

**Consolidated Financial Results for the First Quarter
of the fiscal year ending March 31, 2015
(April 1, 2014 - June 30, 2014)
[J-GAAP]**

July 31, 2014

Company Name: SCSK Corporation
 Securities Code: 9719
 Stock Exchange Listing: Tokyo Stock Exchange, 1st Section
 URL: <http://www.scsk.jp>
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 Scheduled date of filing quarterly securities reports August 13, 2014
 Scheduled date for dividend payment: —
 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 the First Quarter ended June 30, 2014 (April 1, 2014 through June 30, 2014)

(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	
		%		%		%		%
Three months ended June 30, 2014	66,569	3.2	3,279	-6.0	3,644	-2.8	3,013	-2.9
Three months ended June 30, 2013	64,516	2.1	3,488	1.2	3,750	-4.0	3,102	-13.0

(Note) Comprehensive income:

First Quarter Ended June 30, 2014: 3,131 million yen (-4.4%) First Quarter Ended June 30, 2013: 3,275 million yen (-3.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2014	29.04	28.60
Three months ended June 30, 2013	29.92	28.81

(2) Consolidated Financial Position

(Millions of yen unless otherwise stated)

	Total assets	Net assets	Equity ratio
As of June 30, 2014	308,199	126,215	39.1 %
As of March 31, 2014	317,932	126,159	37.9 %

(Reference) Shareholders' equity: As of June 30, 2014 ¥120,527 million As of March 31, 2014 ¥120,488 million

2. Dividends

	Dividends per share (Yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
FY 2013	—	20.00	—	20.00	40.00
FY 2014	—	—	—	—	—
FY 2014 (Forecast)	—	25.00	—	25.00	50.00

(Note) Revisions during this quarter of Dividends forecasts for Fiscal Year 2014: None

3. Consolidated Financial Forecasts for Fiscal Year 2014 (April 1, 2014 to March 31, 2015)

(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, 2014	140,000	2.1	10,500	7.3	10,800	1.3	9,000	10.8	86.74
Full Year	300,000	1.2	27,500	14.7	28,000	9.0	22,000	19.6	212.04

(Note) Revisions during this quarter of consolidated earnings forecasts for Fiscal Year 2014: None

- (1) Changes in significant subsidiaries during the period : None
- (2) Adoption of specific accounting procedures in preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatement of prior period financial statements after error corrections
- 1) Changes in accounting policies, changes in accounting standards and other regulations: Yes
 - 2) Changes in accounting policies due to other reasons: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement of prior period financial statements after error corrections: None
- (4) Number of shares issued (Common stock)
- 1) The number of shares issued as of the period-end (including treasury stock)

As of June 30, 2014	107,986,403 shares
As of March 31, 2014	107,986,403 shares
 - 2) The number of shares of treasury stock as of the period-end

As of June 30, 2014	4,224,893 shares
As of March 31, 2014	4,231,855 shares
 - 3) The average number of shares during the period

As of June 30, 2014	103,756,627 shares
As of June 30, 2013	103,712,305 shares

***Notification regarding the auditing process**

- This financial report is not within the scope of the auditing process as prescribed by the Financial Instruments and Exchange Act. Therefore, and as of the time of disclosure, the auditing process of this financial report has not been completed.

*** Cautionary statement concerning appropriate use of financial forecasts and other explanatory notes**

- The financial forecasts contained in this document are based on the information currently available and certain assumptions deemed reasonable. Actual results may vary from these forecasts for various reasons. 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 “Qualitative information of Consolidated Financial Forecast for the fiscal year ending March 31, 2015” on page 3.
- SCSK will hold a results briefing for institutional investors and analysts on July 31, 2014. Materials used in the briefing, a transcript of the main questions and answers, and other related information will be published on SCSK’s website promptly thereafter.

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1. Qualitative information regarding Operating Results for the quarter ended June 30, 2014

(1) Qualitative information of Consolidated Business Results

In the first-quarter period under review, although some areas of consumer spending in the Japanese economy declined after the last-minute surge in demand prior to the consumption tax increase, corporate earnings and capex increased and the employment situation continued the steady improvement seen since the latter half of the previous fiscal year.

