged items or the fluctuations of accumulative cash flows with the fluctuations in the market of hedging instruments or the fluctuations of accumulative cash flows.

Item	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
(5) Standards for recording important revenues and costs	——————	Standards for recording revenues and costs relating to made-to-order software development Of the made-to-order software development contracts that started to be implemented during the consolidated fiscal year under review, the Company applied the percentage-of-completion method (the construction-cost-percentage method for estimating the degree of completion of software development) for contracts whose outcome at the end of the consolidate fiscal year under review is deemed certain. The Company applied the completed contract method to contracts other than the above.
(6) Other important matters for the preparation of consolidated financial statements	Consumption tax Amounts reflected are stated exclusive of consumption tax.	Consumption tax Same as on the left
5. Valuation of assets and liabilities of consolidated subsidiaries	All assets and liabilities of consolidated subsidiaries are valuated with the mark-to-market method.	Same as on the left
6. Amortization of goodwill and negative goodwill	Goodwill is amortized evenly over a valid period reasonably estimated, except minor goodwill which is expensed as incurred. FUJISOFT DIS Co., Ltd.: 10 years Others: 5 years	Goodwill is amortized evenly over a valid period (5 to 15 years) reasonably estimated, except minor goodwill which is expensed as incurred.
7. Cash and cash equivalents	In preparing the consolidated cash flow statements, cash on hand, readily available deposits, and short-term liquid investments with maturities not exceeding three months at the time of purchase and little risk of changing values are considered to be cash and cash equivalents.	Same as on the left

(7) Change in Basis of Presenting Consolidated Financial Statements

FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
(Accounting standards for lease transactions, etc.) For finance leases other than those for which the ownership rights of the leased property are deemed to transfer to the lessee, the accounting method similar to that used for that used for ordinary rental transactions was traditionally employed. From the consolidated fiscal year under review, a method similar to that used for ordinary trading transactions is used by applying the Accounting Standard for Lease Transactions (ASB Standard No. 13, June 17, 1993: the First Subcommittee of the Business Accounting Council); revised on March 30, 2007) and the Guidance on Accounting Standard for Lease Transactions (ASB Guidance No. 16 (January 18, 1994; Accounting System Committee of the Japanese Institute of Certified Public Accountants); revised on March 30, 2007). For finance leases other than those for which the ownership rights of the leased property are deemed to transfer to the lessee whose date of commencing the lease transaction is March 31, 2008 or earlier, accounting treatment similar to that for ordinary rental transactions continues to be applied. This increases operating income by 21,155,000 yen and decreases ordinary income by 17,485,000 yen for the consolidated fiscal year under review. The impacts on segment information are stated in the relevant places.	――――――――
――――――――	(Change in standards for recording revenues and costs relating to made-to-order software development) The Company applied the completed contract method as standards for recording revenues and costs relating to made-to-order software development. However, from the consolidated fiscal year under review, the Company started to apply the Accounting Standard for Construction Contracts (Accounting Standards Board of Japan Statement No. 15; December 27, 2007) and the Guidance on the Accounting Standard for Construction Contracts (ASBJ Guidance No. 18; December 27, 2007). Consequently, of the made-to-order software development contracts that began to be implemented during the consolidated fiscal year under review, the Company applied the percentage-of-completion method (the construction-cost-percentage method for estimating the degree of completion of software development) for contracts whose outcome at the end of the consolidate fiscal year under review is deemed certain. The Company applied the completed contract method to contracts other than the above. As a result of the changes as described above, net sales for the consolidated fiscal year under review rose 1,674,846,000 yen, and operating income, ordinary income and income before income taxes and minority interest each increased 387,767,000 yen.
――――――――	(Change in standards for recording real-estate rental revenues and costs) The Company recorded real estate rental revenues and costs in non-operating income and non-operating expenses, respectively. Starting the consolidated fiscal year under review, however, it is recording real-estate rental revenues and costs in net sales and cost of sales, respectively. The reason for the change is that we expect real estate rental revenues to increase and have changed our business purpose in the Articles of Incorporation. As a result of the changes described above, compared with figures based on the previous method, net sales and operating income for the consolidated fiscal year under review rose 1,802,220,000 yen and 890,667,000 yen, respectively. The change does not affect ordinary income and income before income taxes and minority interest.

Change in presentation

FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
(Consolidated Balance Sheet) 1. As the Partial Amendment of Regulations for Terminology, Forms and Preparation Methods of Financial Statements (Cabinet Office Ordinance No. 50 on August 7, 2008) begins to apply, "merchandise," "work in process" and "raw materials and supplies" are reclassified and presented as separate items in the consolidated fiscal year under review, although they were presented as "inventories" in the preceding consolidated fiscal year. Included in inventories in the previous consolidated fiscal year, "merchandise," "work in process" and "raw materials and supplies" amounted to 607,666 thousand yen, 3,233,305 thousand yen and 35,671 thousand yen. 2. "Current potion of long-term loans payable" was included in "short-term loans" up until the preceding consolidated fiscal year, but is reclassified and presented separately from "short-term loans" in the consolidated fiscal year under review. Included in short-term loans in the previous consolidated fiscal year, "current potion of long-term loans payable" were 127,970 thousand yen.	(Consolidated Balance Sheet) ――――――
(Consolidated Income Statement) ――――――	(Consolidated Income Statement) 1. "Rent income" that was presented as a separate item in the previous consolidated fiscal year is included in "Other" of "Non-operating income" for the consolidated fiscal year under review (34,782,000 yen for the fiscal year under review). 2. "Cancellation loss for system services" that was independently presented in the previous consolidated fiscal year is included in "Other" of "Non-operating income" for the consolidated fiscal year under review (15,362,000 yen for the consolidated fiscal year under review).
(Consolidated Cash Flow Statement) Because "Equity in (earnings) losses of affiliates," that was included in "Other" of "Cash flows from operating activities" for the previous consolidated fiscal year, has become significant, it is presented as a separate item for the consolidated fiscal year under review. Incidentally, "Equity in (earnings) losses of affiliates" that was included in "Other" of "Cash flows from operating activities" for the previous consolidated fiscal year was 15,490,000 yen.	(Consolidated Cash Flow Statement) 1. "Directors' bonus payments" that were presented as a separate item in the previous consolidated fiscal year are included in "Other" of "Cash flows from operating activities" for the consolidated fiscal year under review (-13,913,000 yen for the fiscal year under review). 2. Because "Loss (gain) on sales of investment securities" (-51,567,000 yen for the previous consolidated fiscal year) that was included in "Other" of "Cash flows from operating activities" for the previous consolidated fiscal year has become significant, it is presented as a separate item for the consolidated fiscal year under review. 3. Because "Loss (gain) on sales of noncurrent assets" (-9,789,000 yen for the previous consolidated fiscal year) that was included in "Other" of "Cash flows from operating activities" for the previous consolidated fiscal year has become significant, it is presented as a separate item for the consolidated fiscal year under review. 4. Because "Loss (gain) on sales of property, plant and equipment" (68,475,000 yen for the previous consolidated fiscal year) that was included in "Other" of "Cash flows from investing activities" for the previous consolidated fiscal year has become significant, it is presented as a separate item for the consolidated fiscal year under review.

(8) Notes to Consolidated Financial Statements

(Consolidated Balance Sheet) (Thousand yen)

FY2008 (As of March 31, 2009)	FY2009 (As of March 31, 2010)
*1. Shares of non-consolidated subsidiaries and affiliates Investment securities (stocks) 5,136,787	*1. Shares of non-consolidated subsidiaries and affiliates Investment securities (stocks) 4,795,942
	*2. Assets submitted as collateral and secured debt are as follows: Assets submitted as collateral Time deposits 69,198 The above time deposits have been submitted as collateral for short-term loans payable of 5,004,000 yen, a current portion of bonds of 38,400,000 yen, bonds payable of 24,000,000 yen, and long-term loans payable of 11,239,000 yen.
*3. In accordance with the Law Concerning Revaluation of Land (Law No. 34 enacted on March 31, 1998, and revised on March 31, 2001), the Company revaluated its business-use land on March 31, 2002. In accordance with the Law Partially Revising the Law Concerning Revaluation of Land (Law No. 24 enacted on March 31, 1999), the Company booked the amount equivalent to the tax on the revaluation difference in Net assets as “Land revaluation difference.” Method of revaluation: The Company computed by making reasonable adjustments to the obtained with the method decided and announced by the Commissioner of the National Tax Administration Agency for calculation of the land price as the basis of the taxable price for the land tax specified by Article 16 of the Land Tax Law (Law No. 69, 1991) defined by Article 2-4 of the Enforcement Order (Ordinance No. 119 issued on March 31, 1998) of the Law Concerning Revaluation of Land. Date of revaluation: March 31, 2002 Difference between the market price of the land at the end of the fiscal year 2008when revaluation is made, and the book value after revaluation 413,185	*3. In accordance with the Law Concerning Revaluation of Land (Law No. 34 enacted on March 31, 1998, and revised on March 31, 2001), the Company revaluated its business-use land on March 31, 2002. In accordance with the Law Partially Revising the Law Concerning Revaluation of Land (Law No. 24 enacted on March 31, 1999), the Company booked the amount equivalent to the tax on the revaluation difference in Net assets as “Land revaluation difference.” Method of revaluation: The Company computed by making reasonable adjustments to the obtained with the method decided and announced by the Commissioner of the National Tax Administration Agency for calculation of the land price as the basis of the taxable price for the land tax specified by Article 16 of the Land Tax Law (Law No. 69, 1991) defined by Article 2-4 of the Enforcement Order (Ordinance No. 119 issued on March 31, 1998) of the Law Concerning Revaluation of Land. Date of revaluation: March 31, 2002 Difference between the market price of the land at the end of the fiscal year 2009 when revaluation is made, and the book value after revaluation -365,757
4. Contingent liabilities We guarantee loans from financial institution for other than consolidated subsidiaries as follows: KOUSOKUYA INC. 40,625	4. Contingent liabilities We guarantee loans from financial institution for other than consolidated subsidiaries as follows: KOUSOKUYA INC. 3,125
*5. Investment securities include 60 million yen worth of advances on subscriptions to goomo, inc., a new company established on April 1, 2009.	――――――
――――――	*6. Inventories relating to made-to-order software development that is likely to incur losses and provision for loss on construction contracts are separately presented, without being set off. Of inventories relating to made-to-order software development that is likely to incur losses, the amount corresponding to the provision for loss on construction contracts is a work in process of 119,100,000 yen.

