

**Consolidated Financial Results for the First Quarter
of the fiscal year ending March 31, 2016
(April 1, 2015 - June 30, 2015)
[J-GAAP]**

July 30, 2015

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 Securities Code: 9719
 Stock Exchange Listing: Tokyo Stock Exchange, 1st Section
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 Scheduled date of filing quarterly securities reports August 13, 2015
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 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, 2015(April 1, 2015 to June 30, 2015)

(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		Profit attributable to owners of parent	
	%		%		%		%	
Three months ended June 30, 2015	74,026	11.2	5,440	65.9	5,830	60.0	4,395	45.9
Three months ended June 30, 2014	66,569	3.2	3,279	-6.0	3,644	-2.8	3,013	-2.9

(Note) Comprehensive income:

First Quarter Ended June 30, 2015: 4,364 million yen (39.4%) First Quarter Ended June 30, 2014: 3,131 million yen (-4.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2015	42.35	41.92
Three months ended June 30, 2014	29.04	28.60

(2) Consolidated Financial Position

(Millions of yen unless otherwise stated)

	Total assets	Net assets	Equity ratio
			%
As of June 30, 2015	330,606	140,261	40.6
As of March 31, 2015	334,290	138,536	39.6

(Reference) Shareholders' equity: As of June 30, 2015 ¥134,141 million As of March 31, 2015 132,458 million

2. Dividends

	Dividends per share (Yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
FY 2014	—	25.00	—	25.00	50.00
FY 2015	—				
FY 2015 (Forecast)		35.00	—	35.00	70.00

(Note) Revisions during this quarter of Dividends forecasts for Fiscal Year 2015: None

3. Consolidated Financial Forecasts for Fiscal Year 2015 (April 1, 2015 to March 31, 2016)

(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		Profit attributable to owners of parent		Net income per share
	%		%		%		%		Yen
Six months ending September 30, 2015	153,000	7.4	13,000	16.7	13,500	13.5	10,500	13.7	101.16
Full Year	310,000	4.2	29,000	3.6	30,000	-2.2	22,000	40.7	211.99

(Note) Revisions during this quarter of consolidated earnings forecasts for Fiscal Year 2015: Yes

※ Notes

(1) Changes in significant subsidiaries during the period : Yes

Inclusion : none (company name) exclusion: 1 (company name) : CSK Group Investment Fund

For details, please refer to “Qualitative information of Consolidated Financial Forecast for the fiscal year ending March 31, 2016” on page 4, ” 2. Summary information (notes), (1). Transfer of important subsidiaries in the three months under review.”

(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, 2015 107,986,403 shares

As of March 31, 2015 107,986,403 shares

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

As of June 30, 2015 4,195,081 shares

As of March 31, 2015 4,208,816 shares

3) The average number of shares during the period

As of June 30, 2015 103,784,740 shares

As of June 30, 2014 103,756,627 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, 2016” on page 3.
- SCSK will hold a results briefing for institutional investors and analysts on July 30, 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 quarter ended June 30, 2015

(1) Qualitative information of Consolidated Business Results

In the first quarter period under review, the Japanese economy continued a mild recovery as corporate earnings improved and capital expenditures were on a rising trend, while improvements in the employment and wages environment supported a firm trend in personal consumption.

The outlook for the Japanese economy is for current trends to continue unchanged, as corporate earnings increase to record levels and steady improvement continues in areas including the employment and wages environment, despite concerns of risks from overseas such as a slow-down in economic growth in developing economies. When considered together with factors such as the effects of the weak yen and of the fiscal policies of the government and the Bank of Japan in underpinning the economy, the mild economic recovery is expected to continue.

In this environment, in the IT services market, IT investment demand grew overall as earnings improved and capital expenditures increased at corporate customers.

In the financial industry, IT investment continued to increase substantially supported by factors including investment in development of operations systems and systems renewal by major banks and others aiming to increase competitive strength, as well as systems modification accompanying regulatory reforms in the securities and other industries.

In the manufacturing and distribution industries, an increase in orders is anticipated based on specific demand for renewal investment in IT systems as well as the actualization of strategic IT investment demand in response to global business expansion and in relation to big data.

