Consolidated Financial Results for the Fiscal Year Ended March 31, 2011
[J-GAAP]

April 28, 2011

Company Name:	Sumisho Computer Systems Corporation
Securities Code:	9719
Stock Exchange Listing:	Tokyo Stock Exchange, 1st Section
URL:	http://www.scs.co.jp
Representative:	Nobuhide Nakaido, Chairman & CEO
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Scheduled date of the Annual General Meeting of Shareholders:	June 28, 2011
Scheduled date for dividend payment:	June 10, 2011
Scheduled date for filing of Securities Report:	June 28, 2011
Preparation of supplementary information material on financial results (yes/no):	Yes
Financial results conference for institutional investors and analysts (yes/no):	Yes

(Amounts of less than ¥1 million are truncated)

1. Consolidated Business Results for Fiscal Year 2010 (April 1, 2010 to March 31, 2011)

(1) Consolidated Operating Results

(Millions of yen unless otherwise stated)
(Percentage figures are changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
FY 2010	132,840	4.3	7,076	10.2	7,343	2.2	3,803	17.3
FY 2009	127,317	(5.2)	6,423	(28.8)	7,188	(24.5)	3,242	(18.2)

(Note) Comprehensive income: FY 2010 ¥3,432 million (19.9) FY 2009 ¥4,284 million

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
FY 2010	76.13	75.98	4.1	6.1	5.3
FY 2009	64.90	64.83	3.6	6.2	5.0

(Reference) Equity in earnings of affiliates: FY 2010 ¥163 million FY 2009 ¥13million

(2) Consolidated Financial Position

(Millions of yen unless otherwise stated)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
As of March 31, 2011	121,284	94,568	77.6	1,884.78
As of March 31, 2010	117,545	92,683	78.5	1,847.95

(Reference) Shareholders' equity: As of March 31, 2011 ¥94,161 million As of March 31, 2010 ¥92,314 million

(3) Consolidated Cash Flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
FY 2010	7,080	(4,815)	(2,426)	25,892
FY 2009	6,688	(6,786)	(3,004)	26,202

2. Dividends

	Dividends per share (Yen)					Total dividends (Millions of yen)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
							%	%
FY 2009	—	16.00	—	16.00	32.00	1,606	49.3	1.8
FY 2010	—	16.00	—	16.00	32.00	1,606	42.0	1.7
FY 2011 (Forecast)	—	16.00	—	16.00	32.00		30.2	

3. Consolidated Financial Forecasts for Fiscal Year 2011 (April 1, 2011 to March 31, 2012)

(Millions of yen unless otherwise stated)
(Percentage figures are changes from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
		%		%		%		%	Yen
Six months ending September 30, 2011	62,500	(0.2)	2,300	(6.6)	4,000	54.6	2,300	49.2	46.04
Full Year	134,000	0.9	7,700	8.8	9,600	30.7	5,300	39.4	106.09

4. Other

(1) Changes in significant subsidiaries during the period (changes of specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Changes in accounting principles, procedures, disclosure methods, etc.

1) Changes in line with revisions to accounting and other standards: Yes

2) Changes in items other than 1) above: None

(3) Number of shares issued (Common stock)

1) The number of shares issued as of the period-end (including treasury stock)

As of March 31, 2011	54,291,447 shares
As of March 31, 2010	54,291,447 shares

2) The number of shares of treasury stock as of the period-end

As of March 31, 2011	4,332,589 shares
As of March 31, 2010	4,336,711 shares

3) The average number of shares during the period

As of March 31, 2011	49,958,243 shares
As of March 31, 2010	49,953,876 shares

(Reference) Summary of Non-Consolidated Business Results

1. Non-Consolidated Business Results for Fiscal Year 2010 (April 1, 2010 to March 31, 2011)

(1) Non-Consolidated Operating Results

(Millions of yen unless otherwise stated)
(Percentage figures are changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
FY 2010	128,728	4.9	6,924	3.0	7,187	(9.7)	3,905	(8.5)
FY 2009	122,724	(3.5)	6,725	(26.7)	7,963	(17.3)	4,265	2.0

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2010	77.79	77.65
FY 2009	84.98	84.88

(2) Non-Consolidated Financial Position

(Millions of yen unless otherwise stated)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
As of March 31, 2011	121,351	95,302	78.4	1,894.46
As of March 31, 2010	117,210	93,141	79.3	1,852.55

(Reference) Shareholders' equity: As of March 31, 2011 ¥95,105 million As of March 31, 2010 ¥92,993 million

* Statement of implementation status for auditing procedures

- This consolidated Financial Results is exempt from the auditing procedure based on the Financial Instruments and Exchange Act. And the auditing procedure based on the Financial Instruments and Exchange Act had not been completed as of the release of this Consolidated Financial Results.

* Cautionary Statement Concerning Appropriate Use of Forecast Business and Other Explanatory Notes

- The financial forecasts contained in this document are based on the information currently available and certain assumptions deemed reasonable. Due to various factors, the actual result may vary from these forecasts. With regard to the assumptions on which financial forecasts are based and other explanatory notes in connection with the use of financial forecasts, please refer to "Analysis of Business Results" on page 5 of the attached.
- Sumisho Computer Systems Corporation held financial results conference for institutional investors and analysts on April 28th, 2011. The supplementary information materials distributed for the investors' meeting and major part of Q and A shall be posted on the Web site of Sumisho Computer Systems Corporation promptly after the announcement.

Contents

1. Operating Results

(1) Analysis of Business Results

During the consolidated fiscal year ended March 31, 2011 (fiscal year 2010), the Japanese economy remained in a stalemate, affected by yen appreciation and the completion of various economic stimulus measures by the government. However, signs of economic recovery were seen in Japan, supported by an increase in exports and a rally in corporate profits against the backdrop of firm economies in the emerging countries including China and steady consumer spending. In this business climate, the future of the economy has become uncertain particularly due to the impact of the Great East Japan Earthquake, which has caused a decline in the production activity of Japanese enterprises and a drop in consumer spending.

In terms of the business environment for the industries in which Sumisho Computer Systems Corporation ("SCS" or "the Company") is involved, investment of IT products such as hardware and software was solid especially in the first half of the fiscal year under review. Meanwhile, many client companies moved toward the full-fledged resumption of investment in software development for the first time since the Lehman Shock. In the second half, in particular, our orders for software development projects showed a clear rallying trend with an increase in deal flows including large-scale business negotiations. Despite the occurrence of the Great East Japan Earthquake in March 2011, SCS suffered little direct damage to its facilities and the feared decline in demand at the fiscal year-end was marginal.

Under such conditions, the Company implemented the following initiatives to bolster its business and operating platforms in fiscal year 2010.

- Reinforced the business selection and focus approach by conducting a thorough screening for all existing businesses based on the plans prepared by the business divisions and making strategic discussions at the management level for individual priority themes.
- Placed additional weight on efforts to strengthen global services to bolster the SCS Group's global client supports for domestic client companies to develop their overseas business.
- Augmented the packaged software business by reinforcing partner support measures and promoting marketing measures for the functionally bolstered sales management modules in *ProActive,* the Company's proprietary ERP package software.
- Strived to improve productivity and increase cost efficiency of the outsourced businesses via the strict selection of outsourced partners with regard to projects for software development. At the same time, established a dedicated team for quality control of development projects to address tasks such as the early discovery of problematic projects in order to enhance software quality and improve the efficiency of the development process.
- Reviewed and executed various measures, including the establishment of dedicated human resources development departments to implement priority measures aimed at enhancing human resources and technological capabilities in line with the key theme of fostering advanced IT and global personnel. In addition, relocated the Tokyo Office in the autumn of 2010 and conducted a nonsmoking and health promotion campaign as part of our initiatives for creating work environments that are truly comfortable and pleasant for employees.

Guided by the aforementioned initiatives, in the consolidated fiscal year ended March 31, 2011, the SCS Group's net sales increased 4.3% compared with the previous fiscal year to ¥132,840 million, mainly due to an increase in sales to distributors, financial institutions and the service industry despite a decline to manufacturers. From a profit perspective, operating income rose 10.2% year on year to ¥7,076 million partly due to a reduction in selling, general and administrative expenses. Net income advanced 17.3% compared with the previous fiscal year to ¥3,803 million. The increase in net income was mainly attributable to a rebound compared with an extraordinary loss on liquidation of some of on businesses in the previous fiscal year and a gain on sales of investment securities despite an extraordinary loss related to the relocation of the Tokyo Office during the fiscal year under review.