(Consolidated Income Statement) (Thousand yen)

FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
――――――	*1. Provision for loss on construction contracts included in cost of sales 122,328
2. R&D expenses R&D expenses included in general administrative expenses and manufacturing cost 1,682,714	2. R&D expenses R&D expenses included in general administrative expenses and manufacturing cost 1,005,439
*3. Loss on impairment of fixed assets We recognized impairment loss of the following assets in this fiscal year. <table><tr><th>Location</th><th>Intended purpose</th><th>Category</th><th>Impairment loss</th></tr><tr><td>Yokohama-shi, Kanagawa</td><td>Idle facilities</td><td>Intangible assets (Telephone subscription right)</td><td>2,414</td></tr></table>We group the assets mainly based on the division on management accounting in which revenue and expenditure are grasped. However, idle facilities not directly used in the business are not grouped. Facilities whose profitability remarkably decreased and whose use is not expected in the future are reduced to the recoverable amount, and the Company booked 2,414 thousand yen as extraordinary losses.	――――――
*4. The loss on equity method investment posted as an extraordinary loss results from amortization of the amount equivalent to goodwill of affiliated companies in accordance with the provision in Paragraph 9 of the Practical Guidelines on Equity Method Accounting in the Accounting Systems Committee Report No. 9 and the provision in Paragraph 32-(1) in the Practical Guidelines on Capital Consolidation Procedures in Consolidated Financial Statements in the Accounting Systems Committee Report No. 7.	――――――
――――――	*5. The gain on sales of noncurrent assets was from sales of the head office building of Tosho Computer Systems Co., Ltd., the Company's consolidated subsidiary.
――――――	*6. Compensation income was from CYBERNET SYSTEMS CO., LTD. for compensation for the termination of the sales agency agreement with The Mathworks.
――――――	*7. The loss on retirement of noncurrent assets arose from the retirement of old assets of Tosho Computer Systems Co., Ltd., the Company's consolidated subsidiary, following the reconstruction of its system.
――――――	*8. Office transfer expenses arose mainly from expenses for work related to the relocation of consolidated subsidiaries.

(Consolidated Statements of Changes in Net Assets)

FY2008 (From April 1, 2008 to March 31, 2009)

1. Outstanding shares

Category	As of March 31, 2008	Increase	Decrease	As of March 31, 2009
Common stock (shares)	37,546,329	–	1,800,000	35,746,329

2. Treasury stock

Category	As of March 31, 2008	Increase	Decrease	As of March 31, 2009
Common stock (shares)	3,696,026	1,964,193	1,800,000	3,860,219

Note: Main component of increase or decrease is as follows:
Purchase of treasury stock: 1,962,500 shares
Purchase of odd-lot shares: 1,693 shares
Retirement of treasury shares: 1,800,000 shares

3. Subscription rights to shares

Company name	Item	Category of shares to be issued upon exercise	Number of shares to be issued upon exercise				Balance at the end of the consolidated fiscal year under review (Thousands of yen)
			As of March 31, 2008	Increase	Decrease	As of March 31, 2009	
The Company (parent company)	Stock acquisition rights	–	–	–	–	–	46,566
Total		–	–	–	–	–	46,566

4. Dividends

(1) Dividend payments

Resolution	Category	Total amount of dividend (Thousands of yen)	Dividend per share (Yen)	Dividend record date	Effective date
Board of directors meeting held on May 13, 2008	Common stock	507,766	15	March 31, 2008	June 24, 2008
Board of directors meeting held on November 10, 2008	Common stock	480,752	15	September 30, 2008	December 10, 2008

(2) Dividends with a record date in the fiscal year 2008 but an effective date in the following fiscal year

Resolution	Category	Funds for dividend	Total amount of dividend (Thousands of yen)	Dividend per share (Yen)	Dividend record date	Effective date
Board of directors meeting held on May 13, 2009	Common stock	Retained earnings	478,303	15	March 31, 2009	June 23, 2009

FY2009 (From April 1, 2009 to March 31, 2010)

1. Outstanding shares

Category	As of March 31, 2009	Increase	Decrease	As of March 31, 2010
Common stock (shares)	37,546,329	–	–	35,746,329

2. Treasury stock

Category	As of March 31, 2009	Increase	Decrease	As of March 31, 2010
Common stock (shares)	3,860,219	689	–	3,860,908

Note: Main component of increase or decrease is as follows:
Purchase of odd-lot shares: 689 shares

3. Subscription rights to shares

Company name	Item	Category of shares to be issued upon exercise	Number of shares to be issued upon exercise				Balance at the end of the consolidated fiscal year under review (Thousands of yen)
			As of March 31, 2009	Increase	Decrease	As of March 31, 2010	
The Company (parent company)	Stock acquisition rights	–	–	–	–	–	95,886
Total		–	–	–	–	–	95,886

4. Dividends

(1) Dividend payments

Resolution	Category	Total amount of dividend (Thousands of yen)	Dividend per share (Yen)	Dividend record date	Effective date
Board of directors meeting held on May 13, 2009	Common stock	478,303	15	March 31, 2009	June 23, 2009
Board of directors meeting held on November 5, 2009	Common stock	478,303	5	September 30, 2009	December 10, 2009

(2) Dividends with a record date in the fiscal year 2009 but an effective date in the following fiscal year

Resolution	Category	Funds for dividend	Total amount of dividend (Thousands of yen)	Dividend per share (Yen)	Dividend record date	Effective date
Board of directors meeting held on May 12, 2010	Common stock	Retained earnings	318,862	10	March 31, 2010	June 29, 2010

(Consolidated Cash Flow Statement)

FY2008 (From April 1, 2008 to March 31, 2009)

*1. Relation between the ending balance of cash and cash equivalents and the accounts and their amounts on the Consolidated Balance Sheet

(As of March 31, 2009)
(Thousand yen)

Cash and time deposits	25,354,026
Securities	398,275
Subtotal	25,752,302
Time deposits with maturity of more than 3 months	-5,000
Securities other than MMF	-281,956
Cash and cash equivalents	25,465,345

――――――

FY2009 (From April 1, 2009 to March 31, 2010)

*1. Relation between the ending balance of cash and cash equivalents and the accounts and their amounts on the Consolidated Balance Sheet

(As of March 31, 2010)
(Thousand yen)

Cash and time deposits	16,741,043
Securities	315,471
Subtotal	17,056,515
Time deposits with maturity of more than 3 months	-94,198
Securities other than MMF	-275,049
Cash and cash equivalents	16,687,266

* 2. Details of main assets and liabilities of companies that have become consolidated subsidiaries as a result of the acquisition of equity stakes
Details of assets and liabilities at the time companies were included in consolidated companies as a result of the acquisition of equity stakes

Sigmetrix, L.L.C.	(Thousand yen)
Current assets	102,006
Noncurrent assets	297
Goodwill	345,400
Current liabilities	-115,470
Acquisition price of the stake in SIGMETRIX, LLC	332,233
Cash and cash equivalents of SIGMETRIX, LLC	-72,049
Difference: Expenditures for the acquisition of SIGMETRIX, LLC	260,184

WATERLOO MAPLE INC.	(Thousand yen)
Current assets	483,934
Noncurrent assets	163,160
Goodwill	3,142,517
Current liabilities	-571,169
Noncurrent liabilities	-49,930
Acquisition price of the stake in WATERLOO MAPLE INC.	3,168,512
Cash and cash equivalents of WATERLOO MAPLE INC.	-64,474
Difference: Expenditures for the acquisition of WATERLOO MAPLE INC.	3,104,037

FSI Inc.	(Thousand yen)
Current assets	212,980
Noncurrent assets	182,134
Deferred assets	2,680
Goodwill	370,547
Current liabilities	-145,142
Noncurrent liabilities	-603,775
Acquisition price of the stake in FSI Inc.	19,425
Cash and cash equivalents of FSI Inc.	-100,419
Difference: Expenditures for the acquisition of FSI Inc.	80,994

(Segment Information)

1. Segment information by business type

FY2008 (From April 1, 2008 to March 31, 2009) (Thousand yen)

	Software development related business	Outsourcing business	Other businesses	Total	Eliminations or corporate	Consolidation
I. Net sales and operating income/loss						
Net sales						
(1) Sales to outside customers	134,533,012	28,210,104	2,338,549	165,081,666	–	165,081,666
(2) Inter-segment sales or transfers	12,187	52,600	18,822	83,610	(83,610)	–
Total	134,545,199	28,262,704	2,357,371	165,165,276	(83,610)	165,081,666
Operating expenses	127,940,204	27,561,761	2,351,138	157,853,103	(83,704)	157,769,398
Operating income	6,604,995	700,943	6,233	7,312,172	94	7,312,267
II. Assets, depreciation, impairment loss and capital expenditure						
Assets	131,316,073	18,553,947	596,526	150,466,547	27,329,271	177,795,818
Depreciation	5,757,073	1,510,715	5,578	7,273,367	–	7,273,367
Impairment loss	2,414	–	–	2,414	–	2,414
Capital expenditure	7,745,261	1,576,973	13,164	9,335,399	–	9,335,399

Notes: 1. Business is classified based on the classification adopted for internal management.

2. Description of each business

(1) Software development related business

Contract software development of telecommunication control systems, machine control systems, operating systems and operation applications used in different industries, quality evaluation and control support, consulting, product development and sales, and design, manufacture, sales and other activities of personal computer related devices

(2) Outsourcing business

System maintenance and operations, data entry and helpdesk services, etc.

(3) Other businesses

Temporary staff dispatch business, etc.

