

Consolidated Financial Results for the First Quarter ended June 30, 2012 [J-GAAP]

July 31, 2012

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: August 10, 2012
 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, 2012 (April 1, 2012 through June 30, 2012)

(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, 2012	63,185	124.9	3,448	—	3,905	48.1	3,567	134.7
Three months ended June 30, 2011	28,089	△9.6	279	△76.1	2,637	108.2	1,520	64.6

(Note) Comprehensive income:

First Quarter Ended June 30, 2012: 3,385 million yen (398.3%) First Quarter Ended June 30, 2011: 679 million yen (119.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2012	34.41	33.50
Three months ended June 30, 2011	30.43	30.36

(2) Consolidated Financial Position

(Millions of yen unless otherwise stated)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
As of June 30, 2012	292,244	96,023	31.1	876.03
As of March 31, 2012	300,928	124,419	39.6	860.37

(Reference) Shareholders' equity: As of June 30, 2012 ¥90,812 million As of March 31, 2012 ¥119,189 million

2. Dividends

	Dividends per share (Yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
FY 2011	—	16.00	—	16.00	32.00
FY 2012	—				
FY 2012 (Forecast)	—	18.00	—	18.00	36.00

3. Consolidated Financial Forecasts for Fiscal Year 2012 (April 1, 2012 to March 31, 2013)

(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, 2012	130,000	118.1	6,800	206.0	6,700	30.5	6,200	97.8	59.81
Full Year	280,000	39.8	18,500	43.6	17,800	6.8	15,000	(41.6)	144.70

(Note) Revisions during this quarter of consolidated earnings forecasts for Fiscal Year 2012: None

- (1) Changes in significant subsidiaries during the period : None
- (2) 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: None
 - 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
- (3) Number of shares issued (Common stock)
- 1) The number of shares issued as of the period-end (including treasury stock)

As of June 30, 2012	107,986,403 shares
As of March 31, 2012	107,986,403 shares
 - 2) The number of shares of treasury stock as of the period-end

As of June 30, 2012	4,322,679 shares
As of March 31, 2012	4,322,267 shares
 - 3) The average number of shares during the period

As of March 31, 2012	103,663,741 shares
As of March 31, 2012	49,960,408 shares

* Statement of implementation status for auditing procedures

- These consolidated quarterly financial results for the first quarter are exempt from auditing procedures based on the Financial Instruments and Exchange Act. Auditing procedures based on the Financial Instruments and Exchange Act had not been completed as of the release of these consolidated quarterly financial results.

* 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, 2013” on page 3.
- SCSK will hold a results briefing for institutional investors and analysts on July 31, 2012. 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, 2012

(1) Qualitative information of Consolidated Business Results

In the first-quarter period under review, the Japanese economy experienced a moderate recovery, supported by domestic demand including reconstruction demand following last year's Great East Japan Earthquake. Companies tended to increase their equipment investment, against a backdrop of a gradual improvement in profits. At the same time, consumer spending continued to increase moderately, driven by an improvement in consumer confidence, the effects of government policies to stimulate demand for automobiles, and other factors.

For overseas economies, however, the situation remains uncertain, primarily due to the European debt crisis. Although a certain level of progress has been made in resolving this issue on the political front, uncertainty in financial markets about southern European economies remains a significant risk factor. The outlook for the world economy is uncertain, due to factors including the delayed recovery of the U.S. economy and the possibility of a slowdown in economic growth in emerging economies and commodity-exporting countries, especially China.

In these economic conditions the Japanese economy is expected to return to a course of continuous growth, but concerns remain about a possible economic slowdown, due to the strong yen, downturns in overseas economies, constraints on electricity supply, and other factors.

As for the operating environment in the IT services industry, the trend of cutting back on or postponing IT investment had been continuing against the backdrop of the severe business environment in recent years, but signs of a recovery in IT investment are now emerging with the moderate recovery of the domestic economy.

Regarding SCSK Group's business environment, various types of IT demand are gradually emerging from the Group's corporate customers, such as demand for use of various types of IT services, including Cloud services, for further improving business efficiency and productivity, demand from manufacturing and other companies for strengthening domestic production activities and enhancing global business capabilities, and telecommunications industry demand relating to the growing prominence of smartphones. In the financial industry, demand has been strong for IT investment relating to business mergers and integration, particularly from banking and insurance industry customers. In addition, there is a widening trend of increased use of datacenters and cloud-related services, including for business continuity planning and disaster recovery measures following the earthquake.

