Consolidated Financial Results for the Fiscal Year ended March 31, 2014 [J-GAAP]

April 30, 2014

Company Name:	SCSK Corporation	
Securities Code:	9719	
Stock Exchange Listing:	Tokyo Stock Exchange, 1st Section	
URL:	http://www.scsk.jp	
Representative:	Nobuhide Nakaido, Chairman & CEO	
Inquiries:	Masahiko Shimizu, General Manager, Accounting Control Department	TEL: +81-3-5166-2500

Scheduled date of the Annual General Meeting of Shareholders:	June 26, 2014
Scheduled date for dividend payment:	June 5, 2014
Scheduled date for filing of Securities Report:	June 26, 2014
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 Fiscal Year ended March 31, 2014 (April 1, 2013 to March 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	
		%		%		%		%
FY2013	288,236	3.4	23,974	15.2	25,690	15.6	18,387	9.9
FY2012	278,634	39.1	20,803	61.5	22,228	33.4	16,730	-34.8

(Note) Comprehensive income: FY2013 ¥19,236 million (9.9%) FY2012 ¥17,497 million (-31.7%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
FY2013	177.26	174.24	16.5	8.0	8.3
FY2012	161.39	157.17	15.1	7.1	7.5

(Reference) Equity in earnings of affiliates: FY2013 ¥321 million FY2012 ¥263 million

(2) Consolidated Financial Position

(Millions of yen unless otherwise stated)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
As of March 31, 2014	317,932	126,159	37.9	1,161.29
As of March 31, 2013	322,828	108,208	31.8	991.48

(Reference) Shareholders' equity: As of March 31, 2014 ¥120,488 million As of March 31, 2013 ¥102,799 million

(3) Consolidated Cash Flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
FY2013	35,342	-26,045	-33,739	59,004
FY2012	25,156	-249	-5,512	83,247

2. Dividends

	Dividends per share (Yen)					Total dividends (Millions of yen)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
							%	%
FY2012	—	18.00	—	18.00	36.00	3,740	22.3	3.9
FY2013	—	20.00	—	20.00	40.00	4,159	22.6	3.7
FY2014 (Forecast)	—	25.00	—	25.00	50.00		23.6	

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

(Millions of yen unless otherwise stated)
(Percentage figures are changes from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
		%		%		%		%	Yen
Six months ending September 30, 2014	140,000	2.1	10,500	7.3	10,800	1.3	9,000	10.8	86.74
Full Year	300,000	4.1	27,500	14.7	28,000	9.0	22,000	19.6	212.04

*Notes
(1) Changes in significant subsidiaries during the period: None
(Changes in specified subsidiaries accompanying changes in scope of consolidation)
(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: 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
(3) Number of shares issued (Common stock)

1) The number of shares issued as of the period-end (including treasury stock)		
	As of March 31, 2014	107,986,403 shares
	As of March 31, 2013	107,986,403 shares
2) The number of shares of treasury stock as of the period-end		
	As of March 31, 2014	4,231,885 shares
	As of March 31, 2013	4,303,745shares
3) The average number of shares during the period		
	As of March 31, 2014	103,731,201shares
	As of March 31, 2013	103,665,373 shares

(Reference) Summary of Non-Consolidated Business Results
1. Non-Consolidated Business Results for Fiscal Year 2013 (April 1, 2013 to March 31, 2014)
(1) Non-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	
		%		%		%		%
FY2013	228,732	3.3	19,419	16.5	19,798	12.6	15,416	12.6
FY2012	221,472	29.5	16,666	47.9	17,588	19.3	13,696	-48.8

	Net income per share	Diluted net income per share
	Yen	Yen
FY2013	148.28	146.31
FY2012	131.81	128.57

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
As of March 31, 2014	266,651	112,177	42.0	1,077.45
As of March 31, 2013	277,787	100,414	36.1	964.63

(Reference) Shareholders' equity: As of March 31, 2014 ¥112,042 million As of March 31, 2013 ¥100,246 million

*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.

*Notice regarding the appropriate use of the financial forecasts
・This document contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. For a variety of reasons, actual financial results may differ materially from the forecasts presented here. Actual results can differ materially from these projections for a wide variety of reasons. For further notification on the use of matters assumed concerning the results forecasts and the forecasts please see Consolidated forecasts for the fiscal year ending March 31, 2014, page 10.
・SCSK will hold a results briefing for institutional investors and analysts on April 30, 2014. Materials used in the briefing, a transcript of the main questions and answers, and related information will be published on SCSK's website promptly thereafter.

Contents

1. Operating results and analysis

(1) Analysis of operating results

In the period under review, the Japanese economy responded to the government and central bank's economic and fiscal policies and generally moved towards a recovery. The stock market trended favorably from the latter half of the fiscal year, corporate earnings showed a recovery on the correction of the strong yen, and capital expenditure also exhibited a firming trend. As the employment and income environment continued to improve, consumer spending and housing demand firmed, with an increase in demand prior to the consumption tax increase.

In this economic environment, an improvement in business sentiment formed the background to a recovery in capital investment by corporate customers who had restrained or postponed spending in recent years. Thus IT investment demand, especially system development projects, grew firmly.

In the financial industry, systems investment expanded as large-scale IT investment involving business integration continued to be firm mainly in the banking and insurance industries, while more companies in industries such as securities and leasing where IT investment had been restrained proactively undertook IT investment.

In the manufacturing industry, corporate customers' strategic IT investment demand is being realized as part of reinforcing production and marketing activities and global business expansion. As the earnings of manufacturing industry customers recover, IT investment is expected to gain momentum for further recovery.

Many more companies are considering renewing their IT infrastructures, prompting an expansion in demand for cloud-type IT infrastructure services for further improving business efficiency and productivity as well as data center services related to business continuity planning and disaster recovery.

Turning to the consolidated operating results for the fiscal year under review, net sales increased 3.4% compared to the previous fiscal year to ¥288,236 million, reflecting strong business growth from financial industry customers in systems development. Operating income increased 15.2% year on year to ¥23,974 million. This was attributable to increased sales as well as improved profitability due to increased efficiency. Ordinary income increased 15.6% to ¥25,690 million. Net income increased 9.9% to ¥18,387 million, reflecting increased operating and ordinary profit despite the impact of revisions to the business portfolio that had been originally planned, as well as a one-time expense recorded for non-core asset disposition.

Business results by reported segment follow. In accordance with changes in the segmentation method for the fiscal year under review, results for the previous fiscal year have been restated to enable comparison.

(Unit: Millions of yen unless otherwise stated)

Net sales by segment	Previous fiscal year (April 1, 2012-March 31 2013)		Fiscal year under review (April 1, 2013-March 31 2014)		Change from previous fiscal year	
	Amount	Segment Profit	Amount	Segment Profit	Amount	Segment Profit
Industrial Systems Business	70,200	4,844	68,847	5,476	-1,353	631
Financial Systems Business	51,855	4,553	55,176	5,879	3,321	1,326
Global Systems Business	12,102	1,975	13,922	1,956	1,820	-19
Business Solutions	15,358	1,748	15,947	1,543	589	-204
Business Services	31,208	996	31,854	1,524	645	528
IT Management	35,748	3,148	37,358	3,889	1,609	741
IT Platform Solutions	58,028	3,615	61,293	4,445	3,264	830
Prepaid Card Business	3,302	572	3,042	148	-259	-423
Other	829	286	793	265	-35	-21
Adjusted total	-	-936	-	-1,155	-	-219
Total	278,634	20,803	288,236	23,974	9,602	3,171

(Notes) 1 Net sales by segment is based on sales to external customers.
2 For information on changes to reporting segments please refer to 1. Overview of reported segments in (5) Notes to consolidated financial statements in 4. Consolidated Financial Statements.

