

Consolidated Financial Results for the Second Quarter ended September 30, 2012 [J-GAAP]

October 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: November 13, 2012
 Scheduled date for dividend payment: December 3, 2012
 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 Second Quarter ended Sept. 30, 2012(Apr. 1, 2012 through Sept. 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	
		%		%		%		%
Six months ended Sept. 30, 2012	134,385	125.4	9,295	318.3	10,275	100.2	9,158	192.2
Six months ended Sept. 30, 2011	59,609	(4.8)	2,222	(9.7)	5,132	98.4	3,134	103.4

(Note) Comprehensive income:

Second Quarter Ended September 30, 2012:9,069 million yen (303.8%) Second Quarter Ended September 30, 2011:2,245 million yen (65.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sept. 30, 2012	88.35	86.06
Six months ended Sept. 30, 2011	62.73	62.60

(2) Consolidated Financial Position

(Millions of yen unless otherwise stated)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
As of Sept. 30, 2012	295,839	101,685	32.6	929.76
As of Mar. 31, 2012	300,928	124,419	39.6	860.37

(Reference) Shareholders' equity: As of Sept. 30, 2012 ¥96,382 million As of Mar. 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	—	18.00	—	—	—
FY 2012 (Forecast)	—	—	—	18.00	36.00

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

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
Full Year	280,000	39.8	20,000	55.3	20,300	21.9	15,000	(41.6)		144.70

(Note) Revisions during this quarter of consolidated earnings forecasts for Fiscal Year 2012: Yes

- (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 Sept. 30, 2012	107,986,403 shares
As of Mar. 31, 2012	107,986,403 shares
 - 2) The number of shares of treasury stock as of the period-end

As of Sept. 30, 2012	4,323,041 shares
As of Mar. 31, 2012	4,322,267 shares
 - 3) The average number of shares during the period

As of Sept. 30, 2012	103,663,646 shares
As of Mar. 31, 2012	49,962,023 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 October 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 September 30, 2012

(1) Qualitative information of Consolidated Business Results

For the six-month period under review, the Japanese economy showed a relatively firm trend, supported by reconstruction demand arising from public investment following last year's Great East Japan Earthquake, and some recovery in housing investment. At the same time, consumer spending and capital investment showed moderate increases amid improvements in the employment environment and business earnings. Accordingly, the overall domestic economy was generally stable.

However, exports and industrial production have weakened on the effects of the strong yen and concerns over a slow-down in overseas economies. Particularly since September, the slow-down of the Chinese economy and territorial disputes with neighboring countries have brought concern over their effects on Japan's economic activity, making the business outlook uncertain for manufacturing and other businesses.

Given these circumstances, the Japanese economy seems likely to remain generally flat at current levels, despite some prevailing expectations for a moderate recovery.

The operating environment for SCSK Group was generally firm for the six-month period under review. Corporate customers, after a period of reducing or postponing IT investment over recent years, showed a greater investment appetite with the stabilization of the domestic economy and IT investment recovered. In particular, this has become evident in strong demand related to customers' strategic IT investment in Cloud-type services to improve business efficiency and productivity, with the manufacturing and logistics sectors taking measures to strengthen production and sales and globalize activities, and the telecommunications industry enhancing systems for smartphone-related business. 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, spurred by the recent earthquake disaster, there is a growing trend toward the use of datacenters and cloud-related services for business continuity planning and disaster recovery.

Looking ahead, while the business environment is expected to remain firm for the short term, there is a risk that corporate customers, particularly in manufacturing, will constrain IT investment if uncertainty about the economic environment increases, and this will necessitate a flexible business approach on the Company's part.

Turning to the Company's consolidated operating results for the period under review, net sales increased 125.4% compared to the same period of the previous fiscal year to ¥134,385 million. This reflects strong growth in business, especially in systems development, with manufacturing, distribution and telecommunications customers, as well as the increased business scale due to the merger.