Effective from the fiscal year ended March 31, 2011, the "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, issued on March 27, 2009) and the "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued on March 21, 2008) have been applied. Consequently, sales performance (net sales to outside customers) by the Group's reported segments for the consolidated fiscal year under review was as follows:

Reported segment	Fiscal Year2010 (April 1, 2010, to March 31, 2011)	
	Amount	Share
	¥Million	%
Distribution & Manufacturing System Solution Business	36,574	27.5
Financial System & ERP Solution Business	26,240	19.8
Global Solution Business	13,641	10.3
IT Platform Solution Business	48,337	36.4
Others	8,046	6.1
Total	132,840	100.0

(Distribution & Manufacturing System Solution Business)
In Distribution & Manufacturing System Solution Business, demand for projects for distributors expanded during the fiscal year under review. As demand for projects for the communication industry included in this segment was also firm, segmental sales amounted to ¥36,574 million.

(Financial System & ERP Solution Business)
In Financial System Solution business sales were continuously steady mainly software development projects. Meanwhile, although sales were favorable in the projects for the service industry and distributors in the ERP Solution business, demand for projects for manufacturers was sluggish. Segmental sales amounted to ¥26,240 million.

(Global Solution Business)
In Global Solution Business, segmental sales amounted to ¥13,641 million, supported by stable demand mainly for distributors.

(IT Platform Solution Business)
In IT Platform Solution Business, sales for manufacturers were sluggish although sales for projects for the service industry and academic institutions remained firm. Segmental sales amounted to ¥48,337 million.

(Others)
Segmental sales amounted to ¥8,046 million.

Sales for consolidated fiscal year 2009 and 2010 classified by software development, information processing and packaged software/hardware were as follows.

(Unit: Millions of Yen, %)

	Fiscal Year 2009 (April 1, 2009, to March 31, 2010)		Fiscal Year 2010 (April 1, 2010 to March 31, 2011)		Increase/Decrease	
	Amount	Share (%)	Amount	Share (%)	Amount	Y o Y changes (%)
Software Development	43,376	34.1	45,964	34.6	2,587	6.0
Information Processing	36,083	28.3	37,286	28.1	1,202	3.3
Packaged Software/Hardware	47,856	37.6	49,589	37.3	1,732	3.6
Total	127,317	100.0	132,840	100.0	5,523	4.3

(Software Development)
In Software Development, sales increased 6.0% from the same period last year, to JPY 45,964 million, thanks to an increase in sales to distributors, financial institutions, communications and the service industry, which offset a decrease in sales to manufacturers.

(Information Processing)
In Information Processing, sales increased 3.3% from the same period last year, to JPY 37,286 million, thanks to an increase in sales to distributors, communications and the service industry.

(Packaged Software/Hardware)
In Packaged Software/Hardware segment, sales increased 3.6% from the same period last year, to JPY 49,589 million, thanks to an increase in sales to distributors and the service industry.

Outlook for the next fiscal year

The outlook of Japanese economy will remain uncertain due to a wide range of negative effects from the Great East Japan Earthquake. Nevertheless, overseas economies have expanded based on a robust consumption trend in China and other emerging economies, and an expansive trend is expected to continue on the whole despite concerns such as the financial crisis in Europe. Therefore, an economic recovery driven by the increase in exports is highly anticipated given the easing of diverse restrictions related to domestic supply throughout the nation along with the reconstruction from the earthquake. Moreover, an upturn in the domestic economy may be expected in view of the foreseen capital investments and public investments toward the restitution of capital stock, which was considerably affected by seismic damage. Nevertheless, it will be necessary to carefully monitor the potential economic downside risks caused by the persistent nuclear crisis around the Fukushima No. 1 nuclear power plant and volatile electricity supply conditions.

An uncertain business environment is projected to persist in the foreseeable future due to the severe impact of the Great East Japan Earthquake. There are signs of constriction on IT investment mainly among the devastated companies, thereby obliging us to consider the effect on operating performance due to the postponement of software development projects. However, the short-term negative impact should be limited to the additional portion those projects that were under way before the Great East Japan Earthquake. Although some adverse effect on operating performance in the first half is inevitable under disaster recovery efforts, the full-year impact could be relatively immaterial with anticipated strong IT demand accompanied by stable maintenance and various reconstruction-related projects. Furthermore, in response to this disaster, demand is expected to increase for the cloud computing business and/or the business that utilize data center functions as part of fortified IT systems to cope with earthquake/disaster risks at companies and local municipalities. Possible medium-term structural changes in IT investment demand could happen, depending on the trends in the post-earthquake Japanese economy. Such medium-term prospects for the IT service industry are unclear at this time.

Under these circumstances, the SCS Group will endeavor to execute several measures including the reinforcement of the business platform, improvement of service quality and the enhancement of human resources and technological capabilities in an effort to become a top-class IT service provider.

In specific terms, the SCS Group will (1) further promote the business selection and focus approach to invest its personnel, capital and other management resources to priority and new business fields such as the global development support activity for Japanese-affiliated companies or cloud-computing-related services, (2) improve the quality of operations toward the sophistication of quality management and highly efficient outsourcing of business operations taking into consideration the environmental shift from customized software development to the delivery of customized services, and (3) focus on implementing priority measures aimed at expanding human resources and technological capabilities, including efforts to foster advanced IT and global personnel, to further bolster and extend the Company’s business and earnings base.

In promoting and pursuing each of the aforementioned management initiatives, the consolidated financial forecasts for the fiscal year ending March 31, 2012, are forecast as follows.

(Unit: Millions of Yen, %)

	Full year forecast	YoY
Consolidated net sales	134,000	+0.9%
Consolidated operating income	7,700	+8.8%
Consolidated ordinary income	9,600	+30.7%
Consolidated net income	5,300	+39.4%

The forward-looking statements including financial forecasts reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. The forecasts themselves may be revised in the future.

(2) Analysis of Financial Position

Analysis of Assets, Liabilities, Net Assets and Cash Flows

Cash and cash equivalents as of the end of the consolidated fiscal year under review amounted to ¥25,892 million, down ¥310 million compared with the end of the previous consolidated fiscal year. The increase or decrease of respective cash flows and reasons thereof are as follows:

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥7,080 million.

Major cash inflows comprised ¥6,954 million in income before income taxes, ¥3,430 million in depreciation and amortization and a ¥1,717 million in increase due to decrease in inventories. Principle cash outflows included a ¥4,348 million increases in notes and accounts receivable-trade and ¥1,845 million in income taxes paid.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥4,815 million.

Major cash inflow factor was ¥2,035 million in proceeds from the sale and redemption of investment securities. Major outflows included ¥3,676 million for the purchase of property, plant and equipment, which was related to a partial relocation of the Tokyo Office; ¥1,729 million for the purchase of intangible assets including software; and ¥1,507 million for the purchase of investment securities.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥2,426 million.

Major cash outflows were cash dividends paid, which consisted of ¥803 million for the fiscal year 2009 year-end dividend payment (at ¥16 per share) and ¥803 million for the fiscal 2010 interim dividend payment (at ¥16 per share).

Turning to cash flows in the fiscal year ending March 31, 2012, the Company is projecting net cash provided by operating activities of approximately ¥12,000 million coming mainly from income before income taxes as well as depreciation and amortization. As regards its net cash provided by (used in) investing activities, the Company plans to undertake capital investments with the view to expanding its business and earnings base. Cash dividends paid are again expected to comprise a significant portion of net cash used in financing activities, which is expected to amount to approximately ¥1,600 million with a planned year-end and interim dividends payment at ¥16 per share.

(Reference) Trends in Cash Flow-Related Benchmarks

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Equity Ratio (%)	78.2	76.6	78.5	78.5	77.6
Market Value Equity Ratio (%)	113.3	82.7	49.6	57.6	47.8
Ratio of Interest-Bearing Liabilities to Cash Flows (%)	—	10.6	16.8	33.3	33.3
Interest Coverage Ratio (Times)	—	1,895.8	316.1	535.3	273.5

Equity ratio: Shareholders' equity/Total assets

Market Value Equity Ratio: Market capitalization/Total assets

Ratio of Interest-Bearing Liabilities to Cash Flows: Interest-bearing liabilities/Cash flows

Interest Coverage Ratio: Cash flows/Interest payments

Notes:
1. Each benchmark is calculated based on the relevant financial figures on a consolidated basis.
2. Market capitalization is calculated by multiplying the fiscal year-end closing share price and the number of shares issued as of the fiscal year-end (after deducting treasury stock).
3. As regards cash flows, net cash flow provided by (used in) operating activities is used.
4. Interest-bearing liabilities include all interest-bearing liabilities under liabilities recorded on the consolidated balance sheets.