Industrial Systems Business

Due to a relative decline in the large-scale systems development projects in the distribution and communications industries that supported performance in the previous year, net sales decreased 1.9% to ¥68,847 million, while segment income increased 13.0% to ¥5,476 million due to an increase in development productivity and reduced expenses.

Financial Systems Business

Development projects in the banking and securities industries were firm, driven mainly by large-scale development projects related to business integration in the insurance industry, net sales increased 6.4% to ¥55,176 million and segment income increased 29.1% to ¥5,879 million.

Global Systems Business

Development projects were firm, particularly in the distribution industry, and net sales increased by 15.0% to ¥13,922 million and segment income decreased 1.0% to ¥1,956 million due to the effects of decreased profitability on some projects.

Business Solutions

ERP related application development and maintenance projects were firm, with net sales increasing 3.8% to ¥15,947 million while a decline in profitability on a few projects saw segment income decrease 11.7% to ¥1,543 million.

Business Services

Smart device-related technical support and customer support projects were firm, leading to net sales increasing 2.1% to ¥31,854 million, and segment income increased 53.1% to ¥1,524 million on improved profitability due largely to reduced expenses.

IT Management

Business was firm in various types of system maintenance and operation services including cloud services and data center services, with net sales increasing 4.5% to ¥37,358 million and segment income increasing 23.6% to ¥3,889 million.

IT Platform Solutions

In addition to firm sales of hardware and software in the manufacturing industry, especially automobile makers, large-scale IT equipment sales to scientific and research institutions saw net sales increase 5.6% to ¥61,293 million and segment income increase 23.0% to ¥4,445 million.

Prepaid Card Business

Business related to the issuing and settlement of prepaid cards was firm, but because a one-time gain on asset management of ¥431 million was included in the previous fiscal year, net sales decreased 7.9%to ¥3,042 million and segment income decreased 74.1% to ¥148 million.

Other

Net sales (facility maintenance and lease income) decreased 4.2% to ¥793 million. Segment income decreased 7.4% to ¥265 million.

Net sales in the sales segment of Systems Development, Operation, Maintenance and Services, Systems Sales and Prepaid Card Business were as follows.

	Previous fiscal year (April 1, 2012-March 31 2013)		Fiscal year under review (April 1, 2013-March 31 2014)		Comparison with previous fiscal year	
	Amount	Share (%)	Amount	Share(%)	Amount	Change (%)
Systems Development	112,316	40.3	117,597	40.8	5,281	4.7
System Maintenance and Operation/ Services	104,284	37.4	107,577	37.3	3,292	3.2
Packaged Software/ Hardware Sales	58,731	21.1	60,019	20.8	1,287	2.2
Prepaid Card	3,302	1.2	3,042	1.1	-259	-7.9
Total	278,634	100.0	288,236	100.0	9,602	3.4

In Systems Development, development projects expanded in system areas such as production management, sales management and CRM due to increased customer need for strategic IT investment required to strengthen their business and increase their corporate value. In addition, as development project demand increased for areas such as business integration and IT investment for global operations, net sales rose 4.7% to ¥117,597 million.

In System Maintenance and Operation/Services, as an increasing number of companies are considering reviewing or renewing their IT infrastructures, demand is growing for cloud-type infrastructure services which aim to further increase business efficiency, as are needs for data center services that take BCP (business continuity planning) and disaster recovery into account. Net sales in the segment increased 3.2% to ¥107,577 million.

In Packaged Software/Hardware Sales, large-scale IT equipment sales to scientific and research institutions and larger sales of hardware and software to customers in manufacturing such as automobile makers saw net sales rise 2.2% to ¥60,019 million.

In Prepaid Card, although business related to the issuance and settlement of prepaid cards was firm, a one-time gain on asset management in the previous fiscal year caused net sales to decline 7.9% to ¥3,042 million.

(2) Analysis of financial position

(1) Assets, liabilities and net assets

Assets

Assets as of March 31, 2014 were ¥317,932 million, a decrease of 1.5%, or ¥4,895 million, compared to March 31, 2013.

Liabilities

Liabilities as of March 31, 2014 were ¥191,773 million, a decrease of 10.6%, or ¥22,846 million, compared to March 31, 2013.

Net assets

Net assets as of March 31, 2014 were ¥126,159 million, an increase of 16.6%, or ¥17,951 million, compared to March 31, 2013.

(2) Analysis of cash flow

Cash and cash equivalents ("cash") as of March 31, 2014 was ¥59,004 million, a decrease of ¥24,243 million compared to March 31, 2013. 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 ¥35,342 million.

The main cash inflow factors were income before taxes and minority interests of ¥19,457 million, depreciation and amortization expenses of ¥6,841 million, and an increase in accounts payable of ¥2,051 million. The main cash outflow factor was a decrease in accounts payable of ¥1,638 million.

Cash flow from investing activities

Net cash used in investing activities was ¥26,045 million.

The main cash inflow factor was income from the sale of investment securities of ¥873 million. The main cash outflow factors were payment of deposits of ¥18,000 million, acquisition of tangible fixed assets of ¥7,016 million and acquisition of intangible fixed assets of ¥1,925 million.

Cash flow from financing activities

Net cash used in financing activities was ¥33,739 million.

The main cash inflow factor was an increase in cash from new short-term bank loans of ¥17,000 million. The main cash outflow factors were a capital reduction for redemption of bonds of ¥35,000 million, repayment of long-term debt of ¥9,860 million, year-end dividend payments of ¥1,870 million (¥18 per share) for the fiscal year ending March 31, 2013 and interim dividend payments of ¥2,079 million (¥20 per share) for the fiscal year ending March 31, 2014.

With respect to cash flow for the fiscal year ending March 31, 2015, the Company forecasts net cash provided by operating activities of approximately ¥34.5 billion, due to income before taxes and minority interests, depreciation and amortization expenses and other factors. For cash flow from investing activities, the Company plans to make capital investments for the purpose of enhancing its operating foundation and earnings base. Net cash used in financing activities is projected to be approximately ¥22.0 billion, reflecting loan repayments and dividend payments.

(Reference) Trends in cash-flow related indicators

	FY2019	FY2010	FY2011	FY2012	FY2013
Equity ratio (%)	78.5	77.6	39.6	31.8	37.9
Equity ratio based on market price (%)	57.6	47.8	45.2	58.9	90.8
Ratio of interest-bearing debt to cash flow (%)	33.3	33.3	267.3	352.3	176.5
Interest coverage ratio (times)	535.3	273.5	119.0	64.5	106.2

- Shareholders' equity ratio = Shareholders' equity/total assets
- Shareholders' equity ratio based on market price = Market capitalization/total assets
- Ratio of interest-bearing debt to cash flow = Interest-bearing debt/cash flow
- Interest coverage ratio = Cash flow/interest paid

Notes:

1. All indicators are calculated from consolidated financial results figures.
2. Market capitalization = share price at end of period x total shares outstanding at end of period (excluding treasury stock)
3. Cash flow is net cash from operating activities.
4. Interest-bearing debt is all debt recorded on the consolidated balance sheet on which interest is paid.

(3) Consolidated forecasts for the fiscal year ending March 31, 2015

Currently, the Japanese economy appears to be continuing a mild recovery. Corporate earnings are recovering, and household incomes are increasing, and although it is anticipated that demand will fall after the consumption tax increase, it is expected to be offset by the government and central bank's financial and fiscal policies. Looking ahead, after overcoming the impact of the consumption tax increase, the Japanese economy is expected to maintain a gentle recovery trend. Though the economy remains vulnerable due to the economic situation in developing countries and political and diplomatic issues related to Ukraine and Japan's neighboring countries, firm domestic demand and the recovery of exports will support the recovery trend.

