

# Consolidated Results of Operations

## 3rd Quarter of Fiscal Year Ending March 2010

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**Sumisho Computer Systems Corporation**



# Summary of Results (First Three Quarters)

[Consolidated Results]

(Million yen)

	Apr. 2008 - Dec. 2008	Apr. 2009 - Dec. 2009	Increase/Decrease	
			Amount	Change (%)
Sales	95,405	91,182	△4,222	△4.4%
Gross Profit	22,249	20,618	△1,631	△7.3%
SG&A Expenses	17,513	17,432	△80	△0.5%
Operating Income	4,736	3,185	△1,551	△32.8%
Ordinary Income	5,081	3,939	△1,142	△22.5%
Net Income	1,833	1,731	△102	△5.6%



# Summary of Results (Third Quarter)

[Consolidated Results]

(Million yen)

	Oct. 2008 - Dec. 2008	Oct. 2009 - Dec. 2009	Increase/Decrease	
			Amount	Change (%)
Sales	31,935	29,739	△2,195	△6.9%
Gross Profit	7,548	6,745	△803	△10.6%
SG&A Expenses	5,803	5,487	△315	△5.4%
Operating Income	1,745	1,257	△488	△28.0%
Ordinary Income	1,859	1,821	△37	△2.0%
Net Income	179	942	763	426.0%



# Sales Comparison by Solution (First Three Quarters)

[Consolidated Results]

(Million yen)

	Apr. 2008 - Dec. 2008 (composition)	Apr. 2009 - Dec. 2009 (composition)	Increase/Decrease	
			Amount	Change (%)
Industrial Solutions	46,685 (48.9%)	42,850 (47.0%)	△3,834	△8.2%
ERP Solutions	11,853 (12.4%)	11,650 (12.8%)	△203	△1.7%
Platform Solutions	36,865 (38.7%)	36,681 (40.2%)	△183	△0.5%
Total	95,405 (100.0%)	91,182 (100.0%)	△4,222	△4.4%



# Sales Comparison by Segment (First Three Quarters)

[Consolidated Results]

(Million yen)

	Apr. 2008 - Dec. 2008 (composition)	Apr. 2009 - Dec. 2009 (composition)	Increase/Decrease	
			Amount	Change (%)
Software Development	33,672 (35.3%)	32,420 (35.6%)	△1,251	△3.7%
Information Processing	26,097 (27.4%)	26,662 (29.2%)	565	2.2%
Packaged Software /Hardware Sales	35,634 (37.3%)	32,098 (35.2%)	△3,535	△9.9%
<b>Total</b>	<b>95,405 (100.0%)</b>	<b>91,182 (100.0%)</b>	<b>△4,222</b>	<b>△4.4%</b>

[Incoming Orders] Software Development	40,193	35,508	△4,684	△11.7%
[Backlog] Software Development	12,485	10,118	△2,367	△19.0%



# Sales Comparison by Solution/Segment

(First Three Quarters)

[Consolidated Results]

(Million yen)

Apr. 2009 - Dec. 2009	Software Development	Information Processing	Packaged Software /Hardware Sales	Total
Industrial Solutions	22,055	12,538	8,256	42,850
ERP Solutions	8,356	450	2,842	11,650
Platform Solutions	2,008	13,674	20,999	36,681
<b>Total</b>	<b>32,420</b>	<b>26,662</b>	<b>32,098</b>	<b>91,182</b>

Apr. 2008 - Dec. 2008	Software Development	Information Processing	Packaged Software /Hardware Sales	Total
Industrial Solutions	23,781	13,028	9,875	46,685
ERP Solutions	8,233	713	2,907	11,853
Platform Solutions	1,658	12,355	22,851	36,865
<b>Total</b>	<b>33,672</b>	<b>26,097</b>	<b>35,634</b>	<b>95,405</b>

Difference	Software Development	Information Processing	Packaged Software /Hardware Sales	Total
Industrial Solutions	△1,725	△490	△1,618	△3,834
ERP Solutions	123	△263	△64	△203
Platform Solutions	349	1,318	△1,852	△183
<b>Total</b>	<b>△1,251</b>	<b>565</b>	<b>△3,535</b>	<b>△4,222</b>



# Sales Comparison by Sector (First Three Quarters)

[Consolidated Results]

(Million yen)