3. Change in accounting policies

The Accounting Standard for Lease Transactions (ASB Standard No. 13, June 17, 1993: the First Subcommittee of the Business Accounting Council); revised on March 30, 2007) and the Guidance on Accounting Standard for Lease Transactions (ASB Guidance No. 16, January 18, 1994; Accounting System Committee of the Japanese Institute of Certified Public Accountants); revised on March 30, 2007) began to be applied for the consolidated fiscal year under review. Because of this change, operating income in the software development related business is 21,155 thousand yen greater than in the conventional policy. This has no impact on the figures in the outsourcing business or the other businesses.

4. Operating expenses do not include any non-apportionable operating expenses included in “Eliminations or corporate.”

5. Among assets, major group assets included in “Eliminations or corporate” are parent company’s funds for idle money under management (cash and securities), funds for long-term investments (investment securities) and assets related to administrative departments.

FY2007: 19,889,739 thousand yen

FY2008: 27,329,271 thousand yen

6. Depreciation and capital expenditures included long-term prepaid expenses and intangible assets, and their amortization/depreciation expenses.

FY2009 (From April 1, 2009 to March 31, 2010) (Thousand yen)

	Software development related business	Outsourcing business	Other businesses	Total	Eliminations or corporate	Consolidation
I. Net sales and operating income/loss						
Net sales						
(1) Sales to outside customers	111,704,540	25,731,847	4,246,510	141,682,899	–	141,682,899
(2) Inter-segment sales or transfers	5,508	343,873	1,108,951	1,458,333	(1,458,333)	–
Total	111,710,049	26,075,721	5,355,462	143,141,233	(1,458,333)	141,682,899
Operating expenses	110,346,573	25,663,634	3,837,697	139,847,905	(1,458,323)	138,389,581
Operating income	1,363,476	412,087	1,517,764	3,293,327	(10)	3,293,317
II. Assets, depreciation, impairment loss and capital expenditure						
Assets	97,852,058	22,106,094	26,246,127	146,204,280	22,646,546	168,850,827
Depreciation	4,623,648	1,079,232	1,634,744	7,337,624	–	7,337,624
Capital expenditure	4,264,185	2,845,004	106,382	7,215,573	–	7,215,573

Notes: 1. Business is classified based on the classification adopted for internal management.

2. Description of each business

(1) Software development related business

Contract software development of telecommunication control systems, machine control systems, operating systems and operation applications used in different industries, quality evaluation and control support, consulting, product development and sales, and design, manufacture, sales and other activities of personal computer related devices

(2) Outsourcing business

System maintenance and operations, data entry and helpdesk services, etc.

(3) Other businesses

Real-estate rental business, temporary staff dispatch business, etc.

3. Change in accounting policies

(1) From the consolidated fiscal year under review, the Company has adopted the Accounting Standard for Construction Contracts (Accounting Standards Board of Japan Statement No. 15; December 27, 2007) and the Guidance on the Accounting Standard for Construction Contracts (ASBJ Guidance No. 18; December 27, 2007). As a result, net sales of the software development related business rose 1,674,846,000 yen, and its operating income increased 387,767,000 yen.

(2) From the consolidated fiscal year under review, the real-estate rental business has been included in "Other businesses." As a result, compared with the figures calculated by the previous accounting method (figures before the deduction of internal sales and the transfer within business segments), net sales of other businesses rose 2,902,808,000 yen and operating income increased 1,386,611,000 yen.

4. Operating expenses do not include any non-apportionable operating expenses included in "Eliminations or corporate."

5. Among assets, major group assets included in "Eliminations or corporate" are parent company's funds for idle money under management (cash and securities), funds for long-term investments (investment securities) and assets related to administrative departments.

FY2008: 27,329,271 thousand yen

FY2009: 22,646,546 thousand yen

6. Depreciation and capital expenditures included intangible assets and their amortization/depreciation expenses.

2. Geographical segment information

FY2008 (From April 1, 2008 to March 31, 2009) and FY2009 (From April 1, 2009 to March 31, 2010)

As Japan accounts for more than 90% of total net sales of all segments and the total assets of all segments, the posting of geographical segment information is omitted.

3. Overseas sales

FY2008 (From April 1, 2008 to March 31, 2009) and FY2009 (From April 1, 2009 to March 31, 2010)

As overseas net sales account for less than 10% of consolidated net sales, the posting of information about overseas net sales is omitted.

(Lease Transactions) (Thousand yen)

FY2008 (From April 1, 2008 to March 31, 2009)

1. Finance lease transaction (Lessee)
Finance leases other than those deemed to transfer ownership of leased assets to lessees
(1) Leased assets
The leased assets consist chiefly of servers and other items (tools, furtniture and fixtures) for the software development related business.
(2) Depreciation of leased assets
Based on the straight line method with the lease period being the useful life and the residual value being zero.

For finance leases other than those for which the ownership rights of the leased property are deemed to transfer to the lessee whose date of commencing the lease transaction is March 31, 2008 or earlier, accounting treatment similar to that for ordinary rental transactions is implemented. Details are as follows.

1) Acquisition cost, accumulated depreciation, impairment loss and year-end balance equivalents of the leased property

	Acquisition cost	Accumulate depreciation	Year-end balance
Tools, furniture and fixtures	3,802,479	2,715,669	1,086,810
Software	1,133,466	834,340	299,125
Others	201,315	154,977	46,337
Total	5,137,261	3,704,987	1,432,273

2) Outstanding lease commitments and the year-end balance equivalents

Due within one year	681,205
Due over one year	659,507
Total	1,340,713
Balance at accumulated impairment loss on leased assets	2,738

3) Lease payments, reversal of accumulated impairment loss on leased assets, depreciation equivalents, interest equivalents and impairment loss

Lease payments	1,780,891
Reversal of accumulated impairment loss on leased assets	375,586
Depreciation equivalents	1,624,930
Interest equivalents	60,340

FY2009 (From April 1, 2009 to March 31, 2010)

1. Finance lease transaction (Lessee)
Finance leases other than those deemed to transfer ownership of leased assets to lessees
(1) Leased assets
Same as on the left
(2) Depreciation of leased assets
Same as on the left

For finance leases other than those for which the ownership rights of the leased property are deemed to transfer to the lessee whose date of commencing the lease transaction is March 31, 2008 or earlier, accounting treatment similar to that for ordinary rental transactions is implemented. Details are as follows.

1) Acquisition cost, accumulated depreciation, impairment loss and year-end balance equivalents of the leased property

	Acquisition cost	Accumulate depreciation	Year-end balance
Tools, furniture and fixtures	2,277,529	1,762,686	514,843
Software	641,665	496,392	145,272
Total	2,919,194	2,259,079	660,115

2) Outstanding lease commitments and the year-end balance equivalents

Due within one year	509,461
Due over one year	252,235
Total	761,696

3) Lease payments, reversal of accumulated impairment loss on leased assets, depreciation equivalents, interest equivalents and impairment loss

Lease payments	880,471
Reversal of accumulated impairment loss on leased assets	2,738
Depreciation equivalents	785,648
Interest equivalents	34,806

FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
4) Calculation of depreciation equivalents Depreciation is based on the straight-line method, assuming the lease period to be the useful life and no residual value. 5) Calculation of interest equivalents Interest equivalents are defined as the difference between the total lease payments and acquisition cost equivalents and is allocated for each period using the simple-interest method.	4) Calculation of depreciation equivalents Same as on the left 5) Calculation of interest equivalents Same as on the left 2. Operating lease transaction (Lessee) Lease commitments (Irrevocable) Due within one year 14,583

(Tax Effect Accounting) (Thousand yen)

FY2008 (As of March 31, 2009)		FY2009 (As of March 31, 2010)	
1. Major components of deferred tax assets and liabilities		1. Major components of deferred tax assets and liabilities	
Deferred tax assets		Deferred tax assets	
Loss carried forward	3,801,247	Loss carried forward	2,794,607
Accrued bonuses	3,014,814	Accrued bonuses	1,335,462
Provision for retirement benefits	1,913,839	Provision for retirement benefits	1,954,691
Provision for directors' retirement benefits	169,913	Provision for directors' retirement benefits	141,591
Accrued legal welfare expenses	279,919	Accrued legal welfare expenses	129,347
Accrued business tax and accrued business office tax	206,932	Accrued business tax and accrued business office tax	165,897
Losses on valuation of securities and memberships, etc.	2,353,917	Losses on valuation of securities and memberships, etc.	1,916,376
Depreciation	792,010	Depreciation	685,448
Bad debts losses and allowance for doubtful accounts	187,094	Bad debts losses and allowance for doubtful accounts	190,937
Impairment losses	87,417	Provision for loss on construction contracts	49,447
Others	422,941	Impairment losses	75,363
Subtotal of deferred tax assets	13,230,049	Others	1,041,568
Valuation-type allowances	-5,816,143	Subtotal of deferred tax assets	10,480,739
Total deferred tax assets	7,413,905	Valuation-type allowances	-3,382,477
Deferred tax liabilities		Total deferred tax assets	7,098,262
Valuation difference on other available-for-sale securities	-1,118	Deferred tax liabilities	
Reserve for programs	-6,208	Valuation difference on other available-for-sale securities	-443,197
Valuation difference of land and surface right	-189,319	Deferred gains or losses on hedges	-9,204
Others	-596,193	Others	-831,674
Total deferred tax liabilities	-792,839	Total deferred tax liabilities	-1,284,075
Net deferred tax assets	6,621,066	Net deferred tax assets	5,814,186
2. Breakdown of major factors in the significant difference between the effective statutory tax rate and corporate tax burden rate after the application of the tax effect accounting	(%)	2. Breakdown of major factors in the significant difference between the effective statutory tax rate and corporate tax burden rate after the application of the tax effect accounting	(%)
Statutory tax rate	40.6	Statutory tax rate	40.6
(Adjusted)		(Adjusted)	
Amortization of goodwill	14.4	Amortization of goodwill	9.7
Unrecognized tax benefits of consolidated subsidiaries	0.7	Unrecognized tax benefits of consolidated subsidiaries	-28.1
Entertainment expenses and other items not to be included in expenses indefinitely	1.1	Entertainment expenses and other items not to be included in expenses indefinitely	0.5
Gain on dividend income not permitted for inclusion in expenses	-6.6	Gain on dividend income not permitted for inclusion in expenses	-3.0
Unrecognized impairment loss on securities	5.0	Increase/decrease in valuation reserve	-0.5
Reversal of temporary differences not able to be scheduled	2.1	Per-capita taxes and delinquency taxes	1.5
Per-capita taxes and delinquency taxes	4.0	Others	-0.2
Others	-2.1	Effective tax rate	20.5
Effective tax rate	59.2		

(Matters Related to Retirement Benefit)

FY2008 (From April 1, 2008 to March 31, 2009)

1. Overview of the adopted retirement benefits plan

The Company and its consolidated subsidiaries are operating defined benefit pension plans such as the Employees' Pension Fund System, the Tax-Qualified Pension Plan, and the Retirement Lump-Sum system.

