

Note; This document is in English translation of “Kessan Tanshin” for the First Quarter of the Fiscal Year Ending March 31, 2017 and is provided solely for reference purposes. In the event of any inconsistency between the Japanese version and any English translation of it, the Japanese version will govern.

## Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2017

August 4, 2016

Company name : NTT DATA CORPORATION  
 Stock exchange on which the Company's shares are listed : Tokyo Stock Exchange 1st Section  
 Code number : 9613  
 URL : <http://www.nttdata.com/>  
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Scheduled date of filing of Quarterly Business Report : August 9, 2016  
 Scheduled date of dividend payment : -  
 Supplemental material on quarterly results : Yes  
 Presentation on quarterly results : Yes (for institutional investors and financial analysts)

(Amounts are rounded off to the nearest 1 million yen)

### 1. Consolidated Financial Results in Q1 of FY2016 (From April 1, 2016 to June 30, 2016)

#### (1) Consolidated Results of Operations

(% of change from the corresponding quarterly period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
<b>FY2016 Q1</b>	392,245	9.4	17,377	15.0	17,323	12.8	10,063	36.5
FY2015 Q1	358,599	6.8	15,115	174.1	15,355	248.2	7,373	-

Note: Comprehensive income: FY2016 Q1 (26,670) million yen (-%) FY2015 Q1 (1,713) million yen (-%)

	Net income per share	Net income per share (diluted)
	¥	¥
<b>FY2016 Q1</b>	35.88	—
FY2015 Q1	26.29	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
<b>FY2016 Q1</b>	1,788,169	735,569	39.3
FY2015	1,860,319	773,670	39.8

Note: Equity FY2016 Q1 703,486 million yen FY2015 740,908 million yen

### 2. Dividends

	Cash dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Total
	¥	¥	¥	¥	¥
FY2015	—	30.00	—	40.00	70.00
<b>FY2016</b>	—				
<b>FY2016 (Forecast)</b>		35.00		35.00	70.00

Notes: Revisions to the forecasts of dividends: No

### 3. Forecasts of Consolidated Results for FY2016 (From April 1, 2016 to March 31, 2017)

(% of change from the corresponding the previous fiscal year)

	Net sales		Operating income		Ordinary Income		Net income attributable to owners of parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
<b>FY2016</b>	1,650,000	2.2	105,000	4.1	99,000	0.9	58,000	(8.5)	206.77

Notes: Revisions to the forecasts of consolidated financial results: No

\* Notes:

(1) Changes in significant subsidiaries during the period : No  
(Changes in specified subsidiaries resulting in the change in consolidation scope)

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and restatements

- 1) Changes in accounting policies due to revisions of accounting standards etc : Yes
- 2) Changes in accounting policies other than 1) : Yes
- 3) Changes in accounting estimates : Yes
- 4) Restatements : No

(Note) For more details, please see "(1) Changes in accounting policies" in "2. Matters on Summary Information (Notes)" section on page 7.

(4) Number of shares outstanding (common stock)

- 1) Number of shares outstanding (inclusive of treasury stock) FY2016 Q1 280,500,000shares FY2015 280,500,000shares
- 2) Number of treasury stock FY2016 Q1 99shares FY2015 99shares
- 3) Average number of shares over period (consolidated total for quarter) FY2016 Q1 280,499,901shares FY2015 Q1 280,499,901shares

\* Indication of quarterly review procedure implementation status

This quarterly earnings report is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Act. It is under the review procedure process at the time of disclosure of this report.

\* Explanations relating to the appropriate use of results forecasts, and other noteworthy items

1. The results forecasts contained in this document are based on certain premises derived from information available to the NTT DATA Group at this time. As a result of various factors that may arise in the future, actual results may differ from the Group's forecasts. For details please refer to "(3) Qualitative Information on the Consolidated Results Forecast" in "1. Qualitative Information for the First Quarter of the Fiscal Year Ending March 31, 2017" section on page 6.
2. Supplemental material on quarterly results will be uploaded on TDnet today, and will also be uploaded on our homepage. Presentation on quarterly results will be held today. This report will be uploaded on our homepage soon.
3. The names of NTT DATA's products and services referred to on this report (including the attachment) are trademarks or registered trademarks of NTT DATA in Japan and other countries. The names of other companies, products, services, etc, are the trade names, trademarks, or registered trademarks of the companies concerned.

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## 1. Qualitative Information for the First Quarter of the Fiscal Year Ending March 31, 2017

### (1) Qualitative Information on the Consolidated Business Results

The economy and business environment for the information services industry in the first quarter of the consolidated fiscal year are as follows.