The outlook for the Japanese economy is for a mild overall recovery with an expected uptick in consumer spending, although there is a risk that it will be weighed down by economic slowdowns overseas.

In these economic conditions, the business environment for the SCSK Group improved, and more aggressive sentiment toward IT investment by corporations has led to higher investment demand.

In the financial industry, systems investment has strengthened overall on strong demand for IT investment from major banks, along with the resumption of hitherto restrained IT investment by the securities and leasing industries.

In the manufacturing industry, it is seen an increase in corporate customers who are considering strategic IT investments for strengthening manufacturing and sales activities and globalization of business. Going forward, a broad realization of IT demand among manufacturing industry customers is expected, reflecting a recovery in earnings.

In addition to new IT investment, many more companies are considering renewing existing IT infrastructure, and there is growing demand for cloud-type IT infrastructure services aimed at improving business efficiency and productivity, together with growing needs for data center services.

The outlook for the IT services market is for continued growth of IT investment in Japanese companies, driven by the expansion of large-scale systems development projects related to financial institutions and government projects, and despite increasing recognition among businesses that a shortage of engineers is a growing issue for the entire industry.

In the Company's operating results for the first-quarter period under review, consolidated net sales increased 3.2% compared to the same period of the previous fiscal year to ¥66,569 million. This reflects an increase in maintenance and operations services for manufacturing industry customers and an increase in sales of IT products for the telecommunications industry. Operating income decreased 6.0% year on year to ¥3,279 million, reflecting a relative decline in large-scale systems development projects in the financial and communications industries from the previous year. However, a significant number of orders received during the current period are expected to lead to increased sales and profit in and after the next period. This decline in operating income, along with other factors, caused ordinary income to decrease by 2.8% to ¥3,644 million and net income to decrease by 2.9% to ¥3,013 million.

(2) Qualitative information of Consolidated Financial Position

Cash and cash equivalents (“cash”) as of June 30, 2014 increased ¥2,146 million compared to March 31, 2014 to ¥61,150 million. The increase or decrease in each cash flow type and the main factors for such changes are as follows.

Cash flow from operating activities

Net cash provided by operating activities was ¥5,538 million.

The main cash inflow factors were net income before income taxes and minority interests of ¥3,109 million, depreciation of ¥1,645 million and a ¥16,024 million increase in capital stemming from a decrease in accounts receivable. The main cash outflow factors were a decrease in accounts payable of ¥6,348 million, and an increase in inventories of ¥1,743 million.

Cash flow from investing activities

Net cash used in investing activities was ¥819 million.

The main cash outflow factors were payments for the acquisition of tangible fixed assets of ¥558 million and acquisition of intangible fixed assets of ¥409 million.

Cash flow from financing activities

Net cash used in financing activities was ¥2,531 million.

The main cash outflow factor was dividend payments of ¥2,079 million (¥20 per share).

(3) Qualitative information of Consolidated Financial Forecast for the fiscal year ending March 31, 2015

Business performance for the first quarter of the year was generally in accordance with forecasts and there are no changes to the consolidated half-year or full-year forecasts issued on April 30, 2014.

*Characteristics of SCSK Group’s quarterly results

As many companies in Japan have fiscal years that run from April to March, adoption and inspection of computer systems tends to be concentrated in September and March, respectively the halfway point and end of the April to March fiscal year. Excluding sales covered by contract agreements, SCSK Group mainly records sales on a receipt-and-inspection basis. This means that Group business results fluctuate by season, with sales and income tending to be concentrated in the second and fourth quarters of each year.

