

# Raising Quality to New Heights — SCS

Annual Report  
**2010**

Year ended March 31, 2010



**SCS**

Sumisho Computer Systems Corporation

# Corporate Vision —

*A global IT company utilizing talents of people and advantages of state-of-the-art technologies to promote business value by “pursuing a global standard in quality.”*

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## Core Competences

### Technical Leadership *Vendor-Accredited Certification*

- Microsoft Consulting Partner
- SAP Local Alliance Partner
- Oracle E-Business Suite Partner
- SAS Consulting Partner
- MySQL Platinum Partner

### Global Operations *Focus on Global Businesses*

- Operational Bases in the United States, Europe and Asia
- Offshoring in Asia
- Exploring Best-of-Breed Technologies

### Solid Customer Base *Strengthen Customer Base*

- Sumitomo Corporation Group
- Distributors
- Manufacturers
- Financial Institutions
- Telecommunications Industry
- Media Industry

#### **Notice Concerning Forward-Looking Statements:**

This annual report includes forward-looking statements relating to our future plans, objectives, forecasts, expectations and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The Company is under no obligation—and expressly disclaims any such obligation—to update or alter its forward-looking statements.

# A Message from the Management

## Fiscal Year 2009 Performance

The domestic economic situation remained challenging in fiscal year 2009, ended March 31, 2010. Stimulus packages implemented by the national government had their benefits and there emerged signs of a partial recovery in business conditions, but the self-sustained rally did not gain the necessary momentum to offset the impact of reduced corporate earnings and sluggish demand.

The IT industry also faced a difficult business environment. Client companies kept a cautious stance toward IT investment, and projects at many client companies have been at a near standstill since the end of fiscal year 2008. Despite these conditions, we still expected that better corporate

performances would spur a corresponding increase in IT investment in the second half. Unfortunately, IT investment's standing, especially among export-dependent manufacturers, hardly wavered.

Against this backdrop, Sumisho Computer Systems Corporation (SCS) actively pursued liquidation of and withdrawal from potentially unprofitable businesses as part of its strategy to reinforce its business foundation for further growth. Consequently, on a consolidated basis, net sales slipped 5.2%, to ¥127.3 billion, operating income tumbled 28.8%, to ¥6.4 billion, and net income dropped 18.2%, to ¥3.2 billion.

## Financial Highlights

Sumisho Computer Systems Corporation and its Subsidiaries

For the years ended March 31	Millions of yen			Thousands of U.S. dollars*
	2010	2009	2008	2010
Net sales	¥127,317	¥134,263	¥137,199	\$1,368,264
Net income	3,242	3,961	5,415	34,843
Total net assets	92,683	89,946	90,323	996,057
Total assets	117,545	114,210	117,099	1,263,247
Equity ratio (%)	78.5%	78.5%	76.6%	
Return on equity (%)	3.6%	4.4%	6.0%	
		Yen		U.S. dollars
Per share data (yen):				
Net income per share	¥64.9	¥78.10	¥102.52	\$0.69

\* The dollar amounts represent the arithmetical results of translating yen to U.S. dollars using the exchange rate prevailing on March 31, 2010, which was ¥93.05 to US\$1.00. Such dollar amounts are solely for the convenience of readers outside Japan and are not intended to imply that the yen amounts have been, or could be, readily converted, realized or settled in dollars at that rate or any other rate of exchange.

## Medium-term Business Direction

Our understanding of the current business environment, which will affect our business direction, is that the pervasive uncertainty caused by the recession will grow stronger and that a full-fledged recovery is not likely any time soon. However, while the situation forces us to accept that the economic terrain will be rough, IT concepts, especially cloud computing, is gaining wide attention and has precipitated a new era in IT services. Specifically, the market requires IT professionals to offer comprehensive services transcending the divisions between consulting, hardware and software.

Demand in this era is fueling industry realignment and

unprecedented competition in the IT industry at home and overseas, including from China and India. These are the key factors that characterize our current business environment. Aside from surviving amid heightened competition, our biggest priorities are to fortify and expand our profit base and, as incredibly basic as this sounds, improve our business quality as an IT service provider.

We have identified three particularly vital criteria that will address the business issues presented above and put the Group firmly on a medium-term growth track.

## Enhanced Selection and Concentration —Business Screening

First, we must be more astute in our approach to business selection and concentration. That is, we must sort out our businesses and allocate resources to those with particular growth potential.

To enhance this process, management will discuss the status of each business and determine current prospects as well as future potential, based on several indicators, including segment profitability and growth. With an eye to the kind of business composition best suited to success in the years ahead, we will carefully consider the future of each business

## Improved Quality of IT Services

Second, we must improve the quality of IT services.

The format of IT services has shifted on an industrywide scale from customized development to services, epitomized by cloud computing. This new demand perspective requires all those in the industry, including SCS, to deliver a higher level of service quality than previously provided.

## Management Practices that Emphasize Human Talent and State-of-the-Art Technologies

Third, we must continue to pursue management practices that emphasize human talent and the advantages inherent in state-of-the-art technologies.

At SCS, human resources and technologies are our most valuable assets, and we will put even more energy into developing and further enhancing these assets. We will set up a specialized, horizontal structure to nurture the capabilities of employees from a Companywide perspective and promote global and managerial talent. We also plan to develop and implement engineer-training programs in step with technology strategies. In addition, we will thoroughly enhance the working environment—a commitment exemplified by the change in location of the Tokyo office scheduled for autumn 2010—and provide settings in which employees can demonstrate skills to their full extent.

These three criteria are at the core of the Group's medium-term business direction.

If we calmly consider the still uncertain business environment around us, the situation could be viewed as an opportunity to draw on our basic strengths in preparation for the inevitable surge in growth that will help us attain our transformation into a global IT company.

and make choices with clarity and precision, regarding which activities to continue and which to leave behind.

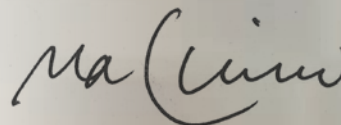
Through such an elimination process as part of our business screening, we will invest management resources—that is, human resources and capital—into businesses in key areas as well as new activities to realize higher profitability and growth potential. In addition, we will raise the effectiveness of this process by complementing the emphasis on investment with measures to facilitate changes in content precipitated by such screening.

To achieve the industry's top level of quality, we will endeavor to enhance quality control, establish a technology standard that supports the cloud- and service-oriented IT evolution, and develop IT professionals—architects—with excellent planning and proposal skills.

Against this business backdrop, we will adhere to a management vision that focuses on the creation of business value on a global basis, utilizing human talent and the advantages of state-of-the-art technologies, and achieve sustainable growth over the long term.

On behalf of the Board, I ask for your continued support and encouragement as we strive to reach our objectives.

August 2010



Nobuhide Nakaido  
Chairman & CEO



# Activities in Key Business Areas

To put the Group on a medium-term growth track, we will pursue the selection and investment of management resources—human resources and capital—in key business areas. At the present time, we are trying to develop five business areas: 1) the ProActive business; 2) global business; 3) business for financial institutions; 4) business for trading companies and distributors; and 5) new pursuits. A detailed description of each follows.

## ProActive Business

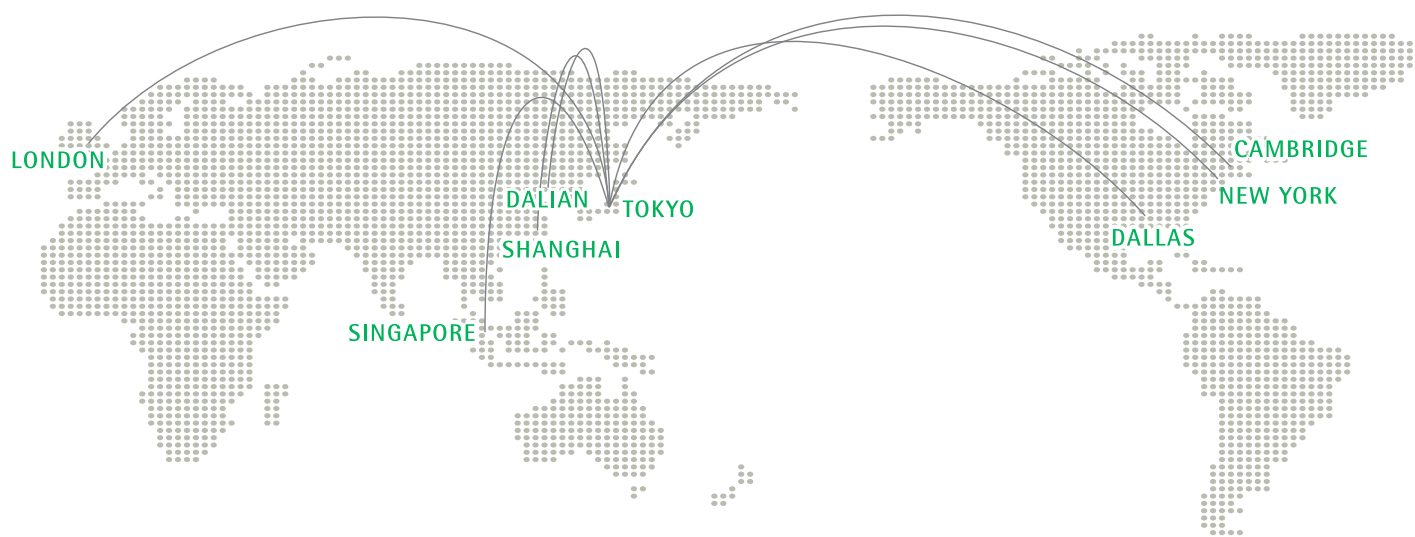
As the core element of our packaged software business, the ProActive business will be integral to a concerted approach in the implementation of International Financial Reporting Standards (IFRS), business expansion through enhanced sales management modules, and the creation of partnerships with prominent system integrators.