(3) Basic Policy on the Appropriation of Profits and Dividends for the Fiscal Year Ended March 31, 2011, and the Fiscal Year Ending March 31, 2012

With respect to the appropriation of profits to shareholders, SCS has adopted the basic policy to consistently deliver stable dividends to its shareholders while considering a wide range of factors including the Company's financial condition on a consolidated basis, earnings trends and its established dividend payout ratio.

At the same time, considering rapid and dramatic technological innovation in the information services industry, SCS's principal field of activity, as well as shifts in market structure, the Company recognizes the critical need to retain an adequate level of internal reserves to ensure that SCS is consistently in the position to strengthen and expand its business and earnings base by pursuing business alliances as well as acquisitions and to upgrade the Company's R&D and other facilities. Ultimately, SCS is guided by the overarching goal to enhance corporate value.

As a part of its basic policy on the appropriation of profits, SCS undertakes the payment of an interim and fiscal year-end dividend twice a year. Payment of both the interim and fiscal year-end dividend is determined by the Board of Directors.

Furthermore, as a part of the Company's efforts to return profits to shareholders, SCS takes steps to acquire treasury stock as appropriate. The timing and amount of treasury stock acquisition is determined after taking into consideration a variety of factors including share price trends as well as financial and earnings conditions.

Guided by the aforementioned policy, SCS plans to undertake the payment of dividends in the fiscal year ended March 31, 2011 and the fiscal year ended March 31, 2012, in accordance with details outlined in "2. Dividends" on page 1.

2. Information on Group Companies

The SCS Group is comprised of Sumisho Computer Systems Corporation, its nine subsidiaries and five affiliated companies and has engaged primarily in software development, information processing services, packaged software and software sales, and the operation and management of information networks and data centers. Its parent company, Sumitomo Corporation, is also a major business partner.

Changes in the SCS Group companies during the current consolidated fiscal year are presented as follows:

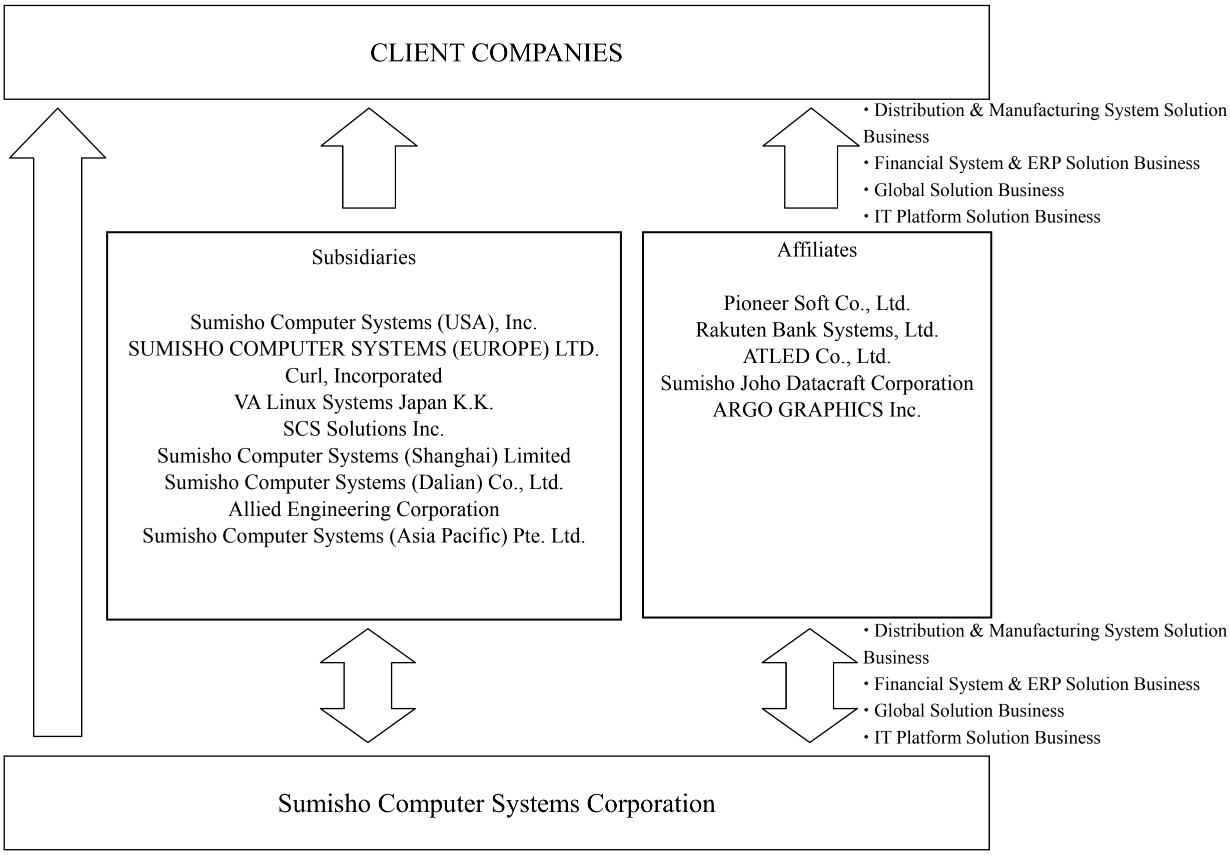
- The Company succeeded the business of SCS Business Support Inc., a consolidated subsidiary thereof, through a merger by absorption as of April 1, 2010.
- The Company succeeded the business of Curl International Corporation, a consolidated subsidiary thereof, through a merger by absorption as of June 1, 2010.
- Upon completion of its liquidation procedure as of September 17, 2010, Asahi IT Solution Limited, a consolidated subsidiary of the Company, was excluded from the scope of consolidation.
- Upon completion of its liquidation procedure as of January 19, 2011, eMplex Shanghai Co., Ltd., a consolidated subsidiary of the Company, was excluded from the scope of consolidation.

The SCS Group companies are categorized according to their principal business activity as follows:

<table>
<tr><td colspan="2">Overseas Subsidiaries (six companies)</td></tr>
<tr><td colspan="2">Sumisho Computer Systems (USA), Inc.
SUMISHO COMPUTER SYSTEMS (EUROPE) LTD.
Curl, Incorporated
Sumisho Computer Systems (Shanghai) Limited
Sumisho Computer Systems (Dalian) Co., Ltd.
Sumisho Computer Systems (Asia Pacific) Pte. Ltd.</td></tr>
<tr><td colspan="2">Systems Development/Information Processing Services, Other (eight companies)</td></tr>
<tr><td>«Subsidiaries (three companies)»
VA Linux Systems Japan K.K.
SCS Solutions Inc.
Allied Engineering Corporation</td><td>«Affiliates (five companies)»
Pioneer Soft Co., Ltd.
Rakuten Bank Systems, Ltd.
ATLED Co., Ltd.
Sumisho Joho Datacraft Corporation
ARGO GRAPHICS Inc.</td></tr>
</table>

Note: The business name was changed from eBANK Systems Corporation to Rakuten Bank Systems, Ltd. in August 2010.

Position of each company within the operations of the Group:



3. Management Policies

(1) Basic Policy

The SCS Group is committed to the fundamental philosophy that highlights efforts to "contribute to the realization of a more affluent society through the creation of new value based on high-level information technology (IT)." The SCS Group upholds a corporate mission to provide global IT services of the highest quality and to support growth in all industry sectors in Japan through the application of leading-edge technological capabilities, abundant business experience, extensive access to hardware and software procurement sources and the dedication and determination of all executives and employees to succeed in their respective tasks. The SCS Group also adheres to a basic policy to earn the support of all stakeholders, including client companies and shareholders, and to continually broaden the scope of its operations by generating business value for client companies that simultaneously benefits the SCS Group and maximizing the corporate value of the SCS Group for the benefit of the shareholders.

