

**Consolidated Financial Results for the third quarter  
of the fiscal year ending March 31, 2015  
(April 1, 2014 - December 31, 2014)  
[J-GAAP]**

January 29, 2015

Company Name: SCSK Corporation  
 Securities Code: 9719  
 Stock Exchange Listing: Tokyo Stock Exchange, 1st Section  
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 Scheduled date of filing quarterly securities reports February 13, 2015  
 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 third quarter ended December 31, 2014 (April 1, 2014 through December 31, 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	
		%		%		%		%
Nine months ended Dec. 31, 2014	214,474	4.2	17,223	14.8	18,321	12.3	13,066	5.7
Nine months ended Dec. 31, 2013	205,914	2.2	15,000	7.5	16,320	7.8	12,365	-15.5

(Note) Comprehensive income:

Nine-month period ended Dec. 31, 2014: 13,780 million yen (3.5%) Nine-month period ended Dec. 31, 2013: 13,317 million yen (-9.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec.31, 2014	125.93	125.28
Nine months ended Dec.31, 2013	119.22	116.58

(2) Consolidated Financial Position

(Millions of yen unless otherwise stated)

	Total assets	Net assets	Equity ratio
			%
As of Dec. 31, 2014	321,284	134,145	40.0
As of March 31, 2014	317,932	126,159	37.9

(Reference) Shareholders' equity: As of Dec.31, 2014 ¥128,364 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	—	25.00	—		
FY 2014 (Forecast)				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
Full Year	300,000	4.1	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 Dec.31, 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 Dec.31, 2014	4,220,196 shares
As of March 31, 2014	4,231,855 shares
  - 3) The average number of shares during the period

As of Dec.31, 2014	103,761,573 shares
As of Dec.31, 2013	103,724,727 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 January 29, 2015. 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 third quarter ended December 31, 2014

### (1) Qualitative information of Consolidated Business Results

In the nine-month period under review, the Japanese economy continued a mild recovery as capex increased and the employment situation improved, mainly at large companies. However, against a backdrop of instability in financial markets influenced by the sudden drop in the price of oil, inventory investment plateaued as corporate managers of the manufacturing and other industries retained their cautious judgment on the business climate. Additionally, the consumption tax hike in April 2014 continued to have an effect, contributing to the slow pace of housing sales.

The outlook for the Japanese economy is for a gentle recovery to continue based on improvements in the employment and income environments underpinned by a recovery in corporate earnings and manufacturing activities due to the weaker yen and falling oil prices, and underlying support from economic policy. This is despite moves towards monetary normalization in the U.S. and concerns about a downturn in European and developing economies.

In these economic conditions, in the IT services market, IT investment by corporations has gradually become more aggressive, leading to higher investment demand.

In the financial industry, systems investment has strengthened overall on strong demand for systems development from various financial institution including large banks and systems investment for responding to changes to systems.

In the manufacturing industry, although a cautious attitude among some companies is currently evident, IT demand is being actualized at many others, reflecting an increase in corporate customers who are considering strategic IT investment to strengthen manufacturing and sales activities and globalization of business.

Many companies are also considering renewing existing aged 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 at Japanese companies despite increasing recognition among businesses that a shortage of engineers is a growing issue for the entire industry. This growth is driven by the expansion of large-scale systems development projects, including system upgrades, related to financial institutions and government projects, and the spread of cloud services and growth of big data needs that are driving demand for new systems investment.

In the Company's operating results for the period under review, consolidated net sales increased 4.2% compared to the same period of the previous fiscal year to ¥214,474 million. This reflects an increase in IT demand primarily among manufacturing, financial and telecommunications industry customers. Operating income increased 14.8% to ¥17,223 million, reflecting a decrease in unprofitable projects and increased profit margin due to higher business efficiency, among other factors. Ordinary income also increased by 12.3% to ¥18,321 million which, along with the increase in operating income, offset the effects of booking of expected expenses for office relocation, resulting in an increase in net income of 5.7% to ¥13,066 million.