In the telecommunications industry, IT demand for IT products from customers in communications industry and for every kind of cloud-type IT service including IaaS and PaaS from customers in various sectors is expected to accelerate with the aim of further strengthening business and increasing operational efficiency.

In the Company's operating results for the first quarter period under review, consolidated net sales increased 11.2% compared to the same period of the previous fiscal year to ¥74,026 million. This reflects good progress in sales for each of the Company's three segments, Systems Development, System Maintenance and Operation/ Services, and Packaged Software/ Hardware Sales, driven by greater IT investment demand among financial industry customers, especially in banking and securities, as well as communications industry customers. Operating income increased 65.9% to ¥5,440 million, reflecting an increase in profits from increased sales as well as higher business efficiency from operational quality improvement policies and a decrease in unprofitable projects. Ordinary income increased 60.0% to ¥5,830 million and profit attributable to owners of parent increased 45.9% to ¥4,395 million, reflecting the increase in operating income and other factors.

SCSK Group has created three core strategies for achieving the goals of its five-year Medium-term Management Plan, which started this year (FY2016): shift to a service-oriented business, promote strategic businesses that react to the changing times, and the second stage of global business expansion. While implementing these core strategies, the Company will aim to realize high profit growth over the medium-term by firmly executing initiatives towards strengthening our management bases, beginning with seeking heightened operational quality and improving business profitability. This year is the first of this plan, and it is believed that by capturing the current firm demand for IT investment while incorporating various investments in strategic businesses to set the stage for future growth, it will lead to improved business results.

(2) Qualitative information of consolidated financial position

Cash and cash equivalents (“cash”) as of June 30, 2015 increased ¥1,893 million compared to March 31, 2015 to ¥87,606 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 ¥8,692 million.

The main cash inflow factors were net income before income taxes and minority interests of ¥5,466 million, depreciation of ¥1,898 million and a ¥14,211 million increase in funds stemming from a decrease in accounts receivable. The main cash outflow factors were a decrease in accounts payable of ¥1,204 million, an increase in inventories of ¥2,572 million, and a decrease of ¥9,725 million due to an increase in guarantee deposits.

Cash flow from investing activities

Net cash used in investing activities was ¥3,882 million.

The main cash outflow factors were payment for the acquisition of tangible fixed assets of ¥3,074 million, and acquisition of intangible fixed assets of ¥748 million.

Cash flow from financing activities

Net cash used in financing activities was ¥2,833 million.

The main cash outflow factor was dividend payments of ¥2,600 million (¥25 per share) for the year-end dividend of the fiscal year ended March 31, 2015.

(3) Qualitative information of consolidated financial forecasts for the fiscal year ending March 31, 2016

Based on the first quarter results and recent order trends, net sales for the second quarter of the fiscal year ending March 31, 2016, are expected to exceed initial forecasts, mainly on sales to financial industry customers in the systems development business and to telecommunications industry customers in the packaged software/ hardware sales business. Income is also expected to exceed initial forecasts for each type of income under operating income in the same period, operating income, ordinary income and profit attributable to owners of parent, on increased profit from increased sales and expected increases in productivity and profitability due to the execution of initiatives towards heightening operational quality as mentioned in the Company’s business strategy for this year. In consideration of the above, consolidated financial forecasts for the first half of the fiscal year ending March 31, 2016 have been revised as shown below.

Although the Company’s business is expected to strengthen throughout the year considering the current business environment, financial forecasts for the full year have not been changed. Should business trends, etc., make further revisions necessary, disclosure will be provided in a timely fashion.

(Consolidated financial forecasts for the first half of the fiscal year ending March 31, 2016)

(Millions of yen unless otherwise stated)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share (Yen)
Previous forecast (A)	148,500	11,500	12,000	9,300	89.61
Revised forecast (B)	153,000	13,000	13,500	10,500	101.16
Change (B-A)	4,500	1,500	1,500	1,200	—
Percent change (%)	3.0	13.0	12.5	12.9	—
(Reference) Figures of the same period of the preceding year (first half of the fiscal year ending March 31, 2015)	142,524	11,141	11,891	9,235	89.01

*Financial forecasts are created based on information available as of the day these statements were issued. For various reasons, actual results may differ from forecasts.