The Japanese economy continued to be on track for moderate recovery, there was a continuous improvement in corporate profitability as well as an increasing trend in capital investment. It is important to keep in mind that the economic slowdown in emerging countries and other downturns in overseas economies represent a major factor that could serve to weaken the Japanese economy, but its economy is expected to maintain this moderate recovery.

As for the domestic information service industry, the market is showing signs of gradual recovery owing to the promotion of IT investment in response to system revisions and new enforcement of legal restraints, clients' effort to enhance contact with end users, and their effort towards business growth with new services. Furthermore, with regard to future economic trends, the impact and increasing uncertainty of overseas economies such as fluctuations in the financial capital market, normalization of US monetary policy, future economic trends in China and other emerging Asian countries, and geopolitical risks must be kept in mind, but the economy is expected to maintain this moderate recovery in the future.

In the international information service industry, continuation of moderate growth is expected in the American market. Furthermore, although the European market is still strong, it is required to carefully watch over the impact of increasing uncertainty of the macro economy on IT investment.

#### Implementation of management policies

Under such circumstances, the NTT DATA Group has formulated the Medium-term Management Strategies for the three years from fiscal year 2016 to fiscal year 2018 (or from the fiscal year ending March 2017 to that ending March 2019) as follows, and has been taking measures towards achieving them:

<Key principles >

NTT DATA: ASCEND Rise and grow as a global brand
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The NTT DATA Group pursues its business growth in each region around the world, and strives to increase the value of our global brand by strengthening local presence and leveraging global synergy.

<Global Strategy>

#### ■Game-changing Approach

Capitalize on dramatically-changing environments and technological innovations to expand our share in the existing business and create new business by anticipating our clients' needs. Given the current situation where the technological innovation and the changes in the business environment are increasingly gaining speed, we will expand our market share and create new business in each geography. We will also leverage our global coverage and global synergy to grasp the technological innovation and the changing demand in the global market and increase our competitiveness in each region by offering enhanced solutions and services, strengthening our capabilities to undertake global projects and creating unique markets.

#### ■Breakthrough Technology

We will strive to further develop innovative production technologies by combining the automation technologies for software development we have built and reusing software assets accumulated within the NTT DATA Group. This is to ensure that we will be able to provide the systems and services with agility and flexibility that can play a core part in competitiveness of our clients who are facing dramatically-changing business environment. We will also anticipate our clients' needs in order to create entirely new structures and value. To do so, we will bring in cutting-edge technology at any time and strive to devise technology-oriented ideas for new societal visions and concepts by promoting the open innovation and R&D on a global basis.

#### <Management Indicators Used in Defining Goals>

NTT DATA will endeavor to grow sales in each region in order to increase the value of our global brand, while securing profits necessary for continually making investments and pursuing better business management efficiency. Specific financial targets shall be swiftly disclosed subject to completion of the large acquisition deal overseas, which is currently under negotiation.

#### Implementation of business activities

Through the above measures, we strove to expand businesses in the global market in order to cope with clients' acceleration of business expansion into the global market and meet their diversified and sophisticated needs. We also made efforts to expand diverse IT services in response to market changes and stably provide such services.

The following sections present descriptions of efforts made in each of its segments.

#### < Public & Social Infrastructure >

We aim to expand our business by creating business utilizing "My Number" (the Social Security and Tax Number), and new business concerning IoT<sup>(Note1)</sup>, by creating oversea projects utilizing our performances /know-how gained in our group's domestic business, and by preparing for the market changes according to the system changes in the utility industry (the electronic power/gas system reformation).

#### (Major case examples)

- NTT DATA and the Remote Sensing Technology Center of Japan (RESTEC) have started providing the "AW3D Global Digital 3D Map Distribution"<sup>(Note 2)</sup>, with the world's best accuracy using satellite images as a 3D map covering all land on earth, from April 26. It has been used in a wide range of areas in 60 countries; the 3D map of the whole world enables new demands to be met, such as the conducting of global research and simulation of resources, environment, disaster prevention, and transport. The High-Definition Version with a maximum definition of 50 cm using high-definition satellite images and the 3D Building Map precisely showing buildings has been added. With these products, we are aiming toward further business expansion in areas such as urban design requiring detailed information, facility management, radio transmission simulation, etc.
- We have started providing services concerning measures for liberalization of electricity retailing in the smart meter operations management system for electric power companies including Tokyo Electric Power Company Holdings, Inc. and others, as well as various systems such as the Switching Support System for

Organization for Cross-regional Coordination of Transmission Operators, JAPAN. A cloud service for new electric power providers, “ECONO-CREA,” has also been fully launched, as the liberalization of electricity retailing started on April 1, 2016. We are also aiming to expand our business in total liberalization of gas retailing in April 2017.

