

# **Consolidated Results of Operation**

## **1st Half of Fiscal Year Ending March 2011**

---

**October 28, 2010**  
**Tetsuya Fukunaga**  
**Director and Executive Vice President**  
**Sumisho Computer Systems Corporation**



**住商情報システム株式会社**

**Sumisho Computer Systems Corporation**

---



# Summary of Results

[Consolidated Results]

(Million yen)

	Apr. 2009 – Sep. 2009	Apr. 2010 – Sep. 2010	Increase/Decrease	
			Amount	Change (%)
Sales	61,442	62,618	1,175	1.9%
Gross Profit	13,872	13,536	△336	△2.4%
SG&A Expenses	11,945	11,075	△870	△7.3%
Operating Income	1,927	2,461	534	27.7%
Ordinary Income	2,117	2,587	470	22.2%
Net Income	788	1,541	752	95.4%



# Sales Comparison by Solution

[Consolidated Results]

(Million yen)

	Apr. 2009 – Sep. 2009 (composition)	Apr. 2010 – Sep. 2010 (composition)	Increase/Decrease	
			Amount	Change (%)
<b>Industrial Solutions</b>	28,847 (46.9%)	<b>32,191</b> <b>(51.4%)</b>	3,344	11.6%
<b>ERP Solutions</b>	8,328 (13.6%)	<b>6,690</b> <b>(10.7%)</b>	△1,638	△19.7%
<b>Platform Solutions</b>	24,266 (39.5%)	<b>23,736</b> <b>(37.9%)</b>	△530	△2.2%
<b>Total</b>	61,442 (100.0%)	<b>62,618</b> <b>(100.0%)</b>	1,175	1.9%



# Sales Comparison by Segment

[Consolidated Results]

(Million yen)

	Apr. 2009 – Sep. 2009 (composition)	Apr. 2010 – Sep. 2010 (composition)	Increase/Decrease	
			Amount	Change (%)
<b>Software Development</b>	22,574 (36.7%)	<b>21,142</b> <b>(33.8%)</b>	△1,431	△6.3%
<b>Information Processing</b>	17,736 (28.9%)	<b>18,049</b> <b>(28.8%)</b>	312	1.8%
<b>Packaged Software/ Hardware Sales</b>	21,131 (34.4%)	<b>23,425</b> <b>(37.4%)</b>	2,294	10.9%
<b>Total</b>	61,442 (100.0%)	<b>62,618</b> <b>(100.0%)</b>	1,175	1.9%

<b>[Incoming Orders] Software Development</b>	25,864	<b>23,175</b>	△2,688	△10.4%
<b>[Backlog] Software Development</b>	10,319	<b>10,280</b>	△39	△0.4%



# Sales Comparison by Solution/Segment

[Consolidated Results]

(Million yen)

Apr. 2010 - Sep. 2010	Software Development	Information Processing	Packaged Software/ Hardware Sales	Total
Industrial Solutions	15,397	8,856	7,937	32,191
ERP Solutions	4,723	395	1,571	6,690
Platform Solutions	1,021	8,798	13,916	23,736
<b>Total</b>	<b>21,142</b>	<b>18,049</b>	<b>23,425</b>	<b>62,618</b>

Apr. 2009 - Sep. 2009	Software Development	Information Processing	Packaged Software/ Hardware Sales	Total
Industrial Solutions	14,814	8,282	5,751	28,847
ERP Solutions	6,291	310	1,727	8,328
Platform Solutions	1,469	9,144	13,652	24,266
<b>Total</b>	<b>22,574</b>	<b>17,736</b>	<b>21,131</b>	<b>61,442</b>

Difference	Software Development	Information Processing	Packaged Software/ Hardware Sales	Total
Industrial Solutions	583	574	2,186	3,344
ERP Solutions	△1,567	84	△155	△1,638
Platform Solutions	△447	△346	263	△530
<b>Total</b>	<b>△1,431</b>	<b>312</b>	<b>2,294</b>	<b>1,175</b>



# Sales Comparison by Sector

[Consolidated Results]

(Million yen)