	Apr. 2008 - Dec. 2008		Apr. 2009 - Dec. 2009		Increase/Decrease	
	Amount	Composition	Amount	Composition	Amount	Change
<b>Manufacturers</b>	<b>27,739</b>	29.1%	<b>24,957</b>	27.4%	<b>△2,782</b>	△10.0%
<b>Distributors</b>	<b>20,099</b>	21.0%	<b>22,503</b>	24.7%	<b>2,404</b>	12.0%
<b>Financial Institutions</b>	<b>12,767</b>	13.4%	<b>11,695</b>	12.8%	<b>△1,072</b>	△8.4%
<b>Banks</b>	<b>4,738</b>	5.0%	<b>5,026</b>	5.5%	<b>288</b>	6.1%
<b>Securities Firms</b>	<b>2,660</b>	2.8%	<b>1,848</b>	2.0%	<b>△812</b>	△30.5%
<b>Shopping Credit/ Leasing Companies</b>	<b>2,287</b>	2.4%	<b>1,543</b>	1.7%	<b>△744</b>	△32.5%
<b>Insurance Companies</b>	<b>3,080</b>	3.2%	<b>3,276</b>	3.6%	<b>195</b>	6.4%
<b>Communications/Transportation</b>	<b>15,747</b>	16.5%	<b>14,129</b>	15.5%	<b>△1,618</b>	△10.3%
<b>Utilities</b>	<b>1,316</b>	1.4%	<b>1,591</b>	1.7%	<b>274</b>	20.8%
<b>Services/Others</b>	<b>17,733</b>	18.6%	<b>16,304</b>	17.9%	<b>△1,428</b>	△8.1%
<b>Total</b>	<b>95,405</b>	100.0%	<b>91,182</b>	100.0%	<b>△4,222</b>	△4.4 %

\* Partial revisions to selected data and changes to sector-specific sales figures for the previous fiscal year



# Sales Analysis

Main factors for increase and decrease from April to December (year-on-year)

		(Million yen)
<b>Sales</b>		<b>△4,200</b>
<b>Factors for increase</b>		<b>+8,300</b>
➤ Industrial Solutions Related to distributors		+600
➤ ERP Solutions Related to manufacturers		+900
➤ Platform Solutions Related to distributors		+2,000
➤ Change of accounting standards (percentage of completion method)		+4,800
<b>Factors for decrease</b>		<b>△12,500</b>
➤ Industrial Solutions Related to manufacturers, securities firms, and credit and leasing companies		△6,200
➤ ERP Solutions Related to distributors		△1,300
➤ Platform Solutions Related to credit and leasing companies Related to network hardware		△400 △2,200
➤ Others (related to the service industry and governmental agencies, and others)		△1,900
➤ Accounting effect from the merger with a subsidiary during the previous fiscal year		△500





# Gross Profit Analysis

Main factors for increase and decrease from April to December (year-on-year)

		(Million yen)
<b>Gross Profit</b>		<b>△1,630</b>
<b>Factors for increase</b>		<b>+1,280</b>
➤ Industrial Solutions Related to distributors		+60
➤ ERP Solutions Related to manufacturers		+100
➤ Platform Solutions Related to distributors		+310
➤ Change of accounting standards (percentage of completion method)		+810
<b>Factors for decrease</b>		<b>△2,910</b>
➤ Industrial Solutions Related to manufacturers, securities firms, and credit and leasing companies		△1,500
➤ ERP Solutions Related to distributors		△310
➤ Platform Solutions Related to credit and leasing companies		△100
Related to network hardware		△200
➤ Others (related to the service industry and governmental agencies, and others)		△570
➤ Accounting effect from the merger with a subsidiary during the previous fiscal year		△230