- We started providing “ANYSENSE,”<sup>(Note 3)</sup> an IoT platform that allows reduction in development costs and quicker adoption of an IoT system than the conventional system for water and sewerage companies. Further, we are expanding introduction of the service to municipalities and the private sector concerning rivers, roads, etc., and promoting introduction and provision of the service to 12 organizations and companies. We will promote application of the service to other areas based on the trend of Industrie 4.0 (the fourth industrial revolution), and expand fields/markets of application by providing integrated monitoring control solutions among facilities, as well as abnormality and fault detection solution, not only in water and sewerage areas, but also in the agricultural area and the private manufacturing area.

The following is a breakdown of business results for the first quarter of the consolidated fiscal year by business segment.

The net sales were 89.1 billion yen (8.0% increase compared to the previous year) due to the expansion of business scale for national government, etc. despite a shrink in business for the utility industry. The operating income was 7.0 billion yen (72.6% increase compared to the previous year) mainly due to growth in sales and the improvement in cost of sales ratio, etc.

#### < Financial >

We aim for growth by expanding businesses with the background of our clients’ environmental changes such as increased needs for sophisticated settlement systems in domestic and overseas markets, creating new services at the timing of deregulation, new change in services for integrated services for banks and securities companies, and accelerated overseas advancement by major financial institutions, etc.

(Major case examples)

- We started providing “Densai Factoring Service”, a collective factoring service<sup>(Note 4)</sup> of Electronically Recorded Monetary Claim for financial institutions, to Risona Bank, Ltd. and Hachijuni Bank, Ltd. By providing the factoring service of Electronically Recorded Monetary Claim, whose provision was only possible by mega-banks with their own recording institutions or financial institutions in alliance with mega-banks as a collective-use function, financial institutions joining “Densai Net”<sup>(Note 5)</sup> will be able to provide the service to their customers in the first instance at a low cost. It also prevents their clients’ financial transactions and accounts for settlement from being removed to other financial institutions, as well as promoting the use of Electronically Recorded Monetary Claim to companies using bills. We are aiming to introduce the service to more financial institutions in addition to Risona Bank, Ltd. and Hachijuni Bank, Ltd.
- We started providing “BeSTAcldoud”,<sup>(Note 6)</sup> an enterprise system for financial institutions, to Aozora Bank, Ltd., which employed the service for the first time among banks except regional financial institutions. The bank valued its high scalability and flexibility, the highest standard backup function in the country with two centers in the east and the west, and our performance in operating enterprise systems. We will expand advanced system functions based on “BeSTA” and promote expansion of the number of user banks by proposing the best solution to a wide variety of financial institutions.

The following is a breakdown of business results for the first quarter of the consolidated fiscal year by business segment.

The net sales were 118.6 billion yen (1.9% increase compared to the previous year) due to reflecting the expansion of business scale for banks, insurance and credit corporations business, etc. The operating income was 6.6 billion yen (0.9% decrease compared to the previous year) mainly due to the impact of worsening of cost of sales ratio reflecting the changes in the depreciation method, etc. despite the increase in operating income due to growth in sales.

#### < Enterprise & Solutions >

Some retailers, distributors, service providers and manufacturers are actively promoting IT investment to respond to changes in value chains digitization will trigger and to enhance global development. To meet their needs, we will strengthen our advantages in the Enterprise & Solutions Segment. We also aim to grow to be a business partner, not an IT partner, by using our “Total Services” as the synergy of our advantages in the segment.

(Major case examples)

- Netyear Group Corporation and NTT DATA agreed to collaborate in promoting the introduction of the omni-channel to companies including those in the retail industry. By combining Netyear Group’s strength in user experience <sup>(Note 7)</sup> design, and our strength in project management and system development ability, we provide total support including consultation, system development/maintenance, and information analysis in operation, and aim to provide the optimized omni-channel to strengthen clients’ competitive ability.
- NTT DATA MSE, Corp., our subsidiary, and Denso Corp. formed a partnership through capital alliance. In the safety area of automobile industry, the importance of safety-promotion systems for drivers is increasing and vehicle-installed software development for controlling these systems has become more sophisticated and complex. We will improve our ability and efficiency in vehicle-installed software development through creating a partnership with Denso Corp., which supports drivers for advanced driving, and NTT DATA MSE, Corp., which is strong in vehicle-installed software and embedded software development, and contribute to the realization of a next-generation automobile society utilizing IT.