## Global Business

Our global business, embarked on well ahead of competitors, has been led by the promotion of ERP packages by SAP AG. Recently, we have achieved results in infrastructure-related areas as well. In the future, we will utilize our connection to the global network of the Sumitomo Corporation Group

to promote IT service support to Japanese companies, especially those in the financial and manufacturing sectors, which are expanding overseas, with a particular focus on Asia.



## Business for Financial Institutions

An increase in overseas, diversified investments by domestic institutional investors could boost demand for settlement systems, especially SWIFT\*. We will also assist domestic financial institutions in their business development efforts in Asia with support from an IT perspective, and we will put more resources toward restructuring and integration projects as industry realignment takes place in the domestic market.

\*SWIFT:  
Society for Worldwide Interbank Financial  
Telecommunication provides messages on  
financial transactions by banks and other  
financial institutions through an international  
network.



## Business for Trading Companies and Distributors

We have accumulated know-how and proven results in the distribution and wholesale sectors through the provision of IT services to the Sumitomo Corporation Group, and we will utilize this capacity to promote wider use of ERP by other distributors, including trading companies other than

Sumitomo Corporation.

We will support the growth of the entire Sumitomo Group, from an IT perspective, as it expands its business activities at an accelerated pace.

## New Pursuits

We will actively explore new business possibilities and the feasibility of establishing such businesses from various angles. Our emphasis will be on the field of energy and the environment as an area that could underpin the expansion

of the Company's business domains in the future, as well as efforts to cultivate new business demand through next-generation terminal use.

# Financial Section

The section from page 6 to page 36 is a literal translation into English of the Consolidated Financial Results for the Fiscal Years Ended March 31, 2009 and 2010, which were disclosed on April 28, 2010.

Certain reclassifications have been made to the consolidated financial statements in order to present them in a form more familiar to readers outside Japan.

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2010

April 28, 2010

Company Name: Sumisho Computer Systems Corporation  
 Securities Code: 9719  
 Stock Exchange Listing: Tokyo Stock Exchange, 1st Section  
 URL: <http://www.scs.co.jp>  
 Representative: Nobuhide Nakaido, Chairman & CEO  
 Inquiries: Yasuaki Matsuda, General Manager, Treasury & Accounting Division TEL: +81-3-5166-2500  
 Scheduled date of the Annual General Meeting of Shareholders: June 25, 2010  
 Scheduled date for dividend payment: June 11, 2010  
 Scheduled date for filing of Securities Report: June 25, 2010

(Amounts of less than ¥1 million are truncated)

## 1. Consolidated Business Results for Fiscal Year 2009 (April 1, 2009 to March 31, 2010)

### (1) Consolidated Operating Results

(Millions of yen unless otherwise stated)

(Percentage figures are changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
FY 2009	127,317	(5.2)	6,423	(28.8)	7,188	(24.5)	3,242	(18.2)
FY 2008	134,263	(2.1)	9,028	(12.4)	9,523	(9.7)	3,961	(26.8)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
FY 2009	64.90	64.83	3.6	6.2	5.0
FY 2008	78.10	77.95	4.4	8.2	6.7

(Reference) Equity in earnings of affiliates: Fiscal Year 2009 ¥13 million Fiscal Year 2008 ¥78 million

### (2) Consolidated Financial Position

(Millions of yen unless otherwise stated)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
As of March 31, 2010	117,545	92,683	78.5	1,847.95
As of March 31, 2009	114,210	89,946	78.5	1,794.31

(Reference) Shareholders' equity: As of March 31, 2010 ¥92,314 million As of March 31, 2009 ¥89,633 million

### (3) Consolidated Cash Flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
FY 2009	6,688	(6,786)	(3,004)	26,202
FY 2008	7,666	(9,347)	(4,347)	29,267

## 2. Dividends

	Dividends per share (Yen)					Total dividends (Millions of yen)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
FY 2008	—	16.00	—	16.00	32.00	1,624	41.0	1.8
FY 2009	—	16.00	—	16.00	32.00	1,606	49.3	1.8
FY 2010 (Forecast)	—	16.00	—	16.00	32.00		45.7	

## 3. Consolidated Financial Forecasts for Fiscal Year 2010 (April 1, 2010 to March 31, 2011)

(Millions of yen unless otherwise stated)

(Percentage figures are changes from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
		%		%		%		%	Yen
Six months ending September 30, 2010	61,500	0.1	1,900	(1.4)	1,900	(10.3)	700	(11.2)	14.01
Full Year	135,000	6.0	7,000	9.0	7,200	0.2	3,500	8.0	70.06



#### 4. Other

- (1) Changes in significant subsidiaries during the period (changes of specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Changes in accounting principles, procedures, disclosure methods, etc., in connection with the preparation of consolidated financial statements (to be stated in the “Changes of Significant Items to the Basis of Preparation of Consolidated Financial Statements”)

- 1) Changes in line with revisions to accounting and other standards: Yes
- 2) Changes in items other than 1) above: None

Note: Please refer to “Changes of Significant Items to the Basis of Preparation of Consolidated Financial Statements” on page 29 for details.

#### (3) Number of shares issued (Common stock)

- 1) The number of shares issued as of the period-end (including treasury stock)
 

As of March 31, 2010	54,291,447 shares
As of March 31, 2009	54,291,447 shares
- 2) The number of shares of treasury stock as of the period-end
 

As of March 31, 2010	4,336,711 shares
As of March 31, 2009	4,337,127 shares

Note: Please refer to “Per Share Information” on page 33 for details regarding the number of shares used to calculate net income per share on a consolidated basis.

#### (Reference) Summary of Non-Consolidated Business Results

##### 1. Non-Consolidated Business Results for Fiscal Year 2009 (April 1, 2009 to March 31, 2010)

##### (1) Non-Consolidated Operating Results

(Millions of yen unless otherwise stated)  
(Percentage figures are changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	%		%		%		%	
FY 2009	122,724	(3.5)	6,725	(26.7)	7,963	(17.3)	4,265	2.0
FY 2008	127,189	(1.8)	9,177	(3.6)	9,625	(2.7)	4,184	(16.6)

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2009	84.98	84.88
FY 2008	82.23	82.18

##### (2) Non-Consolidated Financial Position

(Millions of yen unless otherwise stated)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
As of March 31, 2010	117,210	93,141	79.3	1,852.55
As of March 31, 2009	111,613	89,392	80.0	1,779.05

(Reference) Shareholders' equity: As of March 31, 2010 ¥92,993 million As of March 31, 2009 ¥89,303 million

#### Cautionary Statement Concerning Forward-Looking Statements and Other Explanatory Notes

This report includes forward-looking statements relating to our future plans, objectives, forecasts, expectations and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements.

With regard to the assumptions on which financial forecasts are based and other explanatory notes in connection with the use of financial forecasts, please refer to “1. Business Results (1) Analysis of Business Results” on page 8.

## 1. Business Results

### (1) Analysis of Business Results

There emerged signs that the Japanese economy had begun to rally in the consolidated fiscal year ended March 31, 2010 (fiscal year 2009). This was largely attributable to the positive impacts of various economic policies implemented both in Japan and abroad. In overall terms, however, the self-sustaining upswing in domestic private-sector demand was weak. Together with a high jobless rate, the employment and general operating environment reflected persistent and severe business conditions.

With steady progress achieved in inventory management and the recovery recorded by various newly emerging economies, particularly throughout Asia, exports and production entered a growth trajectory. In addition, visible signs of a positive turnaround in corporate-sector earnings became evident, with business sentiment, largely among major corporations within the manufacturing sector, on the improve. In contrast, small and medium-sized enterprises continued to adopt a cautious view of the business conditions. Despite signs that the drop in capital investment had bottomed out, the ongoing sense of overcapacity was still strong. Thus capital investment was soft throughout the fiscal year.

In terms of the business environment for the industries in which Sumisho Computer Systems Corporation (“SCS” or “the Company”) is involved, trends in Japan’s corporate-sector software investment saw a substantial decline in the fiscal year under review. Individual companies took an increasingly strict stance toward the assessment and consideration of IT investments. Outlays were restricted to strategic investments that would provide opportunity for new demand or investments that would guarantee a clearly defined cost-benefit performance such as cost efficiency enhancement. In this regard, the corporate sector has adopted a highly selective approach toward IT investment. Under these circumstances, the decline in project numbers and scale became more and more prominent contributing to an extremely constricted and competitive business environment for the industry.

Despite this cautious business sentiment, senior executives recognize the importance of strategic IT investment in medium- to long-term business development and growth. Large corporations in particular drove relatively solid flows of IT investment into R&D, improvements in management efficiency as well as into renewal of enterprise resource planning (ERP) systems to strengthen operating platforms in connection with industry reorganizations.

Taking all of the aforementioned into consideration, the Company took steps to bolster its business and operating base in fiscal year 2009 by implementing the following initiatives.

- Placed greater emphasis on business selection and concentration — Implemented measures aimed at improving and reinforcing business profitability including the rationalization of or withdrawal from unprofitable businesses of subsidiaries; strengthened the overall business base of the SCS Group.
- Placed additional weight on efforts to strengthen global services — Engaged in activities designed to advance SCS Group’s global client support, including the enhancement of overseas bases.
- Undertook to augment the packaged software business — Fortified sales management module functions and promoted marketing strategies for ProActive, the Company’s proprietary ERP package software.
- Endeavored to further deepen relationships with existing key client companies for the fiscal year under review, who focus on domestic demand.
- Promoted in-house development within the SCS Group, including offshore software production to improve productivity and increase cost efficiency of the outsourced businesses. At the same time, enhanced software quality as well as development process efficiency while engaging in an ongoing review of standards processes for systems development.
- Bolstered internal controls and undertook a review of operations aimed at upgrading information security. For example, pushed forward with preparations for a reconstruction of the Company’s ERP system in an effort to pursue greater efficiency in all business processes.