2. Summary information (notes)

(1) Transfer of important subsidiaries in the three months under review

No applicable items

(2) Adoption of specific accounting procedures in preparing quarterly consolidated financial statements

No applicable items

(3) Changes in accounting policies, changes in accounting estimates and restatement of prior period financial statements after error corrections

SCSK has adopted the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012; “the Accounting Standard for Retirement Benefits”) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012; “the Guidance on Accounting Standard for Retirement Benefits”) from the first quarter of the current fiscal year and has reviewed the calculation method of retirement benefit obligations and service costs in accordance with the stipulations of Article 35 of the Accounting Standard for Retirement Benefits and Article 67 of the Guidance on Accounting Standard for Retirement Benefits. The period allocation methodology for the estimated retirement benefit amount was changed from a straight line basis to payment calculation type, and the determination of the discount rate was changed from a single discount rate to plural discount rates (yield curve).

In accordance with transitional treatment as stipulated in Article 37 of the Accounting Standard for Retirement Benefits for the application of accounting standards for retirement benefits, the impact on retained earnings resulting from the change has been recorded in Changes in accounting policy for retirement benefit obligations and service cost at the beginning of the period under review.

As a result of this change, retirement benefit-related assets decreased by ¥1,680 million and retained earnings decreased by ¥964 million at the beginning of the first quarter. The resulting effect on profit and loss is immaterial.

3. Consolidated Quarterly Financial Statements
(1) Consolidated Quarterly Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2014	As of Jun. 30, 2014
ASSETS		
Current assets		
Cash and deposits	19,156	16,885
Notes and accounts receivable-trade	63,372	47,392
Securities	1,101	1,000
Operational investment securities	40,372	43,105
Merchandise and finished goods	2,459	4,469
Work in process	1,757	1,500
Raw materials and supplies	28	26
Short-term loans receivable	7	7
Deposits paid	58,864	63,785
Other	23,807	24,700
Allowance for doubtful accounts	-30	-27
Total current assets	210,896	202,846
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	25,194	24,701
Land	20,681	20,681
Others, net	11,311	11,299
Total property, plant and equipment	57,187	56,681
Intangible assets		
Goodwill	251	230
Other	6,964	6,798
Total intangible assets	7,216	7,028
Investments and other assets		
Investment securities	8,313	8,378
Other	34,571	33,516
Allowance for doubtful accounts	-252	-252
Total investments and other assets	42,632	41,642
Total non-current assets	107,036	105,353
Total assets	317,932	308,199

(Unit: Millions of Yen)

	As of Mar. 31, 2014	As of Jun. 30, 2014
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	19,644	13,365
Short-term loans payable	17,000	17,000
Current portion of long-term loans payable	—	10,000
Income taxes payable	2,471	374
Provision for bonuses	7,492	3,170
Provision for directors' bonuses	121	24
Provision for loss on construction contracts	78	28
Deposits received of prepaid cards	70,647	71,573
Other	28,069	31,371
Total current liabilities	145,524	146,908
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	20,000	10,000
Provision for directors' retirement benefits	29	24
Net defined benefit liability	192	165
Asset retirement obligations	1,508	1,513
Other	4,517	3,371
Total non-current liabilities	46,248	35,075
Total liabilities	191,773	181,984
NET ASSETS		
Shareholders' equity		
Capital stock	21,152	21,152
Capital surplus	3,061	3,060
Retained earnings	101,176	101,145
Treasury stock	-8,510	-8,496
Total shareholders' equity	116,880	116,862
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,129	1,313
Deferred gains or losses on hedges	0	-19
Foreign currency translation adjustment	-57	-109
Remeasurements of defined benefit plans	2,537	2,481
Total accumulated other comprehensive income	3,608	3,665
Subscription rights to shares	135	132
Minority interests	5,535	5,555
Total net assets	126,159	126,215
Total liabilities and net assets	317,932	308,199

(2) Consolidated Quarterly Statements of Income and Comprehensive Income
Consolidated Quarterly Statements of Income

(Unit: Millions of Yen)