Based on this economic outlook, IT investment demand in the financial industry is expected to be firm. Large-scale IT investments relating to business integration, the renewal of IT systems throughout the financial industry, and strategic investment to improve competitive strength will be carried out. In the manufacturing sector, it will take time for individual firms' earnings to clearly enter recovery trends in the new fiscal year. However, full-scale IT investment demand is expected to manifest primarily around strategic IT investment to increase business competitiveness. Additionally, it is expected that IT infrastructure-related investment demand, such as updating IT infrastructure–including increasingly adopted cloud-type IT services, as well as BCP-related investment–will recover as postponed projects are brought back on track. Based on the above factors, IT investment demand is expected to become increasingly firm in the new fiscal year.

The fiscal year ending March 31, 2015 is the final year of the medium-term management plan decided upon at the time of the Company's merger in October 2011. We aim to further strengthen the Company's business base towards medium-term growth by pursuing three key strategies in the plan (promoting cross-selling, global solutions business and cloud solutions business) and implementing policies for the improvement of business efficiency, organizational capabilities and human capital. We also maintain a company-wide focus on increasing the overall quality of our operation.

Reflecting the above outlook and based on the Company's policies, consolidated forecasts for the fiscal year ending March 31, 2015 are as follows.

	Forecast	(YoY)
Consolidated sales	¥300,000 million	(+4.1%)
Consolidated operating income	¥27,500 million	(+14.7%)
Consolidated ordinary income	¥28,000 million	(+9.0%)
Consolidated net income	¥22,000 million	(+19.6%)

The above forecasts were created based on economic trends and the market environment as of the day these statements were issued. For various reasons, actual results may differ from the forecasts, and the forecasts may be subject to revision.

(4) Basic policy for distribution of earnings, and dividends for the fiscal years ending March 2014 and 2015

In determining dividends, the Company aims to maintain a stable dividend and increase returns to shareholders in response to stronger consolidated results. In that process, the Company gives comprehensive consideration to its financial position, earnings trends, dividend trends, as well as reserves for future business investment.

The Company pays dividends twice a year from its surplus: an interim dividend and a year-end dividend. The decision on whether to pay dividends lies with the Board of Directors.

The Company regards the acquisition of treasury shares as one means of returning profits to shareholders, and will consider any such acquisitions taking into account share price trends and shareholder return via dividend payments.

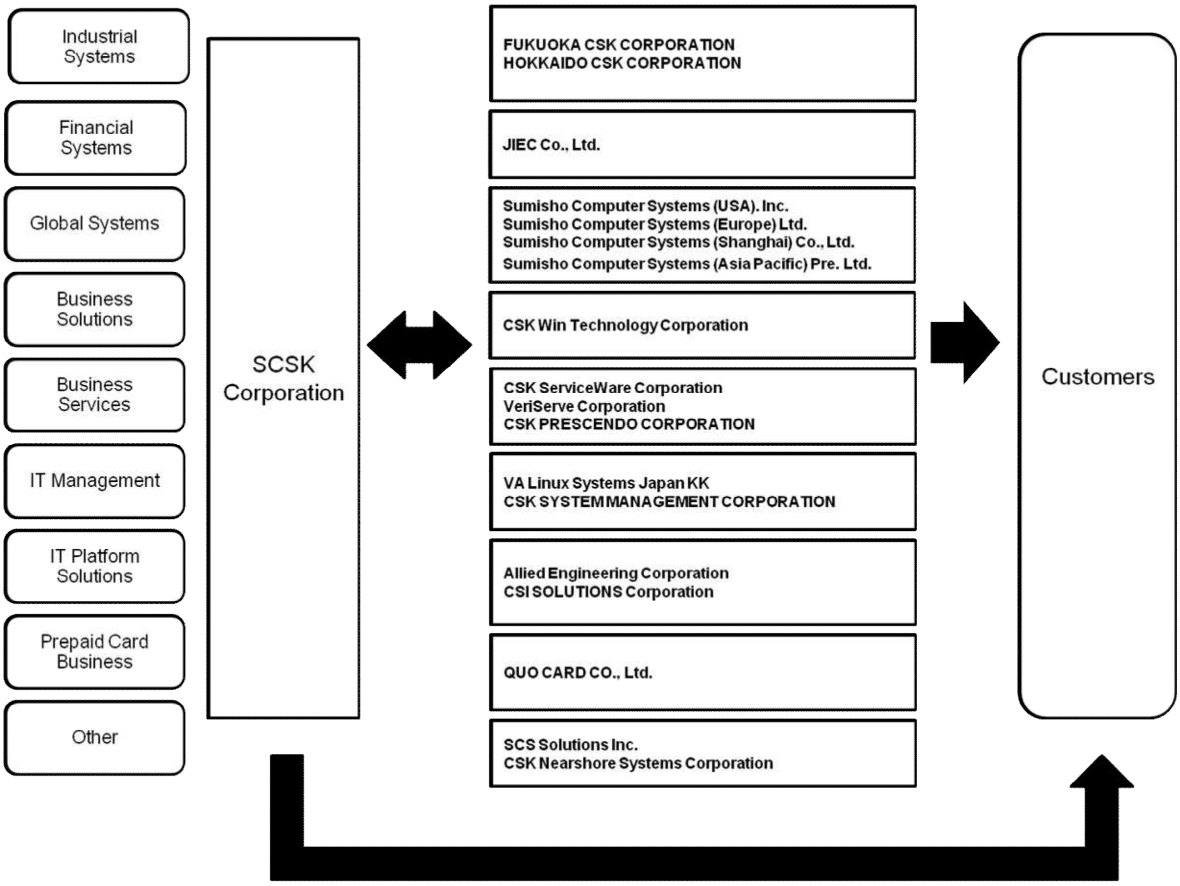
For the fiscal year under review, as results were generally in line with the forecasts as announced last April, the proposed year-end dividend is ¥20 per share. Together with the interim dividend of ¥20 per share made in December, the total annual dividend will be ¥40 per share, a year-on-year increase of ¥4 per share.

For the next fiscal year, ending March 31, 2015, in accordance with the increased forecast for earnings, the annual dividend is expected to increase ¥10 per share to ¥50 per share, comprising an interim dividend of ¥25 per share and a year-end dividend of ¥25 per share.

2. Overview of the Group

The SCSK Group consists of 22 consolidated subsidiaries and 4 equity-method affiliates, and offers business service in IT infrastructure, application development, and BPO through collaboration among business segments in Industrial Systems, Financial Systems, Global Systems, Business Solutions, Business Services, IT Management, IT Platform Solutions, Prepaid Card Business, and Other. SCSK's parent company Sumitomo Corporation is a major customer.

SCSK Group's business segments and major subsidiaries and affiliates are as in the chart below.



(Notes) 1. In each segment except for Prepaid Card Business, the Company and its Group companies engage in business directly with customers, while conducting business that complements intra-Group functions.

2. Affiliated companies are primarily consolidated subsidiaries.

(Listed consolidated subsidiaries)

JIEC Co., Ltd.

VERISERVE Corporation

3. Management Policies

(1) Basic Policy

The Group's management philosophy consists of its mission to "create our future of dreams," and promises to "respect each other," "provide excellent service utilizing reliable technology," and "sustain growth from a global and future perspective."