Guided by the aforementioned initiatives, in the consolidated fiscal year ended March 31, 2010, the SCS Group’s net sales decreased 5.2% compared with the previous fiscal year, to ¥127,317 million, due to a sales decline to export-related manufacturers and to financial institutions including security firms as well as a sales decline of network-related hardware, while sales to distributors increased. Ordinary income fell 24.5% year on year to ¥7,188 million due to the lower earnings in line with the downturn in business within each of the aforementioned sectors.

Net income decreased 18.2% compared with the previous fiscal year, to ¥3,242 million. This was partly attributable to extraordinary loss on liquidation of consolidated subsidiaries and write-down on valuation of relevant goodwill and software.

The SCS Group's sales by type of solution for the consolidated fiscal year under review were as follows:

(Units: Millions of Yen, %)

	Fiscal Year 2008 (April 1, 2008 to March 31, 2009)		Fiscal Year 2009 (April 1, 2009 to March 31, 2010)		Increase / Decrease	
	Amount	Share (%)	Amount	Share (%)	Amount	Y o Y changes (%)
Industrial Solutions	66,968	49.9	62,329	49.0	(4,639)	(6.9)
ERP Solutions	16,440	12.2	14,850	11.7	(1,589)	(9.7)
Platform Solutions	50,854	37.9	50,137	39.3	(717)	(1.4)
Total	134,263	100.0	127,317	100.0	(6,946)	(5.2)

(Industrial Solutions)

In Industrial Solutions, sales declined 6.9% from the same period last year, to ¥62,329 million, as a decline in sales to manufacturers and to financial institutions including securities firms, along with the accounting effect of a merger with a subsidiary during the previous fiscal year, offset stronger sales to distributors and to the telecommunications and transportation industry.

(ERP Solutions)

In ERP Solutions, sales slipped 9.7% from the same period last year, to ¥14,850 million, mainly because a fall in sales to industries such as distributors, more than offset a rise in sales to manufacturers and financial institutions.

(Platform Solutions)

In Platform Solutions, sales were down 1.4% from the same period last year, to ¥50,137 million, due mainly to lower sales to the telecommunications industry outweighing stronger sales to distributors.

Sales for the consolidated fiscal year under review classified by software development, information processing and packaged software/hardware were as follows.

(Units: Millions of Yen, %)

	Fiscal Year 2008 (April 1, 2008 to March 31, 2009)		Fiscal Year 2009 (April 1, 2009 to March 31, 2010)		Increase / Decrease	
	Amount	Share (%)	Amount	Share (%)	Amount	Y o Y changes (%)
Software Development	49,182	36.6	43,376	34.1	(5,805)	(11.8)
Information Processing	35,702	26.6	36,083	28.3	381	1.1
Packaged Software/Hardware	49,379	36.8	47,856	37.6	(1,522)	(3.1)
Total	134,263	100.0	127,317	100.0	(6,946)	(5.2)

(Software Development)

In Software Development, sales declined 11.8% from the same period last year, to ¥43,376 million, due mainly to a drop in sales to manufacturers and to financial institutions including securities firms, which offset higher sales to the telecommunications and transportation industry.

(Information Processing)

In Information Processing, sales were up 1.1% from the same period last year, to ¥36,083 million, thanks to a rise in sales to distributors and other industries, which offset a drop in shipments to manufacturers, and to the accounting effect of the merger with a subsidiary during the previous fiscal year.

(Packaged Software/Hardware)

In the Packaged Software/Hardware sales segment, a year-on-year fall in sales to manufacturers and the telecommunications industry, and lower sales to academic institutions during the previous fiscal year, among other factors, outweighed a rise in shipments to distributors and other industries. As a result, sales were down 3.1% from the same period last year, to ¥47,856 million.

#### Fiscal Year 2010 Outlook

The Japanese economy is projected to experience a steady recovery on the back of robust external demand throughout Asia including China, and the improving performance of the major manufacturers expanding their footprint in Asian countries as well as non-manufacturers and small and medium-sized enterprises. Also, there are signs that the decline in capital investment by the corporate sector has bottomed out. Nonetheless, potential economic downside risks remain with persistently harsh employment conditions, the uncertain outlook for the world economy, especially in Europe, and continued deflation in Japan.

Cutbacks in IT investment are projected to persist for the foreseeable future business environment as client companies have continued to stringently evaluate the validity and necessity of IT investment. On a brighter note, certain companies are expected to actively leverage IT investment to boost competitive advantage and enhance group operating efficiency in efforts to secure long-term business development and growth; many of them are anticipated to enter an upward IT investment spiral after they confirm improved business performance.

Under these circumstances, the SCS Group will endeavor to execute several measures including the expansion of our revenue base, improvement of business quality and enhancement of human resources and technological capabilities in an effort to become a top tier IT service provider.

In specific terms, the SCS Group will (1) strengthen its business screening capabilities and allocate personnel, capital and other management resources to priority and new business fields; (2) improve its IT service quality taking into consideration the shift in the IT industry from an emphasis on customized software development to service delivery; and (3) focus on implementing priority measures aimed at enhancing human resources and technological capabilities, including efforts to foster advanced IT and global personnel. At the same time, SCS will promote growth through M&A and business alliances as a part of the overarching goal to further bolster and expand the Company's business and earnings base.

In promoting and pursuing each of the aforementioned management initiatives, consolidated financial forecasts for the fiscal year ending March 31, 2011 are as follows.

	(Units: Millions of Yen, %)	
	Full year forecast	YoY
Consolidated net sales	135,000	+6.0%
Consolidated operating income	7,000	+9.0%
Consolidated ordinary income	7,200	+0.2%
Consolidated net income	3,500	+8.0%

The forward-looking statements including financial forecasts reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. The forecasts themselves may be revised in the future.

## (2) Analysis of Financial Position

### Analysis of Assets, Liabilities, Net Assets and Cash Flows

Cash and cash equivalents as of the end of the consolidated fiscal year under review amounted to ¥26,202 million, down ¥3,064 million compared with the end of the previous consolidated fiscal year. The increase or decrease of respective cash flows and reasons thereof are as follows:

#### (Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥6,688 million.

Major cash inflows comprise income before income taxes of ¥5,068 million and depreciation and amortization of ¥3,157 million. Principle cash outflows include a ¥2,122 million increase in notes and accounts receivable–trade and ¥3,018 million in income taxes paid.

#### (Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥6,786 million.

Major cash outflows include ¥1,704 million for purchase of property, plant and equipment, the bulk of which was used to augment the Data Center, ¥2,959 million for purchase of intangible assets including software, ¥2,608 million for purchase of investment securities and ¥1,350 million for payments for lease and guarantee deposits. The principal cash inflow was from proceeds from sales and redemption of securities totaling ¥1,521 million.

#### (Cash Flows from Financing Activities)

Net cash used in financing activities was ¥3,004 million.

Major cash outflows include ¥750 million in redemption of bonds, ¥803 million in fiscal year 2008 year-end dividend payment (at ¥16 per share) and ¥803 million in fiscal year 2009 interim dividend payment (also at ¥16 per share).

Turning to cash flows in the fiscal year ending March 31, 2011, the Company is projecting net cash provided by operating activities of approximately ¥10,000 million coming mainly from income before income taxes as well as depreciation and amortization. As regards its net cash provided by (used in) investing activities, the Company plans to undertake capital investments with the view to expanding its business and earnings base. Cash dividends paid are again expected to comprise a significant portion of net cash used in financing activities, which is expected to amount to approximately ¥1,600 million with a planned year-end and interim dividends payment at ¥16 per share.

#### (Reference) Trends in Cash Flow-Related Ratios

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Equity Ratio (%)	75.8	78.2	76.6	78.5	78.5
Market Value Equity Ratio (%)	101.0	113.3	82.7	49.6	57.6
Ratio of Interest-Bearing Liabilities to Cash Flows (%)	—	—	10.6	16.8	33.3
Interest Coverage Ratio (Times)	—	—	1,895.8	316.1	535.3

Equity ratio: Equity capital/total assets

Market value equity ratio: Aggregate market value of shares/total assets

Ratio of interest-bearing liabilities to cash flows: Interest-bearing liabilities/cash flows

Interest coverage ratio: Cash flows/interest payments

- Notes:
1. Each ratio is calculated based on the consolidated financial results.
  2. Aggregate market value of shares is calculated by multiplying the fiscal year-end closing share price with the number of shares issued as of the fiscal year-end (after deducting treasury stock).
  3. As regards cash flows, cash flows from operating activities are used.
  4. Interest-bearing liabilities include all interest-bearing liabilities under liabilities recorded on the consolidated balance sheets.

### **(3) Basic Policy on the Appropriation of Profits, Dividends for the Fiscal Year Ended March 31, 2010 and the Fiscal Year Ending March 31, 2011**

With respect to the appropriation of profits to shareholders, SCS has adopted the basic policy to consistently deliver stable dividends to its shareholders while considering a wide range of factors including the Company's financial condition on a consolidated basis, earnings trends and its established dividend payout ratio.

At the same time, considering rapid and dramatic technological innovation in the information services industry, SCS's principal field of activity, as well as shifts in market structure, the Company recognizes the critical need to retain an adequate level of internal reserves to ensure that SCS is consistently in the position to strengthen and expand its business and earnings base by pursuing capital and business alliances as well as acquisitions and to upgrade the Company's R&D and other facilities. Ultimately, SCS is guided by the overarching goal to enhance corporate value.

As part of its basic policy on the appropriation of profits, SCS undertakes the payment of an interim and fiscal year-end dividend twice a year. Payment of both the interim and fiscal year-end dividends is determined by the Board of Directors.

Furthermore, as a part of the Company's efforts to return profits to shareholders, SCS takes steps to acquire treasury stock as appropriate. The timing and amount of treasury stock acquisition is determined after taking into consideration a variety of factors including share price trends as well as financial and earnings conditions.