(2) Targeted Management Benchmarks

In light of consistently expanding business and ensuring stable growth in the Company's corporate value, the SCS Group has identified the following as priority management benchmarks:

1) Increase in "operating income" and "net income"
2) Improvement of operating income margin and ROE

(3) Medium- to Long-Term Strategies and Matters to Be Addressed

1. Prospects in Our Business Environment

With regard to the operating environment surrounding the SCS Group, the Japanese economy in the foreseeable future is deemed to remain uncertain primarily due to the impact of the Great East Japan Earthquake. The capital investment trend of corporations, which is significant for the IT service industry, is also thought to remain uncertain. It is now shifting from a growth stage to a maturing stage, and the expansion of the domestic IT market has recently begun to slow. In addition, the competition in the operating environment has intensified not only among peers dedicated to IT services in Japan but also with global competitors including those in India and China. The competitive environment has also intensified due to penetration of IT hardware vendors to IT service field. On the other hand, the use of IT has expanded in all aspects of our social lives and corporate activities. The need for IT investment at client companies has considerably diversified from the previous goal for cost reduction to more strategic goals with the aim of improving productivity and ensuring a competitive edge. Furthermore, along with the extensive globalization of corporate operations, clients are increasingly requesting to create global IT systems. Given the spreading IT demand, we are facing ongoing structural changes industry-wide, including market reorganization.

2. Medium-Term Management Tasks and Strategies

Given these conditions, it is important for the SCS Group, from the perspective of management strategies, based on its human resources and technological capabilities, to provide high-quality IT services that will contribute to raising the value of businesses for client companies; work closely with client companies to create new business values; and solidify its position as a key business partner for client companies. SCS also recognizes that realizing growth in the medium term based on such a position is an important challenge.

More specifically, the SCS Group will pursue a host of initiatives to resolve the following management challenges: 1) bolster and expand the earnings base, 2) further improve business quality and 3) develop and increase human resources and technological capabilities to underpin the above two challenges.

1) Measures to bolster and expand the earnings base

SCS will further strengthen its business selection and concentration, and reallocate management resources to priority/new field in efforts to bolster and expand its business and earnings base and consequently enhance the value of its IT services while also cultivating new IT services. SCS also intends to focus on strengthening the global business support activity for Japanese companies and the cloud-computing-related services.

2) Measures to improve business quality

In light of the changes in the format of IT services from customized systems to the delivery of customized services, SCS will carry out various measures to improve its business quality such as the sophistication of quality control techniques and the thorough dissemination of new technological standards within the core department that specializes in quality management. In outsourcing development operations, we will take further measures to raise productivity and increase efficiency.

3) Measures to develop human resources and technological capabilities
As regards the human resources and technological capabilities that underpin the Company's business base, SCS will consider and implement a wide range of measures focused on fostering high-quality IT and global personnel around the specialized human resources development department/section. In addition, SCS relocated its head office in the autumn of 2010 and will continue efforts to develop work environments that are truly comfortable and pleasant for employees.

While implementing the aforementioned business initiatives, SCS will further enhance the SCS Group's organization management comprising internal control, risk management, compliance practices and information security management.

3. Business merger with CSK Corporation

While promoting the aforementioned management policies, SCS has concurrently pursued an expanded business scale via business merger. This initiative includes the business merger with CSK Corporation (hereinafter "CSK", together with SCS, the "Companies"). SCS entered into a basic agreement to form a business and capital alliance with CSK in September 2009. Since then, the Companies have repeatedly held discussion to pursue a win-win outcome for the business of each party at the meeting of the Business Alliance Committee, jointly chaired by the representative directors of each of the Companies.
The Companies decided through these discussions that the best way of establishing a lead position in the industry in the future, is to concentrate their human and technological resources on strengthening their client bases, to provide further client services that aim at a high level of customer satisfaction and to promote these on a global scale. In addition, as a result of numerous discussions on the form of integration, the Companies concluded that a merger is the best way of accomplishing these goals and the respective boards of directors of the Companies passed resolutions on entering into the merger agreement at their respective board of directors meetings on February 24, 2011.
The merger is planned to be conducted as an absorption-type merger in which SCS is the surviving company and CSK is the extinguished company. CSK plans to dissolve as of October 1, 2011, the effective date of the merger.

SCS will conduct the merger upon approval of the merger agreement and other matters necessary for the merger at the annual shareholders meeting scheduled to be held on June 28, 2011.

In addition, CSK will conduct the merger upon approval of the merger agreement and other matters necessary for the merger at the annual shareholders meeting and the class shareholders meeting of class A preferred shareholders, the class shareholders meeting of class B preferred shareholders, the class shareholders meeting of class E preferred shareholders and the class shareholders meeting of class F preferred shareholders, scheduled to be held on June 28, 2011.

Prior to the merger, SCS conducted a tender offer for the shares, etc. of CSK, jointly with Sumitomo Corporation (hereinafter "Sumitomo") with a purchase period of March 10 through April 11, 2011, and has acquired shares, etc. of CSK, above the number of shares, etc. to be purchased. As a result of the tender offer and the subsequent exercise of stock acquisition rights, Sumitomo has acquired 54.1% of voting rights of CSK and SCS has acquired 5,000 class F preferred shares.

As of the effective date of the Merger, the surviving company, SCS (SCS, following the Merger, will be "New Company") is expected to change its business name to SCSK Corporation. In addition, with respect to business operations following the Merger, for a period of time following the effective date of the Merger, SCS and CSK will each continue to operate their respective businesses as "companies" within the New Company.

By integrating the services of the Companies, the New Company will be able to provide all of the following services: system development, design and management of IT infrastructure, BPO (business process outsourcing) and sales of IT hardware/software. Furthermore, by combining the knowledge of SCS, which has supported the worldwide IT system networks of corporate customers, including Sumitomo, with the client base of CSK, which has developed into a major independent company in the IT services industry, we aim to become a comprehensive global IT services company, leading the future of the IT services industry.

SCS and CSK are planning the following measures to reinforce their management basis of the New Company.

(a) Strengthening and Expansion of the Business Base

By closely integrating the system development, design and management of IT infrastructure, BPO, and sales of IT hardware/software related businesses of the Companies, it will become possible to provide a one-stop service to corporate clients. We expect that this will enable the Companies to meet the diversifying needs of clients, to improve customer satisfaction and to create new customer services.

Although there is overlap in the Companies' areas of expertise, the existing client bases of the Companies are complimentary. By mutually using the technology, know-how and intellectual property, etc. of the Companies in these business areas, the New Company will be able to develop specialized expertise in each business area. We also aim to establish ourselves as a leader of each industry sector with respect to technology and scope of clientele. To strengthen the New Company in connection with the industry's future trend of cloud-based computing, we will expand our infrastructure through the integration of the data center business of the Companies and make early investments in such things as the foundations of a cloud-based network based on the expansion of the scope of business, various types of capital resources and technological ability. At the same time, we will be able to provide hybrid cloud services by offering BPO, which is a high value-added service, and a strength and unique feature of CSK.

In the area of ERP (enterprise resource planning software), the integration of the Companies' resources will allow us to undertake measures to strengthen the area of ERP, including SCS's own ERP package software, "ProActive".

With the expected further increase in the number of Japanese companies expanding overseas, we anticipate an increase in the needs of our corporate clients with respect to IT governance on a global basis. Using SCS's experience and knowledge of overseas IT support and CSK's good client base, we aim to strengthen the global development of our business and further expand the scale of our business by supporting the overseas expansion of our corporate clients.

(b) Strengthening Management Infrastructure / Improving Management Efficiency

In addition to increasing our human resources, we expect that by being a group company of Sumitomo, our credibility will be improved, resulting in a stabilization of our financial basis.

With respect to improving the productivity and quality of our system development service, we expect to minimize development costs by effectively using domestic and worldwide locations of the Companies and by selectively outsourcing to external companies. In addition, we aim to improve both productivity and quality by integrating the development methods and project management methods of the Companies, from which we can expect to strengthen our competitiveness and ability to satisfy the increasingly sophisticated and diverse needs of our corporate clients and thus, improve customer satisfaction.

With respect to the data center business, we will aim to decrease operational costs by increasing efficiency through the use of economies of scale. Furthermore, with respect to the sales of various hardware/software, we believe we can efficiently procure necessary products through bulk purchases.

In addition, we will aim for a decrease in sales and general administrative expenses and an increase in our revenue base as a result of the appropriate placement of personnel.

(c) Strengthening and Enhancement of Technology and Human Resources

By improving our ability to propose new ideas, our technology and our ability to provide services through the integration of engineers of the Companies, we will improve our ability to meet the increasingly sophisticated and diverse needs of corporate clients and deepen our relationships with our existing clients while actively seeking new clients. In addition, we will strengthen our involvement in large-scale matters and actively create new services. We will also strengthen our R&D capabilities by integrating the R&D related resources of the Companies and expand our use of new technologies and connect these to the creation of new businesses.

In addition, we will aim to promote the development of personnel as a primary policy of the New Company. By integrating the Companies' know-how related to the development of personnel, we can strengthen our personnel and create a new corporate culture.

