

**Consolidated Financial Results for the third quarter  
of the fiscal year ending March 31, 2016  
(April 1, 2015 - December 31, 2015)  
[J-GAAP]**

January 28, 2016

Company Name: SCSK Corporation  
 Securities Code: 9719  
 Stock Exchange Listing: Tokyo Stock Exchange, 1st Section  
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 Scheduled date of filing quarterly securities reports February 10, 2016  
 Scheduled date for dividend payment: —  
 Preparation of supplementary information material on financial results (yes/no): Yes  
 Financial results conference for institutional investors and analysts (yes/no): Yes

(Amounts of less than ¥1 million are truncated)

1. Consolidated Business Results for the third quarter ended December 31, 2015 (April 1, 2015 through December 31, 2015)

(1) Consolidated Operating Results

(Millions of yen unless otherwise stated)

(Percentage figures are changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners parent	
		%		%		%		%
Nine months ended Dec. 31, 2015	235,216	9.7	22,403	30.1	23,717	29.5	17,734	35.7
Nine months ended Dec. 31, 2014	214,474	4.2	17,223	14.8	18,321	12.3	13,066	5.7

(Note) Comprehensive income:

Nine-month period ended Dec. 31, 2015: 16,968 million yen (23.1%) Nine-month period ended Dec. 31, 2014: 13,780 million yen (3.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec.31, 2015	170.87	170.47
Nine months ended Dec.31, 2014	125.93	125.28

(2) Consolidated Financial Position

(Millions of yen unless otherwise stated)

	Total assets	Net assets	Equity ratio
			%
As of Dec. 31, 2015	338,350	148,868	42.2
As of March 31, 2015	334,290	138,536	39.6

(Reference) Shareholders' equity: As of Dec.31, 2015 ¥142,793 million As of March 31, 2015 ¥132,458 million

2. Dividends

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

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

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

(Millions of yen unless otherwise stated)

(Percentage figures are changes from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
		%		%		%		%	Yen
Full Year	320,000	7.5	31,500	12.5	33,000	7.6	23,500	50.3	226.42

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

\*Notes

- (1) Changes in significant subsidiaries during the period : Yes  
 (Changes in specified subsidiaries accompanying changes in scope of consolidation)  
 Inclusion : none (company name)      exclusion: 1 (company name) : CSK Group Investment Fund  
 For details, please refer to “Qualitative information of Consolidated Financial Forecast for the fiscal year ending March 31, 2016” on page 4, ” 2. Summary information (notes), (1). Transfer of important subsidiaries in the three months under review.”
- (2) Adoption of specific accounting procedures in preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatement of prior period financial statements after error corrections
- 1) Changes in accounting policies, changes in accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement of prior period financial statements after error corrections: None
- (4) Number of shares issued (Common stock)
- 1) The number of shares issued as of the period-end (including treasury stock)
- |                      |                    |
|----------------------|--------------------|
| As of Dec.31, 2015   | 107,986,403 shares |
| As of March 31, 2015 | 107,986,403 shares |
- 2) The number of shares of treasury stock as of the period-end
- |                      |                  |
|----------------------|------------------|
| As of Dec.31, 2015   | 4,198,359 shares |
| As of March 31, 2015 | 4,208,816 shares |
- 3) The average number of shares during the period
- |                    |                    |
|--------------------|--------------------|
| As of Dec.31, 2015 | 103,787,869 shares |
| As of Dec.31, 2014 | 103,761,573 shares |

\*Notification regarding the auditing process

- This financial report is not within the scope of the auditing process as prescribed by the Financial Instruments and Exchange Act. Therefore, and as of the time of disclosure, the auditing process of this financial report has not been completed.

\* Cautionary statement concerning appropriate use of financial forecasts and other explanatory notes

- The financial forecasts contained in this document are based on the information currently available and certain assumptions deemed reasonable. Actual results may vary from these forecasts for various reasons. With regard to the assumptions on which financial forecasts are based and other explanatory notes in connection with the use of financial forecasts, please refer to “Qualitative information of Consolidated Financial Forecast for the fiscal year ending March 31, 2016” on page 3.
- SCSK will hold a results briefing for institutional investors and analysts on January 28, 2016. Materials used in the briefing, a transcript of the main questions and answers, and other related information will be published on SCSK’s website promptly thereafter.