Turning to the Company's operating results for the first-quarter period under review, consolidated net sales increased 124.9% compared to the same period of the previous fiscal year to ¥63,185 million. This reflects steady growth in business with telecommunications and financial industry customers, as well as the increased business scale due to the merger. Operating income increased approximately 12-fold year on year to ¥3,448 million. This was attributable to higher net sales as well as an improvement in gross profit margins on increased business efficiency and improved productivity. Ordinary income increased 48.1% to ¥3,905 million, while net income increased 134.7% to ¥3,567 million, partly reflecting the recognition of deferred tax assets.

(2) Qualitative information of Consolidated Financial Position

Cash and cash equivalents (“cash”) as of June 30, 2012 decreased ¥1,867 million compared to March 31, 2012 to ¥61,793 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 ¥5,551 million.

The main cash inflow factors were net income before income taxes and minority interests of ¥3,907 million, depreciation of ¥1,583 million and a decrease in accounts receivable of ¥11,905 million. The main cash outflow factors were a decrease in accounts payable of ¥3,153 million, an increase in inventories of ¥2,619 million, a decrease in “Other” of ¥4,427 million due to payment of a one-time expense relating to the reorganization of personnel system, and payment of income and other taxes of ¥872 million.

Cash flow from investing activities

Net cash used in investing activities was ¥2,755 million.

The main cash inflow factor was repayment of short-term loans receivable of ¥1,351 million. The main cash outflow factor was acquisition of tangible fixed assets of ¥4,148 million.

Cash flow from financing activities

Net cash used in financing activities was ¥4,720 million.

The main cash inflow factors were long-term borrowings of ¥20,000 million and issuance of bonds of ¥10,000 million. The main cash outflow factors were share repurchase of ¥30,077 million, repayment of long-term debt of ¥2,500 million, and dividend payments of ¥1,662 million (¥16 per share).

(3) Qualitative information of Consolidated Financial Forecast for the fiscal year ending March 31, 2013

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 May 1, 2012.

***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

No applicable items

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

(Unit: Millions of Yen)

	As of Mar. 31, 2012	As of Jun. 30, 2012
ASSETS		
Current assets		
Cash and deposits	28,158	31,613
Notes and accounts receivable-trade	55,942	44,049
Short-term investment securities	1,599	1,699
Operational investment securities	35,787	36,648
Merchandise and finished goods	2,923	4,816
Work in process	619	1,354
Raw materials and supplies	33	28
Short-term loans receivable	17,275	15,926
Deposits paid	36,802	31,380
Other	18,887	21,484
Allowance for doubtful accounts	(10,818)	(10,795)
Total current assets	187,212	178,206
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	25,753	27,488
Land	19,614	19,614
Others, net	8,340	7,683
Total property, plant and equipment	53,708	54,785
Intangible assets		
Goodwill	454	426
Other	7,229	7,159
Total intangible assets	7,683	7,586
Investments and other assets		
Investment securities	15,944	15,553
Other	36,719	36,416
Allowance for doubtful accounts	(340)	(302)
Total investments and other assets	52,323	51,666
Total noncurrent assets	113,715	114,038
Total assets	300,928	292,244

(Unit: Millions of Yen)

	As of Mar. 31, 2011	As of Jun. 30, 2012
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	16,270	13,124
Current portion of long-term loans payable	10,000	10,000
Income taxes payable	579	212
Provision for bonuses	5,753	2,464
Provision for directors' bonuses	66	17
Provision for loss on construction contracts	261	181
Deposits received of prepaid cards	59,220	59,984
Other	30,395	28,792
Total current liabilities	122,548	114,778
Noncurrent liabilities		
Bonds payable	-	10,000
Bonds with subscription rights to shares	35,000	35,000
Long-term loans payable	9,860	27,360
Provision for retirement benefits	4,190	4,444
Provision for directors' retirement benefits	53	45
Asset retirement obligations	1,341	1,350
Other	3,515	3,240
Total noncurrent liabilities	53,960	81,442
Total liabilities	176,508	196,220
NET ASSETS		
Shareholders' equity		
Capital stock	21,152	21,152
Capital surplus	33,152	3,074
Retained earnings	73,554	75,459
Treasury stock	(8,690)	(8,691)
Total shareholders' equity	119,168	90,995
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	787	538
Deferred gains or losses on hedges	(27)	(39)
Foreign currency translation adjustment	(738)	(681)
Total accumulated other comprehensive income	21	(183)
Subscription rights to shares	190	192
Minority interests	5,039	5,019
Total net assets	124,419	96,023
Total liabilities and net assets	300,928	292,244

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

(Unit: Millions of Yen)

