Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 [J-GAAP]

April 28, 2017

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	
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Scheduled date of the Annual General Meeting of Shareholders:	June 23, 2017
Scheduled date for dividend payment:	June 2, 2017
Scheduled date for filing of Securities Report:	June 23, 2017
Preparation of supplementary information materials on financial results (yes/no):	Yes
Financial results briefing for institutional investors and analysts (yes/no):	Yes

(Amounts of less than ¥1 million are truncated)

1. Consolidated Business Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Consolidated Operating Results

(Percentage figures are changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
FY2016	329,303	1.7	33,714	6.1	36,121	7.5	28,458	5.6
FY2015	323,945	8.8	31,785	13.5	33,610	9.6	26,956	72.4

(Note) Comprehensive income: FY2016 ¥30,923 million (57.4%) FY2015 ¥19,650 million (8.1%)

	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	%	%	%
FY2016	274.16	273.96	18.2	9.7	10.2
FY2015	259.72	259.28	19.4	9.8	9.8

(Reference) Equity in earnings of affiliates: FY2016 ¥477 million FY2015 ¥344 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
As of March 31, 2017	389,537	173,674	42.8	1,607.74
As of March 31, 2016	352,676	151,546	41.2	1,401.00

(Reference) Shareholders' equity: As of March 31, 2017 ¥166,897 million As of March 31, 2016 ¥145,420 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
FY2016	37,161	-11,982	476	123,935
FY2015	34,730	-9,473	-12,338	98,445

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			
							%	%
FY2015	—	35.00	—	40.00	75.00	7,801	28.9	5.6
FY2016	—	42.50	—	47.50	90.00	9,362	32.8	6.0
FY2017(Forecast)	—	47.50	—	47.50	95.00		40.3	

3. Consolidated Financial Forecasts for Fiscal 2017 (April 1, 2017 to March 31, 2018)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share
		%		%		%		%	Yen
Six months ending September 30, 2017	160,000	1.6	15,000	1.9	15,500	-1.8	10,000	-24.7	96.33
Full year	340,000	3.2	36,000	6.8	37,000	2.4	24,500	-13.9	236.01

*Notes

(1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries accompanying changes in scope of consolidation) :None

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

1) Changes in accounting policies, changes in accounting standards and other regulations: None
2) Changes in accounting policies due to other reasons: None
3) Changes in accounting estimates: None
4) Restatement of prior period financial statements after error corrections: None

(3) Number of shares issued (common stock)

1) The number of shares issued as of the period-end (including treasury shares)

As of March 31, 2017	107,986,403 shares
As of March 31, 2016	107,986,403 shares

2) The number of shares of treasury shares as of the period-end

As of March 31, 2017	4,177,266 shares
As of March 31, 2016	4,189,210 shares

3) The average number of shares during the period

As of March 31, 2017	103,803,262 shares
As of March 31, 2016	103,789,208 shares

(Reference) Summary of Non-Consolidated Business Results

1. Non-Consolidated Business Results for Fiscal 2016 (April 1, 2016 to March 31, 2017)

(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	
		%		%		%		%
FY2016	258,348	0.9	26,319	5.8	31,036	22.1	24,866	9.4
FY2015	256,115	8.6	24,874	11.3	25,423	7.2	22,737	83.1

	Net income per share	Diluted net income per share
	Yen	Yen
FY2016	239.04	238.89
FY2015	218.60	218.43

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
As of March 31, 2017	323,648	153,080	47.3	1,470.76
As of March 31, 2016	294,152	135,913	46.2	1,305.71

(Reference) Shareholders' equity: As of March 31, 2017 ¥153,010 million As of March 31, 2016 ¥135,825 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. For further notification on the use of matters assumed concerning the results and other forecasts and the forecasts, please see "consolidated forecasts for the fiscal year ending March 31, 2018," on page 9.

・SCSK will hold a results briefing for institutional investors and analysts on April 28, 2017. 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 fiscal year ended March 31, 2017, the Japanese economy continued to display a moderate recovery trend. This trend was supported in part by the economic stimulus measures implemented by the Japanese government as well as by the monetary easing measures and interest rate policies instituted by the Bank of Japan.

Specifically, corporate earnings are growing as production activities pick up and we are witnessing improvements in the job market along with increases in the real total compensation of workers. These factors led us to judge that the economy was displaying an overall trend toward recovery.

Our outlook for the economy is that, in the midst of ongoing improvements in the job market and in wages, the recovery trend will continue. However, a persistent sense of uncertainty is plaguing the global political and economic climate. Prominent concerns include the unpredictable state of government affairs under the new administration in the United States, geopolitical risks in the Middle East and East Asia, issues surrounding the United Kingdom’s decisions to leave the European Union, and the threat of economic downturn in Asian and other emerging and resource-rich countries. Accordingly, scrutiny is imperative in judging economic trends.

In this environment, the IT services market saw an increase in overall IT investment demand. SCSK witnessed a rise in both conventional replacement demand from corporate customers for productivity and efficiency improvement purposes and strategic IT investment demand for reinforcing strategic businesses or securing a competitive edge.

Strategic IT investment and IT services demand rose in the manufacturing industry and the distribution industry, contributing to solid deal flow in both industries. In the manufacturing industry, such demand was directed toward compatibility with the Internet of Things (IoT), which is anticipated to enter into a full-fledged proliferation period, as well as toward strategic globalization initiatives; verification services for pre-market products, which are growing ever more sophisticated; and business process outsourcing (BPO) services related to products and services. In the distribution industry, this demand was largely associated with investment related to e-commerce, customer relationship management (CRM), and big data analysis for the purposes of enhancing digital marketing initiatives and facilitating omni-channel retailing.

In the financial industry, we are witnessing robust demand for redevelopment of operational systems to boost the competitiveness or heighten the operational efficiency of customers seen primarily among major financial institutions in the banking and insurance sectors. In addition, IT investment demand is growing smoothly, particularly for systems development purposes aimed at boosting competitiveness, examples of which include the application of FinTech, artificial intelligence (AI), or other new IT technologies to cultivate retail businesses or address the emergence of more sophisticated settlement systems.

In addition, demand for various cloud-based IT services has been on the rise in IaaS, PaaS, and other IT infrastructure sectors against a backdrop of a strong appetite among customer companies for investment to boost competitiveness or heighten operational efficiency and a lack of IT employees at these companies. A similar increase was seen in demand for IT services in the operational system field, although here it was limited to certain sectors.

Looking at the Company’s operating results for the fiscal year ended March 31, 2017, consolidated net sales increased 1.7% year on year, to ¥329,303 million. This increase came on the back of robust system development among manufacturing and financial industry customers as well as increases in sales of system maintenance and operation services seen primarily among customers in the manufacturing industry, the distribution industry, and the financial industry. These factors offset a decline in large-scale projects from the previous fiscal year due to an absence of systems development projects for securities companies and system sales projects for communications industry customers.