	Apr. 2009 - Sep. 2009		Apr. 2010 - Sep. 2010		Increase/Decrease	
	Amount	Composition	Amount	Composition	Amount	Change
<b>Manufacturers</b>	17,692	28.8%	<b>14,651</b>	<b>23.4%</b>	△3,040	△17.2%
<b>Distributors</b>	15,510	25.2%	<b>14,887</b>	<b>23.8%</b>	△622	△4.0%
<b>Financial Institutions</b>	7,792	12.7%	<b>8,908</b>	<b>14.2%</b>	1,116	14.3%
Banks	3,314	5.4%	<b>3,233</b>	<b>5.2%</b>	△80	△2.4%
Securities Firms	1,261	2.1%	<b>783</b>	<b>1.3%</b>	△478	△37.9%
Shopping Credit/ Leasing Companies	956	1.6%	<b>2,352</b>	<b>3.8%</b>	1,395	145.9%
Insurance Companies	2,260	3.7%	<b>2,540</b>	<b>4.1%</b>	280	12.4%
<b>Communications/ Transportation</b>	8,502	13.8%	<b>9,761</b>	<b>15.6%</b>	1,258	14.8%
<b>Utilities</b>	848	1.4%	<b>881</b>	<b>1.4%</b>	32	3.9%
<b>Services/Others</b>	11,096	18.1%	<b>13,527</b>	<b>21.6%</b>	2,431	21.9%
<b>Total</b>	61,442	100.0%	<b>62,618</b>	<b>100.0%</b>	1,175	1.9%

\* We made a partial amendment in previously disclosed data.



# Sales Analysis

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

(Million yen)

<b>Sales</b>	<b>+1,100</b>
<b>Details of increase</b>	<b>+5,600</b>
➤ Industrial Solutions for Financial institutions Communications	+1,200 +1,400
➤ Platform Solutions for Communications	+400
➤ Service industry and governmental agencies	+2,400
➤ Others	+200
<b>Details of decrease</b>	<b>Δ4,500</b>
➤ ERP Solutions for Manufacturers	Δ2,100
➤ Platform Solutions for Distributors	Δ1,700
➤ FY2009 disposal/withdrawal from investments in unprofitable businesses	Δ700

\*Increase and decrease by solution



# Gross Profit Analysis

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

(Million yen)

<b>Gross Profit</b>	<b>Δ330</b>
<b>Details of increase</b>	<b>+740</b>
➤ Industrial Solutions for Financial institutions Communications/transportation	+210 +350
➤ Platform Solutions for Distributors Communications	+110 +10
➤ Service industry, governmental agencies and others	+60
<b>Details of decrease</b>	<b>Δ1,070</b>
➤ ERP Solutions for Manufacturers	Δ780
➤ FY2009 disposal/withdrawal from investments in unprofitable businesses	Δ290

\*Increase and decrease by solution





# SG&A Expenses Analysis

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

(Million yen)