Certain consolidated subsidiaries have established defined contribution pension plans.

They may sometimes pay additional retirement benefits to employees.

2. Matters related to the retirement benefit obligations (as of March 31, 2009) (Thousand yen)

Account	Amount
1) Retirement benefit obligations	-14,983,401
2) Pension assets	12,202,855
3) Unfunded retirement benefit obligations (1+2)	-2,780,545
4) Unsettled difference at change of accounting principle	1,168,758
5) Unrecognized actuarial differences	-1,405,942
6) Unrecognized prior service cost (Notes: 1)	-133,073
7) Net amount posted in the consolidated balance sheet (3+4+5+6)	-3,150,802
8) Prepaid pension expenses	1,468,457
9) Provision for retirement benefits (7-8)	-4,619,259

Notes: 1. Following the revision of the Welfare Pension Insurance Law made in March 2000, the parent company adopted a policy to revise the term in the fiscal year ended March 31, 2002 in order to raise the pensionable age for the substituted portion, so the prior service cost have occurred.

2. Some consolidated subsidiaries calculated the retirement benefit obligations using the simplification method.

3. Matters related to retirement benefit expenses (Thousand yen)

Account	Amount
1) Service expenses (Notes: 1)	1,471,402
2) Interest expenses	231,442
3) Expected return	-210,946
4) Differences at change of accounting principle charged to the expense	188,729
5) Actuarial differences charged to the expenses	-48,364
6) Prior service cost charged to the expenses (Notes: 2)	-33,634
7) Retirement benefit expenses (1 + 2 + 3 + 4 + 5 + 6)	1,598,629

Notes: 1. Employees' contributions to the Employees' Pension fund are excluded.

2. This is the amount of prior service cost charged to the expense in the fiscal year 2008 as indicated in Note 1 to "2. Matters related to the retirement benefit obligations" above.

3. The retirement benefit expense borne by consolidated subsidiaries employing the simplification method is included in "1) Service expenses."

4. Matters related to the basis for computation of the retirement benefit expense and other figures

1) Periodic allocation of expected retirement benefits	Fixed amount for each period
2) Discount rate	2.0% in general
3) Rate of expected return	2.0% in general
4) Years for amortization of prior service cost	With the straight-line method over the average remaining service years (10-13 years) of employees on payroll at occurrence.
5) Years for amortization of actuarial differences	With the straight-line method over the average remaining service years (10-13 years) of employees on payroll at occurrence from the fiscal year following occurrence.
6) Years for amortization of differences at change of accounting principles	15 years in general

FY2009 (From April 1, 2009 to March 31, 2010)

1. Overview of the adopted retirement benefits plan

The Company and its consolidated subsidiaries are operating defined benefit pension plans such as the Employees' Pension Fund System, the Tax-Qualified Pension Plan, and the Retirement Lump-Sum system.

Certain consolidated subsidiaries have established defined contribution pension plans.

They may sometimes pay additional retirement benefits to employees.

2. Matters related to the retirement benefit obligations (as of March 31, 2010) (Thousand yen)

Account	Amount
1) Retirement benefit obligations	-16,197,968
2) Pension assets	13,622,866
3) Unfunded retirement benefit obligations (1+2)	-2,575,101
4) Unsettled difference at change of accounting principle	980,028
5) Unrecognized actuarial differences	-237,303
6) Unrecognized prior service cost (Notes: 1)	-963,001
7) Net amount posted in the consolidated balance sheet (3+4+5+6)	-2,795,377
8) Prepaid pension expenses	2,045,204
9) Provision for retirement benefits (7-8)	-4,840,582

Notes: 1. Following the revision of the Welfare Pension Insurance Law made in March 2000, the parent company adopted a policy to revise the term in the fiscal year ended March 31, 2002 in order to raise the pensionable age for the substituted portion, so the prior service cost have occurred.

2. Some consolidated subsidiaries calculated the retirement benefit obligations using the simplification method.

3. Matters related to retirement benefit expenses (Thousand yen)

Account	Amount
1) Service expenses (Notes: 1)	1,598,518
2) Interest expenses	286,940
3) Expected return	-243,457
4) Differences at change of accounting principle charged to the expense	188,729
5) Actuarial differences charged to the expenses	-59,951
6) Prior service cost charged to the expenses (Notes: 2)	-33,634
7) Retirement benefit expenses (1 + 2 + 3 + 4 + 5 + 6)	1,737,144

Notes: 1. Employees' contributions to the Employees' Pension fund are excluded.

2. This is the amount of prior service cost charged to the expense in the fiscal year 2009 as indicated in Note 1 to "2. Matters related to the retirement benefit obligations" above.

3. The retirement benefit expense borne by consolidated subsidiaries employing the simplification method is included in "1) Service expenses."

4. Matters related to the basis for computation of the retirement benefit expense and other figures

1) Periodic allocation of expected retirement benefits	Fixed amount for each period
2) Discount rate	2.0% in general
3) Rate of expected return	2.0% in general
4) Years for amortization of prior service cost	With the straight-line method over the average remaining service years (10-13 years) of employees on payroll at occurrence.
5) Years for amortization of actuarial differences	With the straight-line method over the average remaining service years (10-13 years) of employees on payroll at occurrence from the fiscal year following occurrence.
6) Years for amortization of differences at change of accounting principles	15 years in general

(Merger)

FY2008 (From April 1, 2008 to March 31, 2009)

Not applicable.

FY2009 (From April 1, 2009 to March 31, 2010)

(Application of the purchase method)

CYBERNET SYSTEMS CO., LTD. ("CYBERNET SYSTEMS"), the Company's consolidated subsidiary, made WATERLOO MAPLE INC. its subsidiary by acquiring the shares of WATERLOO MAPLE INC. through CYBERNET HOLDINGS CANADA, INC., a special purpose company established and wholly owned by CYBERNET SYSTEMS.

1. Name of company acquired, details of its business, reasons for the merger, the date of the merger, the legal form of the merger, the name of a company after the merger, and the share of voting rights acquired

(1) Name of the company acquired and the details of its business

Name of company acquired — WATERLOO MAPLE INC.

Details of business — Development, sales and support of formula manipulation software and the multi-physics modeling environment

(2) Main reasons for the merger

By generating synergies from the combination of the know-how of the formula manipulation developed by CYBERNET SYSTEMS, and the superior technological competitiveness held by WATERLOO MAPLE INC. through this merger, the Company will further expand the model development method that has attracted interest as a manufacturing process in the global market, will strengthen the environment for developing increasingly sophisticated control design models, and will achieve comprehensive solutions for embedded software development.

(3) Date of the corporate combination: September 2, 2009

(4) Legal form of the merger: Acquistion of shares

(5) Name of company after the merger: WATERLOO MAPLE INC.

(6) Share of voting rights acquired: 100%

2. Period of the results of the company acquired that is included in the Company's consolidated financial statements

From September 1, 2009 to December 31, 2009

3. Costs for the acquisition of the company acquired and their details (Thousand yen)

Acquisition price	Cash and deposits	3,134,270
Expenses directly spent for the acquisition	Advisory fees, etc.	34,242
Acquisition costs		3,168,512

4. Amount and reasons for the incurrence of Goodwill, and the amortization method and period
   (1) Amount: 3,142,517 thousand yen
   (2) Reasons for the incurrence: Excess earnings capabilities that are expected to be achieved through future business development
   (3) Amortization method and period: Goodwill is evenly amortized over 15 years.

5. Important contractual provisions
   There is an item that states that the transfer price will be adjusted in accordance with the performance after the acquisition.

6. Assets and liabilities as of the date when the merger was accepted, and their details

Current assets	483,934 thousand yen
Noncurrent assets	163,160 thousand yen
Total assets	647,095 thousand yen
Current liabilities	571,169 thousand yen
Noncurrent liabilities	49,930 thousand yen
Total liabilities	621,100 thousand yen

7. Estimated impact of the merger on consolidated statements of income for the fiscal year under review based on the assumption that the merger was completed on the first day of the consolidated fiscal year under review

Net sales	449,098 thousand yen
Operating income	-148,915 thousand yen
Ordinary income	-172,008 thousand yen
Income before income taxes	-283,347 thousand yen
Net income	-107,024 thousand yen
Net income per share	-3.36 yen

The above estimated impact amounts have not been certified by auditors.

(Rental properties)

FY2009 (From April 1, 2009 to March 31, 2010)

The Company and certain of its consolidated subsidiaries own rental office buildings in Tokyo and other areas. Because these rental office buildings are used by the Company and its consolidated subsidiaries, they are classified as real estate that includes properties used as rental properties.

The amount of real estate that includes properties used as rental properties presented in the consolidated balance sheets, changes during the fiscal year under review, and its fair value are as follows:

(Thousand yen)

	Amount presented in the consolidated balance sheets			Fair value as of March 31, 2010
	As of March 31, 2009	Changes during FY2009	As of March 31, 2010	
Real estate that includes properties that are used as rental properties	47,287,530	-1,334,496	45,953,033	53,554,097

(Notes) 1. The amount presented in the consolidated balance sheets is the amount calculated by deducting accumulated depreciation and the accumulated impairment loss from the acquisition costs.
2. Changes in rental properties during FY2009 were mainly attributable to a decline in depreciation.
3. The fair value as of March 31, 2010 was determined mainly based on the amount that reflects the value appraised by real-estate appraisers, and other amounts based on indicators that are considered to appropriately reflect the market value.