Operating profit was up 6.1%, to ¥33,714 million. In addition to the boost to income from the higher sales, operating profit benefited from improved development productivity due to measures for heightening operational quality and increasing efficiency. These factors helped absorb a rise in expenses that included higher regulatory system- and operating environment-related costs, such as size-based corporate taxes and retirement benefit expenses, as well as increased business investment-related expenses.

Ordinary profit rose 7.5%, to ¥36,121 million, following the increase in operating profit and the recording of gains on investments. Meanwhile, profit attributable to owners of parent increased 5.6%, to ¥28,458 million, due to the higher operating profit and various tax benefits and gains on investments.

An outline of financial performance by reported segment is presented below. It should be noted that sales figures are those for sales to outside parties.

(Unit: Millions of yen unless otherwise stated)

Net sales by segment	Previous fiscal year (April 1, 2015- March 31 2016)		Fiscal year under review (April 1, 2016- March 31 2017)		Change from previous fiscal year	
	Amount	Segment Profit	Amount	Segment Profit	Amount	Segment Profit
Manufacturing Systems Business	40,481	3,001	42,694	3,290	2,212	288
Telecommunications Systems Business	24,545	4,212	26,248	5,206	1,703	993
Distribution Systems Business	48,577	6,822	48,280	7,133	-297	310
Financial Systems Business	70,887	8,359	70,529	7,296	-358	-1,063
Business Solutions	19,052	1,592	19,289	2,087	237	494
Business Services	39,273	2,840	42,811	3,303	3,538	462
IT Platform Solutions	77,135	6,316	75,379	7,138	-1,755	822
Prepaid Card Business	3,217	225	3,302	278	85	53
Other	774	313	766	260	-8	-53
Adjusted total	-	-1,898	—	-2,278	—	-379
Total	323,945	31,785	329,303	33,714	5,358	1,928

Manufacturing Systems Business

Net sales increased 5.5%, to ¥42,694 million, and segment profit rose 9.6%, to ¥3,290 million, due to the solid trend in orders from automobile and electronic component manufacturers that continued on from the third quarter.

Telecommunication Systems Business

Net sales grew 6.9%, to ¥26,248 million, while segment profit increased 23.6%, to ¥5,206 million, thanks to the robust amount of system development orders from major communications carriers and other customers.

Distribution Systems Business

Net sales decreased 0.6%, to ¥48,280 million, due to the conclusion of several small to medium-sized systems development projects that were carried over from the previous fiscal year. However, segment profit increased 4.6%, to ¥7,133 million, as profitability improved following a decline in unprofitable projects.

Financial Systems Business

Net sales were relatively unchanged year on year at ¥70,529 million as the impacts of the absence of previously recorded large-scale orders from securities companies were counterbalanced by the strong sales targeting banks and insurance companies. Segment profit, meanwhile, decreased 12.7%, to ¥7,296 million, because projects with particularly high profitability were recorded in the previous fiscal year and because income in the fiscal year ended March 31, 2017, was impacted by the start of new businesses, a drop in profitability, and the presence of unprofitable projects.

Business Solutions

Net sales increased 1.2%, to ¥19,289 million, in reflection of strong enterprise resource planning (ERP) sales. Similarly, segment profit was up 31.0%, to ¥2,087 million, due to increased productivity and the relatively high level of profitability seen among projects undertaken in the fiscal year ended March 31, 2017.

Business Services

Net sales increased 9.0%, to ¥ 42,811million, and segment profit rose 16.3%, to ¥3,303 million, thanks to brisk demand for BPO services. This demand was seen in relation to the needs for product support and verification services in the manufacturing industry and for various outsourcing services in the distribution industry.

IT Platform Solutions

Net sales were down 2.3%, to ¥75,379 million, due to the rebound from previously recorded large-scale orders from communications industry customers. However, segment profit increased 13.0%, to ¥7,138 million, due to increases in the margins of certain IT product sales operations.

Prepaid Card Business

Net sales grew 2.6%, to ¥3,302 million, while segment profit increased 23.5%, to ¥278 million, as a result of the strong performance in prepaid card issuance and other related businesses.

Other

Net sales (facility maintenance and lease income, etc.) decreased 1.0%, to ¥766 million, and segment profit was down 16.9%, to ¥260 million.

Net sales in the sales segments of Systems Development, System Maintenance and Operation / Services, Packaged Software / Hardware Sales, and Prepaid Card are described below.

(Unit: Millions of yen unless otherwise stated)

	Previous fiscal year (April 1, 2015- March 31 2016)		Fiscal year under review (April 1, 2016- March 31 2017)		Comparison with previous fiscal year	
	Amount	Share (%)	Amount	Share(%)	Amount	Change (%)
Systems Development	124,470	38.4	127,051	38.6	2,581	2.1
System Maintenance and Operation/ Services	119,170	36.8	125,802	38.2	6,631	5.6
Packaged Software/ Hardware Sales	77,087	23.8	73,147	22.2	-3,939	-5.1
Prepaid Card	3,217	1.0	3,302	1.0	85	2.6
Total	323,945	100.0	329,303	100.0	5,358	1.7

In Systems Development, despite the absence of previously recorded large-scale orders from securities companies, net sales rose 2.1% to ¥127,051 million, as a result of solid performance in projects for the manufacturing industry and the financial industry.

In System Maintenance and Operation / Services, as a result of strong performance in BPO services, particularly in the manufacturing and distribution industries, combined with robust demand for various cloud services related to IT infrastructure, net sales increased 5.6%, to ¥125,802 million.

In Packaged Software / Hardware Sales, net sales decreased 5.1%, to ¥73,147 million, due to the rebound from previously recorded large-scale IT network equipment sales orders from communications industry customers.

In Prepaid Card, net sales were up 2.6%, to ¥3,302 million, as a result of the strong performance in prepaid card issuance and other related businesses.

(2) Summary of financial position

i). Assets, liabilities and net assets

(Assets)

Assets as of March 31, 2017 were ¥389,537 million, an increase of 10.5% or ¥36,860 million compared to March 31, 2016.

(Liabilities)

Liabilities as of March 31, 2017 were ¥215,862 million, an increase of 7.3% or ¥14,733 million compared to March 31, 2016.

(Net assets)

Net assets as of March 31, 2017 were ¥173,674 million, an increase of 14.6% or ¥22,127 million compared to March 31, 2016.

(3) Summary of financial position

Cash and cash equivalents ("cash") increased by ¥25,489 million year on year to ¥123,935 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 ¥37,161 million.

The main cash inflow factors were net income before taxes of ¥35,827 million, depreciation of ¥8,972 million, and ¥1,689 million increase in cash in response to an increase in trade payables. The main cash outflow factor was a decrease of ¥7,927 million in response to an increase in guarantee deposits.

(Cash flow from investing activities)

Net cash used in investing activities was ¥11,982 million.

