

Consolidated Results of Operation

1st Quarter of Fiscal Year Ending March 2011

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住商情報システム株式会社

Sumisho Computer Systems Corporation

SCS Summary of Results

[Consolidated Results]

(Million yen)

	Apr. 2009 – Jun. 2009	Apr. 2010 – Jun. 2010	Increase/Decrease	
			Amount	Change (%)
Sales	28,311	31,069	2,758	9.7%
Gross Profit	6,650	6,773	122	1.8%
SG&A Expenses	5,983	5,605	△377	△6.3%
Operating Income	667	1,167	500	74.9%
Ordinary Income	795	1,266	471	59.2%
Net Income	224	923	699	312.3%



Sales Comparison by Solution

[Consolidated Results]

(Million yen)

	Apr. 2009 – Jun. 2009 (composition)	Apr. 2010 – Jun. 2010 (composition)	Increase/Decrease	
			Amount	Change (%)
Industrial Solutions	13,715 (48.4%)	15,277 (49.2%)	1,562	11.4%
ERP Solutions	4,172 (14.7%)	3,437 (11.1%)	△735	△17.6%
Platform Solutions	10,423 (36.9%)	12,355 (39.7%)	1,931	18.5%
Total	28,311 (100.0%)	31,069 (100.0%)	2,758	9.7%



Sales Comparison by Segment

[Consolidated Results]

(Million yen)

	Apr. 2009 – Jun. 2009 (composition)	Apr. 2010 – Jun. 2010 (composition)	Increase/Decrease	
			Amount	Change (%)
Software Development	10,873 (38.4%)	10,179 (32.8%)	△693	△6.4%
Information Processing	8,424 (29.8%)	8,885 (28.6%)	461	5.5%
Packaged Software/ Hardware Sales	9,013 (31.8%)	12,004 (38.6%)	2,990	33.2%
Total	28,311 (100.0%)	31,069 (100.0%)	2,758	9.7%

[Incoming Orders] Software Development	16,438	11,568	△4,870	△29.6%
[Backlog] Software Development	12,595	9,635	△2,960	△23.5%



Sales Comparison by Solution/Segment

[Consolidated Results]

(Million yen)

Apr. 2010 - Jun. 2010	Software Development	Information Processing	Packaged Software /Hardware Sales	Total
Industrial Solutions	7,357	4,312	3,607	15,277
ERP Solutions	2,351	246	838	3,437
Platform Solutions	470	4,326	7,558	12,355
Total	10,179	8,885	12,004	31,069

Apr. 2009 - Jun. 2009	Software Development	Information Processing	Packaged Software /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	1,0423
Total	10,873	8,424	9,013	28,311

Difference	Software Development	Information Processing	Packaged Software /Hardware Sales	Total
Industrial Solutions	393	177	990	1,562
ERP Solutions	△825	108	△19	△735
Platform Solutions	△262	174	2,019	1,931
Total	△693	461	2,990	2,758



Sales Comparison by Sector

[Consolidated Results]

(Million yen)

		Apr. 2009 - Jun. 2009		Apr. 2010 - Jun. 2010		Increase/Decrease	
		Amount	Composition	Amount	Composition	Amount	Change
Manufacturers		8,259	29.2%	6,911	22.2%	△1,348	△16.3%
Distributors		7,455	26.3%	7,213	23.2%	△242	△3.3%
Financial Institutions		3,607	12.7%	4,175	13.4%	567	15.7%
	Banks	1,438	5.1%	1,572	5.0%	134	9.4%
	Securities Firms	535	1.9%	463	1.5%	△71	△13.3%
	Shopping Credit/ Leasing Companies	574	2.0%	982	3.2%	407	70.9%
	Insurance Companies	1,059	3.7%	1,156	3.7%	96	9.1%
Communications/ Transportation		4,138	14.6%	5,550	17.9%	1,412	34.1%
Utilities		332	1.2%	367	1.2%	35	10.7%
Services/Others		4,517	16.0%	6,851	22.1%	2,333	51.6%
Total		28,311	100.0%	31,069	100.0%	2,758	9.7%

* We made a partial amendment in previously disclosed data.