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## 1. Qualitative information regarding Operating Results for the third quarter ended December 31, 2015

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

In the nine-month period under review, the Japanese economy continued a mild recovery, despite weakening trends in export. This was driven by an improvement in employment environment, as well as a recovery in capital expenditure backed by the effects of the Bank of Japan's monetary easing policy.

The outlook for the Japanese economy is for a mild recovery to continue. Although there is a concern that the pace of the economic recovery will slow on the effects of the normalization of interest rates in the US, a slowdown in the Chinese economy, and the impact to the global economy of commodity price trends such as the low price of oil, the domestic economy will be supported by strong consumer spending, as well as ongoing improvements in employment and wages.

In this environment, IT investment demand in the IT services market generally grew among corporate customers, particularly at large companies.

In the financial industry, systems demand increased substantially, supported by factors including continued strong appetite for investment in development of operation systems by major financial institutions in the banking, securities and insurance industries aiming to increase their competitive strength, as well as demand for systems modification in response to various regulatory reforms.

In the manufacturing and distribution industries, although IT investment demand has continued at a level similar to that of last year, an increased deal flow is anticipated based on the actualization of strategic IT investment demand in response to global business expansion and in connection with omni-channelization and big data analysis.

IT demand is expected to get into full swing, supported by strong demand for IT products by some companies in the telecommunications industry, as well as demand for every kind of cloud-type IT service, such as IaaS and PaaS across multiple industries, those who try to move to further strengthen business and increase operational efficiency.

In the Company's operating results for the nine-month period under review, consolidated net sales increased 9.7% compared to the same period of the previous fiscal year to ¥235,216 million. This reflects strong increases in all of the Company's sales segments, including the Systems Development, System Maintenance and Operation/ Services, and Packaged Software/ Hardware Sales businesses, driven by continued strong IT investment demand among financial industry customers, especially in banking, securities and insurance, as well as some communications industry customers. Operating income increased 30.1% to ¥22,403 million, reflecting increased sales as well as the steady achievement of higher business efficiency from business quality improvement policies and a decrease in unprofitable projects. Ordinary income increased 29.5% to ¥23,717 million and profit attributable to owners of parent increased 35.7% to ¥17,734 million, reflecting the increase in operating income and other factors.

SCSK Group has created three core strategies for achieving the goals of its five-year Medium-term Management Plan, which started this year: shift to a service-oriented businesses, promote strategic businesses that are responsive toward the changing times, and pursue the second stage of global business expansion. While implementing these core strategies, the Company will aim to realize high profit growth over the medium-term by executing initiatives to strengthen our management base, beginning with enhancing operational quality and improving business profitability.

This year is the first of this plan, and we are focusing on management initiatives to improve business results by capturing the current firm demand for IT investment while incorporating various investments in strategic businesses to set the stage for future growth.

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

Cash and cash equivalents (“cash”) as of December 31, 2015 increased ¥6,745 million compared to December 31, 2014 to ¥92,458 million. The increase or decrease in each cash flow type and the main factors for such changes are as follows.

**Cash flow from operating activities**

Net cash provided by operating activities was ¥21,255 million.

The main cash inflow factors were net income before income taxes and minority interests of ¥23,269 million, depreciation of ¥5,847 million and a ¥9,056 million increase in capital stemming from a decrease in accounts receivable. The main cash outflow factors were a decrease in accounts payable of ¥1,471 million, an increase in inventories of ¥3,363 million, and increase in deposits of 11,655 million.

**Cash flow from investing activities**

Net cash used in investing activities was ¥7,227 million.

The main cash outflow factors were payments for the acquisition of tangible fixed assets of ¥6,302 million and acquisition of intangible fixed assets of ¥2,643 million.

**Cash flow from financing activities**

Net cash used in financing activities was ¥7,178 million.

The main cash outflow factors was dividend payments of ¥2,600 million (¥25 per share) for the year-end dividend of the fiscal year ended March 31, 2015, and 3,640 million (¥35 per share) for the interim period of the fiscal year ending March 31, 2016.

**(3) Qualitative information of Consolidated Financial Forecast for the fiscal year ending March 31, 2016**

Based on the third quarter results and recent order trends, net sales for the fiscal year ending March 31, 2016, are expected to exceed the forecasts announced on October 30, 2015, mainly on sales to financial industry customers in the systems development business.. Looking toward the remainder of the fiscal year, earnings are expected to increase on firm sales growth and expected increases in productivity and profitability due to steady progress with various initiatives to lift operational quality and strengthen the management base, with above-forecast growth in both operating income and ordinary income. In consideration of the above, the consolidated financial forecasts for the fiscal year ending March 31, 2016 announced on October, 30, 2015, have been revised as shown below.

