

Results of Operations (Consolidated) of 1st Quarter of Fiscal Year Ending March 2008

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Results of operations (consolidated) of 1st quarter of fiscal year ending March 2008

▪ Outline of results of operations (1Q)	3
▪ Sales comparison by solution (1Q)	4
▪ Sales comparison by segment (1Q)	5
▪ Sales by solution (1Q)	6
▪ Sales comparison by sector (1Q)	7
▪ Sales analysis	8
▪ Income analysis	9

Progress of management measures

▪ Expansion of target businesses/Pursuit of business synergy	10
▪ Enhancement of global strategies and new businesses	11
▪ Sophistication of technical bases and software development capability/ Enhancement of human resources	12

The statements and numbers in this material, other than officially announced numbers, are pro forma amounts for your reference. Forecasts and prospects are based on the currently available information or expectations and subject to change with changes in management environment in the future.



Outline of results of operations (1Q)

[Consolidated]

(Yen in Millions)

	Apr.2006-Jun.2006	Apr.2007-Jun.2007	Increase/Decrease	Rate of Change (%)
Sales	28,398	27,487	(911)	-3.2
Gross Profit	5,622	5,847	224	4.0
Operating Income	(73)	349	422	-
Ordinary Income	3	437	433	-
Net Income	(41)	176	217	-



Sales comparison by solution (1Q)

[Consolidated]

(Yen in Millions)

	Apr.2006-Jun.2006 (Percentage of Total: %)	Apr.2007-Jun.2007 (Percentage of Total: %)	Increase/Decrease	Rate of Change (%)
Industrial Solutions	13,906 (49.0)	15,351 (55.9)	1,444	10.4%
ERP Solutions	3,666 (12.9)	3,168 (11.5)	(497)	-13.6%
Platform Solutions	10,825 (38.1)	8,966 (32.6)	(1,858)	-17.2%
Total	28,398 (100.0)	27,487 (100.0)	(911)	-3.2%



Sales comparison by segment (1Q)

[Consolidated]

(Yen in Millions)

	Apr.2006-Jun.2006 (Percentage of Total: %)	Apr.2007-Jun.2007 (Percentage of Total: %)	Increase/Decrease	Rate of Change (%)
Software Development	9,241 (32.5)	9,493 (34.5)	251	2.7%
Information Processing	7,890 (27.8)	8,195 (29.8)	305	3.9%
Package Software and Hardware Sales	11,266 (39.7)	9,798 (35.6)	(1,467)	-13.0%
Total	28,398 (100.0)	27,487 (100.0)	(911)	-3.2%

[Orders Accepted] Software Development	14,771	14,747	(23)	-0.2%
[Backlog] Software Development	11,147	12,283	1,136	10.2%



Sales by solution (1Q)

[Consolidated]

(Yen in Millions)

	Software Development	Information Processing	Package Software and Hardware Sales	Total (Percentage of Total: %)
Industrial Solutions	7,123	4,317	3,910	15,351 (55.9%)
ERP Solutions	1,963	165	1,039	3,168 (11.5%)
Platform Solutions	405	3,712	4,848	8,966 (32.6%)
Total (Percentage of Total: %)	9,493 (34.5%)	8,195 (29.8%)	9,798 (35.6%)	27,487 (100.0%)



Sales comparison by sector (1Q)

[Consolidated]

(Yen in Millions)

	Apr.2006-Jun.2006		Apr.2007-Jun.2007		Increase/Decrease	
	Amount	Percentage of Total (%)	Amount	Percentage of Total (%)	Amount	Rate of Change(%)
Manufacturing	6,678	23.5	7,793	28.4	1,114	16.7
Distribution	6,053	21.3	5,767	21.0	(285)	- 4.7
Finance	3,230	11.4	3,337	12.1	106	3.3
Bank	812	2.9	1,180	4.3	367	45.2
Securities	1,029	3.6	955	3.5	(74)	- 7.2
Credit/Leasing	696	2.5	496	1.8	(200)	- 28.7
Insurance	691	2.4	704	2.6	13	1.9
Communications/ Transportation	6,698	23.6	4,639	16.9	(2,059)	- 30.7
Electric Power/Gas	280	1.0	314	1.1	33	11.8
Service/Others	5,456	19.2	5,636	20.5	179	3.3
Total	28,398	100.0	27,487	100.0	(911)	- 3.2



Sales analysis (year-on-year, main factors for increase and decrease in sales)

◆ Factors for increase in sales

	(Yen in Millions)
➤ Industrial Solutions	
Manufacturing	1,300
Finance	200

◆ Factors for decrease in sales

➤ ERP Solutions	
Manufacturing	(100)
Communications	(600)
➤ Platform Solutions	
Manufacturing	(100)
Distribution	(200)
Communications	(1,400)



Income analysis (year-on-year, main factors for increase and decrease in income)

(Yen in Millions)

◆ Operating income	400
◆ Factors for increase in income	450
➤ Improvement of profitability	250
➤ Decrease in outsourcing expenses, etc.	100
➤ New stage support program	100
◆ Factors for decrease in income	(50)
➤ Increase in training expenses	(50)

Expansion of target businesses/Pursuit of business synergy

➤ Sophistication of software development business

Expansion of software development focused on strategic customers and strategic applications

➤ Development of manufacturing solutions business

Focus on production line simulation (DELMIA)

➤ Development of combined solutions business

- Alliance with Fuji Xerox in next-generation patent information search system business
- Combined solutions of storage products (Copan) and system automation software (Tivoli)

➤ Promotion of ProActive business

- Final stage of development of basic modules
- In process of standardization of implementation method to support partners

➤ Promotion of Curl business

Marketing and full-scale business development in North America

Global strategies

➤ Expansion of overseas operations

Establishment of subsidiaries in China

Shanghai: IT services for Japanese companies in China

Dalian: Software development (offshore base)

➤ Enhancement of global support system

Business alliance with Datacraft Asia Ltd. to offer global network solutions (joint venture)

Enhancement of new businesses

➤ Enhancement of peripheral businesses in ERP

eMplex Co., Ltd. accounted for under equity method to enhance CRM (Customer Relationship Management) and SFA (Sales Force Automation) businesses
(joint development of new SFA, etc.)

Sophistication of technical bases and software development capability

➤ Professional training for technical staff

Technical training according to rank to improve technical skills

Enhancement of human resources

➤ Implementation of new personnel system

➤ Reform of training system

➤ Enhancement of global human resources

Carrying out new employee training in China to acquire international experience

➤ Realization of ideal working environment

Expansion of various employment systems in accordance with a project report for women's success