Sales Analysis

Details of increase and decrease from April to June (year-on-year)

(Million yen)

Sales	+2,700
Details of increase	+4,500
➤ Industrial Solutions for Financial institutions Communications/Transportation	+500 +1,200
➤ Service industry and governmental agencies	+2,300
➤ Others	+500
Details of decrease	Δ1,800
➤ ERP Solutions for Manufacturers	Δ1,300
➤ FY2009 disposal/withdrawal from investments in unprofitable businesses	Δ500

*Increase and decrease by solution



Gross Profit Analysis

Details of increase and decrease from April to June (year-on-year)

(Million yen)

Gross Profit	+120
Details of increase	+710
➤ Industrial Solutions for Financial institutions Communications/Transportation	+70 +340
➤ Service industry and governmental agencies	+260
➤ Others	+40
Details of decrease	Δ590
➤ ERP Solutions for Manufacturers	Δ460
➤ FY2009 disposal/withdrawal from investments in unprofitable businesses	Δ130

*Increase and decrease by solution



SG&A Expenses Analysis

Details of increase and decrease from April to June (year-on-year)

(Million yen)

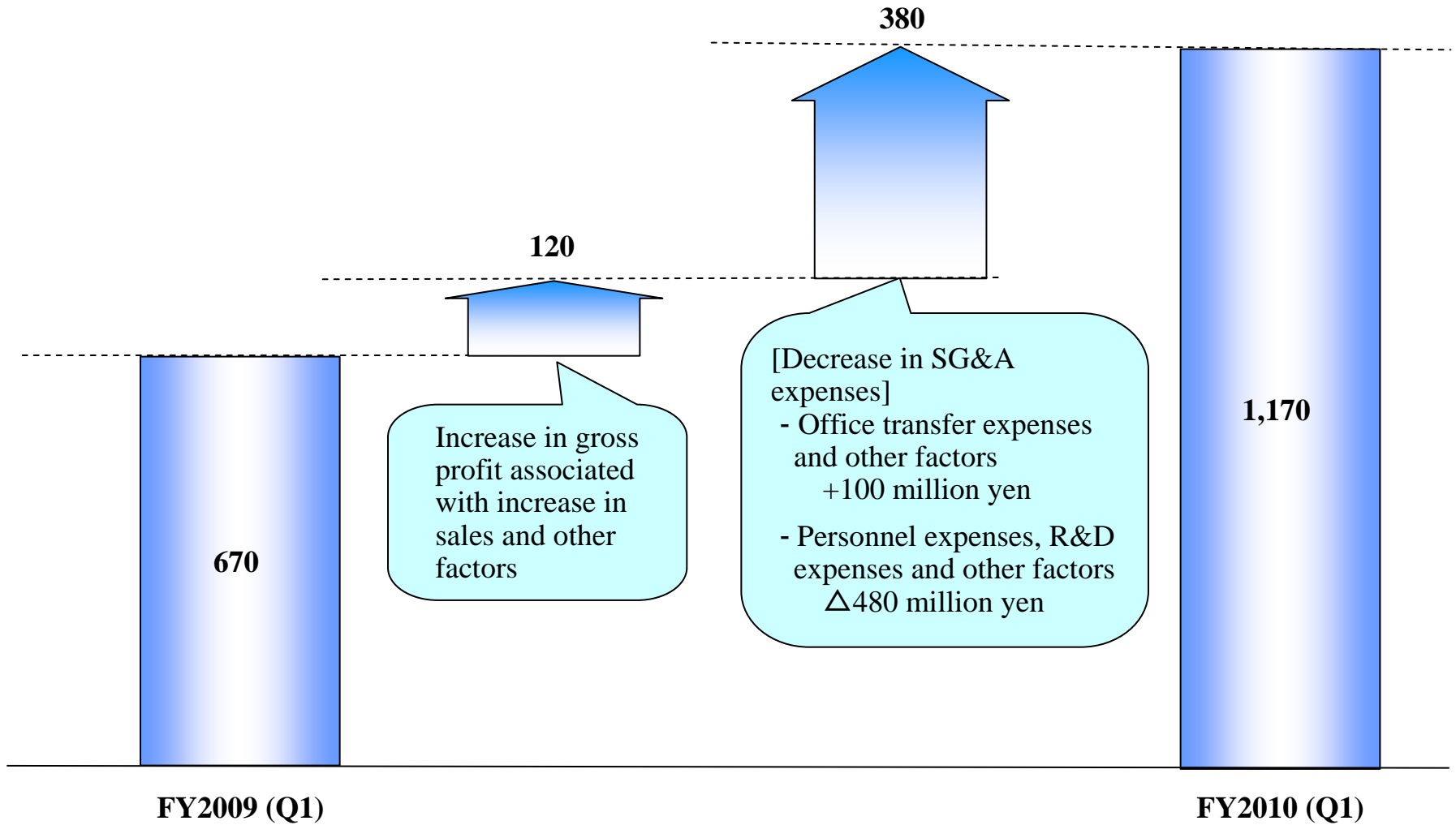
SG&A Expenses	Δ380
Details of increase	+100
➤ Office transfer expenses and others	+100
Details of decrease	Δ480
➤ Personnel expenses	Δ30
➤ R&D expenses	Δ170
➤ Other operational expenses (mainly in outsourcing expenses, office rent, and training expenses)	Δ120
➤ FY2009 disposal/withdrawal from investments in unprofitable businesses	Δ160