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

(Millions of yen unless otherwise stated)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share (Yen)
Previous forecast (A)	315,000	30,500	32,000	23,500	226.42
Revised forecast (B)	320,000	31,500	33,000	23,500	226.42
Change (B-A)	5,000	1,000	1,000	—	—
Percent change (%)	1.6	3.3	3.1	—	—
(Reference) Figures of the same period of the preceding year ( first half of the fiscal year ending March 31, 2015)	297,633	28,003	30,667	15,638	150.71

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

## **2. Summary information (notes)**

### **(1) Transfer of important subsidiaries in the third quarter under review**

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

### **(2) Adoption of specific accounting procedures in preparing quarterly consolidated financial statements**

No applicable items

### **(3) Changes in accounting policies, changes in accounting estimates and restatement of prior period financial statements after error corrections**

(Changes in accounting policy)

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

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

The impact on the consolidated cumulative third quarter period under review is minimal.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2015	As of Dec. 31, 2015
<b>ASSETS</b>		
Current assets		
Cash and deposits	25,908	20,897
Notes and accounts receivable-trade	63,687	54,569
Securities	900	1,300
Operational investment securities	18,957	11,135
Merchandise and finished goods	4,528	7,321
Work in process	522	1,073
Raw materials and supplies	25	46
Deposits paid	61,798	72,960
Guarantee Deposits	24,788	36,442
Other	22,360	20,945
Allowance for doubtful accounts	-32	-39
Total current assets	223,444	226,655
Non-current assets		
-Property, plant and equipment		
Buildings and structures, net	23,720	34,482
Land	20,681	20,583
Others, net	19,773	10,819
Total property, plant and equipment	64,175	65,885
Intangible assets		
Goodwill	169	107
Other	7,793	8,465
Total intangible assets	7,963	8,572
Investments and other assets		
Investment securities	9,675	8,509
Others	29,299	29,035
Allowance for doubtful accounts	-268	-308
Total investments and other assets	38,706	37,237
Total non-current assets	110,845	111,695
Total assets	334,290	338,350

(Unit: Millions of Yen)

	As of Mar. 31, 2015	As of Dec. 31, 2015
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	17,769	16,288
Short-term loans payable	10,000	10,000
Current portion of debt	5,000	5,000
Current portion of long-term loans payable	10,000	5,000
Income taxes payable	2,212	1,438
Provision for bonuses	6,585	1,939
Provision for directors' bonuses	133	72
Provision for loss on construction contracts	27	171
Deposits received of prepaid cards	77,204	81,598
Other	31,866	28,856
<b>Total current liabilities</b>	<b>160,799</b>	<b>150,364</b>
Non-current liabilities		
Bonds payable	15,000	25,000
Long-term loans payable	15,000	10,000
Provision for directors' retirement benefits	24	24
Net defined benefit liability	209	254
Asset retirement obligations	1,538	1,952
Other	3,181	1,886
<b>Total non-current liabilities</b>	<b>34,954</b>	<b>39,118</b>
<b>Total liabilities</b>	<b>195,753</b>	<b>189,482</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	21,152	21,152
Capital surplus	3,054	3,058
Retained earnings	111,171	122,664
Treasury shares	-8,471	-8,460
<b>Total shareholders' equity</b>	<b>126,907</b>	<b>138,415</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,520	1,885
Deferred gains or losses on hedges	-16	-23
Foreign currency translation adjustment	361	295
Remeasurements of defined benefit plans	2,684	2,221
<b>Total accumulated other comprehensive income</b>	<b>5,550</b>	<b>4,378</b>
Subscription rights to shares	106	103
<b>Non-controlling interests</b>	<b>5,971</b>	<b>5,970</b>
<b>Total net assets</b>	<b>138,536</b>	<b>148,868</b>
<b>Total liabilities and net assets</b>	<b>334,290</b>	<b>338,350</b>



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

(Unit: Millions of Yen)

