

**Consolidated Financial Results for the interim period
of the fiscal year ending March 31, 2017
(April 1, 2016 - September 30, 2016)
[J-GAAP]**

October 28, 2016

Company Name: SCSK Corporation
 Securities Code: 9719
 Stock Exchange Listing: Tokyo Stock Exchange, 1st Section
 URL: <http://www.scsk.jp>
 Representative: Tooru Tanihara, President and Representative Director
 Inquiries: Kazuyuki Matsunaga
 General Manager, Accounting Control Department TEL: +81-3-5166-2500
 Scheduled date of filing quarterly securities reports: November 11, 2016
 Scheduled date for dividend payment: December 1, 2016
 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 interim period ended September 30, 2016 (April 1, 2016 through September 30, 2016)

(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	
		%		%		%		%
Six months ended Sep. 30, 2016	157,412	1.7	14,723	5.7	15,781	6.8	13,286	20.7
Six months ended Sep. 30, 2015	154,812	8.6	13,926	25.0	14,780	24.3	11,004	19.2

(Note) Comprehensive income:

Interim period ended Sep. 30, 2016: ¥12,972 million (24.6%) Interim period ended Sep. 30, 2015: ¥10,414 million (9.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep.30, 2016	128.00	127.80
Six months ended Sep.30, 2015	106.03	105.64

(2) Consolidated Financial Position

(Millions of yen unless otherwise stated)

	Total assets	Net assets	Equity ratio
			%
As of Sep. 30, 2016	355,153	160,259	43.3
As of March 31, 2016	352,676	151,546	41.2

(Reference) Shareholders' equity: As of Sep.30, 2016 ¥153,872 million As of March 31, 2016 ¥145,420 million

2. Dividends

	Dividends per share (Yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
FY 2015	—	35.00	—	40.00	75.00
FY 2016	—	42.50	—	—	—
FY 2016 (Forecast)	—	—	—	42.50	85.00

(Note) Revisions during this quarter of Dividends forecasts for Fiscal Year 2016: None

3. Consolidated Financial Forecasts for Fiscal Year 2016 (April 1, 2016 to March 31, 2017)

(Millions of yen unless otherwise stated)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners parent		Net income per share
		%		%		%		%	Yen
Full Year	330,000	1.9	33,000	3.8	34,000	1.2	25,000	-7.3	240.85

(Note) Revisions during this quarter of consolidated earnings forecasts for Fiscal Year 2016: None

*Notes

- (1) Changes in significant subsidiaries during the period : None
- (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: None
 - 2) Changes in accounting policies due to other reasons: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement of prior period financial statements after error corrections: None
- (4) Number of shares issued (Common stock)
 - 1) The number of shares issued as of the period-end (including treasury shares)

As of Sep.30, 2016	107,986,403 shares
As of March 31, 2016	107,986,403 shares
 - 2) The number of treasury shares as of the period-end

As of Sep.30, 2016	4,180,146 shares
As of March 31, 2016	4,189,210 shares
 - 3) The average number of shares during the period

As of Sep.30, 2016	103,801,670 shares
As of Sep.30, 2015	103,787,371 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, 2017” on page 3.
- SCSK will hold a results briefing for institutional investors and analysts on October 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.

Contents

1. Qualitative information regarding Operating Results for the six-month period ended September 30, 2016	2
(1) Qualitative information of Consolidated Business Results	2
(2) Qualitative information of Consolidated Financial Position	3
(3) Qualitative information of Consolidated Financial Forecast for the fiscal year ending March 31, 2017	3
2. Summary information (notes)	4
(1) Transfer of important subsidiaries in the three months under review	4
(2) Adoption of specific accounting procedures in preparing quarterly consolidated financial statements	4
(3) Changes in accounting policies, changes in accounting estimate and restatement of prior period financial statements after error corrections	4
3. Consolidated Quarterly Financial Statements	5
(1) Consolidated Quarterly Balance Sheets	5
(2) Consolidated Quarterly Statements of Income and Comprehensive Income	7
Consolidated Quarterly Statements of Income	7
Consolidated Quarterly Statements of Comprehensive Income	8
(3) Consolidated Quarterly Statements of Cash Flows	9
(4) Notes regarding Consolidated Financial Results for the interim period ended September 30, 2016	11
(Notes regarding the Premise of a Going Concern)	11
(Notes concerning Significant Changes in Shareholder's Equity)	11
(Segment information)	12