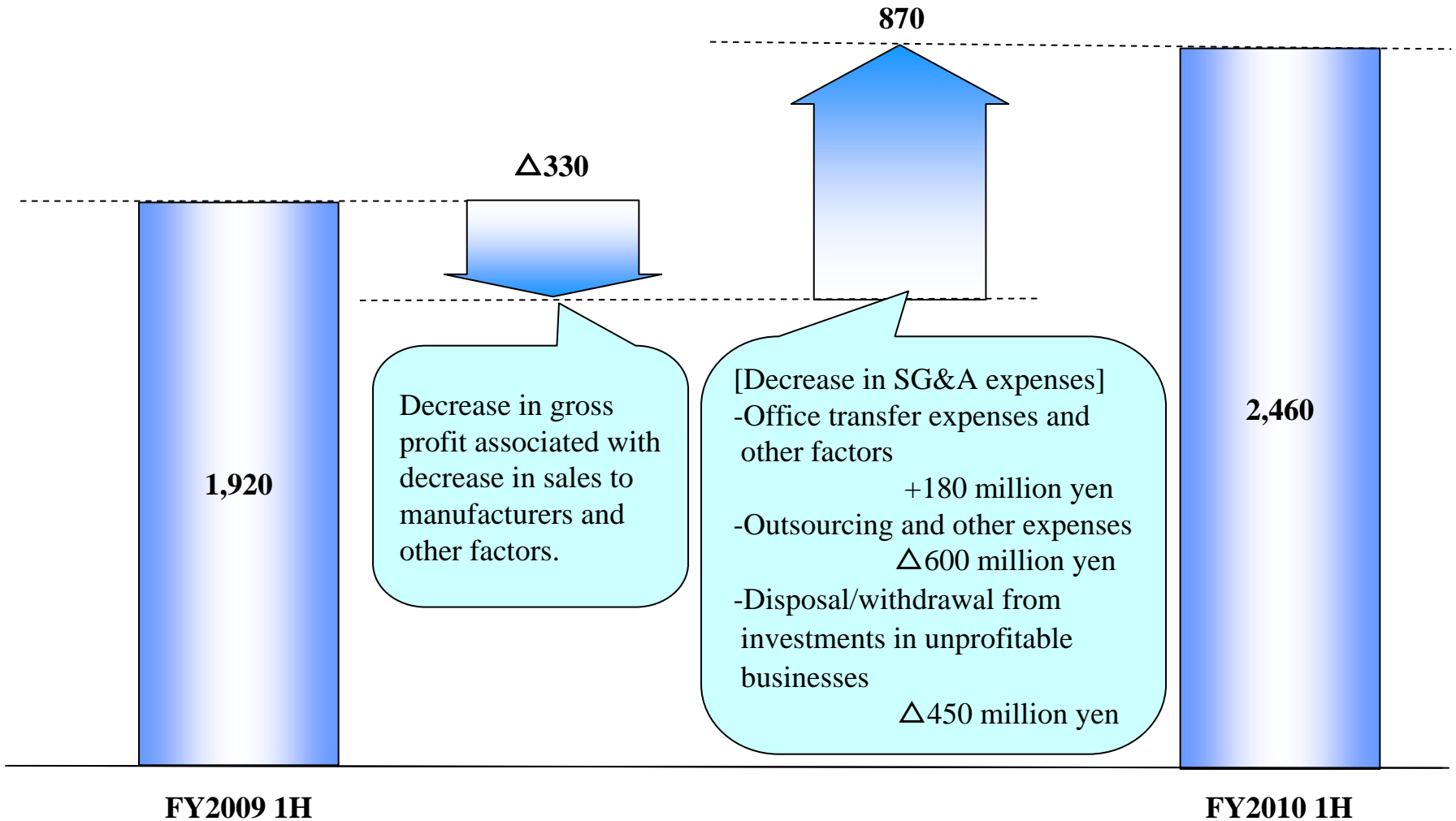
<b>SG&amp;A Expenses</b>	<b>Δ870</b>
<b>Details of increase</b>	<b>+180</b>
➤ Office transfer expenses	+130
➤ Others	+50
<b>Details of decrease</b>	<b>Δ1,050</b>
➤ Expenses related to our own ERP systems	Δ90
➤ Outsourcing expenses and R&D expenses	Δ480
➤ Other operational spending (mainly in office rent, training expenses)	Δ30
➤ FY2009 disposal/withdrawal from investments in unprofitable businesses	Δ450



# Operating Income Analysis

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

(Million yen)





# Comparison with Forecasts

(Cumulative consolidated figures for 2nd quarter)

[Consolidated Results]

(Million yen)

	Revised forecasts for Apr. 2010 – Sep. 2010	Results for Apr. 2010 – Sep. 2010	Increase/Decrease
Sales	64,000	<b>62,618</b>	△1,381
Operating Income	2,100	<b>2,461</b>	361
Ordinary Income	2,100	<b>2,587</b>	487
Net Income	1,200	<b>1,541</b>	341

## Business Environment

### ➤ General trends:

With signs of economic recovery at the beginning of the fiscal year, corporate earnings are improving.

Subsequently, given the concerns over the rehabilitation of the economies in Europe and the United States, the appreciation of the yen and the recent political problems with neighboring countries, the economic outlook and the corporate prospects are becoming more uncertain than ever.

### ➤ IT industry:

Investments in the renewal of IT products (hardware and software) remain strong.

Although deals related to software development investment are built up to a certain level, client companies remain cautious with actual spending.



## Impact on SCS

- The IT product distribution business remain strong.
- The deal flow related to software development investment are built up to a certain level.
- Pre-marketing period is getting longer.



# Business Trends by Reported Segment

## Distribution & Manufacturing System Solution Business

- In the software development business, the deal flow is improving. However, with increasing uncertainty over the economic outlook and future corporate earnings, client companies remain cautious with decision-making in software development investments.
- In the IT product distribution business, small amount of investments in the renewal of IT products remain strong because onsite managers can approve those investments. Client companies are cautious about new spending or investments in expensive IT products.

## Financial System & ERP Solution Business

### [Finance]

- Businesses for all sectors remain strong, except for securities firms.
- IT investment associated with merger/reorganization is expected to pick up.
- For securities firms, client companies focus on lowering costs and remain holding back IT investments.

