

Consolidated Results of Operations

1st Quarter of Fiscal Year Ending March 2010

July 29, 2009

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住商情報システム株式会社

Sumisho Computer Systems Corporation



Summary of Results of Operations

【Consolidated】

(Yen in Millions)

	Apr. 2008- Jun. 2008	Apr. 2009- Jun. 2009	Increase/ Decrease	Change (%)
Sales	29,779	28,311	△1,468	△4.9%
Gross Profit	6,710	6,650	△59	△0.9%
SG&A Expenses	5,859	5,983	123	2.1%
Operating Income	851	667	△183	△21.6%
Ordinary Income	975	795	△179	△18.4%
Net Income	514	224	△290	△56.4%



Sales Comparison by Solution

【Consolidated】

(Yen in Millions)

	Apr. 2008- Jun. 2008 (Percentage of Total: %)	Apr. 2009- Jun. 2009 (Percentage of Total: %)	Increase/ Decrease	Change (%)
Industrial Solutions	14,574 (48.9%)	13,715 (48.4%)	△859	△5.9%
ERP Solutions	3,874 (13.0%)	4,172 (14.7%)	297	7.7%
Platform Solutions	11,329 (38.1%)	10,423 (36.9%)	△906	△8.0%
Total	29,779 (100.0%)	28,311 (100.0%)	△1,468	△4.9%



Sales Comparison by Segment

【Consolidated】

(Yen in Millions)

	Apr. 2008- Jun. 2008 (Percentage of Total: %)	Apr. 2009- Jun. 2009 (Percentage of Total: %)	Increase/ Decrease	Change (%)
Software Development	9,809 (32.9%)	10,873 (38.4%)	1,063	10.8%
Information Processing	8,484 (28.5%)	8,424 (29.8%)	△59	△0.7%
Package Software and Hardware Sales	11,485 (38.6%)	9,013 (31.8%)	△2,472	△21.5%
Total	29,779 (100.0%)	28,311 (100.0%)	△1,468	△4.9%

〔Orders Accepted〕 Software Development	16,256	16,438	182	1.1%
〔Backlog〕 Software Development	12,410	12,595	184	1.5%



Sales Comparison by Solution / Segment

【Consolidated】

(Yen in Millions)

Apr. 2009 - Jun. 2009	Software Development	Information Processing	Package Software and Hardware Sales	Total
Industrial Solutions	6,963	4,135	2,616	13,715
ERP Solutions	3,176	137	857	4,172
Platform Solutions	733	4,151	5,538	10,423
Total	10,873	8,424	9,013	28,311

Apr. 2008 - Jun. 2008	Software Development	Information Processing	Package Software and Hardware Sales	Total
Industrial Solutions	7,123	4,651	2,799	14,574
ERP Solutions	2,255	158	1,461	3,874
Platform Solutions	431	3,673	7,224	11,329
Total	9,809	8,484	11,485	29,779

Differences	Software Development	Information Processing	Package Software and Hardware Sales	Total
Industrial Solutions	△159	△516	△183	△859
ERP Solutions	921	△20	△603	297
Platform Solutions	301	477	△1,685	△906
Total	1,063	△59	△2,472	△1,468



Sales Comparison by Sector

【Consolidated】

(Yen in Millions)

	Apr. 2008 – Jun. 2008		Apr. 2009 – Jun. 2009		Increase/Decrease	
	Amount	Percentage of Total (%)	Amount	Percentage of Total (%)	Amount	Percentage of Total (%)
Manufacturers	7,872	26.4%	8,207	29.0%	335	4.3%
Distributors	6,458	21.7%	7,595	26.8%	1,136	17.6%
Financial Institutions	3,655	12.3%	3,609	12.7%	△46	△1.3%
Banks	1,178	4.0%	1,438	5.1%	259	22.0%
Securities Firms	984	3.3%	526	1.9%	△458	△46.6%
Shopping Credit/ Leasing Companies	593	2.0%	585	2.1%	△8	△1.4%
Insurance Companies	899	3.0%	1,059	3.7%	160	17.8%
Communications/ Transportation	4,852	16.3%	4,136	14.6%	△716	△14.8%
Utilities	249	0.8%	332	1.2%	82	33.3%
Services/Others	6,690	22.5%	4,430	15.6%	△2,260	△33.8%
Total	29,779	100.0%	28,311	100.0%	△1,468	△4.9%

※We made a partial amendment in previously disclosed data : the sales figures of previous fiscal year.