Earnings from real estate that includes properties that are used as rental properties for the fiscal year ended 2010 were as follows:

(Thousand yen)

	Rent income	Rent expenses	Difference	Others (Loss (gain) from sales)
Real estate that includes properties that are used as rental properties	1,677,251	833,374	843,876	–

(Note) Because real estate that includes properties used as rental properties also includes the supply of services and properties used by certain consolidated subsidiaries, it is not included in the above rent income. Expenses associated with the above real estate (such as depreciation, repair expenses, and taxes and dues) are included in the rent expenses.

(Additional information)

From the consolidated fiscal year under review, the Company has applied the Accounting Standard for Disclosures about Fair Value of Investment and Rental Property (ASBJ Statement No. 20; November 28, 2008), and the Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Properties (ASBJ Guidance No. 23; November 28, 2008).

(Per-Share Information) (Yen)

FY2008 (From April 1, 2008 to March 31, 2009)		FY2009 (From April 1, 2009 to March 31, 2010)	
Net assets per share	2,137.03	Net assets per share	2,267.85
Net income per share	27.07	Net income per share	116.37
Fully diluted net income per share	27.06	Fully diluted net income per share has not been presented because there are no residual securities with diluting effects.	

Note: Basis for calculation

1. Net asset per share

	FY2008 (As of March 31, 2009)	FY2009 (As of March 31, 2010)
Total net assets on the consolidated balance sheets (thousand yen)	78,236,805	83,297,655
Net assets on common shares (thousand yen)	68,141,431	72,311,379
Breakdown of differences		
Stock acquisition rights (thousand yen)	46,566	95,886
Minority interests (thousand yen)	10,048,808	10,890,390
Number of shares outstanding (thousand shares)	35,746	35,746
Number of treasury stock (thousand shares)	3,860	3,860
Number of common shares used in calculation of net assets per share (thousand shares)	31,886	31,885

2. Net income per share and diluted net income per share

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Net income on the income statement (thousand yen)	883,470	3,710,405
Net income on common shares (thousand yen)	883,470	3,710,405
Amounts which do not belong to ordinary shareholders (thousand yen)	–	–
Average number of common shares during the fiscal year (thousand shares)	32,637	31,885
Fully diluted net income per share		
Adjusted net income (thousand yen)	-212	–
(Of the amount, the impact of residual securities issued by the Company's subsidiaries) (thousand yen)	(-212)	(–)
Outlines of potential shares not included in the computation of fully diluted net income per share because of the absence of diluting effect	(The Company) Type of stock Stock subscription rights under Article 280-19 of the former Commercial Law Number of potential shares: 761,200 shares Issue price: 6,680 yen Stock option resolved at the annual general meeting of shareholders on June 23, 2008 Number of shares associated with stock acquisition rights: 340,000 shares Issue price: 1,993 yen (Consolidated subsidiaries) Mercury Staffing Co., Ltd. Number of potential shares: 1,907 shares Issue price: 8,700 yen Cybernet Systems Co., Ltd. Number of potential shares: 679 shares Issue price: 140,333 yen	(The Company) Type of stock Stock subscription rights under Article 280-19 of the former Commercial Law Number of potential shares: 690,300 shares Issue price: 6,680 yen Stock option resolved at the annual general meeting of shareholders on June 23, 2008 Number of shares associated with stock acquisition rights: 300,000 shares Issue price: 1,993 yen (Consolidated subsidiaries) Mercury Staffing Co., Ltd. Number of potential shares: 1,907 shares Issue price: 8,700 yen

(Post-Balance Sheet Events)

Not applicable.

(Ommission of disclosure)

The disclosure of notes to information on related parties, financial instruments, securities, derivatives, stock options, and other related matters has been omitted, because the disclosure of such matters in the summary of financial results is not considered necessary.

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheet

(Thousand yen)

		FY2008 (As of March 31, 2009)		FY2009 (As of March 31, 2010)
Assets				
Current assets				
Cash and deposits		14,231,712		8,314,311
Notes receivable-trade		296,979		267,729
Accounts receivable-trade	*1	18,052,131	*1	16,355,071
Merchandise		149,514		197,957
Work in process		1,323,434	*5	594,497
Prepaid expenses		715,279		407,693
Deferred tax assets		3,027,788		2,921,322
Accounts receivable-other		—		1,495,757
Other		1,318,598		778,194
Allowance for doubtful accounts		-353,018		-57,985
Total current assets		38,762,419		31,274,548
Noncurrent assets				
Property, plant and equipment				
Buildings		53,631,186		53,900,440
Accumulated depreciation		-12,269,027		-14,488,381
Buildings, net		41,362,158		39,412,059
Structures		410,332		413,995
Accumulated depreciation		-183,907		-209,523
Structures, net		226,425		204,471
Vehicles		50,195		50,195
Accumulated depreciation		-32,292		-37,835
Vehicles, net		17,903		12,360
Tools, furniture and fixtures		6,597,052		6,735,613
Accumulated depreciation		-4,110,948		-4,765,130
Tools, furniture and fixtures, net		2,486,104		1,970,483
Lease assets		—		231,135
Accumulated depreciation		—		-17,202
Lease assets, net		—		213,932
Land	*3	29,971,969	*3	29,971,969
Construction in progress		71,239		68,298
Total property, plant and equipment		74,135,800		71,853,574
Intangible assets				
Software		2,642,291		3,040,099
Telephone subscription right		142,371		142,371
Other		1,299		1,032
Total intangible assets		2,785,961		3,183,503

(Thousand yen)

		FY2008 (As of March 31, 2009)	FY2009 (As of March 31, 2010)
Investments and other assets			
Investment securities		4,530,839	5,668,038
Stocks of subsidiaries and affiliates	*4	12,370,364	12,513,789
Long-term loans receivable from employees		5,234	4,395
Long-term loans receivable from subsidiaries and affiliates		8,500,000	6,400,000
Long-term accounts receivable-other		61,390	54,540
Long-term prepaid expenses		224,454	309,470
Lease and guarantee deposits		530,684	315,376
Deferred tax assets		270,238	—
Other		1,527,973	2,094,400
Allowance for doubtful accounts		-61,390	-54,879
Total investments and other assets		27,959,789	27,305,131
Total noncurrent assets		104,881,552	102,342,209
Total assets		143,643,972	133,616,758

(Thousand yen)

		FY2008 (As of March 31, 2009)		FY2009 (As of March 31, 2010)
Liabilities				
Current liabilities				
Accounts payable-trade	*1	3,462,952	*1	3,832,547
Short-term loans payable	*1	57,137,600	*1	27,030,900
Current portion of long-term loans payable		1,642,492		7,105,240
Lease obligations		—		54,115
Accounts payable-other		742,555		842,989
Accrued expenses		6,431,747		2,965,017
Income taxes payable		110,000		176,000
Accrued consumption taxes		1,420,769		1,012,491
Advances received		138,377		143,836
Deposits received		224,131		216,135
Unearned revenue		250,490		217,156
Provision for directors' bonuses		89,960		76,584
Provision for loss on construction contracts		—	*5	87,270
Other		13,856		11,317
Total current liabilities		71,664,932		43,771,602
Noncurrent liabilities				
Long-term loans payable		7,749,008		23,948,840
Lease obligations		—		160,871
Provision for directors' retirement benefits		133,127		147,750
Deferred tax liabilities		—		407,701
Other		1,428,460		1,434,177
Total concurrent liabilities		9,310,595		26,099,340
Total liabilities		80,975,528		69,870,943
Net assets				
Shareholders' equity				
Capital stock		26,200,289		26,200,289
Capital surplus				
Legal capital surplus		28,438,965		28,438,965
Total legal capital surplus		28,438,965		28,438,965
Retained earnings				
Legal retained earnings		451,673		451,673
Other retained earnings				
Reserve for software programs		25,751		—
General reserve		17,750,000		17,750,000
Retained earnings brought forward		7,189,117		7,310,459
Total retained earnings		25,416,542		25,512,132
Treasury stock		-8,097,292		-8,098,402
Total shareholders' equity		71,958,504		72,052,985
Valuation and translation adjustments				
Valuation difference on available-for-sale securities		-285,363		648,207
Revaluation reserve for land	*3	-9,051,263	*3	-9,051,263
Total valuation and translation adjustments		-9,336,626		-8,403,056
Subscription rights to shares		46,566		95,886
Total net assets		62,668,443		63,745,814
Total liabilities and net assets		143,643,972		133,616,758

(2) Non-Consolidated Income Statement

(Thousand yen)

		FY2008 (From April 1, 2008 to March 31, 2009)		FY2009 (From April 1, 2009 to March 31, 2010)
Net sales		82,153,670		70,606,162
Cost of sales		62,235,923	*1	54,061,384
Gross profit		19,917,746		16,544,777
Selling, general and administrative expenses				
Advertising expenses		317,251		245,953
Directors' compensations		293,423		385,175
Employees' salaries and bonuses		8,369,917		6,927,657
Retirement benefit expenses		388,369		415,210
Legal welfare expenses		1,071,455		1,236,003
Provision for directors' retirement benefits		20,158		24,973
Provision for directors' bonuses		89,960		84,199
Welfare expenses		535,142		423,031
Recruiting and training expenses		561,101		279,919
Traveling and transportation expenses		350,062		269,990
Stationery expenses		181,597		205,414
Rents		534,882		493,624
Commission fee		100,182		152,440
Taxes and dues		587,939		569,670
Provision of allowance for doubtful accounts		—		985
Depreciation		1,355,218		1,239,717
Research study expenses		513,043		636,814
Operations consignment expenses		1,779,659		1,370,459
Other		1,345,461		1,027,889
Total selling, general and administrative expenses		18,394,827		15,989,131
Operating income		1,522,919		555,646
Non-operating income				
Interest income	*3	139,298	*3	105,399
Dividends income	*3	734,442	*3	591,032
Rent income	*3	2,717,477		—
Other		300,885		257,293
Total non-operating income		3,892,103		953,724
Non-operating expenses				
Interest expenses	*3	693,115	*3	866,042
Cost of lease revenue	*3	1,494,647		—
Provision of allowance for doubtful accounts		43,551		57,034
Loss on retirement of noncurrent assets		48,473		51,583
Other		73,953		52,380
Total non-operating expenses		2,353,741		1,027,041
Ordinary income		3,061,281		482,329