### [ERP]

- Although deals are built up to a certain level, it remains challenging to take orders due mainly to downsizing of projects and prolonged consideration period for those deals. However, as medium to large projects are increasing, the business looks more promising going forward.
- Although some large companies are adopting IFRS early, the actual launch of IFRS projects is expected to take place after the next fiscal year.

## Global Solution Business

- With respect to the businesses for overseas offices of Japanese companies, client companies remain cautious toward IT investment due to the hesitant attitude of the headquarters in Japan, reflecting uncertainty about the future of the Japanese economy.
- We are bolstering local support for the expansion of overseas operations (in Asia) by Japanese companies.

## IT Platform Solution

- The upward momentum in IT investment continues, centering on investment in the renewal of IT products in a wide range of areas to develop IT (network and security) structure.
- Businesses related to cloud-computing and virtualization is also expanding, as indicated by an increase in the number of inquiries.
- Needs for data centers are increasing in step with the expansion of cloud-computing.



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

(Million yen)

Solutions	Reported Segment	Description	2010/4-2010/9 External sales Operating Income
<b>Industrial Solutions</b>	<b>Distribution &amp; Manufacturing System Solution Business</b>	Provides IT services that meet the industry-specific system needs mainly for distributors and manufacturers.	17,524
			600
<b>ERP Solutions</b>	<b>Financial System &amp; ERP Solution Business</b>	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.	12,419
			123
<b>Platform Solutions</b>	<b>Global Solution Business</b>	Provides IT services that leverage our overseas network to our global clients, including Sumitomo Corporation Group, that expand their operations worldwide.	6,108
			700
<b>Platform Solutions</b>	<b>IT Platform Solution Business</b>	Provides IT platform development & operation services, from the design, development and maintenance of clients’ IT infrastructure operations using data centers.	23,376
			1,394
<b>Platform Solutions</b>	<b>Others</b>	Provides IT services to our clients through our branch offices in Japan and other services.	3,188
			△91
<b>Overall Company</b>			62,618
			2,461

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

\* Total operating income by new segment of 2,461 million yen includes unallocated general corporate expenses of △265 million yen.



## *(For Reference)*

# *Press Releases from Jul. 2010 to Oct. 2010 (1)*

ProActive	August 19, 2010	Responds to the management and settlement of electronically recorded monetary claims (electronic invoicing) with the latest version of ProActive E <sup>2</sup>
	August 26, 2010	Begins full operation of ProActive E <sup>2</sup> , an accounting system common to the group companies of Denki Kogyo Co., Ltd.
	September 16, 2010	Provides the electronic application function of the year-end adjustment with the latest version of ProActive E <sup>2</sup>
	September 30, 2010	Constructing a new accounting system for Kentucky Fried Chicken Japan Ltd. by introducing ProActive E <sup>2</sup>
	October 26, 2010	Begins full operation of ProActive E <sup>2</sup> as a business operation system common to 11 group companies of VIA Holdings Inc.
Cloud Computing	August 9, 2010	Provides consistent services, including terminal arrangement, by adding Google Apps and a cloud-computing integrated authentication service to the iPad
	October 18, 2010	Enters into an alliance with FalconStor Japan Co., Ltd. in the field of business continuity planning of virtualization and cloud-computing
Curl	August 5, 2010	Begins providing the latest version of Curl Development tools for Eclipse, a RIA development environment for enterprise that can handle a 64 bit OS
	August 25, 2010	Basic, Inc. publishes the latest version of Meeting Board, an information communication tool using rich client Curl.



*(For Reference)*

*Press Releases from Jul. 2010 to Oct. 2010 (2)*

---

ERP	July 7, 2010	Begins full operation of SHARE/OTM as an employee attendance management system for Shin Nippon Air Technologies Co., Ltd.
	September 28, 2010	Announces SHARE/Pay Ver.4.0, an online pay statement browsing system
Server	August 4, 2010	Includes Marathon everRun FT-2G, a high-availability software of Marathon Technologies Corporation for Windows Server in the fault tolerant system architecture of IBM Japan as a lineup
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
	September 29, 2010	Announces QUALINET™, a framework to improve network quality by solving network issues of companies and organizations
Others	October 18, 2010	Implements an anti-smoking campaign for better health



Your continued support and  
encouragement will be  
highly appreciated.