## **(2) Qualitative information of Consolidated Financial Position**

Cash and cash equivalents (“cash”) as of December 31, 2014 increased ¥12,900 million compared to March 31, 2014 to ¥71,905 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 ¥18,556 million.

The main cash inflow factors were net income before income taxes and minority interests of ¥15,415 million, depreciation of ¥5,077 million and a ¥10,926 million increase in capital stemming from a decrease in accounts receivable. The main cash outflow factors were an increase in inventories of ¥4,262 million and a decrease in accounts payable of ¥3,441 million.

### Cash flow from investing activities

Net cash used in investing activities was ¥2,253 million.

The main cash inflow factor was repayments of deposits of ¥10,000 million. The main cash outflow factors were payments for the acquisition of tangible fixed assets of ¥5,772 million and acquisition of intangible fixed assets of ¥1,945 million.

### Cash flow from financing activities

Net cash used in financing activities was ¥8,031 million.

The main cash outflow factors were a decrease in funds due to repayment of borrowings of ¥2,000 million (net) and dividend payments of ¥2,079 million (¥20 per share) for the year-end dividend of the fiscal year ended March 31, 2014 and ¥2,599 million (¥25 per share) for the interim period of the fiscal year ending March 31, 2015.

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

Business performance for the third quarter was generally in accordance with forecasts and there are no changes to the full-year forecast issued on April 30, 2014.

## 2. Summary information (notes)

### (1) Transfer of important subsidiaries in the third quarter 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. This effect has been omitted from the Segment information section because it is immaterial.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2014	As of Dec. 31, 2014
<b>ASSETS</b>		
Current assets		
Cash and deposits	19,156	27,574
Notes and accounts receivable-trade	63,372	52,953
Securities	1,101	900
Operational investment securities	40,372	36,936
Merchandise and finished goods	2,459	7,103
Work in process	1,757	1,409
Raw materials and supplies	28	25
Deposits paid	58,864	54,284
Other	23,814	30,732
Allowance for doubtful accounts	-30	-28
<b>Total current assets</b>	<b>210,896</b>	<b>211,892</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	25,194	23,804
Land	20,681	20,681
Others, net	11,311	15,380
<b>Total property, plant and equipment</b>	<b>57,187</b>	<b>59,865</b>
Intangible assets		
Goodwill	251	189
Other	6,964	7,240
<b>Total intangible assets</b>	<b>7,216</b>	<b>7,430</b>
Investments and other assets		
Investment securities	8,313	8,546
Other	34,571	33,792
Allowance for doubtful accounts	-252	-243
<b>Total investments and other assets</b>	<b>42,632</b>	<b>42,095</b>
<b>Total non-current assets</b>	<b>107,036</b>	<b>109,391</b>
<b>Total assets</b>	<b>317,932</b>	<b>321,284</b>

(Unit: Millions of Yen)

	As of Mar. 31, 2014	As of Dec. 31, 2014
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	19,644	16,675
Short-term loans payable	17,000	10,000
Current portion of long-term loans payable	—	10,000
Income taxes payable	2,471	446
Provision for bonuses	7,492	3,309
Provision for directors' bonuses	121	71
Provision for loss on construction contracts	78	105
Deposits received of prepaid cards	70,647	74,965
Other	28,069	31,638
Total current liabilities	145,524	147,210
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	20,000	15,000
Provision for directors' retirement benefits	29	24
Net defined benefit liability	192	194
Asset retirement obligations	1,508	1,415
Other	4,517	3,294
Total non-current liabilities	46,248	39,927
Total liabilities	191,773	187,138
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	21,152	21,152
Capital surplus	3,061	3,059
Retained earnings	101,176	108,600
Treasury stock	-8,510	-8,492
Total shareholders' equity	116,880	124,320
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,129	1,411
Deferred gains or losses on hedges	-0	60
Foreign currency translation adjustment	-57	216
Remeasurements of defined benefit plans	2,537	2,356
Total accumulated other comprehensive income	3,608	4,044
Subscription rights to shares	135	125
Minority interests	5,535	5,655
Total net assets	126,159	134,145
Total liabilities and net assets	317,932	321,284

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

(Unit: Millions of Yen)