For the purpose of quickly and smoothly promoting the objectives of the integration of the Companies following the Merger, SCS and CSK have agreed to establish a joint Integration Promotion Committee as a body to discuss important matters related to the integration and as a forum to create a certain degree of consensus between the Companies. The Integration Promotion Committee will discuss the details of each of the aforementioned matters.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of March 31, 2010	As of March 31, 2011
ASSETS		
Current assets		
Cash and deposits	1,943	6,003
Notes and accounts receivable-trade	25,574	29,810
Lease receivables and investment assets	571	674
Short-term investment securities	—	10,211
Merchandise and finished goods	3,337	2,871
Work in process	1,395	136
Raw materials and supplies	10	17
Deferred tax assets	1,724	1,698
Deposits paid	24,258	9,688
Other	3,707	4,012
Allowance for doubtful accounts	(2)	(3)
Total current assets	62,521	65,122
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	12,058	14,208
Tools, furniture and fixtures, net	2,576	3,107
Land	14,667	14,667
Lease assets, net	480	782
Construction in progress	175	112
Total property, plant and equipment	29,959	32,879
Intangible assets		
Goodwill	496	412
Other	5,722	5,874
Total intangible assets	6,218	6,286
Investments and other assets		
Investment securities	11,884	11,374
Long-term prepaid expenses	1,827	1,266
Lease and guarantee deposits	3,232	2,958
Deferred tax assets	199	49
Other	1,867	1,484
Allowance for doubtful accounts	(166)	(138)
Total investments and other assets	18,845	16,995
Total noncurrent assets	55,023	56,161
Total assets	117,545	121,284

(Unit: Millions of Yen)

	As of March 31, 2010	As of March 31, 2011
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	11,095	10,163
Lease obligations	645	851
Income taxes payable	938	1,859
Provision for bonuses	1,657	1,829
Provision for directors' bonuses	78	45
Provision for loss on construction contracts	57	28
Allowance for relocation costs of headquarter office	342	—
Other	7,977	8,657
Total current liabilities	22,793	23,435
Noncurrent liabilities		
Lease obligations	1,584	1,509
Deferred tax liabilities	203	255
Provision for retirement benefits	113	105
Provision for directors' retirement benefits	36	27
Asset retirement obligations	—	887
Long-term lease and guarantee deposited	103	482
Other	26	12
Total noncurrent liabilities	2,068	3,280
Total liabilities	24,862	26,715
NET ASSETS		
Shareholders' equity		
Capital stock	21,152	21,152
Capital surplus	31,299	31,299
Retained earnings	48,176	50,373
Treasury stock	(8,727)	(8,717)
Total shareholders' equity	91,902	94,108
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	979	862
Deferred gains or losses on hedges	(2)	(81)
Foreign currency translation adjustment	(565)	(727)
Total accumulated other comprehensive income	411	52
Subscription rights to shares	147	197
Minority interests	221	209
Total net assets	92,683	94,568
Total liabilities and net assets	117,545	121,284

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: Millions of Yen)

	Fiscal 2009 (April 1, 2009 to March 31, 2010)	Fiscal 2010 (April 1, 2010 to March 31, 20111)
Net sales	127,317	132,840
Cost of sales	98,140	103,792
Gross profit	29,176	29,048
Selling, general and administrative expenses	22,752	21,971
Operating income	6,423	7,076
Non-operating income		
Interest income	186	135
Dividends income	509	55
Equity in earnings of affiliates	13	163
Other	151	91
Total non-operating income	861	446
Non-operating expenses		
Interest expenses	12	25
Loss on investments in partnership	54	98
Settlement package	—	19
Foreign exchange losses	—	23
Other	30	11
Total non-operating expenses	96	179
Ordinary income	7,188	7,343
Extraordinary income		
Gain on sales of noncurrent assets	8	1
Gain on sales of investment securities	1	508
Gain on reversal of subscription rights to shares	—	5
Total extraordinary income	9	516
Extraordinary loss		
Loss on retirement of noncurrent assets	135	110
Loss on sales of noncurrent assets	6	3
Non recurring depreciation on software	414	28
Loss on sales of investment securities	13	189
Loss on valuation of investment securities	7	—
Loss on sales of membership	—	6
Loss on valuation of membership	0	44
Loss on sales of stocks of subsidiaries and affiliates	10	—
Loss on valuation of stocks of subsidiaries and affiliates	7	—
Office transfer related expenses	367	481
Loss on abolishment of retirement benefit plan	26	—
Amortization of goodwill	793	—
Impairment loss	220	—
Loss on liquidation of subsidiaries	125	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	40
Total extraordinary loss	2,129	905
Income before income taxes and minority interests	5,068	6,954
Income taxes — current	2,188	2,828
Income taxes — deferred	(360)	334
Total income taxes	1,827	3,163
Income before minority interests	—	3,791
Minority interests in loss	(1)	(11)
Net income	3,242	3,803

Consolidated Statements of Comprehensive Income

(Unit: Millions of Yen)

	Fiscal 2009 (April 1, 2009 to March 31, 2010)	Fiscal 2010 (April 1, 2010 to March 31, 2011)
Income before minority interests	—	3,791
Other comprehensive income	—	
Valuation difference on available-for-sale securities	—	(117)
Deferred gains or losses on hedges	—	(79)
Foreign currency translation adjustment	—	(159)
Share of other comprehensive income of associates accounted for using equity method	—	(1)
Total other comprehensive income	—	(358)
Comprehensive income	—	3,432
Comprehensive income attributable to	—	
Comprehensive income attributable to owners of the parent	—	3,444
Comprehensive income attributable to minority interests	—	(11)

(3) Consolidated Statements of Changes in Net Assets

(Unit: Millions of Yen)

	Fiscal 2009 (April 1, 2009 to March 31, 2010)	Fiscal 2010 (April 1, 2010 to March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	21,152	21,152
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	21,152	21,152
Capital surplus		
Balance at the end of previous period	31,299	31,299
Changes of items during the period		
Disposal of treasury stock	0	(0)
Total changes of items during the period	0	(0)
Balance at the end of current period	31,299	31,299
Retained earnings		
Balance at the end of previous period	46,540	48,176
Changes of items during the period		
Dividends from surplus	(1,606)	(1,606)
Net income	3,242	3,803
Disposal of treasury stock	—	(0)
Total changes of items during the period	1,635	2,196
Balance at the end of current period	48,176	50,373
Treasury stock		
Balance at the end of previous period	(8,728)	(8,727)
Changes of items during the period		
Purchase of treasury stock	(1)	(2)
Disposal of treasury stock	2	12
Total changes of items during the period	1	9
Balance at the end of current period	(8,727)	(8,717)
Total shareholders' equity		
Balance at the end of previous period	90,264	91,902
Changes of items during the period		
Dividends from surplus	(1,606)	(1,606)
Net income	3,242	3,803
Purchase of treasury stock	(1)	(2)
Disposal of treasury stock	2	12
Total changes of items during the period	1,637	2,206
Balance at the end of current period	91,902	94,108

(Unit: Millions of Yen)

	Fiscal 2009 (April 1, 2009 to March 31, 2010)	Fiscal 2010 (April 1, 2010 to March 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(34)	979
Changes of items during the period		
Net changes of items other than shareholders' equity	1,013	(116)
Total changes of items during the period	1,013	(116)
Balance at the end of current period	979	862
Deferred gains or losses on hedges		
Balance at the end of previous period	19	(2)
Changes of items during the period		
Net changes of items other than shareholders' equity	(22)	(79)
Total changes of items during the period	(22)	(79)
Balance at the end of current period	(2)	(81)
Foreign currency translation adjustments		
Balance at the end of previous period	(616)	(565)
Changes of items during the period		
Net changes of items other than shareholders' equity	51	(162)
Total changes of items during the period	51	(162)
Balance at the end of current period	(565)	(727)
Total accumulated other comprehensive income		
Balance at the end of previous period	(631)	411
Changes of items during the period		
Net changes of items other than shareholders' equity	1,042	(358)
Total changes of items during the period	1,042	(358)
Balance at the end of current period	411	52
Subscription rights to shares		
Balance at the end of previous period	88	147
Changes of items during the period		
Net changes of items other than shareholders' equity	58	49
Total changes of items during the period	58	49
Balance at the end of current period	147	197
Minority interests		
Balance at the end of previous period	223	221
Changes of items during the period		
Net changes of items other than shareholders' equity	(2)	(11)
Total changes of items during the period	(2)	(11)
Balance at the end of current period	221	209
Total net assets		
Balance at the end of previous period	89,946	92,683
Changes of items during the period		
Dividends from surplus	(1,606)	(1,606)
Net income	3,242	3,803
Purchase of treasury stock	(1)	(2)
Disposal of treasury stock	2	12
Net changes of items other than shareholders' equity	1,099	(320)
Total changes of items during the period	2,736	1,885
Balance at the end of current period	92,683	94,568