	From Apr. 1, 2011 to Jun. 30, 2011	From Apr. 1, 2012 to Jun. 30, 2012
Net sales	28,089	63,185
Cost of sales	22,297	48,513
Gross profit	5,791	14,671
Selling, general and administrative expenses	5,512	11,223
Operating income	279	3,448
Non-operating income		
Interest income	23	53
Dividends income	68	27
Equity in earnings of affiliates	70	69
Gain on investments in partnership	2,190	354
Hoard profit of prepaid card	-	302
Other	12	143
Total non-operating income	2,364	952
Non-operating expenses		
Interest expenses	5	96
Loss on valuation of investment securities	-	22
Foreign exchange losses	1	2
Retirement benefit expenses	-	65
Financing expenses	-	218
Other	0	91
Total non-operating expenses	7	495
Ordinary income	2,637	3,905
Extraordinary income		
Gain on sales of noncurrent assets	-	5
Gain on sales of investment securities	-	0
Gain on sales of memberships	0	0
Gain on reversal of subscription rights to shares	1	-
Total extraordinary income	1	5
Extraordinary loss		
Loss on retirement of noncurrent assets	8	3
Loss on sales of membership	0	-
Merger expenses	51	-
Total extraordinary loss	61	3
Income before income taxes and minority interests	2,577	3,907
Income taxes — current	201	148
Income taxes — deferred	869	170
Total income taxes	1,071	319
Income before minority interests	1,505	3,588
Minority interests in gain (loss)	(14)	21
Net income	1,520	3,567

Consolidated Quarterly Statements of Comprehensive Income

(Unit: Millions of Yen)

	From Apr. 1, 2011 to Jun. 30, 2011	From Apr. 1, 2012 to Jun. 30, 2012
Income before minority interests	1,505	3,588
Other comprehensive income		
Valuation difference on available-for-sale securities	(843)	(250)
Deferred gains or losses on hedges	(11)	(12)
Foreign currency translation adjustment	21	57
Share of other comprehensive income of associates accounted for using equity method	7	2
Total other comprehensive income	(826)	(203)
Comprehensive income	679	3,385
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	694	3,363
Comprehensive income attributable to minority interests	(14)	22

(3) Consolidated Quarterly Statements of Cash Flows

(Unit: Millions of Yen)

	From Apr. 1, 2011 to Jun. 30, 2011	From Apr. 1, 2012 to Jun. 30, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,577	3,907
Depreciation and amortization	875	1,583
Amortization of goodwill	22	27
Increase (decrease) in allowance for doubtful accounts	(74)	(44)
Increase (decrease) in provision for retirement benefits	5	253
Decrease (increase) in prepaid pension costs	(213)	(170)
Loss on retirement of noncurrent assets	8	3
Loss(gain) on sales of noncurrent assets	-	(5)
Loss (gain) on valuation of investment securities	-	22
Loss (gain) on sales of investment securities	-	(4)
Equity in (earnings) losses of affiliates	(70)	(69)
Share-based compensation expenses	17	1
Interest and dividends income	(91)	(81)
Loss (gain) on investments in partnership	(2,190)	(354)
Decrease (increase) in investment securities for sale	-	(1,189)
Decrease (increase) in notes and accounts receivable-trade	9,843	11,905
Decrease (increase) in inventories	(589)	(2,619)
Increase (decrease) in notes and accounts payable-trade	(2,569)	(3,153)
Increase (decrease) in deposits received of prepaid cards	-	763
Directors' bonus payments	(45)	(65)
Other, net	663	(4,427)
Subtotal	8,169	6,283
Interest and dividends income received	207	200
Interest expenses paid	(5)	(61)
Income taxes paid	(2,128)	(872)
Net cash provided by (used in) operating activities	6,242	5,551
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	-	(1,199)
Proceeds from sales and redemption of securities	-	1,200
Purchase of property, plant and equipment	(352)	(4,148)
Proceeds from sales of property, plant and equipment	-	1
Purchase of intangible assets	(407)	(580)
Purchase of investment securities	(10,229)	(2)
Proceeds from sales and redemption of investment securities	-	91
Collection of short-term loans receivable	1	1,351
Proceeds from purchase of business	169	-
Proceeds from withdrawal of investments in partnership	4,859	438
Payments for lease and guarantee deposits	(28)	(47)
Proceeds from collection of lease and guarantee deposits	4	19
Other, net	70	121
Net cash provided by (used in) investing activities	(5,913)	(2,755)

(Unit: Millions of Yen)

	From Apr. 1, 2011 to Jun. 30, 2011	From Apr. 1, 2012 to Jun. 30, 2012
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	-	20,000
Repayment of long-term loans payable	-	(2,500)
Proceeds from issuance of bonds	-	10,000
Repayments of lease obligations	(215)	(436)
Purchase of treasury stock	(0)	(30,077)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(803)	(1,662)
Cash dividends paid to minority shareholders	-	(44)
Other, net	-	1
Net cash provided by (used in) financing activities	(1,019)	(4,720)
Effect of exchange rate change on cash and cash equivalents	28	57
Net increase (decrease) in cash and cash equivalents	(661)	(1,867)
Cash and cash equivalents at beginning of period	25,892	63,661
Cash and cash equivalents at end of period	25,230	61,793

(4) Notes regarding the Premise of a Going Concern

No applicable items.