1. Qualitative Information Regarding Operating Results for the Six-Months Period Ended September 30, 2016

(1) Qualitative information of Consolidated Business Results for the Six-Month Period Ended September 30, 2016

In the period under review, the Japanese economy showed a trend of moderate recovery, such as corporate earnings maintaining high levels and a continued improvement in the employment and income environment backed by various economic stimulus and monetary easing measures by the government and the Bank of Japan.

The outlook for the Japanese economy is for a basic trend of modest recovery due in part to the effects of various policies. However, care is generally required when determining economic trends because uncertainty about the global political and economic situation cannot be dismissed due to unstable financial market trends since the United Kingdom's choice to leave the European Union, the possibility of an economic downturn in Asian and other emerging and resource-rich countries, and uncertainty over the outcome of the US presidential election and the country's economic trends following it.

In this environment, there was an upward trend in IT investment demand in the IT services market. This trend was a result of higher demand for strategic IT investment among corporate customers for purposes such as strengthening core businesses and securing a competitive edge as well as strong demand for conventional IT investment to improve productivity and efficiency.

Strategic IT investment and demand for IT services are increasing in relation to globalization and verification of products when installing new products along with BPO (business process outsourcing) for products and services in the manufacturing industry, as well as to strengthening of EC and CRM along with big data analysis aimed at omni-channel retailing in the distribution industry, and deal flow was solid accordingly.

In the financial industry, there was robust demand for redevelopment of operational systems to boost competitiveness or heighten operational efficiency of customers primarily among major financial institutions in the banking and insurance sectors. As such, we saw steady growth in IT investment demand such as system development.

In addition, the trend toward increased investment demand in the IT infrastructure field continued on from the previous fiscal year. This demand was seen in various industries, where corporate customers sought to invest in IaaS, PaaS, and other cloud-related IT services.

Looking at the Company's operating results for the period under review, consolidated net sales increased 1.7% year on year, to ¥157,412 million. This increase came on the back of the favorable trend in system development demand among financial industry customers that continued on from the previous fiscal year as well as sales in maintenance and operation and service businesses increasing in almost all industries. These factors offset a decline in large-scale projects since the previous fiscal year due to an absence of system development projects for securities companies and system sales to communications industry customers, which was anticipated at the beginning of the period.

Operating income was up 5.7%, to ¥14,723 million. In addition to the increased income associated with the increase in sales, operating income benefited from improved development productivity due to measures for heightening operational quality as well as increased efficiency, which absorbed increased expenses such as the increase in size-based corporate taxes.

Ordinary income rose 6.8%, to ¥15,781 million, following the increase in operating income. Meanwhile, profit attributable to owners of parent jumped 20.7%, to ¥13,286 million, due to the higher operating income and the tax benefits resulted from a change in accounting standards.

In the previous fiscal year, the Group announced a Medium-term Management Plan with the fiscal year ending March 31, 2020 as its final year. Targeting robust medium-term growth in operating income coupled with improved profitability, we are pushing forward with the plan's three core strategies of "shifting to service-oriented businesses," "promoting strategic businesses that capture the changing times," and "entering into the second stage of global business expansion."

Moving forward in the period under review, fiscal year ending March 2017, we will accelerate efforts to

advance the plan's core strategies, particularly with regard to shifting to service-oriented businesses and promoting new strategic businesses. At the same time, we will focus on strengthening our management base and boosting earnings capacity through various measures including improving operational quality and productivity. Dedicating efforts to capturing the currently robust IT investment and advancing the aforementioned core strategies alongside other management measures for expanding business earnings, we will seek to transition to a business structure with higher profitability and growth potential.