The following is a breakdown of business results for the first quarter of the consolidated fiscal year by business segment.

The net sales were 97.7 billion yen (9.9% increase compared to the previous year) mainly due to the expansion of businesses scale for retail, logistics, and services industries. The operating income was 6.0 billion yen (1.6% increase compared to the previous year) mainly due to growth in sales despite the impacts of worsening of cost of sales ratio reflecting the increase in selling, general and administrative expenses as well as the change in the depreciation/amortization method, etc.

#### < Global >

For the Global 2<sup>nd</sup> Stage, we continuously aim to strengthen our presence in each area and each business

area by expanding business and enforcing our competitiveness by the existing business growth and M&A, to create the source of further competitiveness by globally cooperating with the group companies and integrating strengths and resources of each company, and to strengthen our profitability.

(Major case examples)

- We acquired 100% ownership of ITML GmbH (ITML) in June 2016, and BIT. Verwaltungs GmbH (BIT) in July 2016 through itelligence AG, our subsidiary in Germany. By this, we have gained the ability to provide services in growth-expected CRM (customer relationship management) using SAP and our business and good customer base in the booming automobile and manufacturing industries in southern Germany, as well as resource expansion for development and maintenance/operation in eastern Germany where BIT has its base. We will expand our share in Germany, a core market in Europe/euro zone, creating synergy in the aspects of solution, regions, and customer base among NTT DATA, ITML, and BIT.
- We agreed to acquire VietUnion Online Services Corporation (VietUnion) in Vietnam by additional acquisition of its shares and raising the stake through NTT DATA ASIA PACIFIC PTE. LTD., our subsidiary. By this, we will establish our position in the bill payment business (payment service through major participating stores such as convenience stores), the strength of VietUnion, and contribute to the development of settlement infrastructure service in Vietnam, expanding our service utilizing our know-how in “CAFIS”.

The following is a breakdown of business results for the first quarter of the consolidated fiscal year by business segment.

The net sales were 145.2 billion yen (18.4% increase compared to the previous year) due to unification of accounting periods and the expansion of business in European subsidiaries despite the impact of a decrease due to foreign exchange. The operating income (before amortization of goodwill) was 1.2 billion yen (13.1% decrease compared to the previous year) due to the impact of large-scale acquisition-related expenses despite the impact of an increase in sales.

Notes:

1. IoT (Internet of Things)

Just in the same way as people exchange information and do activities on the Internet, “things” connected via the Internet also share information, provide beneficial information, and even move without anyone’s help.

2. “The AW3D(R) Global Digital 3D Map Distribution”

In corporation with the Japan Aerospace Exploration Agency (JAXA), we began providing the service for the world’s first five-meter-resolution 3D map with the Digital Elevation Model (DEM) that uses 3 million satellite images taken by “DAICHI (ALOS),” JAXA’s land-area observation technology satellite and can show the ups and downs of the land surface of the Earth. We also began the service providing more precise versions by using commercial satellite images. This service has allowed users to get more precise 3D mapping data at a lower cost and in a shorter period than conventional technologies including aerial photographs. Therefore, the use of this service is spreading to wide-ranging areas in emerging countries particularly in Asia and Africa, in various fields including map creation, disaster prevention, power generation plans in the power sector, mining-field inspections in the resource sector, preventive measures against the expansion of infectious diseases in the hygiene sector and the urban and facility planning.

3. “ANYSENSE”

This is an IoT platform that collects and delivers information on various distant “things” including sensors, devices, plants, etc. Utilizing its strengths in “connecting” and “pooling,” it enables the collection and accumulation of data from various devices, robots, and machine tools in facilities such as plants, etc.

\*Applied facilities/systems, etc.

Water and sewerage area: filter plants/pumping stations; Agriculture area: agricultural water management systems;



Private manufacturing area: factories/plants

4. Collective factoring service

This is a service whereby financial institutions buy payables paid with bills by using (paying) companies and provide funds at a discount rate with low interest using the credit of the using (paying) companies.

5. “densai.net”

An in-memory database (a technology to deposit all of the data and programs that are going to be used into memory for processing) that is optimized for crunching a great deal of data to utilize big data. The use of this solution is not only in the business intelligence field (or a method to utilize a great deal of data accumulated in a corporation through operational systems, for the purpose of corporate decision making, by accumulating, analyzing and editing such data), but also in other various fields including an enterprise resource planning system (an ERP system) that requires multiple processing.