Guided by the aforementioned policy, SCS plans to undertake the payment of dividends in the fiscal year ended March 31, 2010 and the fiscal year ending March 31, 2011, in accordance with details outlined in "2. Dividends" on page 6.

### **(4) Business Risks**

Risks with the potential to significantly impact the business, that is, the operating results and financial standing of the SCS Group, are presented below. The forward-looking statements contained in the descriptions below are forecasts based on our decisions, targets, certain premises, or assumptions as of the date on which this Consolidated Financial Report was filed.

#### **1) Business Environment Risk**

In recent years, the information services industry in which the SCS Group is engaged has been characterized by heightened competition and a persistent reduction in project prices, including a decline in hardware prices. If, in this business environment, such developments as a change in economic conditions were to prompt sudden and sizable adjustments in the IT investment trend of client companies, or price competition in the industry were to continue at a drastically intensified level over the current level, the SCS Group's operating results and financial standing could be adversely affected.

#### **2) Risks Inherent in Information System Development**

The SCS Group undertakes the development and customization of various information systems of client companies. If the desired level of quality cannot be achieved because the lead time is too short for the complexity of the system to be developed, or if costs increase because a project cannot be completed within the promised time frame, such circumstances could exert an effect on the SCS Group's operating results. The SCS Group utilizes the products and services of many outside contractors, including software development companies based outside of Japan, to boost production capacity, improve cost efficiency, and access technological strengths and expertise complementary to its own. However, this entails a possibility that could prevent the SCS Group from sustaining expected levels of productivity and quality.

To minimize such risks, dedicated teams check each project at the estimate stage, monitor progress in the development process, and verify outside contractors for the quality of service delivered. In addition, they methodically work to prevent unforeseen malfunctions in any aspect of a system to be delivered, and toward this end, investigate outside contractors thoroughly, carefully track the progress of outsourced operations and meticulously ensure adherence to high quality control standards.

### 3) Risks Inherent in Technological Innovation

Technological innovation unfolds at a fast pace in the information services industry, the business domain of the SCS Group. Consequently, new breakthroughs could obsolete the technologies, competence, expertise, and other intangible resources that the SCS Group currently possesses. In addition, rapidly changing industry standards for technologies applied to software, hardware, and other components used in system integration for client companies, the SCS Group's core area of profitability, could erode the SCS Group's technological superiority or price advantage. Therefore, if the SCS Group is unable to sufficiently predict technological trends within the industry, this could adversely affect its operating results. Conversely, even in those situations where the SCS Group has accurately predicted trends, if it is unable to respond appropriately then its operating results could also be negatively affected.

To respond in a timely and accurate manner to technological innovation, the SCS Group seeks to nurture the development of skills among employees and emphasizes careful investigation and acquisition of the latest in breakthrough developments. In addition, rather than relying on a single technology, skill set, or product that generates unduly high profit, the SCS Group seeks to expand its business reach by diversifying system integration-related technologies and product procurement capabilities.

### 4) Information Security Risk

In the course of business of the SCS Group, from system development through to the operation of a system, members of the SCS Group may gain access to various types of confidential information, such as system technology data belonging to client companies or personal information stored by client companies. If such confidential information were to leak out or be tampered with due to a computer virus, illegal access, human error, malfunction of a client's system, or any other reason, such an event could invite claims for damages from client companies or other parties and could result in and undermine the SCS Group's credibility and its operating results could also be negatively affected.

Therefore, members of the SCS Group adhere to strict rules of compliance, reinforce physical security measures, and implement information security measures such as education and training programs for employees and outside contractors that handle a variety of confidential information. The SCS Group demands that outside contractors comply with the same standards for information security and meticulous information management to which the SCS Group itself adheres. The SCS Group uses several approaches, including educational seminars and onsite reviews, when necessary, to enforce information security of outside contractors.

### 5) Risks Inherent in Investment Activities

To reinforce its ability to provide solutions, maintain production capabilities, secure technological expertise in leading-edge fields, and ensure access to products such as the latest software and hardware, the SCS Group pursues the provision of loans and other credit to domestic and foreign corporations and ventures, for the purchase of prototype products from those corporations. Also, the SCS Group pursues investment geared to the development of packaged software and new services in important or new business areas.

When considering an investment, the SCS Group looks carefully into the business plans of the target company and the project in which the SCS Group invests, as well as the risk-return factor and other matters that underpin sound investments. A risk management system is in place to track plan status and monitor progress on the project once an investment position has been taken.

Nevertheless, such investments may not yield the anticipated returns, or worse, incur a loss, especially if the company in which the SCS Group has invested turns in a poor fiscal performance or fails to achieve its stated goals. This could exert a negative impact on the SCS Group's operating results.

### 6) Possibility of Lawsuits

The SCS Group sells and distributes to many client companies software, hardware, and other components developed and manufactured by companies outside the SCS Group. These business activities could precipitate lawsuits filed by third parties over such issues as infringement of intellectual property rights against such companies, who are outside of the SCS Group. The content and results of such lawsuits could adversely affect the SCS Group's operating results.

#### 7) Risk of Impairment of Property, Plant and Equipment

As of the end of the current consolidated fiscal year, the SCS Group owned land and buildings used for offices, data centers, and company housing, including dormitories, with a total book value of ¥26,726 million. These assets are classified as the SCS Group's shared assets. As a result, the operating results of the SCS Group could be affected depending on trends in the market value of land and the status of revenues of the SCS Group.

However, these assets have been allocated into reasonable units for generating cash flows for evaluation of collectability. As a result of such evaluation, there was no property, plant and equipment subject to recognition of impairment losses in the consolidated fiscal year under review.

#### 8) Product Procurement Risk

The SCS Group offers its client companies a wide assortment of optimal products, including software and hardware, from domestic and foreign vendors. Members of the SCS Group locate and purchase products in overseas markets and pinpoint technology trends by utilizing overseas bases and networks. Business strategies common to both the SCS Group and its business partners at home and abroad help to identify trends and stabilize procurement.

However, a sudden shift in the business strategies of vendors could alter product specifications and bring supply to a halt. The impact of such changes could adversely affect the SCS Group's operating results.

#### 9) Risks Relating to Doubtful Accounts

The SCS Group undertakes product sales, consigned system development, and provision of various services to numerous client companies. Since the fees for such transactions are usually collected in arrears, a deteriorating financial standing of client companies could delay, or render it difficult to execute, the collection of the Company's receivables, adversely affecting the SCS Group's operating results.

Therefore, independent from business units, the SCS Group manages credit exposure, scrutinizes client companies' credit standing and sets up appropriate credit limits, while regularly monitoring the postponement or collection status of receivables. The SCS Group also posts an allowance for doubtful accounts and implements other accounting measures as deemed necessary.



## 2. Information on Group Companies

The SCS Group is comprised of Sumisho Computer Systems Corporation, its 13 subsidiaries and five affiliated companies and has engaged primarily in software development, information processing services, packaged software and software sales, and the operation and management of information networks and data centers. Its parent company, Sumitomo Corporation, is also a major business partner.

Changes in SCS Group companies during the current consolidated fiscal are presented as follows:

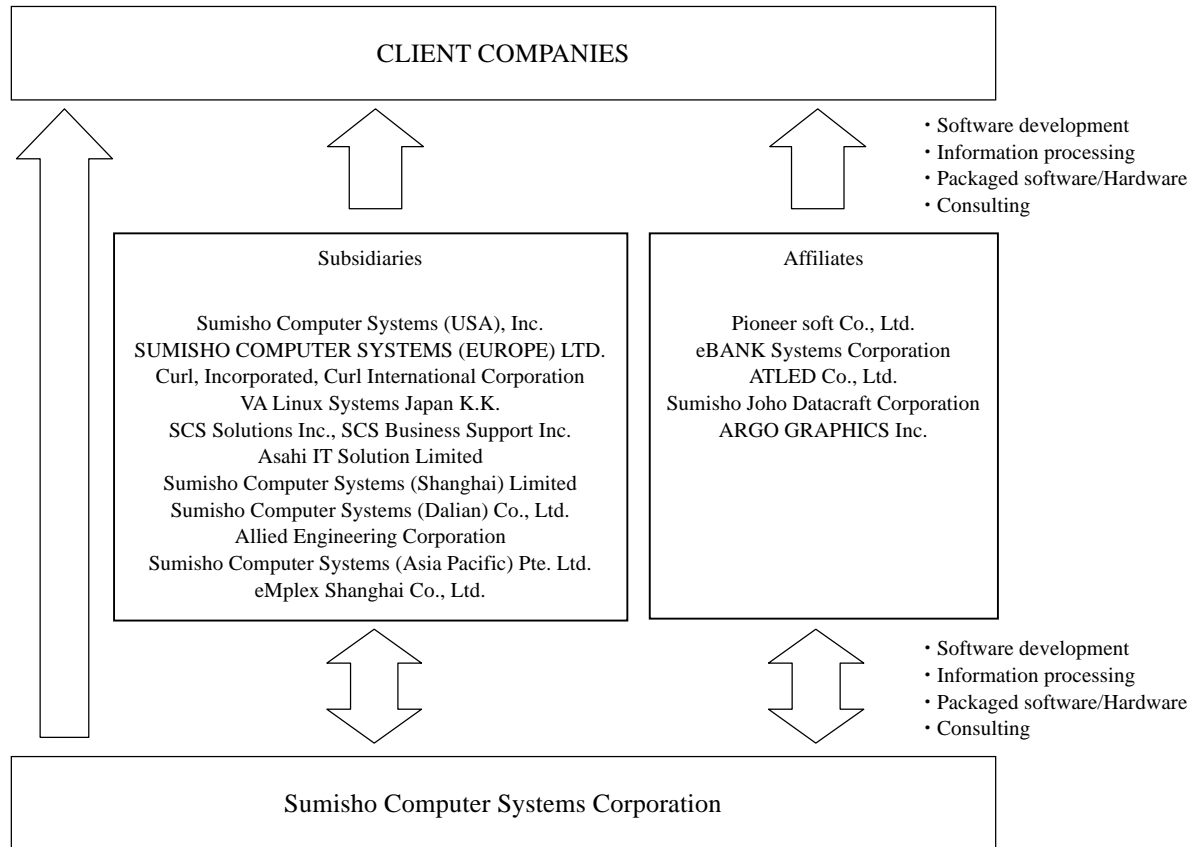
A portion of the business of the consolidated subsidiary SCS Solutions Inc. was transferred to the Company by way of corporate separation as of April 1, 2009. Effective September 1, 2009, all of the business of the consolidated subsidiary eMplex, Co., Ltd. was transferred to the Company. Then, upon completion of special liquidation proceedings on February 2, 2010, eMplex, Co., Ltd. was removed from the SCS Group's scope of consolidation. Also, as of December 22, 2009, Component Square, Inc. was removed from the SCS Group's scope of consolidation as the company was no longer an equity-method affiliated company upon completion of its liquidation proceedings. As of December 31, 2009, the consolidated subsidiary Sumisho Computer Systems (USA), Inc. sold its entire stake in its subsidiary B4 Consulting, Inc., and, as a result, B4 Consulting, Inc. was removed from the Company's scope of consolidation.