Based on this management philosophy, each executive and employee of the Group will aim to develop trust with client companies and continue to achieve growth from global and future perspectives. At the same time, all members of the Group will work together with client companies, shareholders and all stakeholders to generate new value, aiming to create our future of dreams.

(2) Management Goals

At the present time, SCSK Group has identified the following important management goals from the perspective of ensuring stable growth in corporate value through continued business expansion.

(1) Increase operating income

(2) Improve operating margins and ROE

(3) Medium-term Business Strategies and Tasks Ahead

1. Business environment outlook

The Japanese economy is generally performing soundly, with the stock market rallying, improved corporate earnings, and an ongoing improvement in the labor and earnings environment. A mild recovery is continuing, despite concerns about the effects of the consumption tax increase. With this business sentiment as a background, we see capital investment, primarily in the financial and manufacturing industries, as being a continuous factor contributing to recovery, and expect moderate growth to continue in IT investment in areas such as increased demand for various systems development and cloud-type IT services and the manifestation of needs in BCP and disaster recovery measures.

With regards to IT systems, the perception that such systems are important and, indeed, indispensable elements of managerial infrastructure has taken firm root within the corporate sphere. Such systems are recognized as important and indispensable business infrastructure for corporate activities, and the skill with which it is used has a direct impact on companies' performance. Demand continues to rise for IT investment for corporate growth, and needs for IT investment have been diversifying from mere cost reduction into the following areas:

- Movement from "ownership" to "usage" as exemplified by the cloud solutions (needs for a shift toward services)
- Needs for global support from an IT perspective in line with client companies' overseas expansion
- Needs to accommodate IT-driven changes in business models
- Needs to reform sales, marketing and other business processes using IT
- Needs to reinforce IT governance, including information security.

Whether the Group can respond appropriately to these needs of companies, and whether it can continue to provide relevant services at a satisfactory quality level, will be a factor that will differentiate it from competitors in the IT services industry. At the same time, the Group is required to have the ability to clearly explain the benefits for client companies with respect to making IT investment in a difficult environment.

2. Medium-term management tasks and business strategy

In this environment, the Company will aim for continuous growth through working to resolve various business issues facing corporate customers by accurately perceiving corporate customers' needs and providing optimal services, and by creating new value through IT.

The Company merged with CSK in October 2011, and planned to push forward with an organizational and functional unification and strengthen its operating base in addition to expanding its business foundation. With the fiscal year ending March 31, 2015 being the final year of the medium-term business plan, the Company will move forward towards achieving the plan’s goals by pursuing initiatives in the key strategies of pursuing cross selling, expanding global solution business and strengthening cloud solution business.

1) Pursue cross selling

Since merging with CSK, the Company has made efforts company-wide to implement cross-selling activities to deliver its services and products to the expanded customer base (resulting from the merger), and in doing so demonstrate the benefits of the unification at an early stage. It was determined that these activities would achieve a true fusion between the two companies, despite their different histories and corporate cultures.

The Company will continue to develop these activities through increased information sharing and other initiatives. In addition, the company will further expand and strengthen its customer base by providing services best-matched to customers’ business needs in combination with the businesses, services and expertise already possessed.

2) Expand global solution business

SCSK Corporation defines the IT demands of its clients as they expand overseas, i.e., total IT service demand of clients in the locations where they are active (centering on Japan while expanding abroad) as being the “Greater Japanese Market.” The Company has played a significant role supporting the global deployments of its clients, including members of the Sumitomo Corporation Group. Building on SCSK's track record and accumulated know-how, the Company's global strategy is to support this Greater Japanese Market with Japan’s high quality standards.

The Company strives for further earnings growth by supporting clients' advances into the global market, especially those of Japanese companies moving into Asia, the Americas and Europe, through a communalization and optimization of global systems with a Japanese level of quality.

3) Strengthen cloud solution business

SCSK is enhancing and expanding its data centers, and is deploying a business that offers services that combine system development and BPO operations know-how. This business is aimed at meeting the growing client demand for cloud services as companies make the transition from IT system “ownership” to IT service “use.”

The Company is expanding its netXDC data center brand that form the basis for its cloud services. There are currently eight centers in Japan, with a new data center under construction in Inzai, Chiba Prefecture, which is slated to begin services in January 2015. SCSK strives to further expand its pay-as-you-go cloud business based on the Company's own USiZE series centering on the configuration and operation of hybrid clouds, which bring together the benefits of both private and public cloud computing.

At the same time as executing these basic strategies, the Company will work to further enhance its earnings base, while also aiming to become a truly top class company by continuing to develop and improve internal administration systems, including internal controls, risk management, compliance and security management for the Group as a whole.

Also necessary to prevail within the highly competitive IT service industry is a working environment in which each and every employee can work to his or her full potential. SCSK wants to be a pleasant, safe and worthwhile place to work for all.

Here too the Company is advancing a number of initiatives, each intended to support employees in various stages of their lives and careers. For instance, a system is in place that provides financial and other support to young mothers as they seek to return to the workplace, as is a system under which caregivers scheduled days off to attend to matters at home. Similarly, to tap the full potential of a diverse workforce, the Company actively appoints females to managerial positions, supports full employment up to age 65, and allows eligible employees to work from home. In addition, as an organization that plans and supports programs for promoting employees' health and career development the Company has established a Life Support Promotion Office and a Counseling Room, and is improving steadily to ensure that all SCSK employees can work with peace of mind.

Mental and physical well-being is a prerequisite for a happy, healthy and productive workforce, and accordingly SCSK has initiated its Smart Challenge 20 program to help keep working hours within reasonable limits (i.e., reduce overtime) and encourage employees to take all their paid vacation days. The Company also provides various forms of assistance to employees who wish to quit smoking.

These efforts by the Company have been received external recognition. In October 2013 SCSK was selected to receive the Ministry of Health, Labour and Welfare Award for Companies Providing Career Support in 2013 for companies committed to human resources development. The Company was also ranked 2nd overall in the 2013 Best Companies that Effectively Utilize their Employees survey sponsored by the Nihon Keizai Shimbun.

Based on the idea that these efforts to create a working environment in which employees can work with ease and feel a sense of fulfillment will motivate workers and lead to favorable business results and help create a virtuous cycle in which profits can be returned to stakeholders, the Company is further enhancing its systems in four areas: work-life balance, diversity, health management and personnel development.

Through these measures, SCSK is aiming to put into practice its corporate philosophy of "working together to create our future of dreams."

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	As of Mar. 31, 2013	As of Mar. 31, 2014
ASSETS		
Current assets		
Cash and deposits	19,669	19,156
Notes and accounts receivable-trade	61,661	63,372
Lease receivables and investment assets	569	2,365
Securities	1,298	1,101
Operational investment securities	37,326	40,372
Merchandise and finished goods	2,793	2,459
Work in process	646	1,757
Raw materials and supplies	21	28
Deferred tax assets	8,547	10,481
Short-term loans receivable	106	7
Deposits paid	64,478	58,864
Other	11,601	10,960
Allowance for doubtful accounts	- 101	-30
Total current assets	208,620	210,896
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	26,684	25,194
Tools, furniture and fixtures, net	4,558	5,850
Land	22,118	20,681
Lease assets, net	2,232	1,905
Construction in progress	627	3,552
Others, net	2	3
Total property, plant and equipment	56,223	57,187
Intangible assets		
Goodwill	343	251
Other	7,346	6,964
Total intangible assets	7,690	7,216
Investments and other assets		
Investment securities	11,428	8,313
Long-term prepaid expenses	5,790	621
Net defined benefit asset	—	2,295
Lease and guarantee deposits	6,603	6,519
Deferred tax assets	25,138	23,500
Other	1,631	1,634
Allowance for doubtful accounts	- 298	- 252
Total investments and other assets	50,294	42,632
Total non-current assets	114208	107,036
Total assets	322,828	317,932