The main cash outflow factors were payments for the acquisitions of ¥7,876 million in tangible fixed assets and ¥6,725 million in intangible fixed assets.

(Cash flow from financing activities)

Net cash provided by financing activities was ¥476 million.

The main cash inflow factors were issuance of corporate bonds of ¥10,000 million. The main cash outflow factors were dividend payments of ¥4,160 million (¥40 per share) for the year-end dividend of the fiscal year ended March 31, 2016 and ¥4,421 million (¥42.5 per share) for the interim period of the fiscal year ended March 31, 2017.

With respect to cash flow for the fiscal year ending March 31, 2018, the Company forecasts an increase in net cash provided by operating activities as a result of growth in operating revenue. As for cash outflows, the

Company plans to conduct continuous investment for the expansion of strategic businesses and capital investment for the enhancement of the Company's earnings base while also directing funds to debt repayment, straight bond redemption, and dividend payments.

(4) Forecasts for the fiscal year ending March 31, 2018

In the fiscal year ended March 31, 2017, the Japanese economy displayed a modest recovery trend. However, there is currently a lingering sense of uncertainty with regard to future IT investment trends among customers amidst the opaque political and economic conditions overseas, such as those related to the state of government affairs in the United States and geopolitical risks in the Middle East, East Asia, and other regions.

However, based on recent deal flow and order trends, we project that system investment demand will remain brisk, particularly in the financial industry. In addition, we anticipate a stable operating environment for our various maintenance and operation service businesses in the manufacturing industry, the distribution industry, and other industries.

Our Medium-term Management Plan, which took effect in April 2015, delineates three core strategies for its five-year period. We are, first, to "shift to service-oriented businesses;" second, to "promote strategic businesses that capture the changing times;" and third, to "enter into the second stage of global business expansion." We are aggressively moving forward with measures based on these core strategies to achieve the plan's goals. For the fiscal year ending March 31, 2018, we will continue to steadily advance these core strategies while also focusing on strengthening our management base and improving profitability, most notably by boosting operational quality and increasing productivity. Furthermore, we will capture the currently robust IT investment demand to heighten our earnings capacity while reinforcing earnings foundations by improving the productivity and operational quality of all of our businesses, not only systems development but also maintenance and operation services and system sales.

Reflecting the above outlook and based on the Company's policies, consolidated forecasts for the fiscal year ending March 31, 2018, are as follows.

	Forecast	(YoY)
Consolidated sales	¥340,000 million	(+3.2%)
Consolidated operating profit	¥36,000 million	(+6.8%)
Consolidated ordinary profit	¥37,000 million	(+2.4%)
Consolidated profit attributable to owners of parent	¥24,500 million	(-13.9%)

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.

(5) Basic policy for distribution of earnings and dividends for the fiscal years ended March 31, 2017, and ending March 31, 2018

In determining dividends, the Company aims to increase returns to shareholders in response to improved consolidated results. In that process, the Company gives comprehensive consideration to its financial position, earnings trends, dividend payout ratio, and 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 above issues as well as shareholder returns to be made via dividend payments.

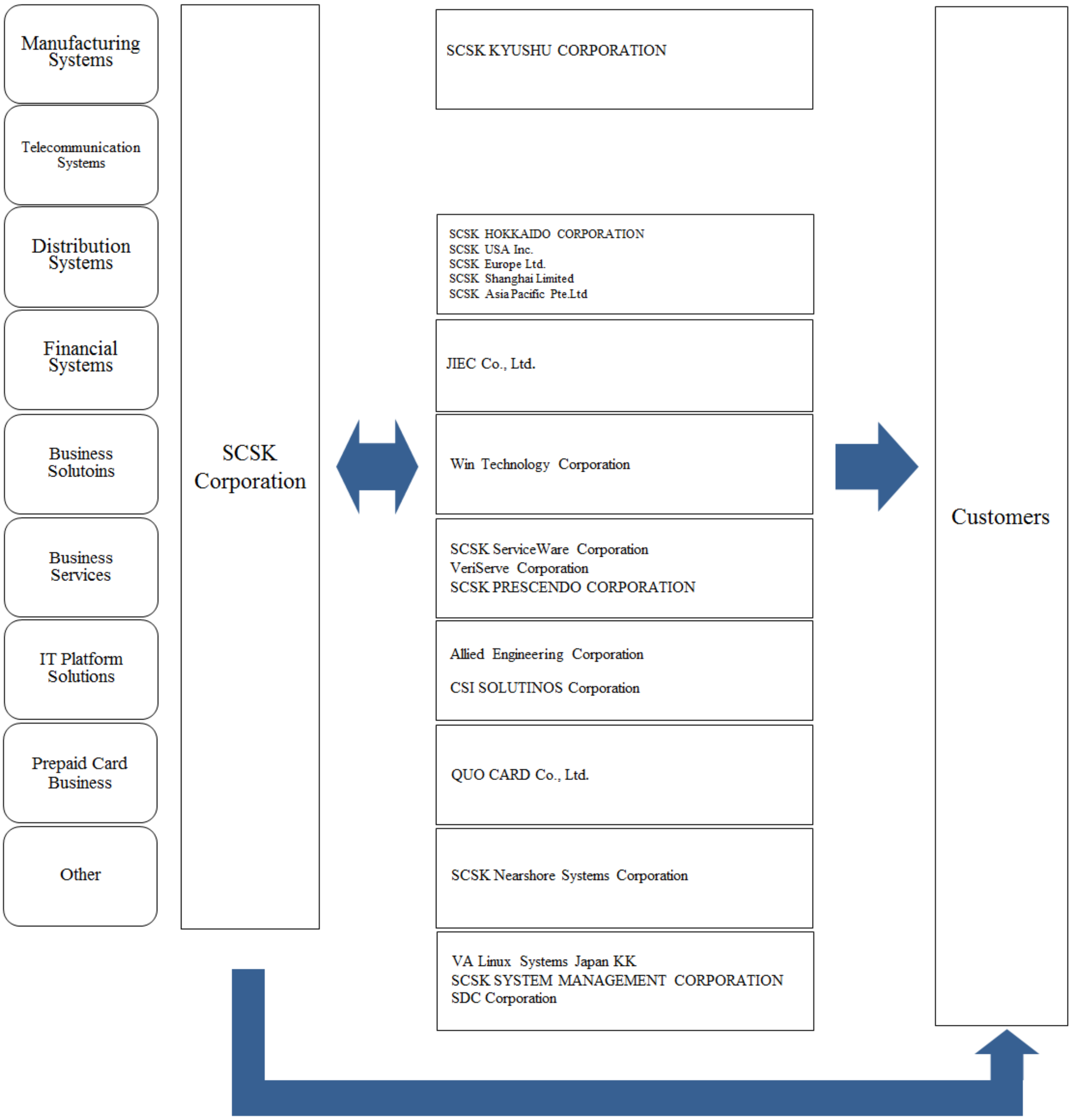
For the fiscal year ended March 31, 2017, reflecting results that exceeded our initial target for profit attributable to owners of parent, we will raise our year-end dividend by ¥5.00 per share in comparison to our initial ¥42.50 per share target, making for a year-end dividend of ¥47.50 per share. The total annual dividend, initially estimated at ¥85 per share, will therefore increase by ¥5.00, to ¥90.00 per share.