2. Summary information (notes)

(1) Transfer of important subsidiaries in the first quarter

Due to its dissolution on June 30, 2015, consolidated subsidiary CSK Group Investment Fund was removed from the scope of consolidation due to its decreased significance.

(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

(Changes in accounting policy)

The Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No.21) of September 13, 2013, the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22) of September 13, 2013, and the Accounting Standard for Business Divestitures (ASBJ Statement No.7) of September 13, 2013, have been applied from the first quarter period under review. Differences arising from changes in holdings of subsidiaries in cases where the parent company continues to have control are now recorded in capital surplus, and acquisition expenses for business combinations are now treated as expenses in the consolidated financial statements for the year in which they arise. For business combinations which occur after the beginning of the first quarter period under review, any changes to the allocation of the acquisition price arising from settlement of the provisional accounting treatment shall be reflected in the quarterly consolidated financial statements for the quarter in which the business combination occurred. Additionally, a change in presentation has been made to Net income, and the previous accounting standard category of Minority interests has changed to Non-controlling interests. To reflect these changes in presentation, the consolidated financial statements for the first quarter of the previous consolidated fiscal year, and the previous consolidated fiscal year, have been restated.

The Company has adopted these accounting standards from the beginning of the first quarter period under review, in accordance with transitional treatment based on Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

The impact on the first quarter period under review is minimal.

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

(Unit: Millions of Yen)

	As of Mar. 31, 2015	As of Jun. 30, 2015
ASSETS		
Current assets		
Cash and deposits	25,908	23,999
Notes and accounts receivable-trade	63,687	49,487
Securities	900	1,100
Operational investment securities	18,957	12,233
Merchandise and finished goods	4,528	6,576
Work in process	522	1,024
Raw materials and supplies	25	44
Deposits paid	61,798	65,470
Guarantee Deposits	24,788	34,513
Other	22,360	24,076
Allowance for doubtful accounts	-32	-30
Total current assets	223,444	218,496
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,720	33,650
Land	20,681	20,681
Other, net	19,773	10,912
Total property, plant and equipment	64,175	65,244
Intangible assets		
Goodwill	169	148
Other	7,793	8,153
Total intangible assets	7,963	8,302
Investments and other assets		
Investment securities	9,675	9,500
Other	29,299	29,331
Allowance for doubtful accounts	-268	-268
Total investments and other assets	38,706	38,563
Total non-current assets	110,845	112,110
Total assets	334,290	330,606

(Unit: Millions of Yen)

	As of Mar. 31, 2015	As of Jun. 30, 2015
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	17,769	16,587
Short-term loans payable	10,000	10,000
Current portion of bonds	5,000	5,000
Current portion of long-term loans payable	10,000	-
Income taxes payable	2,212	343
Provision for bonuses	6,585	1,873
Provision for directors' bonuses	133	23
Provision for loss on construction contracts	27	22
Deposits received of prepaid cards	77,204	78,094
Other	31,866	34,016
Total current liabilities	160,799	145,960
Non-current liabilities		
Bonds payable	15,000	25,000
Long-term loans payable	15,000	15,000
Provision for directors' retirement benefits	24	24
Net defined benefit liability	209	227
Asset retirement obligations	1,538	1,964
Other	3,181	2,168
Total non-current liabilities	34,954	44,384
Total liabilities	195,753	190,345
NET ASSETS		
Shareholders' equity		
Capital stock	21,152	21,152
Capital surplus	3,054	3,050
Retained earnings	111,171	112,967
Treasury shares	-8,471	-8,445
Total shareholders' equity	126,907	128,725
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,520	2,460
Deferred gains or losses on hedges	-16	-8
Foreign currency translation adjustment	361	341
Remeasurements of defined benefit plans	2,684	2,622
Total accumulated other comprehensive income	5,550	5,416
Subscription rights to shares	106	103
Non-controlling interests	5,971	6,015
Total net assets	138,536	140,261
Total liabilities and net assets	334,290	330,606