(4) Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

	Fiscal 2009 (April 1, 2009 to March 31, 2010)	Fiscal 2010 (April 1, 2010 to March 31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	5,068	6,954
Depreciation and amortization	3,157	3,430
Amortization of goodwill	977	93
Impairment loss	220	—
Increase (decrease) in allowance for doubtful accounts	(25)	(24)
Increase (decrease) in provision for retirement benefits	(48)	(7)
Increase (decrease) in provision of allowance for relocation costs of headquarter office	342	(342)
Decrease (increase) in prepaid pension costs	251	296
Loss on retirement of noncurrent assets	135	110
Loss (gain) on sales of noncurrent assets	(2)	1
Non recurring amortization of software	414	28
Loss (gain) on valuation of investment securities	7	—
Loss (gain) on sales of investment securities	12	(318)
Loss on valuation of stocks of subsidiaries and affiliates	7	—
Loss (gain) on sales of stocks of subsidiaries and affiliates	10	—
Equity in (earnings) losses of affiliates	(13)	(163)
Share-based compensation expenses	61	67
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	40
Interest and dividends income	(696)	(191)
Decrease (increase) in notes and accounts receivable-trade	(2,122)	(4,348)
Decrease (increase) in inventories	(17)	1,717
Increase (decrease) in notes and accounts payable-trade	1,346	(877)
Directors' bonus payments	(57)	(78)
Other, net	(142)	2,255
Subtotal	8,887	8,643
Interest and dividends income received	832	308
Interest expenses paid	(12)	(25)
Income taxes paid	(3,018)	(1,845)
Net cash provided by (used in) operating activities	6,688	7,080
Net cash provided by (used in) investing activities		
Proceeds from sales and redemption of securities	1,521	—
Purchase of property, plant and equipment	(1,704)	(3,676)
Proceeds from sales of property, plant and equipment	171	3
Purchase of intangible assets	(2,959)	(1,729)
Purchase of investment securities	(2,608)	(1,507)
Proceeds from sales and redemption of investment securities	122	2,035
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(9)	—
Payments for transfer of business	(7)	(5)
Payments for lease and guarantee deposits	(1,350)	(1,329)
Proceeds from collection of lease and guarantee deposits	—	1,602
Payments for asset retirement obligations	—	(288)
Other, net	37	79
Net cash provided by (used in) investing activities	(6,786)	(4,815)

(Unit: Millions of Yen)

	Fiscal 2009 (April 1, 2009 to March 31, 2010)	Fiscal 2010 (April 1, 2010 to March 31, 2011)
Net cash provided by (used in) financing activities		
Repayments of loans payable	(92)	—
Redemption of bonds	(750)	—
Repayments of lease obligations	(555)	(817)
Purchase of treasury stock	(1)	(2)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(1,606)	(1,606)
Net cash provided by (used in) financing activities	(3,004)	(2,426)
Effect of exchange rate change on cash and cash equivalents	38	(149)
Net increase (decrease) in cash and cash equivalents	(3,064)	(310)
Cash and cash equivalents at the beginning of period	29,267	26,202
Cash and cash equivalents at the end of period	26,202	25,892

(5) Notes to Going Concern Assumption

The previous consolidated fiscal year (April 1, 2009 to March 31, 2010)

None

The consolidated fiscal year under review (April 1, 2010 to March 31, 2011)

None

(6) Significant Items to the Basis of Preparation of Consolidated Financial Statements

Fiscal Year 2009 (April 1, 2009 to March 31, 2010)	Fiscal Year 2010 (April 1, 2010 to March 31, 2011)
1. Scope of Consolidation Consolidated subsidiaries: All of the following 13 subsidiaries are consolidated: Sumisho Computer Systems (USA), Inc. SUMISHO COMPUTER SYSTEMS (EUROPE) LTD. Curl, Incorporated Curl International Corporation VA Linux Systems Japan K.K. SCS Solutions Inc. SCS Business Support Inc. Asahi IT Solution Limited Sumisho Computer Systems (Shanghai) Limited Sumisho Computer Systems (Dalian) Co., Ltd. Allied Engineering Corporation Sumisho Computer Systems (Asia Pacific) Pte. Ltd. eMplex Shanghai Co., Ltd. All of the shares of B4 Consulting, Inc., a consolidated subsidiary of Sumisho Computer Systems (USA), Inc., were sold as of December 31, 2009. Accordingly, the company was removed from the scope of consolidation. On February 2, 2010, special liquidation proceedings with respect to eMplex Co., Ltd. were completed. As a result, the company was removed from the Company’s scope of consolidation.	1. Scope of Consolidation Consolidated subsidiaries: All of the following nine subsidiaries are consolidated: Sumisho Computer Systems (USA), Inc. SUMISHO COMPUTER SYSTEMS (EUROPE) LTD. Curl, Incorporated VA Linux Systems Japan K.K. SCS Solutions Inc. Sumisho Computer Systems (Shanghai) Limited Sumisho Computer Systems (Dalian) Co., Ltd. Allied Engineering Corporation Sumisho Computer Systems (Asia Pacific) Pte. Ltd. The Company merged SCS Business Support Inc., a consolidated subsidiary thereof, by absorption as of April 1, 2010. The Company also merged Curl International Corporation, a consolidated subsidiary thereof, by absorption as of June 1, 2010. Upon completion of its liquidation procedure as of September 17, 2010, Asahi IT Solution Limited, a consolidated subsidiary of the Company, was excluded from the scope of consolidation. Upon completion of its liquidation procedure as of January 19, 2011, eMplex Shanghai Co., Ltd., a consolidated subsidiary of the Company, was excluded from the scope of consolidation.

Fiscal Year 2009 (April 1, 2009 to March 31, 2010)	Fiscal Year 2010 (April 1, 2010 to March 31, 2011)
2. Application of the Equity Method All of the following five affiliates are accounted for by the equity method: Pioneer Soft Co., Ltd. eBANK Systems Corporation ATLED Co., Ltd. Sumisho Joho Datacraft Corporation ARGO GRAPHICS Inc. Component Square, Inc., an equity-method affiliate up to and including the fiscal year ended March 31, 2009, was excluded as an affiliate accounted for by the equity method on December 22, 2009 due to the completion of liquidation proceedings.	2. Application of the Equity Method All of the following five affiliates are accounted for by the equity method: Pioneer Soft Co., Ltd. Rakuten Bank Systems, Ltd. ATLED Co., Ltd. Sumisho Joho Datacraft Corporation ARGO GRAPHICS Inc. The business name was changed from eBANK Systems Corporation to Rakuten Bank Systems, Ltd. in August 2010.
3. Fiscal Year of Consolidated Subsidiaries As the settlement day of Sumisho Computer Systems (USA), Inc., SUMISHO COMPUTER SYSTEMS (EUROPE) LTD., Curl, Incorporated, Sumisho Computer Systems (Shanghai) Limited, Sumisho Computer Systems (Dalian) Co., Ltd., Sumisho Computer Systems (Asia Pacific) Pte. Ltd. and eMplex Shanghai Co., Ltd. is December 31, preparation of the consolidated financial statements for the fiscal year ended March 31, 2010 is based on the financial statements for the period from January 1, 2009 through to December 31, 2009, provided that necessary adjustments are made for consolidation purposes with regard to material transactions that took place in the period between the above period-end and the fiscal year-end of the Company.	3. Fiscal Year of Consolidated Subsidiaries As the settlement day of SUMISHO COMPUTER SYSTEMS (EUROPE) LTD., Curl, Incorporated, Sumisho Computer Systems (Shanghai) Limited, Sumisho Computer Systems (Dalian) Co., Ltd. and Sumisho Computer Systems (Asia Pacific) Pte. Ltd. is December 31, preparation of the consolidated financial statements for the fiscal year ended March 31, 2011 is based on the financial statements for the period from January 1, 2010 through to December 31, 2010, provided that necessary adjustments are made for consolidation purposes with regard to material transactions that took place in the period between the above period-end and the fiscal year-end of the Company. The settlement date of Sumisho Computer Systems (USA), Inc. has been changed from December 31 to March 31, effective from the fiscal year under review. In association with this change, its income (loss) for the 15 months from January 1, 2010, to March 31, 2011, was taken into account for fiscal 2010. The effect of this change on income (loss) is immaterial.