For the fiscal year ending March 31, 2018, based on our robust financial foundation and an anticipated increase in earnings, we plan to raise our annual dividend for the sixth consecutive year, this time by ¥5 per share, to ¥95.00 per share, comprising an interim dividend of ¥47.50 per share and a year-end dividend of ¥47.50 per share, in line with our efforts to enhance shareholder returns.

2. Overview of the Group

The SCSK Group consists of SCSK, 20 consolidated subsidiaries, 1 equity-method affiliates, and 1 equity-method non-consolidated affiliate, and offers business service in IT infrastructure, application development, and BPO through collaboration among business segments in Manufacturing Systems, Telecommunication Systems, Distribution Systems, Financial Systems, Business Solutions, Business Services, 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 Polices

(1) Basic Policy

The Group's management philosophy consists of its mission to "create our future of dreams" and three promises for achieving this mission: to "respect each other," "provide excellent service utilizing reliable technology," and "sustain growth from a global and future perspective" Based on this management philosophy, we will apply advanced IT services and innovative ideas to resolve the issues faced by our customers and society at large, create new value through IT, and create a future in line with the aspirations of our customers and society. It is through this philosophy that we seek continued growth into the future.

(2) Management Goals

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

a. Increase operating profit and EPS

b. Improve operating profit margins and ROE

(3) Medium- to Long-term Management Strategy

The domestic IT market is anticipated to display a sustained trend toward modest growth. At the same time, there will be a rising need to shift from traditional business models, as represented by labor-intensive, contract-type businesses, to service-oriented business models. Such structural changes are occurring as a result of factors including a diversification of customer needs and a paradigm shift from ownership to usage of systems. In addition, the transition to IoT, FinTech, AI, omni-channel retailing, and other digital technologies is stimulating a shift in the nature of customer investment, from traditional investment aimed at operational efficiency to investment aimed at competitiveness augmentations and business reforms utilizing cutting edge-technologies. The Company views these market changes as an opportunity for the proactive pursuit of growth. Seeking to function as strategic IT partners to its customers, SCSK will strive to achieve business growth and improve corporate value together with its customers. We announced our Medium-Term Management Plan in April 2015 to guide these efforts. Under this plan, we are advancing the following three core strategies.

i). Shift to service-oriented businesses

We are committed to creating, original, high-value-added services that only SCSK can provide and expanding businesses through stable, long-term relationships with customers. In this manner, we will enhance the Company's market competitiveness.

As part of these efforts, we will expand our existing services by utilizing the technologies and intellectual properties SCSK has accumulated to date. These include various SaaS applications, currently being deployed at retailers, pharmacy chains, and other customers within the distribution industry; "USiZE" brand pay-per-use IT infrastructure provision services; and assorted BPO services, most notably contact centers. In addition, we will grow service-oriented businesses, such as those offering SaaS-type services that combine ProActive (our propriety ERP (comprehensive backbone operations systems) package) solutions and USiZE infrastructure. Initiatives in 2016 included forming a business alliance with Preferred Networks, Inc., and Asian Frontier Co., Ltd., with regard to AI technologies that entails verification tests targeting the non-life insurance industry; launching next-generation contact center services for the distribution industry, where omni-channel needs are particularly high; and creating other new services that utilize SCSK's sophisticated technologies.

Through these initiatives, we aim to expand our future growth potential. To transition toward a high-growth, high-profitability business structure under our Medium-Term Management Plan, we will accelerate efforts to establish new businesses that target customer needs and to reinforce our ability to propose new solutions.

ii). Promote strategic businesses that capture the changing times

Effectively using the Company's human resources, technical capabilities, track record, and accumulated know-how, we will focus on growth industries and fields in which we can demonstrate our strengths while prioritizing the allocation of management resources to these areas in order to achieve the strategic expansion of our business while being mindful of the future potential and growth potential of each area.

In the automotive software business, which serves the automotive industry, for example, the development of software for one model requires large amounts of work and technically advanced processes. There has also been a rapid drive to achieve compliance with global standards. Within this environment, in a move to be the No. 1 vendor and provider of global standard-compatible operating systems (OSs) and middleware for automotive software development, known as basic software (BSW), we will significantly expand related staff sizes and actively conduct business investments for research and development and business promotion.

Since November 2014, we have been taking part in a strategic business alliance through which our automotive software systems business and six IT companies dealing with automotive embedded software each apply their particular expertise to support the electronic control unit (ECU)* software development efforts of Japanese automakers and their suppliers, an initiative that is promoting our business related to AUTOSAR (AUTomotive Open System ARchitecture), a global standard automotive software. As one success of this effort, in October 2015 we began providing QINeS-BSW, a domestically produced BSW for automotive applications that features our proprietary, real time, AUTOSAR-compliant OS, and related services.

iii). Enter into the second stage of global business expansion

The Company defines the “greater Japanese market” as the market encompassing the IT service demand accompanying the overseas expansion of customers; in other words, all demands for IT services arising from the overseas expansion of Japanese companies that principally conduct business activities in Japan.

The Company has effectively used the experience and know-how it has developed through the provision of IT support for the global expansion of many customers, including the Sumitomo Corporation Group, to implement a global strategy of providing high-quality support based on Japanese standards to the greater Japanese market in order to increase the ratio of sales from its global business. Going forward, we will enhance our overseas capabilities in the strategic business areas set forth in the basic strategies of the Medium-Term Management Plan, such as the automotive software business and businesses aimed at large financial institutions, in order to further expand our global business.

Demand for IT services in global fields is on the rise among large financial institutions developing global operations, and this trend is particularly pronounced in Asia. We intend to enhance our ability to provide flexible responses to such needs by working to increase our organizational presence in this region and also considering—and, if appropriate, entering into or stepping up—collaborative arrangements with domestic financial institutions capable of dependably meeting the needs of our customers and local firms with financial expertise.

As we implement these basic strategies, we will also work to further reinforce our operating base by enhancing operational quality through the promotion of Companywide development standards and the strengthening of our project management capabilities while raising operational efficiency through the efficient utilization of offices and reforms to operational processes. We also seek to win further trust from our customers and shareholders by continuing to develop internal, Groupwide management structures in such areas as internal control, risk management, compliance, and security management.

The Company is moving ahead with efforts to enhance its workplace environment centered around working style reforms and health and productivity management. These efforts are being advanced through unique SCSK initiatives, including the Smart Work Challenge 20 program, a working style reform program that focuses on reducing overtime and encouraging employees to take their paid vacation days, and the *Kenko Waku Waku Mileage* program, through which employees are encouraged to strive toward health-related improvement, with special incentive bonuses for those who attain their goals.