	From Apr. 1, 2014 to Dec. 31, 2014	From Apr. 1, 2015 to Dec. 31, 2015
Net sales	214,474	235,216
Cost of sales	163,790	178,587
Gross profit	50,684	56,629
Selling, general and administrative expenses	33,460	34,225
Operating income	17,223	22,403
Non-operating income		
Interest income	75	73
Dividends income	47	59
Share of profit of entities accounted for using equity method	246	209
Gain on sales of investment securities	0	89
Hoard profit of prepaid card	998	1,004
Other	187	238
Total non-operating income	1,555	1,675
Non-operating expenses		
Interest expenses	171	149
Retirement benefit expenses	195	—
Other	91	212
Total non-operating expenses	458	361
Ordinary income	18,321	23,717
Extraordinary income		
Gain on sales of non-current assets	2	0
Gain on sales of investment securities	—	154
Gain on reversal of subscription rights to shares	3	—
Total extraordinary income	5	154
Extraordinary loss		
Loss on retirement of non-current assets	232	35
Loss on sales of non-current assets	0	14
Impairment loss	—	98
Loss on valuation of membership	—	2
Office transfer related expenses	1,651	374
Burden of loss on outside the contract	409	—
Compensation expenses	447	76
Contractual termination penalties	170	—
Total extraordinary loss	2,910	601
Income before income taxes	15,415	23,269
Income taxes — current	1,579	2,281
Income taxes — deferred	478	2,801
Total income taxes	2,058	5,083
Profit	13,357	18,186
Profit attributable to non-controlling interests	290	452
Profit attributable to owners of parent	13,066	17,734

### Consolidated Statements of Comprehensive Income

(Unit: Millions of Yen)

	From Apr. 1, 2014 to Dec. 31, 2014	From Apr. 1, 2015 to Dec. 31, 2015
Profit	13,357	18,186
Other comprehensive income		
Valuation difference on available-for-sale securities	265	-632
Deferred gains or losses on hedges	60	-7
Foreign currency translation adjustment	272	-31
Remeasurements of defined benefit plans, net of tax	-198	-510
Share of other comprehensive income of entities accounted for using equity method	21	-36
Total other comprehensive income	422	-1,218
Comprehensive income	13,780	16,968
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,502	16,561
Comprehensive income attributable to non-controlling interests	277	406

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

(Unit: Millions of Yen)

	From Apr. 1, 2014 to Dec. 31, 2014	From Apr. 1, 2015 to Dec. 31, 2015
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	15,415	23,269
Depreciation	5,077	5,847
Amortization of goodwill	66	61
Impairment loss	—	98
Increase (decrease) in allowance for doubtful accounts	-11	46
Increase (decrease) in net defined benefit liability	42	45
Decrease (increase) in net defined benefit asset	-805	-829
Loss on retirement of non-current assets	232	35
Loss (gain) on sales of non-current assets	-2	14
Loss (gain) on sales of investment securities	-0	-243
Share of (profit) loss of entities accounted for using equity method	-246	-209
Interest and dividend income	-122	-132
Interest expenses paid on loans and bonds	171	149
Loss (gain) on investments in partnership	-49	-155
Decrease (increase) in investment securities for sale	3,404	7,761
Decrease (increase) in notes and accounts receivable - trade	10,926	9,056
Decrease (increase) in inventories	-4,262	-3,365
Decrease (increase) in guarantee deposits	-6,900	-11,655
Increase (decrease) in notes and accounts payable - trade	-3,441	-1,471
Increase (decrease) in deposits received of prepaid cards	4,317	4,393
Director's bonus payments	-139	-171
Other, net	-1,569	-4,882
Subtotal	22,103	27,662
Interest and dividend income received	250	298
Interest expenses paid	-172	-153
Compensation expenses paid	-361	-664
Payments for move expenses	—	-2,508
Income taxes (paid) refund	-3,263	-3,379
Net cash provided by (used in) operating activities	18,556	21,255

(Unit: Millions of Yen)