(2) Qualitative information of Consolidated Financial Position

Cash and cash equivalents ("cash") as of September 30, 2016 decreased by ¥1,414 million compared to March 31, 2016 to ¥97,031 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 ¥11,489 million.

The main cash inflow factors were profit before income taxes of ¥15,738 million, depreciation of ¥4,167 million and a ¥3,282 million increase in capital stemming from a decrease in accounts receivable. The main cash outflow factors were a decrease in accounts payable of ¥1,457 million, an increase in inventories of ¥766 million, and an increase in deposits of ¥4,914 million.

Cash flow from investing activities

Net cash used in investing activities was ¥7,755 million.

The main cash outflow factors were payments for the acquisition of tangible fixed assets of ¥6,325 million and acquisition of intangible fixed assets of ¥2,704 million.

Cash flow from financing activities

Net cash used in financing activities was ¥4,657 million.

The main cash outflow factor was year-end dividend payments of ¥4,160 million (¥40 per share).

(3) Qualitative information of consolidated financial forecasts for the fiscal year ending March 31, 2017

Despite the generally strong operating results posted in the three-month period ended September 30, 2016, the Company has chosen not to revise the full-year forecasts for the fiscal year ending March 31, 2017, announced on April 28, 2016, in consideration of political and economic trends outside of Japan as well as financial and capital market trends.

2. Summary information (notes)

(1) Transfer of important subsidiaries in the first quarter

No applicable items

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

No applicable items

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

No applicable items

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2016	As of Sep.30, 2016
ASSETS		
Current assets		
Cash and deposits	20,840	19,917
Notes and accounts receivable-trade	63,373	59,883
Securities	800	-
Operational investment securities	10,110	8,157
Merchandise and finished goods	5,373	5,994
Work in process	752	897
Raw materials and supplies	53	50
Deposits paid	79,004	78,713
Guarantee Deposits	37,443	42,347
Other	20,465	22,333
Allowance for doubtful accounts	-41	-40
Total current assets	238,175	238,255
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,119	36,112
Land	20,583	19,928
Other, net	12,169	13,702
Total property, plant and equipment	66,872	69,743
Intangible assets		
Goodwill	232	178
Other	8,297	9,494
Total intangible assets	8,529	9,673
Investments and other assets		
Investment securities	8,075	8,327
Other	31,334	29,287
Allowance for doubtful accounts	-311	-133
Total investments and other assets	39,098	37,481
Total non-current assets	114,500	116,898
Total assets	352,676	355,153

	As of Mar. 31, 2016	As of Sep.. 30, 2016
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	19,679	18,096
Short-term loans payable	10,000	10,000
Current portion of bonds	—	10,000
Current portion of long-term loans payable	5,000	10,000
Income taxes payable	3,725	1,166
Provision for bonuses	6,275	5,715
Provision for directors' bonuses	258	47
Provision for loss on construction contracts	984	120
Deposits received of prepaid cards	83,788	85,108
Other	26,542	25,909
Total current liabilities	156,255	166,164
Non-current liabilities		
Bonds payable	25,000	15,000
Long-term loans payable	10,000	5,000
Provision for directors' retirement benefits	24	20
Net defined benefit liability	5,759	4,350
Asset retirement obligations	2,056	2,106
Other	2,033	2,251
Total non-current liabilities	44,873	28,729
Total liabilities	201,129	194,893
NET ASSETS		
Shareholders' equity		
Capital stock	21,152	21,152
Capital surplus	3,054	3,051
Retained earnings	131,886	141,012
Treasury shares	-8,444	-8,428
Total shareholders' equity	147,649	156,788
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,556	1,463
Deferred gains or losses on hedges	-89	-33
Foreign currency translation adjustment	169	-499
Remeasurements of defined benefit plans	-3,866	-3,847
Total accumulated other comprehensive income	-2,229	-2,916
Subscription rights to shares	88	83
Non-controlling interests	6,038	6,304
Total net assets	151,546	160,259
Total liabilities and net assets	352,676	355,153