(Unit: Millions of yen)

	As of Mar. 31, 2013	As of Mar. 31, 2014
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	17,568	19,644
Short-term loans payable	—	17,000
Current portion of bonds with subscription rights to shares	35,000	—
Current portion of long-term loans payable	9,860	—
Lease obligations	1,517	3,253
Income taxes payable	777	2,471
Provision for bonuses	7,546	7,492
Provision for directors' bonuses	110	121
Provision for loss on construction contracts	12	78
Deposits received of prepaid cards	64,414	70,647
Other	23,068	24,816
Total current liabilities	159,876	145,524
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	20,000	20,000
Lease obligations	2,242	2,109
Provision for retirement benefits	7,697	—
Net defined benefit liability	—	192
Provision for directors' retirement benefits	29	29
Asset retirement obligations	1,391	1,508
Long-term lease and guarantee deposits	507	501
Other	2,874	1,905
Total non-current liabilities	54,743	46,248
Total liabilities	214,619	191,773
NET ASSETS		
Shareholders' equity	21,152	21,152
Capital stock	3,066	3,061
Capital surplus	86,735	101,176
Retained earnings	-8,654	-8,510
Treasury stock	102,300	116,880
Total shareholders' equity		
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	957	1,129
Deferred gains or losses on hedges	8	-0
Foreign currency translation adjustment	-468	-57
Remeasurements of defined benefit plans	—	2,537
Total accumulated other comprehensive income	498	3,608
Subscription rights to shares	168	135
Minority interests	5,241	5,535
Total net assets	108,208	126,159
Total liabilities and net assets	322,828	317,932

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: Millions of yen)

	From Apr. 1, 2012 to Mar. 31, 2013	From Apr. 1, 2013 to Mar. 31, 2014
Net sales	278,634	288,236
Cost of sales	214,167	219,511
Gross profit	64,466	68,724
Selling, general and administrative expenses	43,663	44,749
Operating income	20,803	23,974
Non-operating income		
Interest income	221	215
Dividend income	288	46
Share of profit of entities accounted for using equity method	263	321
Gain on sales of investment securities	22	280
Gain on investments in partnership	366	208
Hoard profit of prepaid card	1,193	1,166
Other	904	408
Total non-operating income	3,261	2,646
Non-operating expenses		
Interest expenses	415	327
Loss on valuation of investment securities	328	0
Foreign exchange losses	45	43
Retirement benefit expenses	260	260
Financing expenses	266	—
Other	520	298
Total non-operating expenses	1,836	930
Ordinary income	22,228	25,690
Extraordinary income		
Gain on sales of non-current assets	7	239
Gain on sales of investment securities	96	3
Gain on sales of subsidiaries and associates	7	0
Gain on sales of memberships	2	13
Gain on reversal of subscription rights to shares	10	6
Total extraordinary income	124	263

(Unit: Millions of yen)

	From Apr. 1, 2012 to Mar. 31, 2013	From Apr. 1, 2013 to Mar. 31, 2014
Extraordinary losses		
Loss on retirement of non-current assets	103	168
Loss on sales of non-current assets	0	226
Impairment loss	125	1,119
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	2,394	2,609
Loss on valuation of shares of subsidiaries and associates	176	811
Loss on sales of membership	1	—
Loss on valuation of membership	23	—
Loss on liquidation of subsidiaries	—	89
Reorganization expenses of personnel matters system	847	—
Loss on integration to retirement plan	2,362	—
Business withdrawal loss	—	401
Office transfer related expenses	—	818
Compensation expenses	—	250
Total extraordinary losses	6,035	6,496
Income before income taxes and minority interests	16,317	19,457
Income taxes — current	1,044	2,597
Income taxes — deferred	-1,737	-1,794
Total income taxes	-692	803
Income before minority interests	17,010	18,654
Minority interests in income	280	266
Net income	16,730	18,387

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	From Apr. 1, 2012 to Mar. 31, 2013	From Apr. 1, 2013 to Mar. 31, 2014
Income before minority interests	17,010	18,654
Other comprehensive income		
Valuation difference on available-for-sale securities	150	155
Deferred gains or losses on hedges	36	-9
Foreign currency translation adjustment	265	406
Gain or loss on change in equity	7	5
Share of other comprehensive income of entities accounted for using equity method	26	23
Total other comprehensive income	486	581
Comprehensive income	17,497	19,236
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,212	18,963
Comprehensive income attributable to minority interests	285	272

(3) Consolidated Statements of Shareholders' Equity

Fiscal year under review (April 1, 2012- March 31, 2013)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital reserve	Capital surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	21,152	33,152	73,554	-8,690	119,168
Changes of items during the period					
Dividends from surplus			-3,532		-3,532
Net income			16,730		16,730
Change in scope of consolidation			-20		-20
Difference in change in equity			4		4
Purchase of treasury stock				-30,085	-30,085
Disposal of treasury stock		-8		44	35
Cancellation of treasury stock		-30,077		30,077	
Change in equity in affiliates accounted for by equity method-treasury stock				–	–
Net changes in line items other than shareholders' equity/capital					
Total changes of items during the period	–	-30,085	13,181	36	-16,867
Balance at the end of the period	21,152	3,066	86,735	-8,654	102,300

	Accumulated other comprehensive income							
	Valuation and difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income	New share subscription rights	Minority interest	Total net assets
Balance at the beginning of the period	787	-27	-738	―	21	190	5,039	124,419
Changes of items during the period								
Dividends from surplus								-3,532
Net income								16,730
Change in scope of consolidation								-20
Difference in change in equity held								4
Purchase of treasury stock								-30,085
Disposal of treasury stock								35
Cancellation of treasury stock								―
Change in equity in affiliates accounted for by equity method-treasury stock								―
Net changes in line items other than shareholders' equity/capital	170	36	270	―	477	-22	201	657
Total changes of items during the period	170	36	270	―	477	-22	201	-16,210
Balance at the end of the period	957	8	-468	―	498	168	5,241	108,208

Fiscal year under review (April 1, 2013- March 31, 2014)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital reserve	Capital surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	21,152	3,066	86,735	-8,654	102,300
Changes of items during the period					
Dividends from surplus			-3,949		-3,949
Net income			18,387		18,387
Difference in change in equity held			3		3
Purchase of treasury stock				-25	-25
Disposal of treasury stock		-4		155	150
Change in equity in affiliates accounted for by equity method-treasury stock				14	14
Net changes in line items other than shareholders' equity/capital					
Total changes of items during the period	–	-4	14,440	143	14,579
Balance at the end of the period	21,152	3,061	101,176	-8,510	116,880

	Accumulated other comprehensive income							
	Valuation and difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income	New share subscription rights	Minority interest	Total net assets
Balance at the beginning of the period	957	8	-468	–	498	168	5,241	108,208
Changes of items during the period								
Dividends from surplus								-3,949
Net income								18,387
Difference in change in equity held								3
Purchase of treasury stock								-25
Disposal of treasury stock								150
Change in equity in affiliates accounted for by equity method-treasury stock								14
Net changes in line items other than shareholders' equity/capital	171	-9	410	2,537	3,109	-32	294	3,371
Total changes of items during the period	171	-9	410	2,537	3,109	-32	294	17,951
Balance at the end of the period	1,129	-0	-57	2,537	3,608	135	5,535	126,159