(5) Segment Information

I. First quarter of fiscal year ended March 31, 2012 (April 1, 2011 to June 30, 2011)

Information on Sales, Income (Loss) by Reported Segment

(Unit: Millions of Yen)

	Industrial Systems Business	Financial Systems Business	Global Systems Business	Business Solutions and Cross-Functional Business	Business Services	IT Management	IT Platform Solutions	Prepaid Card Business
Sales								
(1) Outside customers	6,693	3,235	2,968	1,436	—	2,338	11,253	—
(2) Inter-segment sales or transfers	293	18	103	215	—	907	225	—
Total	6,987	3,253	3,071	1,652	—	3,245	11,478	—
Segment income (loss)	(149)	212	348	(17)	—	(67)	25	—

	Others	Total	Adjustments (Note 1)	Amounts Reported in the Consolidated Financial Statements (Note 2)
Sales				
(1) Outside customers	164	28,089	—	28,089
(2) Inter-segment sales or transfers	—	1,764	(1,764)	—
Total	164	29,853	(1,764)	28,089
Segment income (loss)	25	377	(98)	279

Notes: Adjustments are as follows:

1. The adjustment of (¥98 million) to segment income (loss) represents 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 ending March 31, 2013 (April 1, 2012 to June 30, 2012)

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

(Unit: Millions of Yen)

	Industrial Systems Business	Financial Systems Business	Global Systems Business	Business Solutions and Cross-Functional Business	Business Services	IT Management	IT Platform Solutions	Prepaid Card Business
Sales								
(1) Outside customers	15,292	11,266	2,884	3,786	7,436	8,971	12,185	1,170
(2) Inter-segment sales or transfers	544	55	256	858	311	1,362	1,074	35
Total	15,836	11,321	3,141	4,644	7,748	10,334	13,260	1,205
Segment income	585	776	438	235	191	607	264	530

	Others	Total	Adjustments (Note 1)	Amounts Reported in the Consolidated Financial Statements (Note 2)
Sales				
(1) Outside customers	189	63,185	—	63,185
(2) Inter-segment sales or transfers	7	4,506	(4,506)	—
Total	197	67,691	(4,506)	63,185
Segment income	36	3,666	(217)	3,448

Notes: Adjustments are as follows:

1. The adjustments of (¥217 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 reported segments

Effective the first-quarter period under review SCSK reorganized its reported segments. Seven of its previous eight reported segments (excluding Prepaid Card, which remains unchanged), as well as business at domestic branches included in the Other segment, were reorganized into seven new reported segments. The seven segments subject to reorganization were: Distribution & Manufacturing System Solution, Financial System and ERP Solution, Global Solution, IT Platform Solution, Systems Development, IT Management, and BPO. The seven new reported segments after the reorganization are: Industrial Systems Business, Financial Systems Business, Global Systems Business, Business Solutions and Cross-Functional Business, Business Services, IT Management, and IT Platform Solutions. The reorganization aims to further accelerate business integration following the merger with CSK Corporation on October 1, 2011, while also strengthening the framework for pursuing the three strategies identified in SCSK's business plan, namely, pursuing cross-selling, strengthening cloud solution business, and expanding global solution business.

Some of the new reported segments are organized by industry, while some are organized by function. By industry, Industrial Systems Business generally encompasses systems development business for all customers other than financial institutions, while Financial Systems Business covers systems development business for

financial institutions. Global Systems Business consists of provision of IT services for the Sumitomo Corporation group and for Japanese corporations' global business development. By function, Business Solutions and Cross-Functional Business comprises improvement of productivity and quality for systems development business, provision of ERP and specified solutions, and promotion of offshore and nearshore development. Business Services encompasses all BPO services, while IT Management includes all IT management services, including datacenter services and infrastructure development. IT Platform Solutions covers software and hardware sales and related services.

Segment information for the previous first-quarter period has been restated according to new reported segments for comparison purposes.

(6) Notes concerning significant changes in shareholders' equity

In accordance with the resolution at a board meeting, SCSK repurchased and retired the Class A and Class B preferred shares issued by the former CSK Corporation that SCSK succeeded to when it merged with the former CSK on October 1, 2011. As a result, in the three months under review capital surplus decreased by ¥30,077 million. As of June 30, 2012 capital surplus was ¥3,074 million.