(Thousand yen)

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Extraordinary income		
Surrender value of insurance	—	431,170
Gain on sales of investment securities	—	363,350
Total extraordinary income	—	794,520
Extraordinary loss		
Loss on valuation of stocks of subsidiaries and affiliates	816,999	—
Loss on liquidation of subsidiaries and affiliates	—	266,357
Loss on valuation of investment securities	1,529,943	61,445
Total extraordinary loss	2,346,943	327,802
Income before income taxes	714,337	949,047
Income taxes-current	63,829	69,411
Income taxes-deferred	509,520	146,309
Total income taxes	573,350	215,720
Net income	140,986	733,326

(3) Non-Consolidated Statement of Changes in Owners' Equity

(Thousand yen)

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	26,200,289	26,200,289
Balance at the end of the period	26,200,289	26,200,289
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	28,438,965	28,438,965
Balance at the end of the period	28,438,965	28,438,965
Total capital surplus		
Balance at the end of previous period	28,438,965	28,438,965
Balance at the end of the period	28,438,965	28,438,965
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	451,673	451,673
Balance at the end of the period	451,673	451,673
Other retained earnings		
Reserve for software programs		
Balance at the end of previous period	25,751	25,751
Changes of items during the period		
Reversal of reserve for software programs	—	-25,751
Total changes of items during the period	—	-25,751
Balance at the end of the period	25,751	—
General reserve		
Balance at the end of previous period	27,750,000	17,750,000
Changes of items during the period		
Reversal of general reserve	-10,000,000	—
Total changes of items during the period	-10,000,000	—
Balance at the end of the period	17,750,000	17,750,000
Retained earnings brought forward		
Balance at the end of previous period	2,208,399	7,189,117
Changes of items during the period		
Dividends from surplus	-988,519	-637,736
Net income	140,986	733,326
Reversal of reserve for software programs	—	25,751
Reversal of general reserve	10,000,000	—
Retirement of treasury stock	-4,171,748	—
Total changes of items during the period	4,980,718	121,341
Balance at the end of the period	7,189,117	7,310,459
Total retained earnings		
Balance at the end of previous period	30,435,823	25,416,542
Changes of items during the period		
Dividends from surplus	-988,519	-637,736
Net income	140,986	733,326
Disposal of treasury stock	-4,171,748	—
Total changes of items during the period	-5,019,281	95,590
Balance at the end of the period	25,416,542	25,512,132

(Thousand yen)

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Treasury stock		
Balance at the end of previous period	-8,564,231	-8,097,292
Changes of items during the period		
Purchase of treasury stock	-3,704,809	-1,110
Disposal of treasury stock	4,171,748	—
Total changes of items during the period	466,939	-1,110
Balance at the end of the period	-8,097,292	-8,098,402
Total shareholders' equity		
Balance at the end of previous period	76,510,846	71,958,504
Changes of items during the period		
Dividends from surplus	-988,519	-637,736
Net income	140,986	733,326
Purchase of treasury stock	-3,704,809	-1,110
Total changes of items during the period	-4,552,342	94,480
Balance at the end of the period	71,958,504	72,052,985
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	8,515	-285,363
Changes of items during the period		
Net changes of items other than shareholders' equity	-293,879	933,570
Total changes of items during the period	-293,879	933,570
Balance at the end of the period	-285,363	648,207
Revaluation reserve for land		
Balance at the end of previous period	-9,051,263	-9,051,263
Balance at the end of the period	-9,051,263	-9,051,263
Total valuation and translation adjustments		
Balance at the end of previous period	-9,042,747	-9,336,626
Changes of items during the period		
Net changes of items other than shareholders' equity	-293,879	933,570
Total changes of items during the period	-293,879	933,570
Balance at the end of the period	-9,336,626	-8,403,056
Subscription rights to shares		
Balance at the end of previous period	—	46,566
Changes of items during the period		
Net changes of items other than shareholders' equity	46,566	49,320
Total changes of items during the period	46,566	49,320
Balance at the end of the period	46,566	95,886
Total net assets		
Balance at the end of previous period	67,468,098	62,668,443
Changes of items during the period		
Dividends from surplus	-988,519	-637,736
Net income	140,986	733,326
Purchase of treasury stock	-3,704,809	-1,110
Net changes of items other than shareholders' equity	-247,313	982,890
Total changes of items during the period	-4,799,655	1,077,370
Balance at the end of the period	62,668,443	63,745,814

(4) Note on going concern assumptions

Not applicable.

(5) Basis of Significant Accounting Policies

Item	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
1. Valuation of securities	(1) Shares of subsidiaries ad affiliates Stated at cost as determined by the moving average method. (2) Other securities For those with market value: Stated at market value based on market prices, etc., as the end of the fiscal year (Unrealized valuation gains or losses are reported in the shareholders' equity, and sales costs are determined by the moving average method.) For those without market value: Stated at cost as determined by the moving average method.	(1) Shares of subsidiaries ad affiliates Same as on the left (2) Other securities For those with market value: Same as on the left For those without market value: Same as on the left
2. Valuation of derivatives, etc.	――――――	Derivatives Same as on the left
3. Valuation of inventories	Inventories Valuation standards are based on the cost method (the method of writing down the book value based on a fall in profitability). (1) Merchandise Stated at cost as determined with the moving average method. (2) Work in process Stated at cost on a specific identification method. (Change in accounting method) From the fiscal year under review, the Accounting Standard for Measurement of Inventories (ASB Statement No. 9, July 5, 2006) is applied. This change has no impact on the Company's earnings.	Inventories Valuation standards are based on the cost method (the method of writing down the book value based on a fall in profitability). (1) Merchandise Same as on the left (2) Work in process Same as on the left ――――――
4. Depreciation of fixed assets	(1) Property, plant and equipment (except leased assets) Computed with the declining balance method. However, buildings (excluding building attachments) acquired after April 1, 1998, are depreciated on a straight-line method. Major useful lives: Building and structures: 3 to 50 years Vehicles: 5 to 6 year Tools, furniture and fixtures: 2 to 20 years	(1) Property, plant and equipment (except leased assets) Same as on the left

Item	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
	(2) Intangible assets (except leased assets) Software for sale: Stated at the larger amount of either an amortizable amount based on the estimated sales volume during the valid sales period (less than 3 years) or an amortizable amount based on a straight-line method over the remaining valid sales period.	(2) Intangible assets (except leased assets) Software for sale: Same as on the left
	Software for the Company's own use: Amortized on a straight-line method over an estimated useful life (5 years) in the Company.	Software for the Company's own use: Same as on the left
	Other: Amortized on a straight-line method. (3) Leased assets Lease assets associated with finance leases other than those for which the ownership rights of the leased property are deemed to transfer to the lessee are amortized using the straight line method, with the lease period being the useful life and the residual value being zero. For finance leases other than those for which the ownership rights of the leased property are deemed to transfer to the lessee whose date of commencing the lease transaction is March 31, 2008 or earlier, accounting treatment similar to that for ordinary rental transactions is applied.	Other: Same as on the left (3) Leased assets Same as on the left
	(4) Investments and other assets (Long-term prepaid expenses): Computed with the declining balance method.	(4) Investments and other assets (Long-term prepaid expenses): Same as on the left
5. Standards for Recording Allowances	(1) Allowance for doubtful accounts To provide for possible bad debt losses at the end of the fiscal year, the Company records an allowance based on historical percentage for ordinary receivables and an estimated amount for specific uncollectible receivables.	(1) Allowance for doubtful accounts Same as on the left
	(2) Provision for directors' bonuses To provide for payments of bonuses to directors and corporate auditors, an allowance is recorded in the amount recognized to have accrued at the end of the fiscal year 2008 based on estimated amounts of payment at the end of the fiscal year.	(2) Provision for directors' bonuses Same as on the left

Item	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
	(3) Provision for retirement benefits To provide for payments of retirement benefits to employees, the Company records an amount recognized to have accrued at the end of fiscal year based on estimated amounts of retirement benefit obligations and pension assets at the end of the fiscal year. As the estimated amount of pension assets exceeded the estimated amount of retirement benefit obligations after deduction of unsettled difference at change of accounting principle, unrecognized actuarial differences, and unrecognized prior service cost. Consequently, the exceeded amount is booked as prepaid pension expenses and classified as “Other” in the “Investments and other assets” of the consolidated balance sheet. In addition, a difference arisen as a result of the change of accounting standards (3,915,026 thousand yen) is expensed equally, mainly over 15 years. Also, an actuarial difference is expensed equally from the fiscal year following its accrual over an average remaining service period (11 to 13 years) of employees at the time of the accrual. And prior service costs are accounted for based on an average remaining service period (13 years) of employees at the time of the accrual using the straight-line method.	(3) Provision for retirement benefits Same as on the left (Change in accounting method) From the fiscal year under review, the Partial Revision (Part 3) to the Accounting Standard for Retirement Benefit (ASBJ statement No. 19; July 31, 2008) is applied. This change has no impact on the Company’s operating income, ordinary income, or income before income taxes.
	(4) Provision for directors' retirement benefits The Company records amounts required to pay upon retirement of directors and corporate auditors at the end of the fiscal year, based on internal policies.	(4) Provision for directors' retirement benefits Same as on the left
	——————	(5) Provision for loss on construction contracts To provide for possible losses associated with made-to-order software development, the Company recorded estimated losses as at the end of the fiscal year under review from contracts for made-to-order software development, in which losses were expected and the amount of the losses could be estimated in an appropriate manner.