	From Apr. 1, 2014 to Dec. 31, 2014	From Apr. 1, 2015 to Dec. 31, 2015
<b>Cash flows from investing activities</b>		
Payments of deposit	-326	—
Proceeds from withdrawal deposit	10,000	352
Purchase of securities	-2,400	-3,200
Proceeds from sales and redemption of securities	2,300	2,800
Purchase of property, plant and equipment	-5,772	-6,302
Proceeds from sales of property, plant and equipment	9	7
Purchase of intangible assets	-1,945	-2,643
Purchase of investment securities	-4	-0
Proceeds from sales and redemption of investment securities	0	535
Proceeds from purchase of stock of subsidiaries with change of scope of consolidation	421	—
Collection of short-term loans receivable	4	6
Proceeds from withdrawal of investments in partnership	156	183
Payments for lease and guarantee deposits	-181	-177
Proceeds from collection of lease and guarantee deposits	191	936
Other, net	-199	274
Net cash provided by (used in) investing activities	2,253	-7,227
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	7,500	10,000
Decrease in short-term loans payable	-14,500	-10,000
Proceeds from long-term loans payable	5,000	—
Repayments of long-term loans payable	—	-10,000
Proceeds from issuance of bonds	—	10,000
Repayments of lease obligations	-1,180	-534
Purchase of treasury shares	-15	-18
Proceeds from sales of treasury shares	20	15
Cash dividends paid	-4,679	-6,240
Dividends paid to non-controlling interests	-176	-137
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	-262
Net cash provided by (used in) financing activities	-8,031	-7,178
Effect of exchange rate change on cash and cash equivalents	122	-22
Net increase (decrease) in cash and cash equivalents	12,900	6,827
Cash and cash equivalents at beginning of period	59,004	85,713
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	-81
Cash and cash equivalents at end of period	71,905	92,458

**(4) Notes regarding Consolidated Financial Results for the interim period ended December 31, 2014**  
**(Notes regarding the Premise of a Going Concern)**

No applicable items.

**(Notes concerning significant changes in shareholders' equity)**

No applicable items.

**(Segment Information)**

I. Interim period of fiscal year ending March 31, 2015 (April 1, 2014 to December 31, 2014)

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

(Unit: Millions of Yen)

	Manufacturing Systems Business	Telecommunication Systems Business	Distribution Systems Business	Financial Systems Business	Business Solutions	Business Services	IT Platform Solutions	Prepaid Card Business
Sales								
(1) Outside customers	31,457	21,269	33,181	44,369	13,083	24,928	43,022	2,592
(2) Inter-segment sales or transfers	2,015	1,183	7,070	530	2,436	3,321	5,599	0
Total	33,473	22,453	40,252	44,900	15,520	28,250	48,621	2,593
Segment income (loss)	1,707	3,605	3,686	4,508	69	1,632	2,465	252

	Others	Total	Adjustments (Note 1)	Amounts Reported in the Consolidated Financial Statements (Note 2)
Sales				
(1) Outside customers	569	214,474	—	214,474
(2) Inter-segment sales or transfers	1,472	23,632	-23,632	—
Total	2,042	238,107	-23,632	214,474
Segment income (loss)	238	18,165	-941	17,223

Notes: Adjustments are as follows:

1. The adjustment loss of ¥ 941million to segment income (loss) represent general corporate expenses that have not been allocated to the reported segments.
2. Segment income (loss) has been reconciled to operating income in the consolidated income statement.

II. Interim period of fiscal year ended March 31, 2016 (April 1, 2015 to December 31, 2015)

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

(Unit: Millions of Yen)

	Manufacturing Systems Business	Telecommunication Systems Business	Distribution Systems Business	Financial Systems Business	Business Solutions	Business Services	IT Platform Solutions	Prepaid Card Business
Sales								
(1) Outside customers	29,711	18,630	34,505	51,421	14,198	28,723	55,078	2,363
(2) Inter-segment sales or transfers	1,947	1,694	8,110	355	1,908	1,743	4,297	1
Total	31,658	20,324	42,615	51,776	16,106	30,467	59,375	2,364
Segment income (loss)	2,001	3,122	4,697	6,639	970	2,042	3,715	174

	Others	Total	Adjustments (Note 1)	Amounts Reported in the Consolidated Financial Statements (Note 2)
Sales				
(1) Outside customers	584	235,216	—	235,216
(2) Inter-segment sales or transfers	1,408	21,466	-21,466	—
Total	1,993	256,682	-21,466	235,216
Segment income (loss)	214	23,578	-1,175	22,403

Notes: Adjustments are as follows:

1. The adjustment loss of ¥1,175 million to segment income (loss) represent general corporate expenses that have not been allocated to the reported segments.
2. Segment income (loss) has been reconciled to operating income in the consolidated income statement.

**2. Changes in reporting segments**

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

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

As for the period of consolidated cumulative third quarter of fiscal year ended March 31, 2016 (April 1, 2015 to December 31, 2015), figures of the reported segments are displayed according to the new definition of segment.