Other than the aforementioned information, there are no material changes to the information disclosed in the Company’s most recently lodged Securities Report (submitted on June 25, 2010). Accordingly, this information has been omitted.

(7) Changes of Significant Items to the Basis of Preparation of Consolidated Financial Statements

Fiscal Year 2009 (April 1, 2009 to March 31, 2010)	Fiscal Year 2010 (April 1, 2010 to March 31, 2011)
(Changes in Accounting Standards for the Recognition of Completed Contracts and the Cost of Completed Contracts) In connection with standards relating to the recognition of revenues for construction contracts, the Company has historically applied the completed-contract method. Effective from the fiscal year ended March 31, 2010, the Company has applied the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007). With respect to construction contracts commenced during the fiscal year ended March 31, 2010, the percentage of completion method (percentage of completion shall be estimated based on the cost percentage method) is applied to contracts for which the outcome of the construction is deemed certain during the fiscal year ended March 31, 2010. For all other construction contracts, the completed-contract method is applied. As a result of the application of this change in the accounting standard, net sales, operating income, ordinary income and income before income taxes increased ¥4,058 million, ¥733 million, ¥733 million and ¥733 million, respectively.	――――
――――	(Accounting Standards for Asset Retirement Obligations) Effective from the fiscal year ended March 31, 2011, the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, issued on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, issued on March 31, 2008) have been applied. The effect of this change on operating income, ordinary income and income before income taxes was immaterial. The effect of this change on income (loss) was immaterial.

[Changes in Presentation Methods]

Fiscal Year 2009 (April 1, 2009 to March 31, 2010)	Fiscal Year 2010 (April 1, 2010 to March 31, 2011)
―――――――	(Consolidated Statements of Income) Effective from the fiscal year ended March 31, 2011, the account item “Income before minority interests” has been separately presented by applying the “Cabinet Office Ordinance for Partial Revision of the Regulations for Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No. 5, issued on March 24, 2009), in accordance with the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on December 26, 2008). “Foreign exchange losses,” which were included in “Other” under “Non-operating expenses” for fiscal 2009, have been reclassified and presented separately for fiscal 2010. This is due to the fact that the “Foreign exchange losses” exceeded 10/100 of total “Non-operating expenses” amount. The “Foreign exchange losses” included in “Other” under “Non-operating expenses” for fiscal 2009 were ¥5 million.
(Consolidated Statements of Cash Flows) “Payments for lease and guarantee deposits” included in “Other” in “Net cash provided by (used in) investing activities” for the fiscal year ended March 31, 2009 has been reclassified and presented as a separate accounting line item for the fiscal year ended March 31, 2010. This is to reflect its growing importance. In the fiscal year ended March 31, 2009, “Payments for lease and guarantee deposits” included in “Other” in “Net cash provided by (used in) investing activities” totaled ¥208 million.	(Consolidated Statements of Cash Flows) “Proceeds from collection of lease and guarantee deposits,” which was included in “Other” in “Net cash provided by (used in) investing activities” for fiscal 2009, has been reclassified and presented as a separate accounting item for fiscal 2010 due to increased importance. The “Proceeds from collection of lease and guarantee deposits” included in “Other” in “Net cash provided by (used in) investing activities” for fiscal 2009 was ¥106 million.

[Additional Information]

Fiscal Year 2010 (April 1, 2010 to March 31, 2011)
Effective from the fiscal year ended March 31, 2011, the “Accounting Standard for Presentation of Comprehensive Income” (ASBJ No. 25, issued on June 30, 2010) has been applied. Provided, however, that the values in “Valuation and translation adjustments (*Hyoka-kanzan-sagaku-tou*)” and “Total valuation and translation adjustments (*Hyoka-kanzan-sagaku-tou Goukei*)” are those in “Valuation and translation adjustments (*Sonota-no Houkatsu-rieki-ruikeigaku*)” and “Total valuation and translation adjustments (*Sonota-no Houkatsu-rieki-ruikeigaku Goukei*),” respectively, for the previous fiscal year (fiscal 2009).

(8) Notes to the Consolidated Financial Statements

(Segment Information)

1. Business Segments

   Fiscal Year 2009 (April 1, 2009 to March 31, 2010)

   The Company and its consolidated subsidiaries are key players in the information technology services sector, engaging largely in software development, provision of information processing services, packaged software and hardware sales as well as the building, operation and management of information and telecommunications networks. These operating activities are deemed to represent a single business field. Accordingly, information by business segment is not provided.

2. Geographic Segments

   Fiscal Year 2009 (April 1, 2009 to March 31, 2010)

   Since the percentage of total segment sales and total segment assets in Japan exceeds 90%, information on geographic areas has been omitted from this report.

3. Overseas Sales

   Fiscal Year 2009 (April 1, 2009 to March 31, 2010)

   Since the percentage of overseas sales to total consolidated net sales is less than 10%, information relating to overseas sales has been omitted from this report.

(Segment Information)

1. Summary of Reported Segments

The Company designates its reported segments according to the business divisions as the organizational units. The Board of Directors and the CEO make their decisions on the distribution of management resources, the valuation of business performance and other matters by organizational unit. Therefore, the decision making of the management directly reflected in the promotion of businesses at each business division.

The business divisions of the Company are established by business type of IT services while taking into consideration the characteristics of the target customers. Each business division plans company-wide business strategies and promotes the relevant business activities with regard to its service operations. The Company therefore consists of four reported segments, which are classified on the basis of the respective business divisions: Distribution & Manufacturing System Solution Business, Financial System & ERP Solution Business, Global Solution Business and IT Platform Solution Business. Other business are included in and represented by “Others.”

The business lines that belong to each reported segment are as follows:

1) Distribution & Manufacturing System Solution Business: Corresponds to the businesses promoted in the Distribution & Manufacturing System Solution business division. The core business of this reported segment is to provide IT services that meet the industry-specific system needs mainly for distributors and manufacturers.
2) Financial System & ERP Solution Business: Corresponds to the businesses promoted in the Financial System & ERP Solution business division. The core businesses of this reported segment are to provide IT services that meet the system needs that are specific to financial institution and provides enterprise clients with IT services on ERP systems including “ProActive”, the Company’s proprietary ERP packaged software and other ERP packaged software.
3) Global Solution Business: Corresponds to the businesses promoted in the Global Solutions business division. The core business of this reported segment is to provide IT services to global clients, including the Sumitomo Group, by taking advantage of our overseas network that links Japan, the Americas, Europe, China and the ASEAN countries.
4) IT Platform Solution Business: Corresponds to the businesses promoted in the IT Platform Solution business division. The core business of this reported segment is to provide IT services regarding the establishment and operation of IT infrastructure, covering from the design and development of IT foundations to maintenance and system operation using data centers.

“Others” correspond to the businesses promoted by branches in Japan, and its core business is to provide IT services at domestic regional bases for general enterprises.

2. Calculation Methods for Net Sales, Income (Loss), Assets and Other Items by Reported Segment

The accounting methods employed for the reported business segments are almost the same as those set forth in the Basis of Preparation of Consolidated Financial Statements.

Income figures in the reported segments are those on an operating income basis. Intersegment income and transfers are based on prevailing market prices.

3. Information on Net Sales, Income (Loss), Assets and Other Items by Reported Segment

Fiscal Year 2010 (April 1, 2010, to March 31, 2011)

(Unit: Millions of Yen)

	Distribution & Manufacturing System Solution Business	Financial System & ERP Solution Business	Global Solution Business	IT Platform Solution Business	Others	Total	Adjustments (Notes 1)	Amounts Reported in the Consolidated Financial Statements (Notes 2)
Net sales								
(1) Outside customers	36,574	26,240	13,641	48,337	8,046	132,840	—	132,840
(2) Inter-segment sales or transfers	340	287	156	3,807	14	4,607	(4,607)	—
Total	36,914	26,528	13,797	52,145	8,061	137,447	(4,607)	132,840
Segmental income (loss)	2,022	708	1,496	3,248	237	7,713	(636)	7,076
Segmental assets	20,015	8,975	3,110	30,418	10,070	72,590	48,693	121,284
Other items								
Depreciation	715	618	118	851	44	2,348	1,444	3,793
Investment in equity-method affiliates	3,297	154	—	60	—	3,512	—	3,512
Increase in property, plant and equipment and intangible assets	656	563	355	1,097	91	2,763	4,532	7,295

Notes: 1. The details of “Adjustments” are as follows:

(1) The Adjustments of (¥636 million) on Segmental income (loss) represent general corporate expenses, which are not allocated to the reported segments.