Item	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
6. Hedge accounting	——————	Hedge accounting Deferral hedge accounting is, in principle, adopted. Apecial accounting is applied to the interest-rate swap transactions that meet the requirements for special accounting. Hedging instruments and hedged items Hedging instruments: Interest-rate swaps, forward foreign exchange contracts and currency options Hedged items: Borrowings, and claims and liabilities denominated in foreign currencies Hedging policy Interest-rate swap transactions are entered to deter risks involved in borrowings from the fluctuations of interest rates. These transactions will never be entered for speculative purpose. Assessment of hedge effectiveness The Company assesses the effectiveness of hedging based on the extent of the fluctuations of hedged items and hedging instruments by semi-annually comparing the fluctuations of the market of hedged items or the fluctuations of accumulative cash flows with the fluctuations in the market of hedging instruments or the fluctuations of accumulative cash flows.
7. Standards for recording important revenues and costs	——————	Standards for recording revenues and costs relating to made-to-order software development Of the made-to-order software development contracts that started to be implemented during the fiscal year under review, the Company applied the percentage-of-completion method (the construction-cost-percentage method for estimating the degree of completion of software development) for contracts whose outcome at the end of the fiscal year under review is deemed certain. The Company applied the completed contract method to contracts other than the above.
8. Other important matters for the preparation of non-consolidated financial statements	Consumption Tax Amounts reflected are stated exclusive of consumption tax.	Consumption Tax Same as on the left

(6) Change in Significant Accounting Policies

(Change in Accounting Policies)

FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
(Accounting standards for lease transactions, etc.) For finance leases other than those for which the ownership rights of the leased property are deemed to transfer to the lessee, the accounting method similar to that used for that used for ordinary rental transactions was traditionally employed. From the fiscal year under review, a method similar to that used for ordinary trading transactions is used by applying the Accounting Standard for Lease Transactions (ASB Standard No. 13, June 17, 1993: the First Subcommittee of the Business Accounting Council); revised on March 30, 2007) and the Guidance on Accounting Standard for Lease Transactions (ASB Guidance No. 16 (January 18, 1994; Accounting System Committee of the Japanese Institute of Certified Public Accountants); revised on March 30, 2007). For finance leases other than those for which the ownership rights of the leased property are deemed to transfer to the lessee whose date of commencing the lease transaction is before the first fiscal year of application, an accounting method similar to that used for ordinary rental transactions continues to be used. There is no effect of adoption of the new accounting standard to profit and loss.	——————
——————	(Change in standards for recording revenues and costs relating to made-to-order software development) The Company applied the completed contract method as standards for recording revenues and costs relating to made-to-order software development. However, from the fiscal year under review, the Company started to apply the Accounting Standard for Construction Contracts (Accounting Standards Board of Japan Statement No. 15; December 27, 2007) and the Guidance on the Accounting Standard for Construction Contracts (ASBJ Guidance No. 18; December 27, 2007). Consequently, of the made-to-order software development contracts that began to be implemented during the fiscal year under review, the Company applied the percentage-of-completion method (the construction-cost-percentage method for estimating the degree of completion of software development) for contracts whose outcome at the end of the consolidate fiscal year under review is deemed certain. The Company applied the completed contract method to contracts other than the above. As a result of the changes as described above, net sales for the fiscal year under review rose 1,187,344,000 yen, and operating income, ordinary income and income before income taxes and minority interest each increased 268,916,000 yen.
——————	(Change in standards for recording real-estate rental revenues and costs) The Company recorded real estate rental revenues and costs in non-operating income and non-operating expenses, respectively. Starting the fiscal year under review, however, it is recording real-estate rental revenues and costs in net sales and cost of sales, respectively. The reason for the change is that we expect real estate rental revenues to increase and have changed our business purpose in the Articles of Incorporation. As a result of the changes described above, compared with figures based on the previous method, net sales and operating income for the fiscal year under review rose 2,902,808,000 yen and 1,386,611,000 yen, respectively. The change does not affect ordinary income and income before income taxes and minority interest.

(Changes in Presentation)

FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
	(Balance Sheets) Because "Accounts receivable - other" (946,495,000 yen for the previous fiscal year) that was included in "Other" of "Current assets" for the previous fiscal year has become significant, it is presented as a separate item for the fiscal year under review.
(Income Statement) 1. From the fiscal year under review, the Company divided the solution services business into two separate businesses: the software development-related business and the outsourcing business. This is because, in recent years, the solution services business has increasingly been involved in the sales activities of other businesses, the Company has decided to consolidate such activities in separate business segments so that it can provide segment information that reflects its current organizational structure. If the sales figures of business segments for the previous fiscal year are recalculated in accordance with this change, net sales of the software development-related business stood at 84,064,209,000 yen, and the cost of sales was 62,880,122,000 yen, while net sales of the outsourcing business amounted to 5,233,188,000 yen, and the cost of sales was 5,155,800,000 yen. 2. Presented independently in the preceding fiscal year, rents are included and presented as part of "Other" in selling, general and administrative expenses for the fiscal year under review, given that the amount was minor at 2,437 thousand yen.	(Income Statement) "Rent income" that was presented as a separate item in the previous fiscal year is included in "Other" of "Non-operating income" for the fiscal year under review (34,782,000 yen for the fiscal year under review).

(7) Notes to Non-Consolidated Financial Statements

(Non-Consolidated Balance Sheet) (Thousand yen)

FY2008 (As of March 31, 2009)	FY2009 (As of March 31, 2010)
*1. Assets and liabilities associated with affiliates Accounts receivable – trade 305,103 Accounts payable – trade 341,466 Short-term loans 2,500,000	*1. Assets and liabilities associated with affiliates Accounts receivable – trade 223,199 Accounts payable – trade 416,216 Short-term loans 3,600,000
2. The Company has offered a guaranty of liabilities to the following companies over their borrowings from financial institutions. KOUSOKUYA INC. 40,625 OA Laboratory Co., Ltd. 28,800 Total 69,425	2. The Company has offered a guaranty of liabilities to the following companies over their borrowings from financial institutions. KOUSOKUYA INC. 3,125 OA Laboratory Co., Ltd. 14,400 Total 17,525
*3. In accordance with the Law Concerning Revaluation of Land (Law No. 34 enacted on March 31, 1998, and revised on March 31, 2001), the Company revaluated its business-use land on March 31, 2002. In accordance with the Law Partially Revising the Law Concerning Revaluation of Land (Law No. 24 enacted on March 31, 1999), the Company booked the amount equivalent to the tax on the revaluation difference in Net assets as "Land revaluation difference. Method of revaluation: The Company computed by making reasonable adjustments to the obtained with the method decided and announced by the Commissioner of the National Tax Administration Agency for calculation of the land price as the basis of the taxable price for the land tax specified by Article 16 of the Land Tax Law (Law No. 69, 1991) defined by Article 2-4 of the Enforcement Order (Ordinance No. 119 issued on March 31, 1998) of the Law Concerning Revaluation of Land. Date of revaluation: March 31, 2002 Difference between the market price of the land at the end of the fiscal year 2008 when revaluation is made, and the book value after revaluation 413,185	*3. In accordance with the Law Concerning Revaluation of Land (Law No. 34 enacted on March 31, 1998, and revised on March 31, 2001), the Company revaluated its business-use land on March 31, 2002. In accordance with the Law Partially Revising the Law Concerning Revaluation of Land (Law No. 24 enacted on March 31, 1999), the Company booked the amount equivalent to the tax on the revaluation difference in Net assets as "Land revaluation difference. Method of revaluation: The Company computed by making reasonable adjustments to the obtained with the method decided and announced by the Commissioner of the National Tax Administration Agency for calculation of the land price as the basis of the taxable price for the land tax specified by Article 16 of the Land Tax Law (Law No. 69, 1991) defined by Article 2-4 of the Enforcement Order (Ordinance No. 119 issued on March 31, 1998) of the Law Concerning Revaluation of Land. Date of revaluation: March 31, 2002 Difference between the market price of the land at the end of the fiscal year 2009 when revaluation is made, and the book value after revaluation -365,757
*4. Shares of affiliates include 60 million yen worth of advances on subscriptions to goomo, inc., a new company established on April 1, 2009.	――――――――
――――――――	*5 Inventories relating to made-to-order software development that is likely to incur losses and provision for loss on construction contracts are separately presented, without being set off. Of inventories relating to made-to-order software development that is likely to incur losses, the amount corresponding to the provision for loss on construction contracts is a work in process of 84,702,000 yen.

(Non-Consolidated Income Statement)

(Thousand yen)

<table>
<tr><th>FY2008
(From April 1, 2008 to March 31, 2009)</th><th>FY2009
(From April 1, 2009 to March 31, 2010)</th></tr>
<tr><td>——————</td><td>*1. Provision for loss on construction contracts included in cost of sales
87,270</td></tr>
<tr><td>2. R&D expenses
R&D expenses include general and administrative expenses and manufacturing costs for this term, and are shown below:
R&D expenses 1,418,731</td><td>2. R&D expenses
R&D expenses include general and administrative expenses and manufacturing costs for this term, and are shown below:
R&D expenses 803,336</td></tr>
<tr><td>*3. Matters regarding transactions with affiliates are included as follows:
Interest income 124,577
Dividends income 661,271
Rent income 1,333,156
Other non-operating income 19,814
Interest expenses 28,420
Cost of rent income 294,665</td><td>*3. Matters regarding transactions with affiliates are included as follows:
Interest income 95,789
Dividends income 505,876
Other non-operating income 14,400
Interest expenses 37,487</td></tr>
</table>

(Non-Consolidated Statements of Changes in Owners' Equity)

FY2008 (From April 1, 2008 to March 31, 2009)

1. Treasury stock

Category	As of March 31, 2008	Increase	Decrease	As of March 31, 2009
Common stock (shares)	3,695,226	1,964,193	1,800,000	3,859,419

Note: Main component of increase/decrease is as follows:
Purchase of treasury stock: 1,962,500 shares
Purchase of odd-lot shares: 1,693 shares
Retirement of treasury shares: 1,800,000 shares

FY2009 (From April 1, 2009 to March 31, 2010)

1. Treasury stock

Category	As of March 31, 2009	Increase	Decrease	As of March 31, 2010
Common stock (shares)	3,859,419	689	–	3,860,108

Note: Main component of increase/decrease is as follows:
Purchase of odd-lot shares: 689 shares

(Lease Transactions) (Thousand yen)

<table>
<tr><th>FY2008
(From April 1, 2008 to March 31, 2009)</th><th>FY2009
(From April 1, 2009 to March 31, 2010)</th></tr>
<tr><td>1. Finance lease transaction (Lessee)
For finance leases other than those for which the ownership rights of the leased property are deemed to transfer to the lessee, an accounting method similar to that used for ordinary trading transactions is used. As of the end of the fiscal year under review, there is no corresponding lease contract.
For finance leases other than those for which the ownership rights of the leased property are deemed to transfer to the lessee whose date of commencing the lease transaction is March 31, 2008 or earlier, accounting treatment similar to that for ordinary rental transactions is implemented. Details are as follows.
(1) Acquisition cost, accumulated depreciation, impairment loss and year-end balance equivalents of the leased property
<table><tr><th></th><th>Acquisition cost</th><th>Accumulate depreciation</th><th>Year-end balance</th></tr><tr><td>Tools, furniture and fixtures</td><td>96,387</td><td>89,219</td><td>7,167</td></tr><tr><td>Software</td><td>171,396</td><td>161,487</td><td>9,908</td></tr><tr><td>Total</td><td>267,783</td><td>250,707</td><td>17,076</td></tr></table>
(2) Outstanding lease commitments and the year-end balance equivalents
Due within one year 6,476
Total 6,476

Balance at accumulated impairment loss on leased assets 2,520

(3) Lease payments, leased asset-impairment account, depreciation equivalents, interest equivalents and impairment loss
Lease payments 367,769
Reversal of accumulated impairment loss on leased assets 223,182
Depreciation equivalents 343,120
Interest equivalents 3,560

(4) Calculation of depreciation equivalents
Depreciation is based on the straight-line method, assuming the lease period to be the useful life and no residual value.