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

(Unit: Millions of Yen)

	From Apr. 1, 2014 to Jun. 30, 2014	From Apr. 1, 2015 to Jun. 30, 2015
Net sales	66,569	74,026
Cost of sales	51,925	56,746
Gross profit	14,644	17,280
Selling, general and administrative expenses	11,365	11,839
Operating income	3,279	5,440
Non-operating income		
Interest income	29	20
Dividend income	30	36
Share of profit of entities accounted for using equity method	84	71
Hoard profit of prepaid card	330	342
Other	38	40
Total non-operating income	514	512
Non-operating expenses		
Interest expenses	59	48
Loss on valuation of investment securities	65	-
Retirement benefit expenses	-	48
Other	24	25
Total non-operating expenses	148	122
Ordinary income	3,644	5,830
Extraordinary income		
Gain on sales of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary loss		
Loss on retirement of non-current assets	78	9
Loss on sales of non-current assets	0	10
Office transfer related expenses	-	344
Burden of loss on outside the contract	409	-
Compensation expenses	46	-
Total extraordinary loss	535	364
Income before income taxes and minority interests	3,109	5,466
Income taxes — current	173	106
Income taxes — deferred	-148	847
Total income taxes	24	953
Profit	3,084	4,512
Profit attributable to non-controlling interests	71	116
Profit attributable to owners of parent	3,013	4,395

Consolidated Quarterly Statements of Comprehensive Income

(Unit: Millions of Yen)

	From Apr. 1, 2014 to Jun. 30, 2014	From Apr. 1, 2015 to Jun. 30, 2015
Profit	3,084	4,512
Other comprehensive income		
Valuation difference on available-for-sale securities	182	-61
Deferred gains or losses on hedges	-19	7
Foreign currency translation adjustment	-51	-18
Remeasurements of defined benefit plans, net of tax	-64	-75
Share of other comprehensive income of entities accounted for using equity method	-0	0
Total other comprehensive income	46	-147
Comprehensive income	3,131	4,364
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,069	4,261
Comprehensive income attributable to non-controlling interests	61	102

(3) Consolidated Quarterly Statements of Cash Flows

(Unit: Millions of Yen)

	From Apr. 1, 2014 to Jun. 30, 2014	From Apr. 1, 2015 to Jun. 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	3,109	5,466
Depreciation	1,645	1,898
Amortization of goodwill	25	20
Increase (decrease) in allowance for doubtful accounts	-3	-2
Increase (decrease) in net defined benefit liability	14	17
Decrease (increase) in net defined benefit asset	-288	-256
Loss on retirement of non-current assets	78	9
Loss (gain) on sales of non-current assets	0	10
Share of (profit) loss of entities accounted for using equity method	-84	-71
Interest and dividend income	-59	-57
Interest expenses paid on loans and bonds	59	48
Loss (gain) on investments in partnership	1	-23
Decrease (increase) in investment securities for sale	-2,745	6,708
Decrease (increase) in notes and accounts receivable - trade	16,024	14,211
Decrease (increase) in inventories	-1,743	-2,572
Decrease (increase) in guarantee deposits	—	-9,725
Increase (decrease) in notes and accounts payable - trade	-6,348	-1,204
Increase (decrease) in deposits received of prepaid cards	926	890
Director's bonus payments	-139	-169
Other, net	-2,802	-4,254
Subtotal	7,668	10,941
Interest and dividend income received	142	148
Interest expenses paid	-60	-50
Compensation expenses paid	-250	-664
Income taxes (paid) refund	-1,962	-1,683
Net cash provided by (used in) operating activities	5,538	8,692

(Unit: Millions of Yen)