Operating Income Analysis

Details of increase and decrease from April to June (year-on-year)

(Million yen)





External Sales & Operating Income by Reported Segment based on Management Approach

				(Million yen)
Solutions	Reported Segments	Description	2010/4-2010/6 External sales Operating Income	
Industrial Solutions	Distribution & Manufacturing System Solution Business	Provides IT services that meet the industry-specific system needs mainly for distributors and manufacturers.	8,509	
				178
ERP Solutions	Financial System & ERP Solution Business	Provides IT services that meet the system needs that are specific to financial institutions and provides clients with IT services on ERP systems including “ProActive”, the Company’s proprietary ERP packaged software and other ERP packaged software.	6,088	
				101
Platform Solutions	Global Solution Business	Provides IT services that leverage our overseas network to our global clients, including Sumitomo Corporation Group, that expand their operations worldwide.	2,962	
				368
Platform Solutions	IT Platform Solution Business	Provides IT platform development & operation services, from the design, development and maintenance of clients’ IT infrastructure operations using data centers.	12,160	
				756
Platform Solutions	Others	Provides IT services to our clients through our branch offices in Japan and other services.	1,349	
				△121
Total			31,069	
				1,167

*Reported Segments are based on the revised Accounting standards on disclosure of segment information.

* Total operating income by new segment of 1,167 million yen includes unallocated general corporate expenses of △115 million yen.

Business Environment

➤ General trends:

With rising exports and improving corporate earnings, business is beginning to pick up, offering a positive outlook that Japan could achieve a self-sustaining recovery. Given the concerns about performance of economies overseas as well as negative effect by yen appreciation, however, the economic outlook remains uncertain.

➤ IT industry:

Backed by the improved business performance, IT investments are generally tending to recover. However, the degree of business recovery at each segment is varied. In particular, investment in software development remains weak.



Impact on SCS

- Increased investments in renewal of IT products, including hardware.
- Unchanged careful decision-making attitude in IT investment in general with consideration given to business performance.
- Cautious attitude is especially evident toward software development investment, such as taking more time to examine the cost effectiveness.