	From Apr. 1, 2013 to Jun. 30, 2013	From Apr. 1, 2014 to Jun. 30, 2014
Net sales	64,516	66,569
Cost of sales	49,869	51,925
Gross profit	14,647	14,644
Selling, general and administrative expenses	11,158	11,365
Operating income	3,488	3,279
Non-operating income		
Interest income	63	29
Dividends income	28	30
Share of profit of entities accounted for using equity method	63	84
Hoard profit of prepaid card	267	330
Other	136	38
Total non-operating income	559	514
Non-operating expenses		
Interest expenses	97	59
Loss on valuation of investment securities	63	—
Retirement benefit expenses	65	65
Other	70	24
Total non-operating expenses	297	148
Ordinary income	3,750	3,644
Extraordinary income		
Gain on sales of non-current assets	1	0
Gain on sales of shares of subsidiaries and associates	0	—
Total extraordinary income	2	0
Extraordinary loss		
Loss on retirement of non-current assets	6	78
Loss on sales of non-current assets	1	0
Business withdrawal loss	378	—
Burden of loss on outside the contract	—	409
Compensation expenses	—	46
Total extraordinary loss	386	535
Income before income taxes and minority interests	3,365	3,109
Income taxes — current	177	173
Income taxes — deferred	57	-148
Total income taxes	235	24
Income before minority interests	3,129	3,084
Minority interests in income	27	71
Net income	3,102	3,013

Consolidated Quarterly Statements of Comprehensive Income

(Unit: Millions of Yen)

	From Apr. 1, 2013 to Jun. 30, 2013	From Apr. 1, 2014 to Jun. 30, 2014
Income before minority interests	3,129	3,084
Other comprehensive income		
Valuation difference on available-for-sale securities	-12	182
Deferred gains or losses on hedges	35	-19
Foreign currency translation adjustment	117	-51
Remeasurements of defined benefit plans, net of tax	—	-64
Share of other comprehensive income of associates accounted for using equity method	6	-0
Total other comprehensive income	146	46
Comprehensive income	3,275	3,131
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,246	3,069
Comprehensive income attributable to minority interests	28	61

(3) Consolidated Quarterly Statements of Cash Flows

(Unit: Millions of Yen)

	From Apr. 1, 2013 to Jun. 30, 2013	From Apr. 1, 2014 to Jun. 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	3,365	3,109
Depreciation	1,692	1,645
Amortization of goodwill	27	25
Increase (decrease) in allowance for doubtful accounts	-75	-3
Increase (decrease) in provision for retirement benefits	-576	—
Increase (decrease) in net defined benefit liability	—	14
Decrease (increase) in prepaid pension costs	641	—
Decrease (increase) in net defined benefit asset	—	-288
Loss on retirement of non-current assets	6	78
Loss(gain) on sales of non-current assets	0	0
Loss (gain) on valuation of investment securities	63	—
Loss (gain) on sales of shares of subsidiaries and associates	-0	—
Share of (profit) loss of entities accounted for using equity method	-63	-84
Interest and dividend income	-91	-59
Interest expenses paid on loans and bonds	97	59
Loss (gain) on investments in partnership	-26	1
Decrease (increase) in investment securities for sale	-5,417	-2,745
Decrease (increase) in notes and accounts receivable-trade	11,330	16,024
Decrease (increase) in inventories	-3,047	-1,743
Increase (decrease) in notes and accounts payable-trade	-4,487	-6,348
Increase (decrease) in deposits received of prepaid cards	876	926
Directors' bonus payments	-126	-139
Other, net	460	-2,802
Subtotal	4,648	7,668
Interest and dividends income received	234	142
Interest expenses paid	-81	-60
Compensation expenses paid	—	-250
Income taxes paid	-739	-1,962
Net cash provided by (used in) operating activities	4,061	5,538
Cash flows from investing activities		
Purchase of securities	-899	-800
Proceeds from sales and redemption of securities	900	600
Purchase of property, plant and equipment	-735	-558
Proceeds from sales of property, plant and equipment	2	5
Purchase of intangible assets	-402	-409
Purchase of investment securities	-103	-0
Proceeds from sales and redemption of investment securities	83	—
Proceeds from purchase of stock of subsidiaries with change of scope of consolidation	—	421
Collection of short-term loans receivable	3	1
Proceeds from withdrawal of investments in partnership	149	76
Payments for lease and guarantee deposits	-5	-79
Proceeds from collection of lease and guarantee deposits	40	117
Payments for asset retirement obligations	-14	—
Other, net	-115	-193
Net cash provided by (used in) investing activities	-1,098	-819