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

(Unit: Millions of Yen)

	From Apr. 1, 2015 to Sep. 30, 2015	From Apr. 1, 2016 to Sep. 30, 2016
Net sales	154,812	157,412
Cost of sales	118,039	118,951
Gross profit	36,773	38,460
Selling, general and administrative expenses	22,846	23,737
Operating income	13,926	14,723
Non-operating income		
Interest income	44	35
Dividend income	37	32
Share of profit of entities accounted for using equity method	159	249
Gain on sales of investment securities	89	-
Hoard profit of prepaid card	660	696
Other	96	176
Total non-operating income	1,088	1,188
Non-operating expenses		
Interest expenses	99	81
Bond issuance cost	48	-
Other	86	48
Total non-operating expenses	234	129
Ordinary income	14,780	15,781
Extraordinary income		
Gain on sales of non-current assets	0	13
Gain on sales of investment securities	—	2
Total extraordinary income	0	16
Extraordinary losses		
Loss on retirement of non-current assets	26	11
Loss on sales of non-current assets	14	5
Impairment loss	-	37
Loss on valuation of investment securities	-	0
Loss on sales of membership	-	0
Loss on valuation of membership	2	3
Office transfer related expenses	374	-
Total extraordinary losses	418	59
Profit before income taxes	14,362	15,738
Income taxes — current	1,644	1,000
Income taxes — deferred	1,480	1,090
Total income taxes	3,124	2,091
Profit	11,237	13,647
Profit attributable tot non-controlling interests	233	360
Profit attributable to owners of parent	11,004	13,286

Consolidated Quarterly Statements of Comprehensive Income

(Unit: Millions of Yen)

	From Apr. 1, 2015 to Sep. 30, 2015	From Apr. 1, 2016 to Sep. 30, 2016
Profit	11,237	13,647
Other comprehensive income		
Valuation difference on available-for-sale securities	-519	-61
Deferred gains or losses on hedges	2	56
Foreign currency translation adjustment	44	-624
Remeasurements of defined benefit plans, net of tax	-322	27
Share of other comprehensive income of entities accounted for using equity method	-28	-73
Total other comprehensive income	-823	-675
Comprehensive income	10,414	12,972
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,221	12,600
Comprehensive income attributable to non-controlling interests	193	372

(3) Consolidated Quarterly Statements of Cash Flows

(Unit: Millions of Yen)

	From Apr. 1, 2015 to Sep. 30, 2015	From Apr. 1, 2016 to Sep. 30, 2016
Cash flows from operating activities		
Profit before income taxes	14,362	15,738
Depreciation	3,840	4,167
Amortization of goodwill	41	53
Impairment loss	-	37
Increase (decrease) in allowance for doubtful accounts	41	-178
Increase (decrease) in net defined benefit liability	32	-1,333
Decrease (increase) in net defined benefit asset	-544	0
Loss on retirement of non-current assets	26	11
Loss (gain) on sales of non-current assets	14	-7
Loss (gain) on valuation of investment securities	-	0
Loss (gain) on sales of investment securities	-89	-2
Share of (profit) loss of entities accounted for using equity method	-159	-249
Interest and dividend income	-81	-67
Interest expenses paid on loans and bonds	99	81
Loss (gain) on investments in partnership	-47	8
Decrease (increase) in investment securities for sale	6,731	1,911
Decrease (increase) in notes and accounts receivable-trade	9,482	3,282
Decrease (increase) in inventories	-2,185	-766
Decrease (increase) in guarantee deposits	-9,725	-4,914
Increase (decrease) in notes and accounts payable-trade	-1,283	-1,457
Increase (decrease) in deposits received of prepaid cards	1,204	1,319
Other, net	-4,506	-2,519
Subtotal	17,251	15,117
Interest and dividends income received	165	167
Interest expenses paid	-92	-74
Compensation expenses paid	-664	-15
Payments for office transfer related expenses	-2,508	-
Income taxes (paid) refund	-1,670	-3,706
Net cash provided by (used in) operating activities	12,482	11,489