Sales Analysis (year-on-year, main factors for increase and decrease, April - June)

		(Yen in Millions)
Sales		Δ1,500
Factors for increase		+2,300
Impact caused by changes in accounting rules (Application of the percentage of completion method)		+2,300
Factors for decrease		Δ3,800
➤ Industrial Solutions for		
▪ Manufacturers		Δ 700
▪ Securities firms		Δ 500
➤ Platform Solutions		
▪ Related to academic institutions / government agencies		Δ1,400
▪ Networking hardware		Δ 500
➤ Decrease due to the accounting treatment for the business restructuring of a subsidiary last year		Δ 500
➤ Others		Δ 200



Gross Profit Analysis (year-on-year, main factors for increase and decrease, April - June)

(Yen in Millions)

Gross profit	△60
Factors for increase	+540
Impact caused by changes in accounting rules (Application of the percentage of completion method)	+540
Factors for decrease	△600
➤ Industrial Solutions for <ul style="list-style-type: none">▪ Manufacturers▪ Securities firms	△190 △60
➤ Platform Solutions <ul style="list-style-type: none">▪ Related to academic institutions / government agencies and networking hardware	△40
➤ Decrease due to the accounting treatment for the business restructuring of a subsidiary last year	△230
➤ Others	△80



SG&A Expenses Analysis (year-on-year, main factors for increase and decrease, April - June)

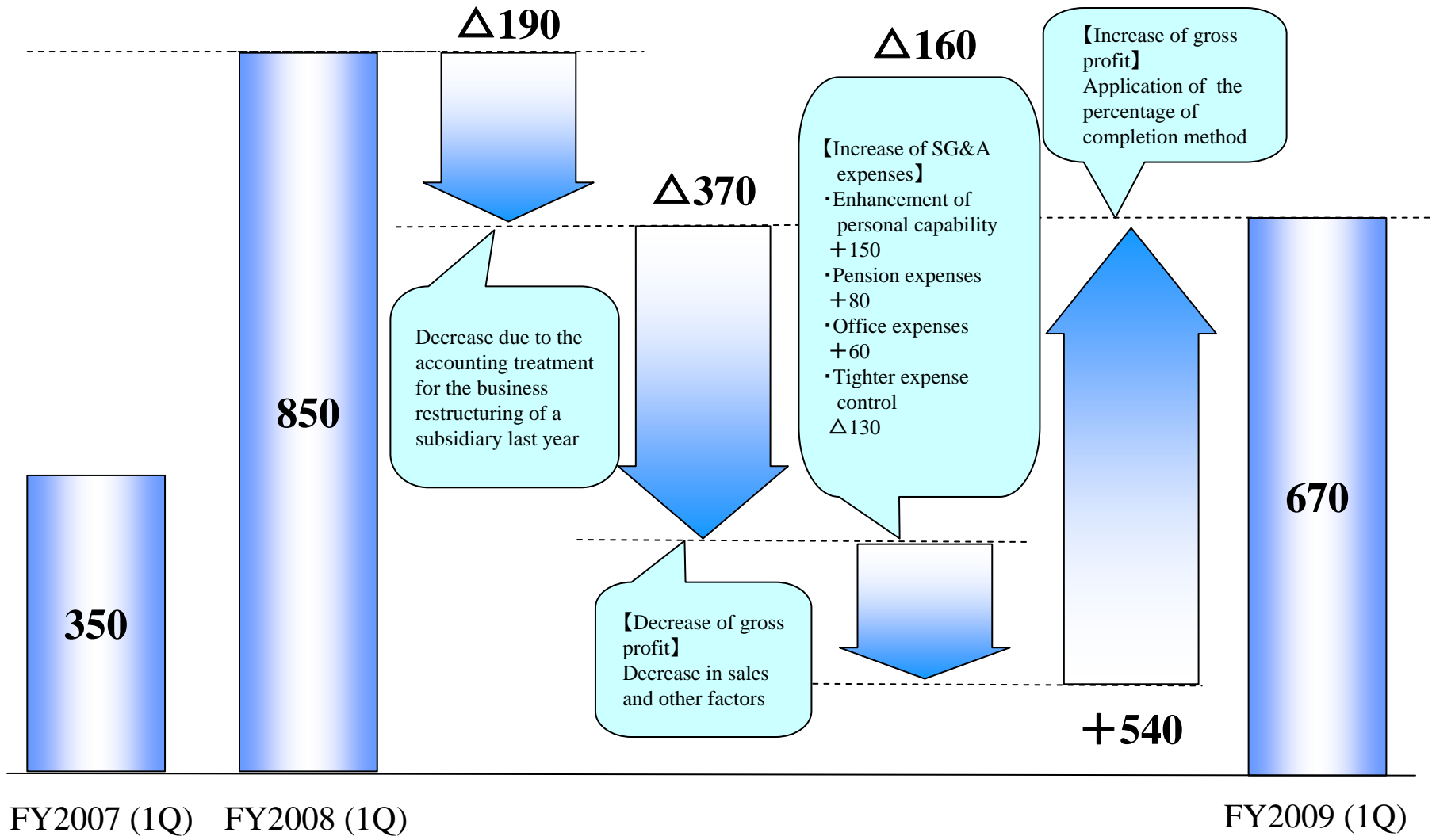
(Yen in Millions)