Operating income increased 318.3% year on year to ¥9,295 million. This was attributable to an increase in profitability due to increased efficiency and reduced expenses in numerous areas, including SG&A costs. Ordinary income increased 100.2% to ¥10,275 million, while net income increased 192.2% to ¥9,158 million, partly reflecting the recognition of deferred tax assets.

(2) Qualitative information of Consolidated Financial Position

Cash and cash equivalents (“cash”) as of September 30, 2012 increased ¥1,425 million to ¥65,086 million compared to March 31, 2012. 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 ¥10,856 million.

The main cash inflow factors were net income before income taxes and minority interests of ¥10,329 million, depreciation of ¥3,274 million and a decrease in accounts receivable of ¥4,002 million. The main cash outflow factors were a decrease in accounts payable of ¥1,831 million, and a decrease in “Other” of ¥4,501 million due to payment of a one-time expense relating to the reorganization of personnel system.

Cash flow from investing activities

Net cash used in investing activities was ¥1,741 million.

The main cash inflow factor was liquidation of investment securities of ¥1,809 million and income from the recovery of short-term loans of ¥1,354 million. The main cash outflow factors were acquisition of tangible fixed assets of ¥4,746 million and acquisition of intangible fixed assets of ¥1,166 million.

Cash flow from financing activities

Net cash used in financing activities was ¥7,670 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 ¥30,078 million, repayment of long-term debt of ¥5,000 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

The full-year forecasts have been revised, reflecting consideration of the impact of higher-than-expected earnings in the interim period along with a favorable trend in current business activity. Forecast operating income and ordinary income have therefore been adjusted accordingly.

Forecast consolidated net sales and net income for the full year have not been revised from the initial forecast. This decision reflects ongoing uncertainty in the domestic and global economy, along with the potential for pension system related expenses associated with the merger with CSK and also the potential for loss on certain non-operating assets that were assumed by SCSK with the merger.

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 Sept. 30, 2012
ASSETS		
Current assets		
Cash and deposits	28,158	20,846
Notes and accounts receivable-trade	55,942	51,932
Short-term investment securities	1,599	1,399
Operational investment securities	35,787	36,574
Merchandise and finished goods	2,923	3,891
Work in process	619	675
Raw materials and supplies	33	23
Short-term loans receivable	17,275	15,923
Deposits paid	36,802	45,440
Other	18,887	17,890
Allowance for doubtful accounts	(10,818)	(10,792)
Total current assets	187,212	183,805
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	25,753	27,472
Land	19,614	19,614
Others, net	8,340	7,499
Total property, plant and equipment	53,708	54,585
Intangible assets		
Goodwill	454	399
Other	7,229	7,140
Total intangible assets	7,683	7,540
Investments and other assets		
Investment securities	15,944	14,208
Other	36,719	35,998
Allowance for doubtful accounts	(340)	(299)
Total investments and other assets	52,323	49,908
Total noncurrent assets	113,715	112,033
Total assets	300,928	295,839

(Unit: Millions of Yen)

	As of Mar. 31, 2011	As of Sept. 30, 2012
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	16,270	14,416
Current portion of bonds with subscription rights to shares	-	35,000
Current portion of long-term loans payable	10,000	10,000
Income taxes payable	579	1,324
Provision for bonuses	5,753	5,764
Provision for directors' bonuses	66	37
Provision for loss on construction contracts	261	130
Deposits received of prepaid cards	59,220	60,284
Other	30,395	23,246
Total current liabilities	122,548	150,204
Noncurrent liabilities		
Bonds payable	-	10,000
Bonds with subscription rights to shares	35,000	-
Long-term loans payable	9,860	24,860
Provision for retirement benefits	4,190	4,668
Provision for directors' retirement benefits	53	45
Asset retirement obligations	1,341	1,373
Other	3,515	3,002
Total noncurrent liabilities	53,960	43,949
Total liabilities	176,508	194,154
NET ASSETS		
Shareholders' equity		
Capital stock	21,152	21,152
Capital surplus	33,152	3,074
Retained earnings	73,554	81,033
Treasury stock	(8,690)	(8,691)
Total shareholders' equity	119,168	96,569
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	787	604
Deferred gains or losses on hedges	(27)	(36)
Foreign currency translation adjustment	(738)	(754)
Total accumulated other comprehensive income	21	(187)
Subscription rights to shares	190	192
Minority interests	5,039	5,110
Total net assets	124,419	101,685
Total liabilities and net assets	300,928	295,839