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	From Apr. 1, 2012 to Mar. 31, 2013	From Apr. 1, 2013 to Mar. 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	16,317	19,457
Depreciation	6,690	6,841
Amortization of goodwill	110	92
Impairment loss	125	1,119
Increase (decrease) in allowance for doubtful accounts	-447	-118
Increase (decrease) in provision for retirement benefits	3,508	—
Increase (decrease) in net defined benefit liability	—	-158
Decrease (increase) in prepaid pension costs	-4,154	—
Decrease (increase) in net defined benefit asset	—	-176
Loss on retirement of non-current assets	103	168
Loss (gain) on sales of non-current assets	-6	-12
Loss (gain) on valuation of investment securities	2,722	2,609
Loss (gain) on sales of investment securities	-111	-242
Loss on valuation of shares of subsidiaries and associates	176	811
Loss (gain) on sales of shares of subsidiaries and associates	-7	-0
Share of (profit) loss of entities accounted for using equity method	-263	-321
Share-based compensation expenses	1	—
Interest and dividend income	-510	-261
Interest expenses paid on loans and bonds	415	327
Loss (gain) on investments in partnership	-366	-208
Decrease (increase) in investment securities for sale	-1,878	-3,160
Decrease (increase) in notes and accounts receivable-trade	-5,646	-1,638
Decrease (increase) in inventories	122	-775
Increase (decrease) in notes and accounts payable-trade	1,292	2,051
Increase (decrease) in deposits received of prepaid cards	5,193	6,232
Directors' bonus payments	-65	-123
Other, net	1,410	3,491
Subtotal	24,733	36,006
Interest and dividend income received	616	493
Interest expenses paid	-390	-332
Income taxes (paid) refund	196	-824
Net cash provided by (used in) operating activities	25,156	35,342

(Unit: Millions of yen)

	From Apr. 1, 2012 to Mar. 31, 2013	From Apr. 1, 2013 to Mar. 31, 2014
Cash flows from investing activities		
Payments of deposit	—	-18,000
Purchase of securities	-4,498	-3,199
Proceeds from sales and redemption of securities	5,200	3,428
Purchase of property, plant and equipment	-8,263	-7,016
Proceeds from sales of property, plant and equipment	2	484
Purchase of intangible assets	-2,483	-1,925
Purchase of investment securities	-198	-1,004
Proceeds from sales and redemption of investment securities	2,321	873
Collection of short-term loans receivable	6,933	151
Proceeds from withdrawal of investments in partnership	724	552
Payments for lease and guarantee deposits	-155	-499
Proceeds from collection of lease and guarantee deposits	130	547
Payments for asset retirement obligations	-5	-267
Other, net	45	-169
Net cash provided by (used in) investing activities	-249	-26,045
Cash flows from financing activities		
Increase in short-term loans payable	—	17,000
Proceeds from long-term loans payable	20,000	—
Repayment of long-term loans payable	-10,000	-9,860
Proceeds from issuance of bonds	20,000	—
Redemption of bonds	—	-35,000
Repayments of lease obligations	-1,813	-1,925
Purchase of treasury shares	-30,085	-25
Proceeds from sales of treasury stock	2	123
Cash dividends paid	-3,532	-3,949
Cash dividends paid to minority shareholders	-85	-102
Other, net	2	—
Net cash provided by (used in) financing activities	-5,512	-33,739
Effect of exchange rate change on cash and cash equivalents	206	344
Net increase (decrease) in cash and cash equivalents	19,601	-24,097
Cash and cash equivalents at the beginning of period	63,661	83,247
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-15	-146
Cash and cash equivalents at the end of period	83,247	59,004

For the fiscal year ended Mar. 31, 2014
(5) Notes to Consolidated Financial Statements

(Notes regarding the Premise of a Going Concern)

No applicable items.

(Significant Items for the Preparation of Consolidated Financial Statements)

1. Scope of Consolidation

1. 22 consolidated subsidiaries

HOKKAIDO CSK CORPORATION
FUKUOKA CSK CORPORATION
JIEC Co., Ltd.
Sumisho Computer Systems (USA), Inc.
SUMISHO COMPUTER SYSTEMS (EUROPE) LTD.
Sumisho Computer Systems (Shanghai) Limited
Sumisho Computer Systems (Asia Pacific) Pte. Ltd.
CSK WinTechnology Corporation
CSK ServiceWare Corporation
VeriServe Corporation
CSK PRESCENDO CORPORATION
VA Linux Systems Japan K.K
CSK SYSTEM MANAGEMENT CORPORATION
Allied Engineering Corporation
CSI SOLUTIONS Corporation
QUO CARD Co., Ltd.
SCS Solutions Inc.
CSK Nearshore Systems Corporation
Veriserve Shanghai Corporation
Two other investment partnerships and one silent partnership

Sumisho Computer Systems (Dalian) Co., Ltd. was removed from the scope of consolidation because of a loss of significance upon the resolution made to dissolve the company on October 30, 2013.

2. Major non-consolidated subsidiaries and affiliates

Tokyo Green Systems Corporation

CSK SYSTEMS (SHANGHAI) Co., LTD.

Sumisho Computer Systems (Dailan) Co., Ltd.

Non-consolidated subsidiaries are excluded from consolidation because they are all small in size, and their total assets, sales, net income and retained earnings are immaterial to the consolidated financial statements.

2 Application of the Equity Method

4 equity-method affiliates

ATLED Co., Ltd.

Sumisho Joho Datacraft Corporation

ARGO GRAPHICS Inc.

GIOT CORPORATION

Non-consolidated subsidiaries not accounted for by the equity method (Tokyo Green Systems Corporation, etc.) are excluded from accounting under the equity method because they are all small in size and their total assets, sales, net income and retained earnings are immaterial to the consolidated financial statements.

3 Fiscal Year of Consolidated Subsidiaries

As the fiscal year-end of SUMISHO COMPUTER SYSTEMS (EUROPE) LTD., Sumisho Computer Systems (Shanghai) Co., Ltd., Sumisho Computer Systems (Asia Pacific) Pte. Ltd., Veriserve Shanghai Corporation and two other investment partnerships is December 31, preparation of the consolidated financial statements for the fiscal year ended March 31, 2014 is based on the financial statements for the period from January 1, 2013 through to December 31, 2013, with necessary adjustments made for consolidation purposes with regard to material transactions that took place in the period between the above period-end and the fiscal year-end of the Company.

Except for the items stated above, items are omitted for any information that did not change significantly in the period since the most recent Securities Report (filed June 26, 2013).

(Changes in Accounting Policies)

As of the fiscal year under review, the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012 and the “Application Guideline for Accounting Standard Related to Retirement Benefits” (ASBJ Guideline No. 25, May 17, 2012) has been applied (Excluding Accounting Standard for Retirement Benefits Clause 35 and Application Guideline for Accounting Standard Related to Retirement Benefits Clause 67). The method has changed to record the amount of pension assets deducted from retirement benefit obligation as a retirement benefit related liability, and unrecognized actuarial differences and unrecognized service costs are recorded as retirement benefit related liability. With the application of Accounting Standard for Retirement Benefits, and in accordance with the processes in Accounting Standard for Retirement Benefits Clause 37, at the end of the fiscal year under review, the amounts impacted by this change have been included in retirement benefit related adjustments under other comprehensive income.

As a result of this change, retirement benefit related assets were ¥2,295 million and retirement benefit related liability was ¥192 million at the end of the fiscal year. Deferred tax assets decreased ¥1,439 million, and other comprehensive income increased by ¥2,537 million.

The effects of these changes on per share information are noted in the applicable section of this report.