SG&A expenses	+120
Factors for increase	+290
➤ Enhancement of personal capability	+150
➤ Pension expenses	+80
➤ Office expenses	+60
Factors for decrease	Δ170
➤ Tighter expense control	Δ130
➤ Decrease due to the accounting treatment for the business restructuring of a subsidiary last year	Δ40



Operating Income Analysis (year-on-year, main factors for increase and decrease, April - June)

(Yen in Millions)





Business Environment Overview

While there have been some signs of recovery in the overall economy in Fiscal 2009, domestic private demand remains sluggish, reflecting deterioration in corporate profit and employment conditions.

In particular, the harsh business environment in the information service industry continues as unit prices fall and client companies cut back or delay IT investments.

- Under the current harsh operating environment particularly in the manufacturers, companies allocate very small budgets to IT investment for this fiscal year, and many of them are cautious in executing these budgets.
- Although business circumstances have been difficult throughout the 1st quarter, the number of projects has started to gradually increase in June, especially in areas such as IT products distribution. This suggests that IT investment is being put back on the table as companies monitor the recovery of the business environment including the progress of inventory adjustment and the improvement of consumer confidence.



Business Trends by Solution

Impact on SCS in the market environment and measures taken

Solutions for manufacturers

The capital spending (including IT investment) by export-oriented companies, particularly those in the auto industry, remains substantially curtailed among SCS client companies. On the other hand, continuous IT investment in R&D is being made.

【Measures】

SCS will try to achieve more cost efficient operations and allocate more management resources to R&D solutions that help client companies to acquire a competitive advantage.

Solutions for financial institutions

Amid a downturn in business, the overall financial industry is making moves to curb IT investment, but SCS maintains steady demand for businesses with specific client companies, principally for the insurance and banking industries.

SCS will strategically shift management resources to solutions for the insurance industry, etc.