We are also committed to ensuring that we provide a workplace environment that enables all employees to work while exercising their skills and their individuality, regardless of age, gender, disability, or nationality, and we are continually establishing and deploying systems to this end. For example, we have introduced a discretionary work system to allow for working styles and attitude reforms that are not restricted by work hours as well as a flex-time system and a telecommuting system for supporting working styles aligned with employees’ life stages. We also offer full employment up to age 65 and robust childcare and nursing care systems as well as career support programs that help female employees play an active role in the workplace.

These efforts and their results have received a wide range of external recognition. For example, the Company has placed among the top companies in Nikkei Inc.'s surveys of companies that fully exercise their employees' potential for three consecutive years beginning with 2014. In addition, the Company was presented with the Prime Minister's Award in the FY2015 Awards for Companies in which Women Shine and has continued to be included in the Nadeshiko Brand and Health & Productivity Stock selections, which are jointly sponsored by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. Furthermore, SCSK received an award in the first Awards for Comfortable and Productive Companies and Workplaces sponsored by the Ministry of Health, Labour and Welfare in the fiscal year ended March 31, 2017.

At SCSK, we are advancing working style reform efforts under the belief that this generates a virtuous cycle. Specifically, the value brought about by each employee that works with enthusiasm leads to the creation of new value for customers and subsequent growth and solid results for SCSK, making it possible to return the Company's profits to its stakeholders. Through these measures, SCSK is aiming to fulfill its corporate mission—"create our future of dreams"—together with its stakeholders.

* A generic term for an embedded system that controls one or more electrical systems/subsystems within a motor vehicle

4. Basic Policy on the Selection of Accounting Standards

For its accounting standards, the Group applies J-GAAP to ensure that its consolidated financial statements can be compared across time and with other companies in the same industry in Japan.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of Mar. 31, 2016	As of Mar. 31, 2017
ASSETS		
Current assets		
Cash and deposits	20,840	27,363
Notes and accounts receivable - trade	63,373	65,764
Lease receivables and investment assets	458	378
Securities	800	—
Operational investment securities	10,110	6,056
Merchandise and finished goods	5,373	6,779
Work in process	752	341
Raw materials and supplies	53	50
Deferred tax assets	7,392	7,602
Deposits paid	79,004	98,171
Guarantee deposits	37,443	45,359
Other	12,613	14,486
Allowance for doubtful accounts	-41	-47
Total current assets	238,175	272,306
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,119	34,863
Tools, furniture and fixtures, net	7,632	7,759
Land	20,583	19,821
Leased assets, net	1,261	1,580
Construction in progress	3,271	4,518
Other, net	4	2
Total property, plant and equipment	66,872	68,546
Intangible assets		
Goodwill	232	133
Other	8,297	11,691
Total intangible assets	8,529	11,825
Investments and other assets		
Investment securities	8,075	9,564
Long-term prepaid expenses	1,242	1,220
Net defined benefit asset	10	13
Lease and guarantee deposits	6,855	6,889
Deferred tax assets	21,969	18,248
Other	1,256	1,046
Allowance for doubtful accounts	-311	-124
Total investments and other assets	39,098	36,857
Total non-current assets	114,500	117,230
Total assets	352,676	389,537

(Millions of yen)

	As of Mar. 31, 2016	As of Mar. 31, 2017
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	19,679	21,362
Short-term loans payable	10,000	10,000
Current portion of bonds	—	15,000
Current portion of long-term loans payable	5,000	10,000
Lease obligations	980	988
Income taxes payable	3,725	2,262
Provision for bonuses	6,275	6,418
Provision for directors' bonuses	258	195
Provision for loss on construction contracts	984	50
Deposits received of prepaid cards	83,788	91,828
Other	25,562	25,814
Total current liabilities	156,255	183,919
Non-current liabilities		
Bonds payable	25,000	20,000
Long-term loans payable	10,000	5,000
Lease obligations	1,435	1,667
Provision for directors' retirement benefits	24	20
Net defined benefit liability	5,759	2,359
Asset retirement obligations	2,056	2,278
Long-term lease and guarantee deposited	526	532
Other	72	84
Total non-current liabilities	44,873	31,943
Total liabilities	201,129	215,862
NET ASSETS		
Shareholders' equity		
Capital stock	21,152	21,152
Capital surplus	3,054	3,047
Retained earnings	131,886	151,722
Treasury shares	-8,444	-8,425
Total shareholders' equity	147,649	167,497
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,556	2,308
Deferred gains or losses on hedges	-89	-5
Foreign currency translation adjustment	169	-73
Remeasurements of defined benefit plans	-3,866	-2,829
Total accumulated other comprehensive income	-2,229	-599
Subscription rights to shares	88	70
Non-controlling interests	6,038	6,706
Total net assets	151,546	173,674
Total liabilities and net assets	352,676	389,537

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	From Apr. 1, 2015 to Mar. 31, 2016	From Apr. 1, 2016 to Mar. 31, 2017
Net sales	323,945	329,303
Cost of sales	245,923	247,548
Gross profit	78,021	81,754
Selling, general and administrative expenses	46,235	48,040
Operating profit	31,785	33,714
Non-operating income		
Interest income	99	68
Dividend income	60	67
Share of profit of entities accounted for using equity method	344	477
Gain on sales of investment securities	89	375
Hoard profit of prepaid card	1,376	1,564
Other	310	176
Total non-operating income	2,279	2,729
Non-operating expenses		
Interest expenses	197	162
Bond issuance cost	48	48
Other	209	111
Total non-operating expenses	455	322
Ordinary profit	33,610	36,121
Extraordinary income		
Gain on sales of non-current assets	1	15
Gain on sales of investment securities	159	671
Total extraordinary income	160	686
Extraordinary losses		
Loss on retirement of non-current assets	87	80
Loss on sales of non-current assets	14	34
Impairment loss	356	37
Loss on valuation of investment securities	—	7
Loss on sales of membership	—	0
Loss on valuation of membership	2	3
Office transfer related expenses	374	—
Compensation expenses	76	816
Total extraordinary losses	912	980
Profit before income taxes	32,858	35,827
Income taxes - current	4,151	3,875
Income taxes - deferred	964	2,679
Total income taxes	5,116	6,554
Profit	27,742	29,273
Profit attributable to non-controlling interests	786	814
Profit attributable to owners of parent	26,956	28,458

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

(Millions of yen)

	From Apr. 1, 2015 to Mar. 31, 2016	From Apr. 1, 2016 to Mar. 31, 2017
Profit	27,742	29,273
Other comprehensive income		
Valuation difference on available-for-sale securities	-915	745
Deferred gains or losses on hedges	-73	84
Foreign currency translation adjustment	-160	-229
Remeasurements of defined benefit plans, net of tax	-6,828	1,051
Share of other comprehensive income of entities accounted for using equity method	-115	-0
Total other comprehensive income	-8,092	1,650
Comprehensive income	19,650	30,923
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,175	30,088
Comprehensive income attributable to non-controlling interests	474	835