SCS Group companies are categorized according to their principal business activity as follows:

Overseas Subsidiaries (Seven companies)	
Sumisho Computer Systems (USA), Inc. SUMISHO COMPUTER SYSTEMS (EUROPE) LTD. Curl, Incorporated Sumisho Computer Systems (Shanghai) Limited Sumisho Computer Systems (Dalian) Co., Ltd. Sumisho Computer Systems (Asia Pacific) Pte. Ltd. eMplex Shanghai Co., Ltd.	
Systems Development / Information Processing Services, Other (11 Companies)	
«Subsidiaries (Six companies)» Curl International Corporation VA Linux Systems Japan K.K. SCS Solutions Inc. SCS Business Support Inc. Asahi IT Solution Limited Allied Engineering Corporation	«Affiliates (Five companies)» Pioneer soft Co., Ltd. eBANK Systems Corporation ATLED Co., Ltd. Sumisho Joho Datacraft Corporation ARGO GRAPHICS Inc.

Note: SCS absorbed the consolidated subsidiary SCS Business Support Inc. on April 1, 2010.

Position of each company within the operations of the Group:



### **3. Management Policies**

#### **(1) Basic Policy**

The SCS Group is committed to the fundamental philosophy that highlights efforts to “contribute to the realization of a more affluent society through the creation of new value based on high-level information technology (IT).” The SCS Group upholds a corporate mission to provide global IT services of the highest quality and to support growth in all industry sectors in Japan through the application of leading-edge technological capabilities, abundant business experience, extensive access to hardware and software procurement sources and the dedication and determination of all executives and employees to succeed in their respective tasks. The SCS Group also adheres to a basic policy to earn the support of all stakeholders, including client companies and shareholders, and to continually broaden the scope of its operations by generating business value for client companies that concomitantly benefits the SCS Group and maximizing the corporate value of the SCS Group for the sake of shareholders.

#### **(2) Targeted Management Benchmarks**

In light of consistently expanding business and ensuring stable growth in the Company’s corporate value, the SCS Group has identified the following as priority management benchmarks:

- 1) Increase in “operating income” and “net income”
- 2) Improvement of operating income margin and ROE

#### **(3) Medium- to Long-Term Strategies and Matters to Be Addressed**

With regard to the operating environment that the SCS Group is likely to face in the future, the deterioration in the global economy triggered by the worldwide financial and capital market crises, as well as significant fluctuations in foreign currency and commodity markets, are expected to materially impact the economic trends in the foreseeable future. These factors together with the rise of emerging markets, particularly in Asia, are also projected to lead to structural changes in the global economy. As a result, client companies facing these major changes in economic structure may be required to rebuild their business models and thus recognize IT investment as one of the most important business activities for such rebuilding. On the other hand, a heightened awareness of the benefits brought by IT investment will lead client companies to become increasingly selective in their investments, scrutinizing IT expenditures in terms of the potential to enhance their corporate value. Furthermore, with the ongoing trend in the IT services industry toward “service-based businesses,” represented by advances in cloud computing, SCS recognizes the growing imperative to provide high-quality IT solutions in an optimal format.

Given these conditions, it is important for the SCS Group, from the perspective of management strategies, based on its human resources and technological capabilities, to provide high-quality IT services that will contribute to raising the value of businesses for client companies; work closely with client companies to create new business value; and solidify its position as a key business partner for client companies. SCS also recognizes that realizing growth in the medium term based on such a position is an important challenge for SCS.

More specifically, the SCS Group will pursue a host of initiatives to resolve the following management challenges: 1) bolster and expand the business base to enable the creation of new business value in cooperation with client companies; 2) further enhance service quality; and 3) develop its human resources and technological capabilities underpinning the two challenges above.

##### **1) Measures to expand the Company’s business base**

SCS will further strengthen its business selection and concentration, and reallocate management resources to priority and new fields in an effort to bolster and expand its business base that will enable the Company to enhance the value of its IT services while at the same time to uncover new IT services.

##### **2) Measures to enhance service quality**

In light of the changes in the format of IT services from customized systems development to service delivery, SCS will consider the establishment of departments focusing on the enhancement of its quality control and the establishment of new technological standards.

##### **3) Measures to develop human resources and technological capabilities**

As regards human talent and the advantages inherent in state-of-the-art technologies, that underpin the Company’s

business base, SCS will consider and implement a wide range of measures through a planned committee that will focus on human resource development to foster high-quality IT and global personnel. In addition, SCS is committed to continued efforts to develop work environments truly comfortable and pleasant for employees, including the planned relocation of its Tokyo office in autumn 2010.

While implementing the aforementioned business initiatives, SCS will further enhance the SCS Group's organization management comprising internal control, risk management, compliance practices and information security management.

In addition to the accelerated delivery of these management initiatives, the SCS Group will pursue strategic business alliances and investment in these alliances, placing it firmly on track for medium-term growth.

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of March 31, 2009	As of March 31, 2010
<b>ASSETS</b>		
Current assets		
Cash and deposits	2,788	1,943
Notes and accounts receivable-trade	23,442	25,574
Lease receivables and investment assets	56	571
Short-term investment securities	1,520	—
Merchandise and finished goods	3,237	3,337
Work in process	1,468	1,395
Raw materials and supplies	13	10
Deferred tax assets	1,576	1,724
Deposits paid	26,478	24,258
Other	3,881	3,707
Allowance for doubtful accounts	(18)	(2)
Total current assets	64,444	62,521
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	11,964	12,058
Tools, furniture and fixtures, net	2,450	2,576
Land	14,782	14,667
Lease assets, net	531	480
Construction in progress	530	175
Total property, plant and equipment	30,259	29,959
Intangible assets		
Goodwill	1,695	496
Other	4,628	5,722
Total intangible assets	6,323	6,218
Investments and other assets		
Investment securities	7,863	11,884
Long-term prepaid expenses	2,477	1,827
Lease and guarantee deposits	1,988	3,232
Deferred tax assets	504	199
Other	524	1,867
Allowance for doubtful accounts	(175)	(166)
Total investments and other assets	13,183	18,845
Total noncurrent assets	49,766	55,023
Total assets	114,210	117,545

(Unit: Millions of Yen)

	As of March 31, 2009	As of March 31, 2010
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	9,611	11,095
Short-term loans payable	52	—
Lease obligations	111	645
Income taxes payable	1,817	938
Provision for bonuses	1,602	1,657
Provision for directors' bonuses	57	78
Provision for loss on construction contracts	—	57
Provision for office relocation costs	—	342
Other	9,879	7,977
Total current liabilities	23,133	22,793
Noncurrent liabilities		
Bonds payable	330	—
Long-term loans payable	39	—
Lease obligations	336	1,584
Deferred tax liabilities	—	203
Provision for retirement benefits	214	113
Provision for directors' retirement benefits	91	36
Long-term lease and guarantee deposited	99	103
Other	20	26
Total noncurrent liabilities	1,131	2,068
Total liabilities	24,264	24,862
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	21,152	21,152
Capital surplus	31,299	31,299
Retained earnings	46,540	48,176
Treasury stock	(8,728)	(8,727)
Total shareholders' equity	90,264	91,902
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(34)	979
Deferred gains or losses on hedges	19	(2)
Foreign currency translation adjustment	(616)	(565)
Total valuation and translation adjustments	(631)	411
Subscription rights to shares	88	147
Minority interests	223	221
Total net assets	89,946	92,683
Total liabilities and net assets	114,210	117,545

**(2) Consolidated Statements of Income**

(Unit: Millions of Yen)

	Fiscal Year 2008 (April 1, 2008 to March 31, 2009)	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)
Net sales	134,263	127,317
Cost of sales	102,108	98,140
Gross profit	32,155	29,176
Selling, general and administrative expenses	23,126	22,752
Operating income	9,028	6,423
Non-operating income		
Interest income	287	186
Dividends income	84	509
Equity in earnings of affiliates	78	13
Other	136	151
Total non-operating income	587	861
Non-operating expenses		
Interest expenses	24	12
Loss on investments in partnership	27	54
Other	41	30
Total non-operating expenses	93	96
Ordinary income	9,523	7,188
Extraordinary income		
Gain on sales of noncurrent assets	1	8
Gain on sales of subsidiaries and affiliates' stocks	5	—
Gain on sales of investment securities	0	1
Gain on transfer of business	76	—
Total extraordinary income	82	9
Extraordinary loss		
Loss on retirement of noncurrent assets	145	135
Loss on sales of noncurrent assets	0	6
Nonrecurring depreciation on software	215	414
Loss on sales of investment securities	2	13
Loss on valuation of investment securities	1,597	7
Loss on valuation of membership	16	0
Loss on sales of stocks of subsidiaries and affiliates	—	10
Loss on valuation of stocks of subsidiaries and affiliates	—	7
Office transfer-related expenses	—	367
Loss on abolishment of retirement benefit plan	—	26
Amortization of goodwill	259	793
Impairment loss	—	220
Loss on liquidation of subsidiaries	—	125
Total extraordinary loss	2,237	2,129
Income before income taxes	7,367	5,068
Income taxes — current	3,177	2,188
Income taxes — deferred	491	(360)
Total income taxes	3,668	1,827
Minority interests in loss	(262)	(1)
Net income	3,961	3,242