# SG&A Expenses Analysis

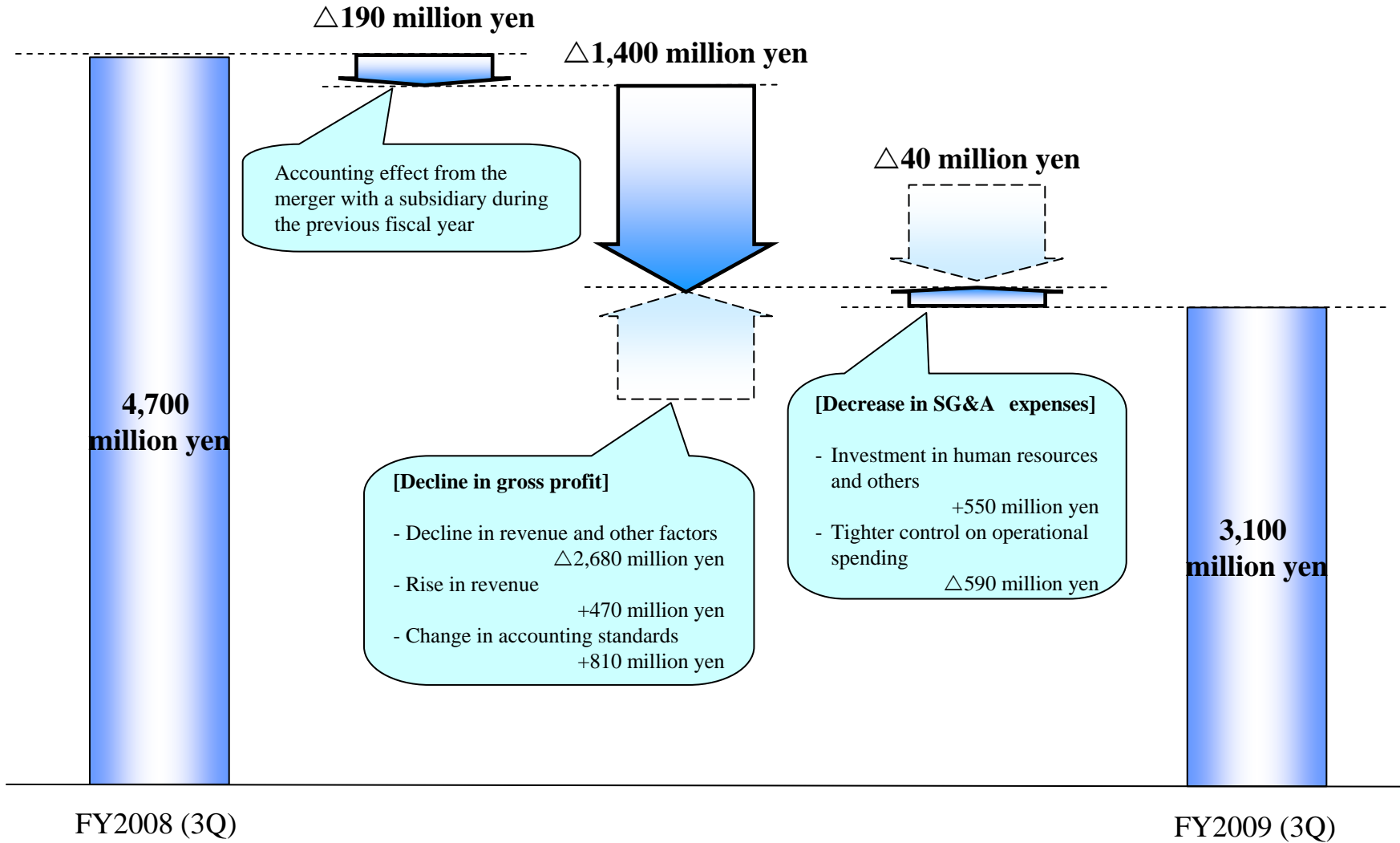
Main factors for increases and decreases from April to December (year-on-year)

(Million yen)

<b>SG&amp;A Expenses</b>	<b>△80</b>
<b>Factors for increase</b>	<b>+550</b>
➤ Investment in our own ERP systems	+170
➤ Pension-related expenses	+250
➤ Investment in human resources	+130
<b>Factors for decrease</b>	<b>△630</b>
➤ Tighter control on operational spending	△480
➤ Accounting effect from the merger with a subsidiary during the previous fiscal year	△40
➤ Others	△110

# Operating Income Analysis

Main factors for increase and decrease from April to December (year-on-year)



## Business Environment

- General trends: Although the business is recovering, the recovery is not self-sustaining. Unemployment rate remains high. Capital expenditure has ceased to fall in certain areas, but is weak overall.
- IT industry: Demand from client companies for strategic IT investment is strong. However, they consider the need for and appropriateness of IT investment more carefully and remain cautious with regard to actual spending.

Trends in IT investment likely to remain uncertain during second half of year

## Impact on SCS

- Careful selection of IT investment by export-dependent manufacturers and small and medium enterprises
- Declining demand for quick-delivery and small-scale projects
- Solid flow of IT investment related to R&D and improvements in management efficiency, as well as for ERP systems in connection with group reorganization

# Business Trends by Solution (1)

## Industrial Solutions

Overview of Environment	
Manufacturing	Manufacturers are reducing production-related IT investment, but strategic IT investment in R&D is solid.
Finance	Conditions remain difficult overall, including a decline in sales in the securities firms.
Distribution	Demand for strategic IT investment, especially demand from major clients for bolstering the management base, is solid.