(3) Consolidated Statements of Change in Net Assets

Previous fiscal year (April 1, 2015- March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2015	21,152	3,054	111,171	-8,471	126,907
Changes of items during period					
Dividends of surplus			-6,240		-6,240
Profit attributable to owners of parent			26,956		26, 956
Change in ownership interest of parent due to transactions with non- controlling interests		7			7
Purchase of treasury shares				-22	-22
Disposal of treasury shares		-7		42	34
Change in treasury shares arising from change in equity in entities accounted for using equity method				7	7
Change of scope of equity method					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	−0	20,715	26	20,742
Balance at March 31, 2016	21,152	3,054	131,886	-8,444	147,649

(Millions of yen)

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2015	2,520	-16	361	2,684	5,550	106	5,971	138,536
Changes of items during period								
Dividends of surplus								-6,240
Profit attributable to owners of parent								26,956
Change in ownership interest of parent due to transactions with non-controlling interests								7
Purchase of treasury shares								-22
Disposal of treasury shares								34
Change in treasury shares arising from change in equity in entities accounted for using equity method								7
Change of scope of equity method								—
Net changes of items other than shareholders' equity	-963	-73	-192	-6,550	-7,780	-18	66	-7,731
Total changes of items during period	-963	-73	-192	-6,550	-7,780	-18	66	13,010
Balance at March 31, 2016	1,556	-89	169	-3,866	-2,229	88	6,038	151,546

Fiscal year under review (April 1, 2016- March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2016	21,152	3,054	131,886	-8,444	147,649
Changes of items during period					
Dividends of surplus			-8,582		-8,582
Profit attributable to owners of parent			28,458		28,458
Change in ownership interest of parent due to transactions with non- controlling interests		-0			-0
Purchase of treasury shares				-10	-10
Disposal of treasury shares		-6		27	20
Change in treasury shares arising from change in equity in entities accounted for using equity method				2	2
Change of scope of equity method			-40		-40
Net changes of items other than shareholders' equity					
Total changes of items during period	—	-7	19,835	18	19,847
Balance at March 31, 2017	21,152	3,047	151,722	-8,425	167,497

(Millions of yen)

	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at April 1, 2016	1,556	-89	169	-3,866	-2,229	88	6,038	151,546
Changes of items during period								
Dividends of surplus								-8,582
Profit attributable to owners of parent								28,458
Change in ownership interest of parent due to transactions with non-controlling interests								-0
Purchase of treasury shares								-10
Disposal of treasury shares								20
Change in treasury shares arising from change in equity in entities accounted for using equity method								2
Change of scope of equity method								-40
Net changes of items other than shareholders' equity	752	84	-243	1,036	1,630	-18	668	2,279
Total changes of items during period	752	84	-243	1,036	1,630	-18	668	22,127
Balance at March 31, 2017	2,308	-5	-73	-2,829	-599	70	6,706	173,674

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	From Apr. 1, 2015 to Mar. 31, 2016	From Apr. 1, 2016 to Mar. 31, 2017
Cash flows from operating activities		
Profit before income taxes	32,858	35,827
Depreciation	8,003	8,972
Amortization of goodwill	89	98
Impairment loss	356	37
Increase (decrease) in allowance for doubtful accounts	52	-181
Increase (decrease) in net defined benefit liability	62	-1,805
Decrease (increase) in net defined benefit asset	-1,096	-3
Loss on retirement of non-current assets	87	80
Loss (gain) on sales of non-current assets	12	19
Loss (gain) on valuation of investment securities	—	7
Loss (gain) on sales of investment securities	-248	-1,046
Share of (profit) loss of entities accounted for using equity method	-344	-477
Interest and dividend income	-159	-135
Interest expenses paid on loans and bonds	197	162
Decrease (increase) in investment securities for sale	8,784	3,964
Decrease (increase) in notes and accounts receivable - trade	226	-2,441
Decrease (increase) in inventories	-1,102	-994
Decrease (increase) in guarantee deposits	-12,655	-7,927
Increase (decrease) in notes and accounts payable - trade	1,958	1,689
Increase (decrease) in deposits received of prepaid cards	6,584	8,039
Other, net	-2,948	-240
Subtotal	40,718	43,646
Interest and dividend income received	324	285
Interest expenses paid	-191	-160
Compensation expenses paid	-664	-825
Payments for office transfer related expenses	-2,508	—
Income taxes (paid) refund	-2,948	-5,785
Net cash provided by (used in) operating activities	34,730	37,161

(Millions of yen)

	From Apr. 1, 2015 to Mar. 31, 2016	From Apr. 1, 2016 to Mar. 31, 2017
Cash flows from investing activities		
Proceeds from withdrawal deposit	351	—
Purchase of securities	-3,900	—
Proceeds from sales and redemption of securities	4,000	700
Purchase of property, plant and equipment	-7,946	-7,876
Proceeds from sales of property, plant and equipment	9	1,278
Purchase of intangible assets	-3,524	-6,725
Purchase of investment securities	-59	-403
Proceeds from sales and redemption of investment securities	562	1,263
Payments for transfer of business	-211	—
Collection of short-term loans receivable	7	6
Proceeds from withdrawal of investments in partnership	235	126
Payments for lease and guarantee deposits	-224	-227
Proceeds from collection of lease and guarantee deposits	1,010	153
Other, net	216	-277
Net cash provided by (used in) investing activities	-9,473	-11,982
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	10,000
Redemption of bonds	-5,000	—
Repayments of lease obligations	-691	-778
Purchase of treasury shares	-23	-10
Proceeds from sales of treasury shares	16	14
Cash dividends paid	-6,240	-8,582
Dividends paid to non-controlling interests	-137	-166
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	-12,338	476
Effect of exchange rate change on cash and cash equivalents	-104	-165
Net increase (decrease) in cash and cash equivalents	12,813	25,489
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	98,445	123,935

(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) 20 consolidated subsidiaries

SCSK KYUSHU CORPORATION
SCSK HOKKAIDO CORPORATION
SCSK USA inc.
SCSK Europe Ltd.
SCSK Shanghai Limited.
SCSK Asia Pacific Pte. Ltd.
JIEC Co., Ltd.
WinTechnology Corporation
SCSK ServiceWare Corporation
VeriServe Corporation
SCSK PRESCENDO CORPORATION
Allied Engineering Corporation
CSI SOLUTIONS Corporation
QUO CARD Co., Ltd.
SCSK Nearshore Systems Corporation
VA Linux Systems Japan K.K
SCSK SYSTEM MANAGEMENT CORPORATION
SDC Corporation

One investment partnership and one silent partnership

(2) Major non-consolidated subsidiaries and affiliates

Skeed Co. Ltd.
VERISERVE OKINAWA TEST CENTER CORPORATION
Tokyo Green Systems Corporation

Skeed Co. Ltd. was converted into a subsidiary through the acquisition of additional shares of stock.