**(3) Consolidated Statements of Changes in Net Assets**

(Unit: Millions of Yen)

	Fiscal Year 2008 (April 1, 2008 to March 31, 2009)	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)
<b>Shareholders' equity</b>		
Capital stock		
Balance at the end of previous period	21,152	21,152
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	21,152	21,152
Capital surplus		
Balance at the end of previous period	31,299	31,299
Changes of items during the period		
Disposal of treasury stock	—	0
Total changes of items during the period	—	0
Balance at the end of current period	31,299	31,299
Retained earnings		
Balance at the end of previous period	44,218	46,540
Changes of items during the period		
Dividends from surplus	(1,641)	(1,606)
Net income	3,961	3,242
Disposal of treasury stock	(0)	—
Retained earnings of consolidated subsidiaries	2	—
Total changes of items during the period	2,322	1,635
Balance at the end of current period	46,540	48,176
Treasury stock		
Balance at the end of previous period	(6,575)	(8,728)
Changes of items during the period		
Purchase of treasury stock	(2,154)	(1)
Disposal of treasury stock	1	2
Total changes of items during the period	(2,153)	1
Balance at the end of current period	(8,728)	(8,727)
Total shareholders' equity		
Balance at the end of previous period	90,096	90,264
Changes of items during the period		
Dividends from surplus	(1,641)	(1,606)
Net income	3,961	3,242
Purchase of treasury stock	(2,154)	(1)
Disposal of treasury stock	0	2
Retained earnings of consolidated subsidiaries	2	—
Total changes of items during the period	168	1,637
Balance at the end of current period	90,264	91,902



(Unit: Millions of Yen)

	Fiscal Year 2008 (April 1, 2008 to March 31, 2009)	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(404)	(34)
Changes of items during the period		
Net changes of items other than shareholders' equity	370	1,013
Total changes of items during the period	370	1,013
Balance at the end of current period	(34)	979
Deferred gains or losses on hedges		
Balance at the end of previous period	(8)	19
Changes of items during the period		
Net changes of items other than shareholders' equity	28	(22)
Total changes of items during the period	28	(22)
Balance at the end of current period	19	(2)
Foreign currency translation adjustment		
Balance at the end of previous period	(42)	(616)
Changes of items during the period		
Net changes of items other than shareholders' equity	(574)	51
Total changes of items during the period	(574)	51
Balance at the end of current period	(616)	(565)
Total valuation and translation adjustments		
Balance at the end of previous period	(455)	(631)
Changes of items during the period		
Net changes of items other than shareholders' equity	(175)	1,042
Total changes of items during the period	(175)	1,042
Balance at the end of current period	(631)	411
Subscription rights to shares		
Balance at the end of previous period	33	88
Changes of items during the period		
Net changes of items other than shareholders' equity	55	58
Total changes of items during the period	55	58
Balance at the end of current period	88	147
Minority interests		
Balance at the end of previous period	649	223
Changes of items during the period		
Net changes of items other than shareholders' equity	(425)	(2)
Total changes of items during the period	(425)	(2)
Balance at the end of current period	223	221

(Unit: Millions of Yen)

	Fiscal Year 2008 (April 1, 2008 to March 31, 2009)	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)
Total net assets		
Balance at the end of previous period	90,323	89,946
Changes of items during the period		
Dividends from surplus	(1,641)	(1,606)
Net income	3,961	3,242
Purchase of treasury stock	(2,154)	(1)
Disposal of treasury stock	0	2
Retained earnings of consolidated subsidiaries	2	—
Net changes of items other than shareholders' equity	(545)	1,099
Total changes of items during the period	(376)	2,736
Balance at the end of current period	89,946	92,683

**(4) Consolidated Statements of Cash Flows**

(Unit: Millions of Yen)

	Fiscal Year 2008 (April 1, 2008 to March 31, 2009)	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes	7,367	5,068
Depreciation and amortization	2,616	3,157
Amortization of goodwill	551	977
Impairment loss	—	220
Increase (decrease) in allowance for doubtful accounts	(11)	(25)
Increase (decrease) in provision for retirement benefits	(9)	(48)
Increase (decrease) in provision for office relocation costs	—	342
Decrease (increase) in prepaid pension costs	(113)	251
Loss on retirement of noncurrent assets	145	135
Loss (gain) on sales of noncurrent assets	(0)	(2)
Non recurring depreciation on software	215	414
Loss (gain) on valuation of investment securities	1,597	7
Loss (gain) on sales of investment securities	1	12
Loss on valuation of stocks of subsidiaries and affiliates	—	7
Loss (gain) on sales of stocks of subsidiaries and affiliates	(5)	10
Loss (gain) on transfer of business	(76)	—
Equity in (earnings) losses of affiliates	(78)	(13)
Share-based compensation expenses	55	61
Interest and dividends income	(372)	(696)
Decrease (increase) in notes and accounts receivable-trade	631	(2,122)
Decrease (increase) in inventories	(462)	(17)
Increase (decrease) in notes and accounts payable-trade	(2,002)	1,346
Directors' bonus payments	(86)	(57)
Other, net	1,946	(142)
Subtotal	11,912	8,887
Interest and dividends income received	402	832
Interest expenses paid	(24)	(12)
Compensation for damage paid	(33)	—
Income taxes paid	(4,590)	(3,018)
Net cash provided by (used in) operating activities	7,666	6,688

(Unit: Millions of Yen)

	Fiscal Year 2008 (April 1, 2008 to March 31, 2009)	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)
Net cash provided by (used in) investing activities		
Proceeds from sales and redemption of securities	1,010	1,521
Payments of short-term loans receivable	(185)	—
Purchase of property, plant and equipment	(2,353)	(1,704)
Proceeds from sales of property, plant and equipment	4	171
Purchase of intangible assets	(2,069)	(2,959)
Purchase of investment securities	(4,997)	(2,608)
Proceeds from sales and redemption of investment securities	207	122
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(74)	—
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(64)	(9)
Purchase of investments in subsidiaries	(221)	—
Proceeds from transfer of business	38	—
Payments for transfer of business	(400)	(7)
Payments for lease and guarantee deposits	—	(1,350)
Other, net	(242)	37
Net cash provided by (used in) investing activities	(9,347)	(6,786)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(255)	—
Repayments of loans payable	(160)	(92)
Redemption of bonds	(60)	(750)
Repayments of lease obligations	(427)	(555)
Purchase of treasury stock	(1,695)	(1)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(1,641)	(1,606)
Cash dividends paid to minority shareholders	(108)	—
Net cash provided by (used in) financing activities	(4,347)	(3,004)
Effect of exchange rate change on cash and cash equivalents	(296)	38
Net increase (decrease) in cash and cash equivalents	(6,325)	(3,064)
Cash and cash equivalents at beginning of period	35,592	29,267
Cash and cash equivalents at end of period	29,267	26,202

**(5) Notes to the Going Concern Assumption**

The previous consolidated fiscal year (April 1, 2008 to March 31, 2009)

None

The consolidated fiscal year under review (April 1, 2009 to March 31, 2010)

None

**(6) Significant Items as Part of the Basis of Preparation of Consolidated Financial Statements**

Fiscal Year 2008 (April 1, 2008 to March 31, 2009)	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)
<p><b>1. Scope of Consolidation</b> Consolidated subsidiaries: All of the 15 subsidiaries (including two subsidiaries owned indirectly) are consolidated: Sumisho Computer Systems (USA), Inc. SUMISHO COMPUTER SYSTEMS (EUROPE) LTD. Curl, Incorporated Curl International Corporation VA Linux Systems Japan K.K. SCS Solutions Inc. SCS Business Support Inc. Asahi IT Solution Limited Sumisho Computer Systems (Shanghai) Limited Sumisho Computer Systems (Dalian) Co., Ltd. Allied Engineering Corporation Sumisho Computer Systems (Asia Pacific) Pte. Ltd. eMplex, Co., Ltd.</p> <p>e-Commerce Technology Corp. was excluded from the scope of consolidation due to the transfer of a part of its shares held by the Company to SOFTBANK TECHNOLOGY CORP., the joint venture partner, on June 30, 2008. Billing Soft Japan Co., Ltd. was absorbed by the Company as of July 1, 2008. As of September 12, 2008, Sumisho Computer Systems (USA), Inc., one of the Company's consolidated subsidiaries, obtained 80% of the voting rights in a SAP consulting firm, B4 Consulting, Inc., thereby making it a consolidated subsidiary.</p>	<p><b>1. Scope of Consolidation</b> Consolidated subsidiaries: All of the 13 subsidiaries are consolidated: Sumisho Computer Systems (USA), Inc. SUMISHO COMPUTER SYSTEMS (EUROPE) LTD. Curl, Incorporated Curl International Corporation VA Linux Systems Japan K.K. SCS Solutions Inc. SCS Business Support Inc. Asahi IT Solution Limited Sumisho Computer Systems (Shanghai) Limited Sumisho Computer Systems (Dalian) Co., Ltd. Allied Engineering Corporation Sumisho Computer Systems (Asia Pacific) Pte. Ltd. eMplex Shanghai Co., Ltd.</p> <p>All of the shares of B4 Consulting, Inc., a consolidated subsidiary of Sumisho Computer Systems (USA), Inc., were sold as of December 31, 2009. Accordingly, the company was removed from the scope of consolidation. On February 2, 2010, special liquidation proceedings with respect to eMplex, Co., Ltd. were completed. As a result, the company was removed from SCS's scope of consolidation.</p>