Business Trends by Reported Segment

Distribution & Manufacturing System Solution Business	<ul style="list-style-type: none">- With improving business performance, enthusiasm in corporate companies about IT investment has increased. However, client companies remain cautious with regard to making actual investments decisions.- In the auto industry for example, IT investments related to hybrid/electric cars are expected over the long term, but for the time being, companies are tending to limit their investments to areas directly related to product process.
Financial System & ERP Solution Business	<p>[Finance]</p> <ul style="list-style-type: none">- In the banking sector, some clients are planning IT investments for the medium and long term, leading to the increase in our deal flow. Nevertheless, growth in immediate IT investments is weak.- For securities firms, clients focus on lowering costs and hold back their IT investments.- The life/nonlife insurance industry in general tends to hold back on IT investment, but some clients are preparing IT investments related to business reorganization. <p>[ERP]</p> <ul style="list-style-type: none">- The number of RFPs is increasing. Given the ongoing trend towards scaled down of IT investments and prolonged examination periods, however, the business environment remains harsh.- Although the number of inquiries for IFRS business is rising, the actual launch of IFRS projects is expected to take place after the next fiscal year.
Global Solution Business	<ul style="list-style-type: none">- With respect to the businesses for overseas offices of Japanese companies, client companies are expected to adopt a more positive stance on IT investments with the economic turnaround.- We are now starting local support for the expansion of overseas operations by Japanese companies in China and other Asian countries.
IT Platform Solution Business	<ul style="list-style-type: none">- There has been a remarkable recovery in IT investments, led by products in a broad range of areas such as security and networks.- Businesses related to the cloud-computing and virtualization have also improved.

- Progress of business initiatives
 - Strengthen business screening
 - Enhance outsourcing efficiency
 - Strengthen human resources
 - Pursue the quality of IT systems

- Business and capital alliance with CSK Holdings
 - Continue activities of the Business Alliance committee



Revised Financial Forecast for the 1st Half of FY2010

[Consolidated Forecast]

(Million yen)

	Initial Forecast 2010/9	Revised Forecast 2010/9	Increase/Decrease	
			Amount	Change (%)
Sales	61,500	64,000	2,500	4.1%
Operating Income	1,900	2,100	200	10.5%
Ordinary Income	1,900	2,100	200	10.5%
Net Income	700	1,200	500	71.4%

Your continued support and
encouragement will be
highly appreciated



(For Reference)

Press Releases from Apr. 2010 to Jul. 2010 (1)

ProActive	April 1, 2010	Commences full operation of ProActive E2, a new accounting system for Kirishima Shuzo Co., Ltd.
	May 24, 2010	ERP package ProActive E2 Announces the outline of action to be taken regarding ERP package ProActive E2 for the accounting standards on the presentation of comprehensive income
	June 16, 2010	Learns the adoption of International Financial Reporting Standards (IFRS) from advanced case studies Holds a free seminar on the IFRS Application Support Solution
Cloud Computing	April 26, 2010	Begins providing services on extended Google calendar
	May 27, 2010	Improves the security of Google Apps and other cloud-computing services Begins providing cloud-computing integrated authentication services in the SaaS format
	June 2, 2010	Begins providing Zeus Load Balancer, Zeus Technology's software load balancer in IJ cloud-computing infrastructure
ERP	July 7, 2010	Begins full operation of SHARE/OTM, the employee attendance management system for Shin Nippon Air Technologies Co., Ltd.
Curl	June 9, 2010	Enters into an alliance with CyberTech Corporation Ltd. in core middleware products



(For Reference)

Press Releases from Apr. 2010 to Jul. 2010 (2)

Network	July 6, 2010	Achieves cumulative sales of 3,000 units of the PureFlow® GS1 series, a highly accurate bandwidth control system, and 500 corporate users
Server, storage	May 25, 2010	Yamazaki Baking Co., Ltd. uses Oracle Exadata for data warehouse innovation
OSS	May 26, 2010	Begins providing the open system OSS migration services in cooperation with Accenture
Middleware	May 7, 2010	Develops an e-commerce website interface in just three days with ASTERIA WARP
	June 8, 2010	Begins selling WinWin-EDI for Retail, an EDI support package that can handle distribution BMS for the retail industry in cooperation with Retail Science Co., Ltd.
Analysis solution	May 6, 2010	Begins selling FORGE, the TRANSVALOR's forging analysis software
	June 29, 2010	Begins selling Auto Formplus R2 that achieves breakthrough reduction in man-hours in press-molding operations
Others	April 28, 2010	Notice of merger of subsidiary (simplified merger/short-form merger)