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

2. Equity-method affiliates

(1) Non-consolidated equity-method affiliate: 1

VERISERVE OKINAWA TEST CENTER CORPORATION

(2) Consolidated equity method affiliate: 1

ARGO GRAPHICS Inc.

Non-consolidated subsidiaries not treated under the equity method (Skeed Co. Ltd. and Tokyo Green Systems Corporation) are excluded from the application of said method because their overall importance within the Group is low and their impacts on net income, retained earnings, and other factors are minor.

ATLED Co., Ltd., was excluded from the scope of equity method application in the nine-month period ended December 31, 2016, as it ceased to be an affiliate following the partial sale of the shares of this company’s stock that were held by the Company.

3. Fiscal Year of Consolidated Subsidiaries

The fiscal year-end of SCSK Europe Ltd., SCSK Shanghai Limited, SCSK Asia Pacific Pte. Ltd., and one investment partnership is December 31. Therefore, for those companies, preparation of the consolidated financial statements for the fiscal year ended March 31, 2017, is based on the financial statements for the period from January 1, 2016, through to December 31, 2016.

Note that necessary adjustments have been 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 28, 2016).

(Segment Information, etc.)

1. Summary of reportable segments

(1) Method for designation of reportable segments

The Company designates its reportable segments according to customer industry and IT service business area. The Board of Directors and the Representative Director & President decide on the allocation of business resources and evaluate business performance in reference to these reportable segment, with such managerial decision-making directly reflected in the pursuit of business activities within those reported segments.

Based on this arrangement, eight reportable segments have been designated: Manufacturing Systems Business, Telecommunication Systems Business, Distribution Systems Business, Financial Systems Business, Business Solutions, Business Services, IT Platform Solutions, and Prepaid Card Business.

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

(i) Manufacturing Systems Business: This business group provides a wide range of IT solutions on a global scale. These solutions include the business’s core field of automotive software systems as well as core systems, manufacturing management systems, management information systems and SCM/ CRM. Our services leverage the experience and know-how that we have cultivated over many years throughout the chain of operational processes from production to sales. The customers of this business are principally companies in the manufacturing industry.

(ii) Telecommunication Systems Business: This business group focuses mainly on the telecommunications, energy, and media sectors, to whom it provides optimally integrated services drawn together from IT solutions in such areas as core systems, information management systems, CRM, and service systems.

(iii) Distribution Systems Business: This business group provides IT solution packages, configured from various core systems, information systems, SCM/ CRM, and e-commerce solutions, to customers in the distribution, trading, service, and pharmaceutical industries. In addition, this business supports overseas business expansion by providing optimal IT solutions to customers.

(iv) Financial Systems Business: This business group engages in systems development, maintenance, and operation for financial institutions. As professionals who understand financial operations and possess a strong track record of creating sophisticated financial systems, this business supports safe and effective management and works toward achieving a financial business strategy based on trust. The business group provides these services primarily to financial institutions such as banks and trust banks, as well as insurance, securities, lease, and credit companies.

(v) Business Solutions: This business group provides AMO (Application Management Outsourcing) services that cover the entire system lifecycle, from development and installation to maintenance and operation. These services, optimally arranged to meet the business objectives of our customers, center on ERP and CRM products, beginning with our internally developed ProActive, SAP and Oracle offerings, as well as Salesforce.

(vi) Business Services: This business group combines IT with our human resources and operational know-how to provide a level of BPO services that only an IT company can deliver. These include a variety of BPO services provided via our 13 call centers and contact centers in Japan; third-party verification services, such as systems and security verification; and total outsourcing services for e-commerce that utilize our three fulfillment centers in the Tokyo metropolitan area.

(vii) IT Platform Solutions: This business group draws on solid technical capabilities and know-how to leverage CAD, CAE, and other advanced technologies in the fields of IT infrastructure and manufacturing. In this way, IT Platform solutions provide services and products that accurately address the needs of customers and offers flexible support for a wide range of customer businesses.

(viii) Prepaid Card Business: This business group provides issuing and settlement services for prepaid cards, and develops and markets card systems among others.

(2) Reorganization of reportable segments, etc.

Within the fiscal year ended March 31, 2017, the Company changed part of its organization. Accordingly, the figures for the net sales and segment profit of reportable segments for the fiscal year ended March 31, 2016, have been restated to reflect this change.

2. Accounting method for reportable segments

The accounting method for reportable segments is the same as described in “Significant Items for the Preparation of Consolidated Financial Statements.”

The profit of reportable segments is based on operating profit. Inter-segment sales and transfers are based on current market prices.

3. Information on sales, income (loss), assets, and other items by reportable segment

For the fiscal year ended March 31, 2016(April 1, 2015 – March 31, 2016)

(Millions of yen)

	Manufacturing Systems	Tele-communication Systems	Distribution Systems	Financial Systems	Business Solutions	Business Services	IT Platform Solutions	Prepaid Card Business
Sales, income, and assets by reportable segment								
(1) Sales to third parties	40,481	24,545	48,577	70,887	19,052	39,273	77,135	3,217
(2) Intersegment sales and transfers	3,531	1,747	11,194	563	2,839	2,343	6,251	1
Total	44,013	26,292	59,772	71,451	21,892	41,617	83,386	3,218
Segment income	3,001	4,212	6,822	8,359	1,592	2,840	6,316	225
Segment assets	20,489	9,655	35,814	28,881	11,127	12,023	29,774	59,182
Other items								
Depreciation and amortization	1,025	498	1,992	644	1,714	392	630	83
Investments in equity-method affiliates	—	—	182	—	—	89	3,913	—
Net increase/decrease in tangible/intangible fixed assets	2,584	547	2,671	1,005	1,212	499	930	134

	Others	Total	Adjustments Note 1	Per Consolidated Financial Statements Note 2
Sales, income, and assets by reportable segment				
(1)Sales to third parties	774	323,945	—	323,945
2) Intersegment sales and transfers	2,109	30,583	-30,583	—
Total	2,884	354,528	-30,583	323,945
Segment income	313	33,684	-1,898	31,785
Segment assets	4,841	211,790	140,886	352,676
Other items				
Depreciation and amortization	177	7,159	843	8,003
Investments in equity-method affiliates	—	4,185	—	4,185
Net increase/decrease in tangible/intangible fixed assets	3	9,589	2,457	12,046

Notes: 1. Adjustments are as follows:
(1) ¥1,898 million subtraction from operating income to reflect Companywide expenses, etc., not allocated to any reportable segment.
(2) ¥140,886 million addition to segment assets to reflect Companywide assets, etc., not allocated to any reportable segment.
(3) ¥843 million addition to depreciation to reflect depreciation charges on Companywide assets.
(4) ¥2,457 million addition to increase/decrease in tangible/intangible assets to reflect net additions to Companywide assets (new headquarters building, etc.).