(Changes in method of presentation)

(Consolidated Statements of Income)

1. Reflecting its increased materiality, the amount for “Gain on sales of investment securities” which was previously included in “Other” in the “Non-operating income” section of the financial statement, has been listed separately from the fiscal year under review. The consolidated financial statement for the previous fiscal year has been revised in accordance with this change in presentation.

As a result, the figure of ¥22 million for “Gain on sales of investment securities” is now listed as a separate item from the figure of ¥506 million of in “Other” under the “Non-operating income” section in the Consolidated Income Statement for the previous fiscal year.

2. Reflecting its decreased materiality, the amount for “Reversal of allowance for doubtful accounts” which was previously listed as a separate item, is now included in “Other” in the “Non-operating income” section. The consolidated financial statement for the previous fiscal year has been revised in accordance with this change in presentation.

As a result, the figure of ¥421 million for “Reversal of allowance for doubtful accounts” is now included in “Other” under the “Non-operating income” section in the Consolidated Income Statement for the previous fiscal year.

(Segment Information, etc.)

(Segment information)

1. Overview of reported segments

The Company designates its reported segments according to the business divisions as organizational units. The Board of Directors and the Chairman, CEO and COO decide on the allocation of business resources, evaluate business performance, and conduct other such managerial duties in reference to these organizational units, with such managerial decision-making directly reflected in the pursuit of business activities within those business divisions.

The Company's business groups are arranged by IT service business area in consideration of client characteristics. Each business division plans and pursues its activities under a companywide business strategy as it relates to its own service area. Based on this arrangement, eight reportable segments have been designated: Industrial Systems, Financial Systems, Global Systems, Business Solutions, Business Services, IT Management, IT Platform Solutions, and Prepaid Card Business.

Businesses not included within the above are presented in the aggregate as “Others.”

Presented below is an overview of the business activities of each of the reportable segments.

(1) Industrial Systems: This business group manages manufacturing, communication, distribution, media, and service industries, all based on advanced SI capabilities and business know-how. It offers the Company's self-developed ERP package, “ProActive,” and a variety of other solutions pertaining to SCM, CRM, EDI, BI, enterprise systems, information systems and EC websites.

(2) Financial Systems: This business group supplies system services for banks, brokerages, insurance companies, and a variety of other financial business extending to credit card issuers and sales finance companies, utilizing experience and technological capabilities built up over years of experience with financial industry clientele.

(3) Global Systems: This business group offers IT services, including local site support, for companies around the world. It draws on expertise and experience accumulated over years of providing support to such globally active clients as Sumitomo Corporation.

(4) Solutions: This business group offers ERP solutions centered on “SAP ERP” from SAP and “Oracle EBS” from Oracle, along with such peripheral solutions relating to CRM, IT governance and BI.

(5) Business Services: This business group offers a full range of business services, including technical support, customer support, help desk operation, telephone sales support and data entry, software verification/testing services, and a full range of fulfillment services, from EC site configuration and installation to back office operations and logistics.

(6) IT Management: This business group operates ten domestic netXDC solution-oriented data centers, known for the robustness of their facilities and the sophistication of their security controls. From these data centers it provides solutions-driven outsourcing services to meet a full range of client needs, including operational cost reduction, infrastructure integration and optimization, governance intensification and project continuity, infrastructural support for a variety of cloud computing options (private, public and hybrid), and a variety of other IT services, including website management and 24/7/365 SE support.

(7) IT Platform Solutions: This business group provides a wide range of products and advanced engineering services, including server storage devices, high performance computing (HPC) hardware and software, network switches and routers, VoIP products, IP telephony systems, communications/CATV devices, security-related products and data conversion tools.

(8) Prepaid Card Business: The prepaid card business provides issuing and settlement services for prepaid cards, develops and markets card systems, etc.

In conjunction with this change in segment classification beginning with the fiscal year under review, comparable amounts for segment-specific sales, profit/loss, assets and other items have been restated within the Company's consolidated financial statements for the previous fiscal year.

2. Accounting methods used to calculate net sales, segment income (loss) and other items for reported segments

Accounting method for reported segments is the same as described in “Significant Items for the Preparation of Consolidated Financial Statements.” Income of reported segments is based on operating income. Internal net sales or transfers are based on current market prices.

3. Information on Sales, Income (Loss) by Reported segment

For the fiscal year ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(Unit: Millions of yen)

	Industrial Systems	Financial Systems	Global Systems	Business Solutions	Business Services	IT Manage-ment	IT Platform solutions	Prepaid Card Business
Sales								
(1) Outside customers	70,200	51,855	12,102	15,358	31,208	35,748	58,028	3,302
(2) Inter-segment sales or transfers	2,683	269	1,588	1,523	1,372	8,375	5,426	136
Total	72,884	52,124	13,691	16,882	32,580	44,124	63,454	3,438
Segment income (loss)	4,844	4,553	1,975	1,748	996	3,148	3,615	572
Segment assets	28,344	18,276	4,987	8,438	12,539	38,509	22,170	48,230
Other								
Depreciation and amortization	871	210	126	1,076	330	2,528	481	78
Investments in equity method affiliates	162	—	—	—	78	117	3,355	—
Net increase in tangible fixed assets and intangible fixed assets	1,582	172	33	771	260	6,379	415	37

	Other	Total	Adjustments Note 1	Per consolidated financial statements Note 2
Sales				
(3) Outside customers	829	278,634	—	278,634
(4) Inter-segment sales or transfers	2,698	24,075	-24,075	
Total	3,527	302,709	-24,075	278,634
Segment income (loss)	286	21,740	-936	20,803
Segment assets	6,471	187,969	134,858	322,828
Other				
Depreciation and amortization	157	5,862	827	6,690
Investments in equity method affiliates	—	3,713	—	3,713
Net increase in tangible fixed assets and intangible fixed assets	13	9,667	164	9,831

Notes: 1 Adjustments are as follows:

(1) ¥936 million subtraction from operating income (loss) to reflect companywide expenses, etc., not allocated to any reportable segment.

(2) ¥134,858 million addition to segment assets to reflect companywide assets, etc., not allocated to any reportable segment.

(3) ¥827 million addition to depreciation to reflect depreciation charges on companywide assets.

(4) ¥164 million addition to increase/decrease in tangible/intangible assets to reflect net additions to

companywide assets (new headquarters building, etc.).

2 Segment-specific income (loss) is presented as operating income from the Consolidated Statements of Income as adjusted for intersegment transfers and companywide allocations.

For the fiscal year ended March 31, 2014(April 1, 2013 – March 31, 2014)

(Unit: Millions of yen)

	Industrial Systems	Financial Systems	Global Systems	Business Solutions	Business Services	IT Manage-ment	IT Platform solutions	Prepaid Card Business
Sales								
(1) Outside customers	68,847	55,176	13,922	15,947	31,854	37,358	61,293	3,042
(2) Inter-segment sales or transfers	1,751	385	2,527	1,970	1,639	9,338	6,401	91
Total	70,598	55,562	16,450	17,918	33,493	46,696	67,694	3,133
Segment income (loss)	5,476	5,879	1,956	1,543	1,524	3,889	4,445	148
Segment assets	25,654	19,201	6,165	7,341	11,932	42,549	27,296	51,782
Other								
Depreciation and amortization	923	187	166	1,059	283	2,719	474	79
Investments in equity method affiliates	173	—	—	—	25	153	3,487	—
Net increase in tangible fixed assets and intangible fixed assets	1,073	257	45	609	206	5,596	582	150

	Other	Total	Adjustments Note 1	Per consolidated financial statements Note 2
Sales				
(1) Outside customers	793	288,236	—	288,236
(2) Inter-segment sales or transfers	2,642	26,747	(26,747)	—
Total	3,436	314,984	(26,747)	288,236
Segment income (loss)	265	25,130	(1,155)	23,974
Segment assets	5,375	197,300	120,632	317,932
Other				
Depreciation and amortization	176	6,072	768	6,841
Investments in equity method affiliates	—	3,840	—	3,840
Net increase in tangible fixed assets and intangible fixed assets	3	8,525	1,154	9,680

Notes: 1 Adjustments are as follows:

(1) ¥1,155 million subtraction from operating income (loss) to reflect companywide expenses, etc., not allocated to any reportable segment.