	From Apr. 1, 2013 to Dec. 31, 2013	From Apr. 1, 2014 to Dec. 31, 2014
Net sales	205,914	214,474
Cost of sales	157,605	163,790
Gross profit	48,308	50,684
Selling, general and administrative expenses	33,307	33,460
Operating income	15,000	17,223
Non-operating income		
Interest income	173	75
Dividends income	44	47
Share of profit of entities accounted for using equity method	202	246
Gain on sales of investment securities	268	0
Hoard profit of prepaid card	823	998
Other	501	187
Total non-operating income	2,013	1,555
Non-operating expenses		
Interest expenses	262	171
Retirement benefit expenses	195	195
Other	236	91
Total non-operating expenses	694	458
Ordinary income	16,320	18,321
Extraordinary income		
Gain on sales of non-current assets	4	2
Gain on sales of investment securities	3	—
Gain on sales of shares of subsidiaries and associates	0	—
Gain on sales of memberships	12	—
Gain on reversal of subscription rights to shares	—	3
Total extraordinary income	21	5
Extraordinary loss		
Loss on retirement of non-current assets	56	232
Loss on sales of non-current assets	25	0
Loss on valuation of stocks of subsidiaries and affiliates	757	—
Loss on liquidation of subsidiaries	89	—
Business withdrawal loss	377	—
Office transfer related expenses	739	1,651
Burden of loss on outside the contract	—	409
Compensation expenses	—	447
Contractual termination penalties	—	170
Total extraordinary loss	2,045	2,910
Income before income taxes and minority interests	14,295	15,415
Income taxes — current	1,327	1,579
Income taxes — deferred	428	478
Total income taxes	1,756	2,058
Income before minority interests	12,539	13,357
Minority interests in income	173	290
Net income	12,365	13,066

### Consolidated Statements of Comprehensive Income

(Unit: Millions of Yen)

	From Apr. 1, 2013 to Dec. 31, 2013	From Apr. 1, 2014 to Dec. 31, 2014
Income before minority interests	12,539	13,357
Other comprehensive income		
Valuation difference on available-for-sale securities	374	265
Deferred gains or losses on hedges	63	60
Foreign currency translation adjustment	292	272
Remeasurements of defined benefit plans, net of tax	—	-198
Gain or loss on change in equity	5	—
Share of other comprehensive income of entities accounted for using equity method	42	21
Total other comprehensive income	777	422
Comprehensive income	13,317	13,780
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	13,139	13,502
Comprehensive income attributable to minority interests	178	277

**(3) Consolidated Statements of Cash Flows**

(Unit: Millions of Yen)

	From Apr. 1, 2013 to Dec. 31, 2013	From Apr. 1, 2014 to Dec. 31, 2014
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	14,295	15,415
Depreciation	5,122	5,077
Amortization of goodwill	72	66
Increase (decrease) in allowance for doubtful accounts	-112	-11
Increase (decrease) in provision for retirement benefits	-96	—
Increase (decrease) in net defined benefit liability	—	42
Decrease (increase) in prepaid pension costs	-169	—
Decrease (increase) in net defined benefit asset	—	-805
Loss on retirement of non-current assets	56	232
Loss(gain) on sales of non-current assets	21	-2
Loss (gain) on valuation of investment securities	44	—
Loss (gain) on sales of investment securities	-271	-0
Loss on valuation of shares of subsidiaries and associates	757	—
Loss (gain) on sales of shares of subsidiaries and associates	-0	—
Share of (profit) loss of entities accounted for using equity method	-202	-246
Interest and dividend income	-218	-122
Interest expenses paid on loans and bonds	262	171
Loss (gain) on investments in partnership	-198	-49
Decrease (increase) in investment securities for sale	-3,141	3,404
Decrease (increase) in notes and accounts receivable-trade	11,096	10,926
Decrease (increase) in inventories	-4,319	-4,262
Increase (decrease) in notes and accounts payable-trade	-4,207	-3,441
Increase (decrease) in deposits received of prepaid cards	4,004	4,317
Directors' bonus payments	-123	-139
Other, net	-247	-8,469
Subtotal	22,425	22,103
Interest and dividends income received	448	250
Interest expenses paid	-264	-172
Compensation expenses paid	—	-361
Income taxes (paid) refund	-798	-3,263
Net cash provided by (used in) operating activities	21,811	18,556