Fiscal Year 2008 (April 1, 2008 to March 31, 2009)	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)
<p><u>2. Application of the Equity Method</u> All of the following six affiliates are accounted for by the equity method: Pioneer soft Co., Ltd. Component Square, Inc. eBANK Systems Corporation ATLED Co., Ltd. Sumisho Joho Datacraft Corporation ARGO GRAPHICS Inc. (Note) Note: The Company acquired the shares of ARGO GRAPHICS Inc. as of June 11, 2008 and the Company was therefore newly accounted for by the equity method.</p> <p>HULINKS Inc., an equity-method affiliate up to and including the fiscal year ended March 31, 2008, was excluded as an affiliate accounted for by the equity method from the fiscal year ended March 31, 2009 due to the sale of its shares held by the Company as of July 31, 2008.</p>	<p><u>2. Application of the Equity Method</u> All of the following five affiliates are accounted for by the equity method: Pioneer soft Co., Ltd. eBANK Systems Corporation ATLED Co., Ltd. Sumisho Joho Datacraft Corporation ARGO GRAPHICS Inc.</p> <p>Component Square, Inc., an equity-method affiliate up to and including the fiscal year ended March 31, 2009, was excluded as an affiliate accounted for by the equity method on December 22, 2009 due to the completion of liquidation proceedings.</p>
<p><u>3. Fiscal Year of Consolidated Subsidiaries</u> As the settlement day of Sumisho Computer Systems (USA), Inc. (including B4 Consulting, Inc.), SUMISHO COMPUTER SYSTEMS (EUROPE) LTD., Curl, Incorporated, Sumisho Computer Systems (Shanghai) Limited, Sumisho Computer Systems (Dalian) Co., Ltd., Sumisho Computer Systems (Asia Pacific) Pte. Ltd. and eMplex, Co., Ltd. is December 31, preparation of the consolidated financial statements for the fiscal year ended March 31, 2009 is based on the financial statements for the period from January 1, 2008 through to December 31, 2008, provided that necessary adjustments are made for consolidation purposes with regard to material transactions that took place in the period between the above period-end and the consolidated fiscal year-end of the Company.</p> <p>(Additional information) As Billing Soft Japan Co., Ltd. was absorbed by the Company as of July 1, 2008, the results of operations of Billing Soft Japan Co., Ltd. for the six-month period from January 1, 2008 to June 30, 2008 were included in the Company's consolidated statement of income for the first quarter of the fiscal year ended March 31, 2009. As a result, net sales, operating income, ordinary income and net income increased ¥542 million, ¥195 million, ¥194 million and ¥111 million, respectively.</p>	<p><u>3. Fiscal Year of Consolidated Subsidiaries</u> As the settlement day of Sumisho Computer Systems (USA), Inc., SUMISHO COMPUTER SYSTEMS (EUROPE) LTD., Curl, Incorporated, Sumisho Computer Systems (Shanghai) Limited, Sumisho Computer Systems (Dalian) Co., Ltd., Sumisho Computer Systems (Asia Pacific) Pte. Ltd. and eMplex Shanghai Co., Ltd. is December 31, preparation of the consolidated financial statements for the fiscal year ended March 31, 2010 is based on the financial statements for the period from January 1, 2009 through to December 31, 2009, provided that necessary adjustments are made for consolidation purposes with regard to material transactions that took place in the period between the above period-end and the fiscal year-end of the Company.</p>

Other than the aforementioned information, there are no material changes to the information disclosed in the Company's most recently lodged Securities Report (filed on June 25, 2009). Accordingly, this information has been omitted.

**(7) Changes of Significant Items to the Basis of Preparation of Consolidated Financial Statements**

Fiscal Year 2008 (April 1, 2008 to March 31, 2009)	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)
<p>(Application of Accounting Standard for Measurement of Inventories) Effective from the fiscal year ended March 31, 2009, the Company has applied “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9 issued on July 5, 2006). There was no impact on the Company’s operating income, ordinary income and income before income taxes for the fiscal year ended March 31, 2009.</p>	<p>_____</p>
<p>(Application of Accounting Standards Relating to Lease Transactions) Finance lease transactions that do not transfer ownership have historically been accounted for using the same method as that for normal rental transactions. Effective from the fiscal year ended March 31, 2009, the Company has applied the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 issued on June 17, 1993 by Business Accounting Council, the 1st Committee, and last revised on March 30, 2007 by ASBJ) and the “Guidance on Accounting Standard for Lease Transactions,” (ASBJ Guidance No. 16 issued on January 18, 1994 by the Japanese Institute of Certified Public Accountants, Accounting Practice Committee, and last revised on March 30, 2007 by ASBJ). As a result of this application, finance lease transactions that do not transfer ownership are treated as sales transactions. With regard to finance lease transactions that do not transfer ownership that occurred prior to the beginning of the fiscal year to which they are applied, the accounting treatment applicable to normal rental transactions is applied. Taking the aforementioned into consideration, the impact on the Company’s operating income, ordinary income and income before income taxes for the fiscal year ended March 31, 2009 is immaterial.</p>	<p>_____</p>
<p>(Application of the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”) Effective from the fiscal year ended March 31, 2009, the Company has applied the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18 issued on May 17, 2006) and at the same time undertaken all necessary modifications from a consolidated account settlement perspective. Taking the aforementioned into consideration, the impact on the Company’s operating income, ordinary income and income before income taxes for the fiscal year ended March 31, 2009 is immaterial.</p>	<p>_____</p>

Fiscal Year 2008 (April 1, 2008 to March 31, 2009)	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)
	<p>(Changes in Accounting Standards for the Recognition of Completed Contracts and the Cost of Completed Contracts)</p> <p>In connection with standards relating to the recognition of revenues for construction contracts, the Company has historically applied the completed-contract method. Effective from the fiscal year ended March 31, 2010, the Company has applied the “Accounting Standard for Construction Contracts” (ASBJ Statement No. 15, December 27, 2007) and the “Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance No. 18, December 27, 2007). With respect to construction contracts commenced during the fiscal year ended March 31, 2010, the percentage of completion method (percentage of completion shall be estimated based on the cost percentage method) is applied to contracts for which the outcome of the construction is deemed certain during the fiscal year ended March 31, 2010. For all other construction contracts, the completed-contract method is applied.</p> <p>As a result of the application of this change in the accounting standard, net sales, operating income, ordinary income and income before income taxes increased ¥4,058 million, ¥733 million, ¥733 million and ¥733 million, respectively.</p>



[Changes in Presentation Methods]

Fiscal Year 2008 (April 1, 2008 to March 31, 2009)	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)
<p>(Consolidated Balance Sheets) In line with the application of the Cabinet Office Ordinance to Partially Amend the Rules for the Terminology, Form and Presentation Method of Consolidated Financial Statements (Cabinet Office Ordinance No. 50, August 7, 2008), the account “Inventories” for the previous fiscal year has been separately presented as “Merchandise and finished goods,” “Work in process” and “Raw materials and supplies” effective from the fiscal year ended March 31, 2009. “Merchandise and finished goods,” “Work in process” and “Raw materials and supplies” included in “Inventories” for the previous fiscal year were ¥2,731 million, ¥1,525 million and ¥26 million, respectively.</p> <p>(Consolidated Statements of Cash Flows) “Loss on sales of noncurrent assets” included in “Other” in “Net cash provided by (used in) operating activities” for the fiscal year ended March 31, 2008 has been reclassified and presented in “Loss (gain) on sales of noncurrent assets” for the fiscal year ended March 31, 2009. The purpose is to better facilitate comparisons of consolidated financial statements in conjunction with the introduction of XBRL to EDINET. In the fiscal year ended March 31, 2008, “Gain on sales of noncurrent assets” included in “Other” was ¥17 million.</p>	<p style="text-align: center;">—————</p> <p>(Consolidated Statements of Cash Flows) “Payments for lease and guarantee deposits” included in “Other” in “Net cash provided by (used in) investing activities” for the fiscal year ended March 31, 2009 has been reclassified and presented as a separate accounting line item for the fiscal year ended March 31, 2010. This is to reflect its growing importance. In the fiscal year ended March 31, 2009, “Payments for lease and guarantee deposits” included in “Other” in “Net cash provided by (used in) investing activities” totaled ¥208 million.</p>

[Additional Information]

Fiscal Year 2009 (April 1, 2009 to March 31, 2010)
<p>Change in the Useful Life of Noncurrent Assets Effective from the fiscal year ended March 31, 2010, the Company implemented a change in the useful life of certain property, plant and equipment. As a result of the change, operating income, ordinary income and income before income taxes each decreased by ¥226 million in comparison with the previous method.</p> <p>Provision for office relocation costs In conjunction with the relocation of the Company’s Tokyo office, the Company has been able to reasonably estimate the cost of restoration work projected to arise. Accordingly, a “Provision for office relocation costs” has been brought to account.</p>

## **(8) Notes to Consolidated Financial Statements**

### **(Segment Information)**

#### **1. Business Segments**

Fiscal year 2008 (April 1, 2008 to March 31, 2009) and fiscal year 2009 (April 1, 2009 to March 31, 2010)

The SCS Group has engaged primarily in software development, information processing services, packaged software and software sales, and the operation and management of information networks and data centers. These operating activities are deemed to represent a single business field. Accordingly, information by business segment is not provided.

#### **2. Geographic Segments**

Fiscal year 2008 (April 1, 2008 to March 31, 2009) and fiscal year 2009 (April 1, 2009 to March 31, 2010)

Since the percentage of total segment sales and total segment assets in Japan exceeds 90%, information on geographic areas has been omitted from this report.