	From Apr. 1, 2014 to Jun. 30, 2014	From Apr. 1, 2015 to Jun. 30, 2015
Cash flows from investing activities		
Purchase of securities	-800	-1,000
Proceeds from sales and redemption of securities	600	800
Purchase of property, plant and equipment	-558	-3,074
Proceeds from sales of property, plant and equipment	5	3
Purchase of intangible assets	-409	-748
Purchase of investment securities	-0	Δ0
Proceeds from sales and redemption of investment securities	—	0
Proceeds from purchase of stock of subsidiaries with change of scope of consolidation	421	—
Collection of short-term loans receivable	1	2
Proceeds from withdrawal of investments in partnership	76	60
Payments for lease and guarantee deposits	-79	-20
Proceeds from collection of lease and guarantee deposits	117	11
Other, net	-193	82
Net cash provided by (used in) investing activities	-819	-3,882
Cash flows from financing activities		
Repayments of long-term loans payable	—	-10,000
Proceeds from issuance of bonds	—	10,000
Repayments of lease obligations	-401	-186
Purchase of treasury shares	-2	-3
Proceeds from sales of treasury shares	11	15
Cash dividends paid	-2,079	-2,600
Dividends paid to non-controlling interests	-60	-58
Net cash provided by (used in) financing activities	-2,531	-2,833
Effect of exchange rate change on cash and cash equivalents	-41	-1
Net increase (decrease) in cash and cash equivalents	2,146	1,975
Cash and cash equivalents at beginning of period	59,004	85,713
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	-81
Cash and cash equivalents at end of period	61,150	87,606

(4) Notes regarding Consolidated Financial Results for the First Quarter ended June 30, 2015

(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, 2015 (April 1, 2014 to June 30, 2014)

Information on Sales, Income (Loss) by Reported Segment

(Unit: Millions of Yen)

	Manufacturing Systems Business	Telecommunication Systems Business	Distribution Systems Business	Financial Systems Business	Business Solutions	Business Services	IT Platform Solutions	Prepaid Card Business
Sales								
(1) Outside customers	9,823	6,466	10,533	14,135	4,245	7,910	12,359	910
(2) Inter-segment sales or transfers	430	394	1,155	176	728	607	1,472	0
Total	10,254	6,861	11,688	14,311	4,973	8,518	13,832	910
Segment income (loss)	302	789	922	1,271	-264	161	258	116

	Others	Total	Adjustments (Note 1)	Amounts Reported in the Consolidated Financial Statements (Note 2)
Sales				
(1) Outside customers	185	66,569	-	66,569
(2) Inter-segment sales or transfers	495	5,461	-5,461	-
Total	680	72,031	-5,461	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.

II. First quarter of fiscal year ended March 31, 2016 (April 1, 2015 to June 30, 2015)

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

(Unit: Millions of Yen)

	Manufacturing Systems Business	Telecommunication Systems Business	Distribution Systems Business	Financial Systems Business	Business Solutions	Business Services	IT Platform Solutions	Prepaid Card Business
Sales								
(1) Outside customers	9,453	6,154	11,278	15,578	4,789	8,610	17,155	812
(2) Inter-segment sales or transfers	560	539	3,354	83	567	631	1,371	0
Total	10,014	6,693	14,633	15,661	5,357	9,241	18,527	813
Segment income (loss)	322	937	1,473	1,575	223	280	917	91

	Others	Total	Adjustments (Note 1)	Amounts Reported in the Consolidated Financial Statements (Note 2)
Sales				
(1) Outside customers	194	74,028	-	74,026
(2) Inter-segment sales or transfers	425	7,535	-7,535	-
Total	620	81,562	-7,535	74,026
Segment income (loss)	17	5,838	-398	5,440

Notes: Adjustments are as follows:

1. The adjustment loss of ¥398 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.

2) Changes in reporting segments

With the aim of creating a framework to further promote the shift to service-oriented businesses, one of the core strategies of the new Medium-Term Management Plan started from this fiscal year, the Company has reorganized into a structure which enables it to provide comprehensive, one-stop services covering system development, infrastructure development, and systems operation from this first quarter period under review.

Along with this move, reporting segments have been revised. The previous two segments of Industrial Systems Business and Global Systems Business were reorganized into three new segments categories: Manufacturing Systems Business, Telecommunication Systems Business, and Distribution Systems, which handle customers in the manufacturing, telecommunication and distribution industries respectively. At the same time, the services handled by the previous reporting segment of IT Management, which handled infrastructure integration services, system operation services, and data center (netXDC) services, have been reorganized into each of new reporting segment.