[Bank] A recovery in banks' IT investment is underway and demand from SCS client companies is solid.
[Securities] The difficult business environment continues, with IT investment being curbed and postponed.
[Insurance] IT investment in the industry is restrained, while SCS clients' demand is steady.

ERP Solutions

While the market growth is projected in the mid-to-long term, there remains concern that potential clients lack investment capital in the short run. Medium-and large-sized projects are steadily being carried out at SCS.

【Measures】

Targeting domestic demand-oriented companies, SCS will leverage its partnerships to intensively promote various marketing schemes and other measures, and work on further improvement of productivity and profitability as well.

Platform Solutions

The business environment remains difficult due to fewer projects for the renewal of IT infrastructure, a decrease in sales of network equipment, and the reduction of IT maintenance costs.

【Measures】

SCS will execute marketing strategies to leading companies with an emphasis on “virtualization” and “Cloud computing.”

➤ Management Change

Management change for further growth in a difficult business environment

President & CEO	: Nobuhide Nakaido
COO	: Akira Tsuyuguchi

➤ Management issues to address

- Strategic reallocation of management resources
- Measures to improve the working environment including office relocation
- Further enhancement of personal capability

Your continued support and
encouragement will be
highly appreciated



【Reference】

Press Releases (1) Apr. 2009–July 2009

Global Strategies	Jun. 02, '09	Collaborate with India's IT company, IVTL Infoview Technologies Private Limited to build an ERP support system for ASEAN
Distribution	Apr. 01, '09	Launch the distribution BMS-compliant EDI supporting package
	May 07, '09	Launch "BACREX," the distribution BMS-compliant internet EDI system
ProActive	Apr. 08, '09	Conclude a business partner agreement on "ProActive E2" with INTEC Inc.
ERP	Apr. 06, '09	Start diagnosis service for introduction of mission-critical systems intended for trading and distribution companies
	Apr. 08, '09	Develop and start sales of an adaptor device for "SAP(r) ERP Application"
Security	May 13, '09	Launch SaaS-type on-demand service for Qualys, Inc. "integrated vulnerability management support service"
	May 20, '09	Start business in the Web application security field in cooperation with F5 networks Japan K.K.
Service	Jun. 16, '09	Launch cloud-based service for enterprises
	Jun. 25, '09	Launch one-stop service for clinical trial data management support centered on "Medidata Rave®," a first for Sier in Japan
	July 14, '09	Global launch of "Google Apps Premier Edition"



【Reference】

Press Releases (2) Apr. 2009–July 2009

Server/Storage	Apr. 07, '09	Launch “SANmelody/SANsymphony,” software for virtualization of storage produced by DataCore Software Corporation
	July 13, '09	Launch built-in server (PCIe) SSD, “ioDrive Duo”
	July 15, '09	Start business of Windows Server 2008’s fault tolerant field in cooperation with Marathon Technologies Corporation and Microsoft Corporation
OSS	Apr. 07, '09	Start business of “SCS Mail Solutions” using open source software in cooperation with Red Hat K.K.
Curl	May 12, '09	Offer component library for RIA using open source
	May 19, '09	Offer a development framework for Enterprise RIA using open source
	May 26, '09	Release Curl Ver. 7.0 of Enterprise RIA, Japanese version
Others	May 22, '09	Offer advanced system platform using Cell/B.E. to northern Kyushu researchers
	Jun. 04, '09	Introduce “Web Time Card System,” an attendance management system for specified dispatching for Staff Service Holdings
	July 04-12, '09	CSR Activity: Co-Sponsor the Bilbao Symphony Orchestra from Spain performing in Japan

The information in this material, other than historical facts, is the Company's future prospects in management's view based on the currently available information, and includes risks and uncertainties relating to economic conditions, fierce industry competition, market demand, exchange rates, tax and various systems. Therefore, actual results are subject to change for these various factors and the Company assumes no responsibility to your disadvantages by use of this information. The Company is under no obligation to correct and announce future prospects in this material in light of new information and future events.