(Unit: Millions of Yen)

	From Apr. 1, 2013 to Dec. 31, 2013	From Apr. 1, 2014 to Dec. 31, 2014
<b>Cash flows from investing activities</b>		
Payments of deposit	—	-326
Proceeds from withdrawal deposit	—	10,000
Purchase of securities	-2,599	-2,400
Proceeds from sales and redemption of securities	2,728	2,300
Purchase of property, plant and equipment	-5,935	-5,772
Proceeds from sales of property, plant and equipment	6	9
Purchase of intangible assets	-1,176	-1,945
Purchase of investment securities	-993	-4
Proceeds from sales and redemption of investment securities	851	0
Proceeds from purchase of stock of subsidiaries with change of scope of consolidation	—	421
Collection of short-term loans receivable	102	4
Proceeds from withdrawal of investments in partnership	471	156
Payments for lease and guarantee deposits	-428	-181
Proceeds from collection of lease and guarantee deposits	514	191
Payments for asset retirement obligations	-14	—
Other, net	25	-199
Net cash provided by (used in) investing activities	-6,447	2,253
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	17,000	7,500
Decrease in short-term loans payable	—	-14,500
Proceeds from long-term loans payable	—	5,000
Repayments of long-term loans payable	-7,500	—
Redemption of bonds	-35,000	—
Repayments of lease obligations	-1,435	-1,180
Purchase of treasury shares	-20	-15
Proceeds from sales of treasury shares	98	20
Cash dividends paid	-3,949	-4,679
Cash dividends paid to minority shareholders	-101	-176
Net cash provided by (used in) financing activities	-30,908	-8,031
Effect of exchange rate change on cash and cash equivalents	229	122
Net increase (decrease) in cash and cash equivalents	-15,315	12,900
Cash and cash equivalents at beginning of period	83,247	59,004
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-146	—
Cash and cash equivalents at end of period	67,786	71,905

**(4) Notes regarding Consolidated Financial Results for the interim period ended September 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. Nine-month period of fiscal year ending March 31, 2014 (April 1, 2013 to December 31, 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	50,048	40,490	10,056	11,957	23,747	27,537	39,229	2,259
(2) Inter-segment sales or transfers	1,317	272	1,770	1,374	1,172	6,770	4,536	72
Total	51,365	40,762	11,827	13,332	24,920	34,307	43,766	2,331
Segment income (loss)	3,064	3,897	1,433	1,169	1,183	2,481	2,236	123

	Others	Total	Adjustments (Note 1)	Amounts Reported in the Consolidated Financial Statements (Note 2)
Sales				
(1) Outside customers	586	205,914	—	205,914
(2) Inter-segment sales or transfers	1,991	19,277	-19,277	—
Total	2,578	225,191	-19,277	205,914
Segment income (loss)	153	15,743	-742	15,000

Notes: Adjustments are as follows:

1. The adjustment loss of ¥742 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. Nine-month period of fiscal year ended March 31, 2015 (April 1, 2014 to December 31, 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	54,039	40,335	9,243	10,243	24,928	29,496	43,022	2,592
(2) Inter-segment sales or transfers	963	433	5,976	1,712	3,281	8,219	5,599	0
Total	55,003	40,768	15,219	11,955	28,210	37,715	48,621	2,593
Segment income (loss)	4,093	4,083	1,231	894	1,624	3,295	2,452	251

	Others	Total	Adjustments (Note 1)	Amounts Reported in the Consolidated Financial Statements (Note 2)
Sales				
(1) Outside customers	573	214,474	—	214,474
(2) Inter-segment sales or transfers	1,958	28,146	-28,146	—
Total	2,531	242,620	-28,146	214,474
Segment income (loss)	238	18,165	-941	17,223

Notes: Adjustments are as follows:

1. The adjustment loss of ¥941 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.