2. Segment-specific income 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, 2017(April 1, 2016 – March 31, 2017)

(Millions of yen)

	Manufacturing Systems	Tele-communication Systems	Distribution Systems	Financial Systems	Business Solutions	Business Services	IT Platform Solutions	Prepaid Card Business
Sales, income, and assets by reportable segment								
(1) Sales to third parties	42,694	26,248	48,280	70,529	19,289	42,811	75,379	3,302
(2) Intersegment sales and transfers	3,927	2,416	9,249	955	3,377	2,378	5,975	1
Total	46,621	28,665	57,529	71,484	22,667	45,189	81,355	3,303
Segment income	3,290	5,206	7,133	7,296	2,087	3,303	7,138	278
Segment assets	22,878	9,397	38,847	31,331	11,258	13,005	30,767	66,373
Other items								
Depreciation and amortization	1,157	523	2,138	1,065	1,744	394	822	74
Investments in equity-method affiliates	—	—	—	—	—	101	4,216	—
Net increase/decrease in tangible/intangible fixed assets	2,935	761	3,413	3,864	1,230	762	1,375	34

	Others	Total	Adjustments Note 1	Per Consolidated Financial Statements Note 2
Sales, income, and assets by reportable segment				
(1)Sales to third parties	766	329,303	—	329,303
(2) Intersegment sales and transfers	2,970	31,251	-31,251	—
Total	3,736	360,555	-31,251	329,303
Segment income	260	35,992	-2,278	33,714
Segment assets	4,217	228,077	161,459	389,537
Other items				
Depreciation and amortization	180	8,102	869	8,972
Investments in equity-method affiliates	—	4,317	—	4,317
Net increase/decrease in tangible/intangible fixed assets	3	14,382	953	15,335

Notes: 1. Adjustments are as follows:
(1) ¥2,278million subtraction from operating income to reflect Companywide expenses, etc., not allocated to any reportable segment.
(2) ¥161,459 million addition to segment assets to reflect Companywide assets, etc., not allocated to any reportable segment.
(3) ¥869 million addition to depreciation to reflect depreciation charges on Companywide assets.
(4) ¥953 million addition to increase/decrease in tangible/intangible assets to reflect net additions to Companywide assets (new headquarters building, etc.).

2. Segment-specific income 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, 2015 - March 31, 2016)

1. **Information about products and services**

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

2. **Information about geographic area**

1) Sales

Sales data by geographic area is not presented as sales in Japan account for over 90% of net sales.

2) Property, plant and equipment

Property, plant and equipment data by geographic area is not presented as property, plant and equipment located in Japan account for over 90% of total property, plant and equipment.

3. Information about major customers

(Millions of yen)

Customer	Sales	Relevant segment(s)
Jupiter Telecommunications Co., Ltd.	33,280	Telecommunication Systems Business IT Platform Solutions Business

Note: Sales do not include those to entities within the customer's corporate group.

Fiscal year under review (April 1, 2016 - March 31, 2017)

1. **Information about products and services**

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

2. **Information about geographic area**

1) Sales

Sales data by geographic area is not presented as sales in Japan account for over 90% of net sales.

2) Property, plant and equipment

Property, plant and equipment data by geographic area is not presented as property, plant and equipment located in Japan account for over 90% of total property, plant and equipment.

3. Information about major customers

Disclosure of relevant information is omitted as no sales to any single external party accounted for more than 10% of sales on the consolidated statement of income.

Information regarding impairment loss on fixed assets by reportable segment

Previous fiscal year (April 1, 2015 - March 31, 2016)

(Millions of yen)

	Manufacturing Systems	Tele-communication Systems	Distribution Systems	Financial Systems	Business Solutions	Business Services	IT Platform Solutions	Prepaid Card Business
Impairment loss	—	—	258	—	—	—	—	—

	Others	Elimination and corporate	Total
Impairment loss	—	98	356

Fiscal year under review (April 1, 2016 - March 31, 2017)

(Millions of yen)

	Manufacturing Systems	Tele-communication Systems	Distribution Systems	Financial Systems	Business Solutions	Business Services	IT Platform Solutions	Prepaid Card Business
Impairment loss	—	—	—	—	—	—	—	—

	Others	Elimination and corporate	Total
Impairment loss	—	37	37

Information on amortization of goodwill and unamortized balance by reportable segment

Previous fiscal year (April 1, 2015- March 31, 2016)

(Millions of yen))

	Manufacturing Systems	Tele-communication Systems	Distribution Systems	Financial Systems	Business Solutions	Business Services	IT Platform Solutions	Prepaid Card Business
Amortization of goodwill	—	—	—	—	—	20	52	—
Balance at end of period	—	—	—	—	—	20	203	—

	Others	Elimination and corporate	Total
Amortization of goodwill	16	—	89
Balance at end of period	8	—	232

Fiscal year under review (April 1, 2016- March 31, 2017)

(Millions of yen))

	Manufacturing Systems	Tele-communication Systems	Distribution Systems	Financial Systems	Business Solutions	Business Services	IT Platform Solutions	Prepaid Card Business
Amortization of goodwill	—	—	—	—	—	20	69	—
Balance at end of period	—	—	—	—	—	—	133	—

	Others	Elimination and corporate	Total
Amortization of goodwill	8	—	98
Balance at end of period	—	—	133

Information on amortization of goodwill by reportable segment

Previous fiscal year (April 1, 2015 - March 31, 2016)

Not applicable

Fiscal year under review (April 1, 2016 - March 31, 2017)

Not applicable

(Per Share Information)

(Yen)

Item	Fiscal 2015 (April 1, 2015 - March 31, 2016)	Fiscal 2016 (April 1, 2016 - March 31, 2017)
Net assets per share	1,401.00	1,607.74
Net income per share	259.72	274.16
Fully diluted net income per share	259.28	273.96

Note:
Net income per share and fully diluted net income per share are calculated on the following basis.

Item		Fiscal 2015 (April 1, 2015 - March 31, 2016)	Fiscal 2016 (April 1, 2016 - March 31, 2017)
Net income per share			
Net income	(Millions of yen)	26,956	28,458
Amount not attributable to common stock	(Millions of yen)	—	—
Net income attributable to common stock	(Millions of yen)	26,956	28,458
Average number of shares of common stock during the period	(Shares)	103,789,208	103,803,262
Fully diluted net income per share			
Profit attributable to owners of parent (adjusted amount)	(Millions of yen)	-25	-3
(Of which, change in holdings in equity-method affiliates due to issuance of subscription rights)	(Millions of yen)	(-25)	(-3)
Increase in the number of common shares	(Shares)	77,192	63,042
(Of which, stock acquisition rights)	(Shares)	(77,192)	(63,042)
Overview of residual shares not included in the calculation of fully diluted net income per share as they do not have a dilutive effect		—	—

(Significant subsequent events)

Not applicable