#### **3. Overseas Sales**

Fiscal year 2008 (April 1, 2008 to March 31, 2009) and fiscal year 2009 (April 1, 2009 to March 31, 2010)

Since the percentage of overseas sales to total consolidated net sales is less than 10%, information relating to overseas sales has been omitted from this report.

## (Per Share Information)

Fiscal Year 2008 (April 1, 2008 to March 31, 2009)		Fiscal Year 2009 (April 1, 2009 to March 31, 2010)	
Net assets per share	¥1,794.31	Net assets per share	¥1,847.95
Net income per share	¥78.10	Net income per share	¥64.90
Net income per diluted share	¥77.95	Net income per diluted share	¥64.83

Note: Net income per share and net income per diluted share are calculated on the following basis.

(Unit: Millions of yen unless otherwise stated)

Item	Fiscal Year 2008 (April 1, 2008 to March 31, 2009)	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)
Net income per share		
Net income	3,961	3,242
Amount not applicable to shareholders of common shares	—	—
Net income applicable to common shares	3,961	3,242
Average number of common shares for the period (Shares)	50,722,373	49,953,876
Diluted net income per share of common stock		
Net income adjustment amount	(5)	—
(Included in which is the balance applicable to changes in equity in affiliates in the event of the exercise of subscription rights to shares issued by consolidated subsidiaries)	(5)	—
Increase in the number of common shares (Shares)	31,812	58,931
(Included in which are subscription rights to shares) (Shares)	(31,812)	(58,931)
Summary of the diluted shares that were not included in the calculations of diluted net income per share due to the lack of a dilution effect	<p>Stock options pertaining to resolutions of the Annual General Meeting of Shareholders held on June 27, 2007: (The number of shares subject to subscription rights to shares: 49,000 shares)</p> <p>Stock options pertaining to resolutions of the Annual General Meeting of Shareholders held on June 26, 2008: (The number of shares subject to subscription rights to shares: 50,500 shares)</p> <p>Stock options pertaining to resolutions of the Extraordinary Meeting of Shareholders of subsidiary eMplex, Co., Ltd. held on December 16, 2005: (The number of shares subject to subscription rights to shares: 171 shares)</p>	<p>Stock options pertaining to resolutions of the Annual General Meeting of Shareholders held on June 27, 2007: (The number of shares subject to subscription rights to shares: 49,000 shares)</p> <p>Stock options pertaining to resolutions of the Annual General Meeting of Shareholders held on June 26, 2008: (The number of shares subject to subscription rights to shares: 50,500 shares)</p> <p>Stock options pertaining to resolutions of the Annual General Meeting of Shareholders held on June 25, 2009: (The number of shares subject to subscription rights to shares: 53,500 shares)</p>

	<p>Stock options of ARGO GRAPHICS Inc., an affiliate accounted for by the equity method:  (The number of shares subject to subscription rights to shares)  Fourth subscription rights to shares: 396,300 shares  Fifth subscription rights to shares: 471,500 shares  Sixth subscription rights to shares: 454,800 shares</p>	<p>Stock options of ARGO GRAPHICS Inc., an affiliate accounted for by the equity method:  (The number of shares subject to subscription rights to shares)  Sixth subscription rights to shares: 444,500 shares  Seventh subscription rights to shares: 491,100 shares</p>
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**(Significant Subsequent Events)**

The previous consolidated fiscal year (April 1, 2008 to March 31, 2009)

None

The consolidated fiscal year under review (April 1, 2009 to March 31, 2010)

None

(Disclosure Omitted)

The Company deems that there is no item of significant importance in connection with the notes to consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets, consolidated statements of cash flows, lease transactions, related-party information, tax-effect accounting, financial instruments, marketable securities, derivative transactions, retirement benefits, stock options and other matters, business combinations and other matters as well as rental and other real estate to be disclosed in these consolidated financial results. Accordingly, this information has been omitted.

With respect to the aforementioned notes, the Company disclosed all appropriate information in its Securities Report, submitted on June 25, 2010. This Report can be accessed through the Electronic Disclosure for Investors' NETwork (EDINET), an electronic corporate disclosure system under the Financial Instruments and Exchange Act.

## 5. Other

### (1) Production, Orders and Sales

The SCS Group's Industrial Solutions, ERP Solutions and Platform Solutions sales results are presented as follows.

(Unit: Millions of yen unless otherwise stated)

	Fiscal Year 2008 (April 1, 2008 to March 31, 2009)	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)	Increase / Decrease	
	Amount	Amount	Amount	Y o Y changes (%)
Industrial Solutions	66,968	62,329	(4,639)	(6.9)
ERP Solutions	16,440	14,850	(1,589)	(9.7)
Platform Solutions	50,854	50,137	(717)	(1.4)
Total	134,263	127,317	(6,946)	(5.2)

- Notes: 1. Amounts are stated on the basis of sales prices.  
2. Amounts are exclusive of consumption and related taxes.

Production results classified on a software development, information processing and packaged software and hardware sales basis are presented as follows.

#### (a) Production Results

(Unit: Millions of yen unless otherwise stated)

	Fiscal Year 2008 (April 1, 2008 to March 31, 2009)	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)	Increase / Decrease	
	Amount	Amount	Amount	Y o Y changes (%)
Software Development	49,133	43,230	(5,902)	(12.0)
Information Processing	35,746	36,033	+286	+0.8
Packaged Software/Hardware	49,379	47,856	(1,522)	(3.1)
Total	134,259	127,120	(7,138)	(5.3)

- Notes: 1. Amounts are stated on the basis of sales prices.  
2. Amounts are exclusive of consumption and related taxes.

#### (b) Status of Orders

The status of software development orders for fiscal year 2009 is presented as follows.

(Unit: Millions of yen unless otherwise stated)

		Fiscal Year 2008 (April 1, 2008 to March 31, 2009)	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)	Increase / Decrease	
		Amount	Amount	Amount	Y o Y changes (%)
Software Development	Orders accepted	50,248	44,593	(5,655)	(11.3)
	Backlog	7,030	8,247	+1,216	+17.3

- Notes: 1. Data for information processing and other activities is difficult to ascertain. Accordingly, this information has been omitted.  
2. Amounts are exclusive of consumption and related taxes.

## (c) Sales Results

(Unit: Millions of yen unless otherwise stated)

	Fiscal Year 2008 (April 1, 2008 to March 31, 2009)	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)	Increase / Decrease	
	Amount	Amount	Amount	Y o Y changes (%)
Software Development	49,182	43,376	(5,805)	(11.8)
Information Processing	35,702	36,083	+381	+1.1
Packaged Software/Hardware	49,379	47,856	(1,522)	(3.1)
Total	134,263	127,317	(6,946)	(5.2)

- Notes: 1. Amounts are stated on the basis of sales prices.  
2. Amounts are exclusive of consumption and related taxes.

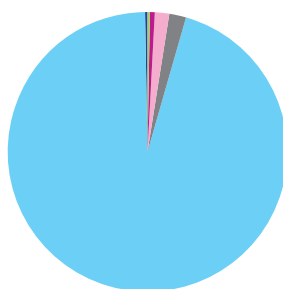
Date Established	October 25, 1969
Headquarters	Harumi Island Triton Square Office Tower Z, 1-8-12, Harumi, Chuo-ku, Tokyo 104-6241, Japan Toyosu Front, 3-2-20, Toyosu, Koto-ku, Tokyo 135-8110, Japan (from Sept. 2010)
Number of Employees	3,480

## Investor Information

Number of Shares	Authorized:	200,000,000
	Issued and Outstanding	54,291,447
Common Stock (Yen)		21,152,847,708
Number of Shareholders		8,867
Stock Listing	Tokyo Stock Exchange (First Section)	
Transfer Agent of Common Stock	The Sumitomo Trust Banking Co., Ltd.	
Independent Certified Public Accountants	KPMG AZSA LLC	

## Distribution of Shareholders

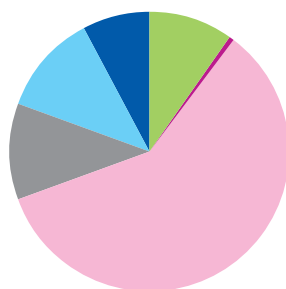
Shareholder composition



Japanese Financial Institutions	43	(0.49%)
Japanese Securities Companies	37	(0.42%)
Other Japanese Corporations	154	(1.74%)
Foreign Institutions, etc.	180	(2.03%)
Japanese Individuals and Others	8,452	(95.31%)
Treasury Stock	1	(0.01%)
Total	8,867	

Note: Including shareholders holding less than one unit

Distribution of shares



Japanese Financial Institutions	5,312,988	(9.79%)
Japanese Securities Companies	326,631	(0.60%)
Other Japanese Corporations	32,072,903	(59.07%)
Foreign Institutions, etc.	6,161,930	(11.35%)
Japanese Individuals and Others	6,323,204	(11.65%)
Treasury Stock	4,093,791	(7.54%)
Total	54,291,447	

	Shareholder name	Number of shares held (stocks)	Holdings ratio (%)
Major Shareholders	Sumitomo Corporation	30,254,359	55.73
	Japan Trustee Services Bank, Ltd. (trust account)	1,495,600	2.75
	The Master Trust Bank of Japan, Ltd. (trust account)	1,023,300	1.88
	ARGO GRAPHICS Inc.	1,015,500	1.87
	Shareholding Commission of Employees in Sumisho Computer Systems	922,074	1.70
	HSBC BANK PLC CLIENTS UK TAX TREATY	574,700	1.06
	NIPPONVEST	515,000	0.95
	STATE STREET BANK AND TRUST COMPANY	500,000	0.92
	NORTHERN TRUST CO. (AVFC) SUB A/C BRITISH CLIENTS	425,200	0.78
	Sumitomo Mitsui Finance & Leasing Company, Limited	323,296	0.60

Note: The stocks above do not include 4,093,791 (7.54%) shares in treasury stocks of the Company.



Sumisho Computer Systems Corporation