(Unit: Millions of Yen)

	From Apr. 1, 2013 to Jun. 30, 2013	From Apr. 1, 2014 to Jun. 30, 2014
Cash flows from financing activities		
Repayments of long-term loans payable	-2,500	—
Repayments of lease obligations	-443	-401
Purchase of treasury shares	-5	-2
Proceeds from sales of treasury shares	73	11
Cash dividends paid	-1,870	-2,079
Cash dividends paid to minority shareholders	-54	-60
Net cash provided by (used in) financing activities	-4,800	-2,531
Effect of exchange rate change on cash and cash equivalents	90	-41
Net increase (decrease) in cash and cash equivalents	-1,746	2,146
Cash and cash equivalents at beginning of period	83,247	59,004
Cash and cash equivalents at end of period	81,501	61,150

(4) Notes regarding Consolidated Financial Results for the First Quarter ended June 30, 2014
(Notes regarding the Premise of a Going Concern)

No applicable items.

(Notes concerning significant changes in shareholders' equity)

No applicable items.

(Segment Information)

I. First quarter of fiscal year ending March 31, 2014 (April 1, 2013 to June 30, 2013)

1) Information on Sales, Income (Loss) by Reported Segment

(Unit: Millions of Yen)

	Industrial Systems Business	Financial Systems Business	Global Systems Business	Business Solutions	Business Services	IT Management	IT Platform Solutions	Prepaid Card Business
Sales								
(1) Outside customers	15,705	12,922	3,237	3,908	7,534	8,795	11,463	752
(2) Inter-segment sales or transfers	420	69	354	365	386	2,023	1,104	24
Total	16,126	12,992	3,592	4,274	7,920	10,819	12,567	776
Segment income (loss)	665	901	539	441	238	645	135	76

	Others	Total	Adjustments (Note 1)	Amounts Reported in the Consolidated Financial Statements (Note 2)
Sales				
(1) Outside customers	195	64,516	—	64,516
(2) Inter-segment sales or transfers	647	5,396	-5,396	—
Total	843	69,912	-5,396	64,516
Segment income (loss)	24	3,669	-180	3,488

Notes: Adjustments are as follows:

1. The adjustment loss of ¥180 million to segment income (loss) represent general corporate expenses that have not been allocated to the reported segments.
2. Segment income (loss) has been reconciled to operating income in the consolidated income statement.

II. First quarter of fiscal year ended March 31, 2015 (April 1, 2014 to June 30, 2014)

Information on Sales, Income (Loss) by Reported Segment

(Unit: Millions of Yen)

	Industrial Systems Business	Financial Systems Business	Global Systems Business	Business Solutions	Business Services	IT Management	IT Platform Solutions	Prepaid Card Business
Sales								
(1) Outside customers	16,361	12,787	3,112	3,442	7,910	9,497	12,359	910
(2) Inter-segment sales or transfers	284	164	823	498	607	2,485	1,472	0
Total	16,646	12,952	3,936	3,941	8,518	11,982	13,832	910
Segment income (loss)	484	1,161	364	130	159	884	256	116

	Others	Total	Adjustments (Note 1)	Amounts Reported in the Consolidated Financial Statements (Note 2)
Sales				
(1) Outside customers	187	66,569	—	66,569
(2) Inter-segment sales or transfers	668	7,006	-7,006	—
Total	855	73,576	-7,006	66,569
Segment income (loss)	34	3,593	-313	3,279

Notes: Adjustments are as follows:

1. The adjustment loss of ¥313 million to segment income (loss) represent general corporate expenses that have not been allocated to the reported segments.
2. Segment income (loss) has been reconciled to operating income in the consolidated income statement.