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

(Unit: Millions of Yen)

	From Apr. 1, 2011 to Sept. 30, 2011	From Apr. 1, 2012 to Sept. 30, 2012
Net sales	59,609	134,385
Cost of sales	46,355	103,296
Gross profit	13,254	31,089
Selling, general and administrative expenses	11,031	21,793
Operating income	2,222	9,295
Non-operating income		
Interest income	51	109
Dividends income	68	275
Equity in earnings of affiliates	129	167
Gain on investments in partnership	2,646	331
Hoard profit of prepaid card	-	575
Other	29	277
Total non-operating income	2,925	1,736
Non-operating expenses		
Interest expenses	10	207
Loss on valuation of investment securities	-	27
Foreign exchange losses	3	2
Retirement benefit expenses	-	130
Financing expenses	-	218
Other	0	169
Total non-operating expenses	15	756
Ordinary income	5,132	10,275
Extraordinary income		
Gain on sales of noncurrent assets	-	5
Gain on sales of investment securities	0	96
Gain on sales of memberships	0	0
Gain on reversal of subscription rights to shares	7	-
Total extraordinary income	8	102
Extraordinary loss		
Loss on retirement of noncurrent assets	13	24
Loss on sales of noncurrent assets	-	0
Loss on sales of membership	0	-
Loss on valuation of membership	-	23
Loss on sales of investment securities	-	0
Loss on valuation of investment securities	16	-
Merger expenses	74	-
Total extraordinary loss	104	48
Income before income taxes and minority interests	5,036	10,329
Income taxes — current	1,768	961
Income taxes — deferred	142	96
Total income taxes	1,910	1,058
Income before minority interests	3,126	9,271
Minority interests in gain (loss)	(8)	113
Net income	3,134	9,158

Consolidated Quarterly Statements of Comprehensive Income

(Unit: Millions of Yen)

	From Apr. 1, 2011 to Sept. 30, 2011	From Apr. 1, 2012 to Sept. 30, 2012
Income before minority interests	3,126	9,271
Other comprehensive income		
Valuation difference on available-for-sale securities	(857)	(191)
Deferred gains or losses on hedges	(5)	(9)
Foreign currency translation adjustment	(34)	(16)
Gain or Loss on change in equity	-	7
Share of other comprehensive income of associates accounted for using equity method	17	7
Total other comprehensive income	(880)	(202)
Comprehensive income	2,245	9,069
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	2,253	8,954
Comprehensive income attributable to minority interests	(8)	114

(3) Consolidated Quarterly Statements of Cash Flows

(Unit: Millions of Yen)