(2) ¥120,632 million addition to segment assets to reflect companywide assets, etc., not allocated to any reportable segment.

(3) ¥768 million addition to depreciation to reflect depreciation charges on companywide assets.

(4) ¥1,154 million addition to increase/decrease in tangible/intangible assets to reflect net additions to companywide assets (new headquarters building, etc.).

2 Segment-specific income (loss) is presented as operating income from the Consolidated Statements of Income as adjusted for intersegment transfers and companywide allocations.

(Related information)

Previous fiscal year (April 1, 2012- March 31, 2013)

1 Information by products and services

Disclosure of relevant information is omitted as similar information is disclosed in the Segment information.

2 Information by geographic segment

1) Sales

Sales information by geographic segment is not shown because sales in Japan account for over 90% of sales on the consolidated statement of income.

2) Tangible fixed assets

Tangible fixed asset information by geographic segment is not shown because tangible fixed assets in Japan account for over 90% of tangible fixed assets on the consolidated balance sheet.

3 Major client(s)

(Unit: Millions of yen)

Client	Sales	Reported sales segments
Sumitomo Corporation	13,904	Global systems IT management

Note: sales do not include those to companies/entities within the client's corporate group

Fiscal year under review (April 1, 2013 - March 31, 2014)

1 Information by products and services

Disclosure of relevant information is omitted as similar information is disclosed in the Segment information.

2 Information by geographic segment

1) Sales

Sales information by geographic segment is not shown because sales in Japan account for over 90% of sales on the consolidated statement of income.

2) Tangible fixed assets

Tangible fixed asset information by geographic segment is not shown because tangible fixed assets in Japan account for over 90% of tangible fixed assets on the consolidated balance sheet.

3 Major client(s)

(Unit: Millions of yen)

Client	Sales	Reported sales segments
Sumitomo Corporation	16,051	Global systems IT management

Note: sales do not include those to companies/entities within the client's corporate group

Information on impairment loss from fixed assets by reported segment

Previous fiscal year (April 1, 2012- March 31, 2013)

(Unit: Millions of Yen)

	Industrial Systems	Financial Systems	Global Systems	Business Solutions	Business Services	IT Manage-ment	IT Platform solutions	Prepaid Card Business
Impairment loss	—	—	—	—	—	—	—	—

	Others	Elimination and corporate	Total
Impairment loss	—	125	125

Fiscal year under review (April 1, 2013 - March 31, 2014)

(Unit: Millions of Yen)

	Industrial Systems	Financial Systems	Global Systems	Business Solutions	Business Services	IT Manage-ment	IT Platform solutions	Prepaid Card Business
Impairment loss	—	—	—	—	2	—	—	—

	Others	Elimination and corporate	Total
Impairment loss	—	1,117	1,119

Information on amortization of goodwill and unamortized balance by reported segment

Previous fiscal year (April 1, 2012- March 31, 2013)

(Unit: Millions of Yen)

	Industrial Systems	Financial Systems	Global Systems	Business Solutions	Business Services	IT Manage-ment	IT Platform solutions	Prepaid Card Business
Amortization of goodwill	—	22	2	—	20	2	44	—
Balance at end of period	—	7	0	—	82	2	191	—

	Others	Elimination and corporate	Total
Amortization of goodwill	16	—	110
Balance at end of period	59	—	343

Fiscal year under review (April 1, 2013- March 31, 2014)

(Unit: Millions of Yen))

	Industrial Systems	Financial Systems	Global Systems	Business Solutions	Business Services	IT Manage-ment	IT Platform solutions	Prepaid Card Business
Amortization of goodwill	—	7	0	—	20	2	44	—
Balance at end of period	—	—	—	—	62	—	147	—

	Others	Elimination and corporate	Total
Amortization of goodwill	16	—	92
Balance at end of period	42	—	251

Information on amortization of goodwill by reported segment

Previous fiscal year (April 1, 2012- March 31, 2013)

Not applicable.

Fiscal year under review (April 1, 2013 - March 31, 2014)

Not applicable.

(Per-Share Information)

(Unit: Yen)

Item	Fiscal Year 2013 (April 1, 2012 to March 31, 2013)	Fiscal Year 2014 (April 1, 2013 to March 31, 2014)
Net assets per share	991.48	1,161.29
Net income per share	161.39	177.26
Fully diluted net income per share	157.17	174.24

Note:
1. Net income per share and fully diluted net income per share are calculated on the following basis.
2. As stated in "Changes in Accounting Policies", the Accounting Standard for Retirement Benefits has been applied, using transitional amounts in accordance with Accounting Standard for Retirement Benefits Clause 37.
   Net assets per share in the period under review increased by ¥24.45.

Item		Fiscal Year 2013 (April 1, 2012 to March 31, 2013)	Fiscal Year 2014 (April 1, 2013 to March 31, 2014)
Net income per share			
Net income	(Millions of yen)	16,730	18,387
Amount not attributable to common stock	(Millions of yen)	—	—
Net income attributable to common stock	(Millions of yen)	16,730	18,387
Average number of shares of common stock during the period	(shares)	103,665,373	103,731,201
Fully diluted net income per share			
Net income adjustment amount	(Millions of yen)	46	(33)
(of which, interest paid (after deduction of equivalent tax amount))	(Millions of yen)	(58)	(30)
(Of which, change in holdings in equity method affiliates due to issuance of subscription rights)	(Millions of yen)	(-12)	(-64)
Increase in the number of common shares	(shares)	3,077,619	1,606,530
(of which, stock acquisition rights)	(shares)	(95,597)	(111,434)
(of which, 1st convertible bonds with stock acquisition rights attached)	(shares)	(2,982,022)	(1,495,096)
Overview of residual shares not included in the calculation of fully diluted net income per share as they do not have a dilutive effect		Stock options pertaining to resolutions of the Annual General Meeting of Shareholders held on June 26, 2008: (The number of shares subject to subscription rights to shares: 34,500 shares) Stock options pertaining to resolutions of the Annual General Meeting of Shareholders held on June 25, 2009: (Number of shares subject to subscription rights to shares: 49,800 shares) Stock options pertaining to resolutions of the Annual General Meeting of Shareholders held on June 25, 2010: (The number of shares subject to	

	subscription rights to shares: 40,000 shares) Stock options of ARGO GRAPHICS Inc., an affiliate accounted for by the equity method: (The number of shares subject to stock acquisition rights) Sixth stock acquisition rights: 411,500 shares	

(Important post balance-sheet events)

No applicable items.

5. Other

Change of Directors and Corporate Auditors

1 Change of Representatives

None

2 Change of Other Directors and Corporate Auditors (from June 2014, at the end of the Annual General Meeting of Shareholders)

(1) Candidates for new appointment as representative director

Masatoshi Endo (Current position: Senior Managing Executive Officer)

(2) Corporate Auditor scheduled to retire

Akihiko Harima (To be appointed as a Representative Director)