(Unit: Millions of Yen)

	From Apr. 1, 2015 to Sep. 30, 2015	From Apr. 1, 2016 to Sep. 30, 2016
Cash flows from investing activities		
Proceeds from withdrawal deposit	348	-
Purchase of securities	-2,000	-
Proceeds from sales and redemption of securities	1,800	700
Purchase of property, plant and equipment	-4,828	-6,325
Proceeds from sales of property, plant and equipment	7	986
Purchase of intangible assets	-1,866	-2,704
Purchase of investment securities	-0	-300
Proceeds from sales and redemption of investment securities	160	35
Collection of short-term loans receivable	4	3
Proceeds from withdrawal of investments in partnership	180	41
Payments for lease and guarantee deposits	-156	-76
Proceeds from collection of lease and guarantee deposits	918	95
Other, net	237	-210
Net cash provided by (used in) investing activities	-5,195	-7,755
Cash flows from financing activities		
Increase in short-term loans payable	10,000	10,000
Decrease in short-term loans payable	-10,000	-10,000
Proceeds from long-term loans payable	-	5,000
Repayments of long-term loans payable	-10,000	-5,000
Proceeds from issuance of bonds	10,000	-
Repayments of lease obligations	-371	-387
Purchase of treasury shares	-11	-3
Proceeds from sales of treasury shares	15	0
Cash dividends paid	-2,600	-4,160
Dividends paid to non-controlling interests	-89	-105
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-194	-
Net cash provided by (used in) financing activities	-3,251	-4,657
Effect of exchange rate change on cash and cash equivalents	41	-491
Net increase (decrease) in cash and cash equivalents	4,076	-1,414
Cash and cash equivalents at beginning of period	85,713	98,445
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-81	-
Cash and cash equivalents at end of period	89,707	97,031

(4) Notes regarding Consolidated Financial Results for the interim period ended September 30, 2016
(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 ended March 31, 2016 (April 1, 2015 to September 30, 2015)

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	19,567	11,654	23,693	32,710	9,498	18,337	37,428	1,539
(2) Inter-segment sales or transfers	1,285	641	5,852	207	1,188	1,199	2,884	0
Total	20,853	12,295	29,536	32,917	10,686	19,536	40,313	1,539
Segment income (loss)	1,044	1,880	3,265	3,839	618	1,054	2,756	136

	Others	Total	Adjustments (Note 1)	Amounts Reported in the Consolidated Financial Statements (Note 2)
Sales				
(1) Outside customers	393	154,812	-	154,812
(2) Inter-segment sales or transfers	904	14,164	-14,164	-
Total	1,297	168,977	-14,164	154,812
Segment income (loss)	109	14,704	-777	13,926

Notes: Adjustments are as follows:

1. The adjustment loss of ¥777 million to segment income (loss) represent general corporate expenses that have not been allocated to the reported segments.
2. Segment income (loss) has been reconciled to operating income in the consolidated income statement.

II. Interim period of fiscal year ending March 31, 2017 (April 1, 2016 to September 30, 2016)

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	20,425	12,809	23,570	34,940	9,486	20,830	33,422	1,539
(2) Inter-segment sales or transfers	2,270	960	4,857	422	1,496	1,134	2,999	0
Total	22,696	13,770	28,427	35,362	10,983	21,965	36,422	1,540
Segment income (loss)	1,438	2,203	3,436	3,608	891	1,475	2,441	146

	Others	Total	Adjustments (Note 1)	Amounts Reported in the Consolidated Financial Statements (Note 2)
Sales				
(1) Outside customers	387	157,412	-	157,412
(2) Inter-segment sales or transfers	1,394	15,537	-15,537	-
Total	1,781	172,950	-15,537	157,412
Segment income (loss)	58	15,700	-976	14,723

Notes: Adjustments are as follows:

1. The adjustment loss of ¥976 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

The Company has changed part of its organization during the fiscal year under review, and has made amendment of the previous year's data in External Sales and Operating Income by Reported Segment to enable a fair comparison with this year's data under realigned reported segments.