(5) Calculation of interest equivalents
Interest equivalents are defined as the difference between the total lease payments and acquisition cost equivalents and is allocated for each period using the simple-interest method.</td><td>1. Finance lease transaction (Lessee)
For finance leases other than those for which the ownership rights of the leased property are deemed to transfer to the lessee, an accounting method that is used for ordinary trading transactions is used. There were no lease contracts subject to the accounting treatment used for ordinary rental transactions as at the end of the fiscal year under review.</td></tr>
</table>

(Securities)

FY2008 (As of March 31, 2009)

1. Shares of subsidiaries and affiliates with market value (Thousand yen)

	Carrying amount	Market quotation	Difference
(1) Shares of subsidiaries	3,533,201	6,853,173	3,319,972
(2) Shares of affiliates	–	–	–
Total	3,533,201	6,853,173	3,319,972

FY2009 (As of March 31, 2010)

1. Shares of subsidiaries and affiliates (Thousand yen)

	Carrying amount	Market quotation	Difference
(1) Shares of subsidiaries	3,533,201	8,248,154	4,714,953
(2) Shares of affiliates	–	–	–
Total	3,533,201	8,248,154	4,714,953

(Note) Shares of subsidiaries and affiliates, the market value of which is considered to be very difficult to obtain

	Carrying amount
(1) Shares of subsidiaries	4,501,788
(2) Shares of affiliates	4,478,800

Because the above shares do not have market prices, it is considered to be very difficult to obtain their fair value. For this reason, these shares are not included in the “Shares of subsidiaries and affiliates” above.

(Tax Effect Accounting)

(Thousand yen)

FY2008 (As of March 31, 2009)

1. Major components of deferred tax assets and liabilities

Deferred tax assets	
Loss carried forward	345,577
Accrued bonuses	2,060,530
Accrued real-estate acquisition tax	11,206
Provision for directors' retirement benefits	54,049
Accrued legal welfare expenses	238,912
Accrued business tax and accrued business office tax	91,350
Bad debts losses and allowance for doubtful accounts	263,536
Impairment losses	3,735
Losses on valuation of securities and memberships, etc.	1,789,284
Depreciation	552,182
Others	331,904
Subtotal of deferred tax assets	5,742,270
Valuation-type allowances	-1,841,841
Total deferred tax assets	3,900,429
Deferred tax liabilities	
Prepaid pension cost	-596,193
Reserve for programs	-6,208
Total deferred tax liabilities	-602,402
Net deferred tax assets	3,298,027

2. Significant components of difference between statutory and effective tax rates

	(%)
Statutory tax rate	40.6
Entertainment expenses and other items not to be included in expenses indefinitely	9.0
Gain on dividend income not permitted for inclusion in expenses	-41.7
Increase/decrease of valuation reserve	59.4
Residence tax on per-capita basis, etc.	9.3
Others	3.7
Effective tax rate	80.3

FY2009 (As of March 31, 2010)

1. Major components of deferred tax assets and liabilities

Deferred tax assets	
Loss carried forward	1,108,494
Accrued bonuses	772,607
Provision for directors' retirement benefits	59,986
Accrued legal welfare expenses	92,623
Accrued business tax and accrued business office tax	86,884
Bad debts losses and allowance for doubtful accounts	264,998
Losses on valuation of securities and memberships, etc.	1,759,922
Depreciation	536,471
Provision for loss on construction contracts	35,432
Others	825,527
Subtotal of deferred tax assets	5,542,947
Valuation-type allowances	-1,754,774
Total deferred tax assets	3,788,173
Deferred tax liabilities	
Valuation difference on available-for-sale securities	-830,353
Prepaid pension cost	-443,050
Others	-1,148
Total deferred tax liabilities	-1,274,552
Net deferred tax assets	2,513,620

2. Significant components of difference between statutory and effective tax rates

	(%)
Statutory tax rate	40.6
Entertainment expenses and other items not to be included in expenses indefinitely	1.2
Gain on dividend income not permitted for inclusion in expenses	-19.0
Directors' bonuses not permitted for inclusion in expenses indefinitely	3.8
Others	-3.9
Effective tax rate	22.7

(Merger)

FY2008 (From April 1, 2008 to March 31, 2009)

Not applicable.

FY2009 (From April 1, 2009 to March 31, 2010)

Not applicable.

(Per-Share Information) (Yen)

FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Net assets per share 1,963.87 Net income per share 4.32	Net assets per share 1,996.16 Net income per share 23.00
Although the Company has a stock option program, fully diluted net income per share is not stated because net income per share does not decrease as a result of dilution.	Fully diluted net income per share has not been presented because there are no residual securities with diluting effects.

Note: Basis for calculation

1. Net asset per share

	FY2008 (As of March 31, 2009)	FY2009 (As of March 31, 2010)
Total net assets on the non-consolidated balance sheets (thousand yen)	62,668,443	63,745,814
Net assets on common shares (thousand yen)	62,621,877	63,649,928
Breakdown of differences Stock acquisition rights (thousand yen)	46,566	95,886
Number of shares outstanding (thousand shares)	35,746	35,746
Number of treasury stock (thousand shares)	3,859	3,860
Number of common shares used in calculation of net assets per share (thousand shares)	31,886	31,886

2. Net income per share and diluted net income per share

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Net income on the income statement (thousand yen)	140,986	733,326
Net income on common shares (thousand yen)	140,986	733,326
Amounts which do not belong to ordinary shareholders (thousand yen)	–	–
Average number of common shares during the fiscal year (thousand shares)	32,638	31,886
Outlines of potential shares not included in the computation of fully diluted net income per share because of the absence of diluting effect	Type of stock Stock subscription rights under Article 280-19 of the former Commercial Law Number of potential shares: 761,200 shares Issue price: 6,680 yen Stock option resolved at the annual general meeting of shareholders on June 23, 2008 Number of shares associated with stock acquisition rights: 340,000 shares Issue price: 1,993 yen	Type of stock Stock subscription rights under Article 280-19 of the former Commercial Law Number of potential shares: 690,300 shares Issue price: 6,680 yen Stock option resolved at the annual general meeting of shareholders on June 23, 2008 Number of shares associated with stock acquisition rights: 300,000 shares Issue price: 1,993 yen

(Post-Balande Sheet Events)

Not applicable.

6. Others

(1) Management turnover (effective June 28, 2010)

1) Changes of representative directors

Not applicable

2) Changes of other officers

(i) Candidates for new directors

Shigemi Ikushima, Executive Managing Director and Senior Executive Operating Officer (Currently Senior Executive Operating Officer)

Satoyasu Sakashita, Managing Director and Executive Operating Officer (Currently Executive Operating Officer)

(ii) Director to retire

Toshio Hasumi, Vice Chairman and Director and Vice Chairman and Operating Officer (remaining as the Vice Chairman and Operating Officer)

(2) Production, Orders, and Sales Situations (Consolidated)

1) Production performance (Thousand yen)

Segment by business type	FY2008 (From April 1, 2008 to March 31, 2009)		FY2009 (From April 1, 2009 to March 31, 2010)		Changes	
	Amount	%	Amount	%	Amount	%
Software development related business	99,439,780	79.1	84,925,528	77.3	-14,514,252	-14.6

Notes: 1. The figures are for the software development business.

2. Amounts are not inclusive of the consumption tax.

2) Orders (Thousand yen)

Segment by business type	FY2008 (From April 1, 2008 to March 31, 2009)		FY2009 (From April 1, 2009 to March 31, 2010)		Changes	
	Amount of orders	Outstanding balance of orders	Amount of orders	Outstanding balance of orders	Amount of orders	Outstanding balance of orders
Software development related business	131,769,888	24,649,126	113,923,807	26,868,393	-17,846,080	2,219,267

Notes: 1. The figures are for the software development business.

2. Amounts are not inclusive of the consumption tax.

3) Sales performance (Thousand yen)

Segment by business type	FY2008 (From April 1, 2008 to March 31, 2009)		FY2009 (From April 1, 2009 to March 31, 2010)		Changes	
	Amount	%	Amount	%	Amount	%
Software development related business	134,533,012	81.5	111,704,540	78.8	-22,828,471	-17.0
Outsourcing business	28,210,104	17.1	25,731,847	18.2	-2,478,256	-8.8
Other businesses	2,338,549	1.4	4,246,510	3.0	1,907,961	＋81.6
Total	165,081,666	100.0	141,682,899	100.0	-23,398,767	-14.2

Notes: 1. Amounts are not inclusive of the consumption tax.

2. From the consolidated fiscal year under review, the real-estate rental business is included in “Other businesses.” As a result, net sales of “Other businesses” rose 2,902,808,000 yen, compared with those based on the previous method.