(2) The Adjustments of ¥48,693 million on Segmental assets represent general corporate assets, which are not allocated to the reported segments.

(3) The Adjustments of ¥1,444 million on Depreciation represent depreciation and amortization associated with general corporate assets.

(4) The Adjustments of ¥4,532 million on the Increase in property, plant and equipment and intangible assets represent capital investments associated with general corporate assets such as the head office building.

2. The Segmental income (loss) is adjusted with operating income in the Consolidated Statements of Income.

(Additional Information)

Effective from the fiscal year ended March 31, 2011, the “Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information) (ASBJ Statement No. 17, issued on March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, issued on March 21, 2008) have been applied.

[Related Information]

Fiscal Year 2010 (from April 1, 2010, to March 31, 2011)

1. Information by product/service
The disclosure of relevant information is omitted as similar information is disclosed in the Segment Information.

2. Information by region
(1) Net sales
Because the percentage of total sales in Japan exceeds 90% of net sales in the Consolidated Statements of Income, the relevant information is omitted.
(2) Property, plant and equipment
Because the percentage of the total amount of the property, plant and equipment located in Japan exceeds 90% of the counterpart in the Consolidated Balance Sheet, the relevant information is omitted.

3. Information by major customer

(Unit: Millions of Yen)

Customer's designation or name	Net sales	Related reported segments
Sumitomo Corporation	23,880	Global Solution Business IT Platform Solution Business

(Information on Impairment Loss of Noncurrent Assets by Reported Segment)
None applicable

(Information on Amortization of Goodwill and Unamortized Balance by Reported Segment)

Fiscal Year 2010 (from April 1, 2010, to March 31, 2011)

(Unit: Millions of Yen)

	Distribution & Manufacturing System Solution Business	Financial System & ERP Solution Business	Global Solution Business	IT Platform Solution Business	Others	Corporate or Eliminations	Total
Amortization during the fiscal year	38	22	2	2	26	—	93
Balance at current fiscal year-end	252	53	6	7	92	—	412

(Information on Gain on Negative Goodwill by Reported Segment)
Fiscal Year 2010 (April 1, 2010, to March 31, 2011)
None applicable

(Per Share Information)

Fiscal Year 2009 (April 1, 2009 to March 31, 2010)		Fiscal Year 2010 (April 1, 2010 to March 31, 2011)	
Net assets per share	¥1,847.95	Net assets per share	¥1,884.78
Net income per share	¥64.90	Net income per share	¥76.13
Net income per diluted share	¥64.83	Net income per diluted share	¥75.98

Note: Net income per share and net income per diluted share are calculated on the following basis.

(Unit: Millions of yen unless otherwise stated)

Item	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)	Fiscal Year 2010 (April 1, 2010 to March 31, 2011)
Net income per share		
Net income	3,242	3,803
Amount not applicable to shareholders of common shares	—	—
Net income applicable to common shares	3,242	3,803
Average number of common shares for the period (Shares)	49,953,876	49,958,243
Diluted net income per share of common stock		
Net income adjustment amount	—	—
Increase in the number of common shares (Shares)	58,931	95,884
(Included in which are subscription rights to shares) (Shares)	(58,931)	(95,884)
Summary of the diluted shares that were not included in the calculations of diluted net income per share due to the lack of a dilution effect	Stock options pertaining to resolutions of the Annual General Meeting of Shareholders held on June 27, 2007: (The number of shares subject to stock acquisition rights: 49,000 shares) Stock options pertaining to resolutions of the Annual General Meeting of Shareholders held on June 26, 2008: (The number of shares subject to stock acquisition rights: 50,500 shares) Stock options pertaining to resolutions of the Annual General Meeting of Shareholders held on June 25, 2009: (The number of shares subject to stock acquisition rights: 53,500 shares) Stock options of ARGO GRAPHICS Inc., an affiliate accounted for by the equity method:	Stock options pertaining to resolutions of the Annual General Meeting of Shareholders held on June 27, 2007: (The number of shares subject to stock acquisition rights: 33,000 shares) Stock options pertaining to resolutions of the Annual General Meeting of Shareholders held on June 26, 2008: (The number of shares subject to stock acquisition rights: 50,500 shares) Stock options pertaining to resolutions of the Annual General Meeting of Shareholders held on June 25, 2009: (The number of shares subject to stock acquisition rights: 53,500 shares) Stock options pertaining to resolutions of the Annual General Meeting of Shareholders held on June 25,

	(The number of shares subject to stock acquisition rights) Sixth stock acquisition rights: 444,500 shares Seventh stock acquisition rights: 491,100 shares	2010: (The number of shares subject to stock acquisition rights: 50,000 shares) Stock options of ARGO GRAPHICS Inc., an affiliate accounted for by the equity method: (The number of shares subject to stock acquisition rights) Sixth stock acquisition rights: 436,400 shares Seventh stock acquisition rights: 477,200 shares

(Significant Subsequent Events)

Fiscal Year 2009 (April 1, 2009 to March 31, 2010)

None applicable

Fiscal Year 2010 (April 1, 2010 to March 31, 2011)

None applicable

5. Other

(1) Status of Production, Orders and Sales

Sales performance (sales to outside customers) by the Group's reported segments was as follows:

(Unit: Millions of yen unless otherwise stated)

	Sales Amounts
Distribution & Manufacturing System Solution Business	36,574
Financial System & ERP Solution Business	26,240
Global Solution Business	13,641
IT Platform Solution Business	48,337
Others	8,046
Total	132,840

Notes: 1. Amounts are stated on the basis of sales prices.
2. Amounts are exclusive of consumption and related taxes.

Production performance classified on a software development, information processing and packaged software and hardware sales basis is presented as follows.

(a) Production Results

(Unit: Millions of yen unless otherwise stated)

	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)	Fiscal Year 2010 (April 1, 2010 to March 31, 2011)	Increase / Decrease	
	Amount	Amount	Amount	YoY (%)
Software development	43,230	44,799	+1,568	+3.6
Information processing	36,033	37,298	+1,265	+3.5
Packaged software and hardware sales	47,856	49,589	+1,732	+3.6
Total	127,120	131,686	+4,566	+3.6

Notes: 1. Amounts are stated on the basis of sales prices.
2. Amounts are exclusive of consumption and related taxes.

(b) Status of Orders

The status of software development orders for the fiscal year ended March 31, 2011 is presented as follows.

(Unit: Millions of yen unless otherwise stated)

		Fiscal Year 2009 (April 1, 2009 to March 31, 2010)	Fiscal Year 2010 (April 1, 2010 to March 31, 2011)	Increase / Decrease	
		Amount	Amount	Amount	YoY (%)
Software development	Orders accepted	44,593	46,211	+1,618	+3.6
	Backlog	8,247	8,494	+247	+3.0

Notes: 1. Data for information processing and other activities is difficult to ascertain. Accordingly, this information has been omitted.
2. Amounts are exclusive of consumption and related taxes.

(c) Sales Results

(Unit: Millions of yen unless otherwise stated)

	Fiscal Year 2009 (April 1, 2009 to March 31, 2010)	Fiscal Year 2010 (April 1, 2010 to March 31, 2011)	Increase / Decrease	
	Amount	Amount	Amount	YoY (%)
Software development	43,376	45,964	+2,587	+6.0
Information processing	36,083	37,286	+1,202	+3.3
Packaged software and hardware sales	47,856	49,589	+1,732	+3.6
Total	127,317	132,840	+5,523	+4.3

Notes: 1. Amounts are stated on the basis of sales prices.
2. Amounts are exclusive of consumption and related taxes.

(2) Changes to Positions of Directors

1. Late June 2011

(a) Candidate for new appointment as a director

Director Executive Vice President	Hiroyuki Yamazaki	Executive Vice President, General Manager of Corporate Planning & Personnel Group, Head of President's Office, and Corporate Officer in charge of Internal Auditing Division

(b) Candidate for new appointment as a director

Director	Naoaki Mashimo	General Manager of IT Solution Dept, Network Division, Sumitomo Corporation

(c) Scheduled to retire as a director

Director, Executive Vice President	Tatsuaki Shinkai	Executive Vice President, President of Kansai Office

(d) Scheduled to retire as a corporate auditor

Corporate Auditor	Hiroshi Funazaki	