	From Apr. 1, 2011 to Sept. 30, 2011	From Apr. 1, 2012 to Sept. 30, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	5,036	10,329
Depreciation and amortization	1,765	3,274
Amortization of goodwill	44	55
Increase (decrease) in allowance for doubtful accounts	(76)	(50)
Increase (decrease) in provision for retirement benefits	(2)	478
Decrease (increase) in prepaid pension costs	(391)	(226)
Loss on retirement of noncurrent assets	13	24
Loss(gain) on sales of noncurrent assets	-	(5)
Loss (gain) on valuation of investment securities	16	27
Loss (gain) on sales of investment securities	(0)	(99)
Equity in (earnings) losses of affiliates	(129)	(167)
Share-based compensation expenses	19	1
Interest and dividends income	(119)	(384)
Interest expenses paid on loans and bonds	10	207
Loss (gain) on investments in partnership	(2,646)	(331)
Decrease (increase) in investment securities for sale	-	(1,121)
Decrease (increase) in notes and accounts receivable-trade	7,725	4,002
Decrease (increase) in inventories	236	(1,017)
Increase (decrease) in notes and accounts payable-trade	(2,686)	(1,831)
Increase (decrease) in deposits received of prepaid cards	-	1,063
Directors' bonus payments	(45)	(65)
Other, net	782	(4,501)
Subtotal	9,551	9,662
Interest and dividends income received	232	492
Interest expenses paid	(10)	(182)
Income taxes paid	(2,135)	884
Net cash provided by (used in) operating activities	7,638	10,856
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	-	(2,299)
Proceeds from sales and redemption of securities	5	2,600
Purchase of property, plant and equipment	(766)	(4,746)
Proceeds from sales of property, plant and equipment	-	1
Purchase of intangible assets	(852)	(1,166)
Purchase of investment securities	(10,232)	(73)
Proceeds from sales and redemption of investment securities	0	1,809
Collection of short-term loans receivable	4	1,354
Proceeds from purchase of business	169	-
Proceeds from withdrawal of investments in partnership	5,328	537
Payments for lease and guarantee deposits	(74)	(75)
Proceeds from collection of lease and guarantee deposits	10	82
Other, net	76	234
Net cash provided by (used in) investing activities	(6,331)	(1,741)

(Unit: Millions of Yen)

	From Apr. 1, 2011 to Sept. 30, 2011	From Apr. 1, 2012 to Sept. 30, 2012
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	-	20,000
Repayment of long-term loans payable	-	(5,000)
Proceeds from issuance of bonds	-	10,000
Repayments of lease obligations	(448)	(886)
Purchase of treasury stock	(0)	(30,078)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(803)	(1,662)
Cash dividends paid to minority shareholders	-	(45)
Other, net	-	2
Net cash provided by (used in) financing activities	(1,252)	(7,670)
Effect of exchange rate change on cash and cash equivalents	(11)	(3)
Net increase (decrease) in cash and cash equivalents	43	1,440
Cash and cash equivalents at beginning of period	25,892	63,661
Increase (decrease) in cash and cash equivalents resulting from change of scope consolidation	-	(15)
Cash and cash equivalents at end of period	25,935	65,086

(4) Notes regarding the Premise of a Going Concern

No applicable items.

(5) Segment Information

I. Second quarter of fiscal year ended March 31, 2012 (April 1, 2011 to September 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	14,580	6,629	5,979	2,832	—	4,895	24,360	—
(2) Inter-segment sales or transfers	727	18	214	416	—	2,049	642	—
Total	15,308	6,648	6,194	3,248	—	6,944	25,003	—
Segment income (loss)	439	447	807	(85)	—	107	642	—

	Others	Total	Adjustments (Note 1)	Amounts Reported in the Consolidated Financial Statements (Note 2)
Sales				
(1) Outside customers	332	59,609	—	59,609
(2) Inter-segment sales or transfers	—	4,070	(4,070)	—
Total	332	63,680	(4,070)	59,609
Segment income (loss)	99	2,457	(234)	2,222

Notes: Adjustments are as follows:

1. The adjustment of (¥ 234million) 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. Second quarter of fiscal year ending March 31, 2013 (April 1, 2012 to September 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	32,897	24,625	5,874	7,978	15,179	19,293	26,275	1,882
(2) Inter-segment sales or transfers	1,205	119	646	1,856	715	3,909	2,667	77
Total	34,102	24,745	6,521	9,835	15,895	23,202	28,942	1,960
Segment income	2,214	2,045	953	497	367	1,579	1,364	575

	Others	Total	Adjustments (Note 1)	Amounts Reported in the Consolidated Financial Statements (Note 2)
Sales				
(1) Outside customers	378	134,385	—	134,385
(2) Inter-segment sales or transfers	10	11,207	(11,207)	—
Total	388	145,593	(11,207)	134,385
Segment income	110	9,708	(413)	9,295

Notes: Adjustments are as follows:

1. The adjustments of (¥413 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.