Measures
<ul style="list-style-type: none"> <li>- Allocating management resources to clients' IT infrastructure development and certain R&amp;D solutions</li> <li>- Focusing on improving cost efficiency by increasing the percentage of in-house services</li> </ul>
<ul style="list-style-type: none"> <li>- Focusing on projects in the insurance and banking industries</li> </ul>
<ul style="list-style-type: none"> <li>- Focusing on the key client companies in distributors</li> <li>- Accumulating commercial expertise in order to secure a competitive advantage</li> </ul>

# Business Trends by Solution (2)

## ERP Solutions

### Overview of Environment

ProActive Business

- The market for small and medium enterprises is expected to grow. However, the speed of growth is slowing because of the economic downturn.
- The entire market is clearly scaling back orders and taking longer to weigh up their options.

SAP, Oracle and other ERP businesses

- Demand for ERP services remains strong as companies strive to improve management practices through measures such as increasing operational efficiency and cutting costs.



### Measures

- Launching new sales management and management accounting modules
- Bolstering marketing strategies

- Harnessing global network and industry specific templates to secure new clients
- Improving solution capabilities in combination with peripheral solutions

# Business Trends by Solution (3)

## Platform Solutions

Overview of Environment	
Network Security Solutions	Experiencing a slump in demand For IT products related to networks and security due to the impact of reduced IT investment.
Data center solutions	Despite demand for urban data centers, competition is becoming increasingly fierce in price terms.
Other services	Competition is intensifying due to reduced demand and commoditization of hardware as a result of low levels of business confidence.



Measures
<ul style="list-style-type: none"> <li>- Combining various IT products to provide clients with unique composite services in line with their needs</li> </ul>
<ul style="list-style-type: none"> <li>- Providing higher added value as part of operations services</li> <li>- Promoting marketing strategies based on the concepts of virtualization and cloud computing</li> </ul>
<ul style="list-style-type: none"> <li>- Focusing on solutions for leading companies</li> <li>- Combining cutting-edge product technology with our own unique technology to provide IT services that help clients improve management efficiency</li> </ul>

Your continued support and  
encouragement will be  
highly appreciated





## *(For Reference) Press Releases from Oct. 2009 to Jan. 2010*

<b>ProActive</b>	<b>Oct. 7, 2009</b>	<b>ProActive E2 goes live as a common business system for Tokyo Stock Exchange Group, Inc.</b>
	<b>Oct. 27, 2009</b>	<b>SCS revamps its course for cultivating consultants for introducing the ERP package ProActive E2.</b>
	<b>Nov. 4, 2009</b>	<b>IT Frontier and SCS conclude a business partner agreement relating to the ERP package ProActive E2.</b>
	<b>Nov. 25, 2009</b>	<b>SCS starts to provide the renewed attendance and payroll management solution in line with the revised Labor Standards Act.</b>
	<b>Jan. 4, 2010</b>	<b>SCS launches an enhanced version of the ProActive E2 management accounting system in January 2010.</b>
	<b>Jan. 21, 2010</b>	<b>SCS launches the latest version of the ProActive E2 sale, purchase, and inventory management system in January 2010.</b>
<b>Cloud Computing</b>	<b>Nov. 26, 2009</b>	<b>SCS starts a cloud infrastructure service for SAP® users.</b>
<b>Server, storage</b>	<b>Oct. 26, 2009</b>	<b>SCS begins to sell an appliance product equipped with a Zeus Technology software load balancer.</b>
<b>Network</b>	<b>Oct. 20, 2009</b>	<b>SCS starts to cooperate with Hitachi Cable Networks in providing an immune network solution.</b>
	<b>Dec. 21, 2009</b>	<b>SCS starts a virtual network service with its own data center netXDC.</b>
	<b>Jan. 20, 2010</b>	<b>SCS concludes a solution partner agreement with Progress Japan in building SOA infrastructure.</b>
<b>Security</b>	<b>Oct. 14, 2009</b>	<b>SCS starts to collaborate with AhnLab in a security surveillance service.</b>
<b>Curl</b>	<b>Oct. 29, 2009</b>	<b>Curl reduces the time from data search to data display 75-80% by combining Curl ORB, an ultrafast data transfer technology, with a VB migration service.</b>