6. “BeSTAcloud”

As an enterprise system with more flexibility for each user bank based on “BeSTA”, a standard banking application, this is provided to SHONAI BANK, Ltd. and Hokuto Bank, Ltd., in the FIDEA Group, the first user of this system since 2014.

7. User Experience

This is a general term for experiences that can be gained by users through using products and services.

### Progress of Technical development

One of our major businesses, the system integration (SI) business, has been rallying thanks to a slow but steady improvement in the Japanese economy. However, the SI business is still subject to a fiercely competitive environment. To survive such an environment, we are now focusing on research and development of the “innovation of manufacturing technology” including the speeding-up and enhancement of the quality of system development. We are also putting our energies into research and development to propose and provide attractive systems to our customers with flexibility to changes, as well as “utilizing the latest technology.”

#### < Innovation of manufacturing technology >

As for “innovation of manufacturing technology,” NTT DATA has worked to achieve high-speed, high-quality development by automating software development. This initiative has contributed to our competitive edge. However, our competitors have also been working on their own automation technologies for software development. Under this situation, further sophistication of automation technology and improvement in the adoption rate of such technology to our internal development project has become even more important in the competition.

In addition, the need for reforms of the legacy system (Legacy Modernization<sup>(Note1)</sup>) is expected to grow as a new technological factor in the IT industry. The reform of a system that has been repeatedly repaired to add functions since its development a long time ago can be extremely difficult, which confuses even clients about the overall image of the system specifications. As current systems become obsolete, this kind of business is expected to grow. Therefore, we need to establish a methodology to ensure Legacy Modernization is carried out in a safe and secure way.

#### (Major case examples)

- We will promote research and development of methodology to safely and securely execute legacy modernization, analyze legacy systems, and define processes to recover systems based on the analysis. In order to foster the customer’s (contractee’s) awareness of issues concerning legacy modernization, “System Development Upper Process Enforcement/Modernization WG” is established under the Information-Technology Promotion Agency, Japan (IPA) with our encouragement. We will promote improvement of the environment for tackling the issues of legacy modernization as a whole society.

### <Utilization of the latest technology>

Concerning utilization of the latest technology, NTT DATA is working on the following initiative as one of the methods for determining mid- to long-term research themes to be studied: firstly, to grasp prospective changes from various points of views; then, to draw the “information society trend” and the “technology trend” in the near future; and finally, to formulate and make them public as the NTT DATA Technology Foresight<sup>(Note 2)</sup>. To continuously suggest attractive systems to our clients and offer them the systems, it is essential for us to focus on the development of the advanced technology needed for our future society by using the trend information laid out in the NTT DATA Technology Foresight as our guideline.

#### (Major case examples)

- In Guiyang, China, we have conducted a demonstration experiment on traffic congestion reduction technology by controlling traffic lights. Using one million data from about one hundred traffic management cameras installed at intersections, we conducted traffic congestion forecasting and traffic light control simulation, and optimized traffic light settings. We confirmed an average of 10% and a maximum of 51% improvement in travel time within the experimental areas. Based on the performance including this demonstration experiment, we will put this traffic congestion reduction solution into practice and promote its application domestically and internationally.
- We have started a demonstration experiment of customer support using “Sota”, a communication robot, in cooperation with the Bank of Iwate, Ltd., Fukui Bank, Ltd., and the Bank of Kyoto, Ltd. It is the first installation of “Sota” in a regional financial institution. Through the demonstration experiment, we will learn the characteristics of customer support operations in regional financial institutions, improve precision of communication, list concrete scenes of its utilization, and aim to commercialize it within FY2016.

#### Notes:

##### 1. Legacy Modernization

The entire operations realized by the current system, which has been maintained for a long period of time (legacy system), are becoming difficult to understand with the system becoming increasingly enlarged, complex, and dependent on individual skills. The aim of legacy modernization is to clear those specifications of such black-box systems, utilize existing assets, and renovate them into new systems.

##### 2. NTT DATA Technology Foresight

The near-future vision of the information society (information society trend) and IT-related technology trends. It is derived through comprehensive surveys of the trend relating to IT that are implemented from the perspectives of politics, economy, society and technology, as well as through hearings and discussions with domestic and foreign intellectuals. Trend information has been released since 2012, and is updated every year.

As a result of these activities, business performance during the first quarter of the consolidated fiscal year under review was as follows.

• Net Sales	392.2 billion yen	(up	9.4% year-on-year)
• Operating Income	17.3 billion yen	(up	15.0% year-on-year)
• Ordinary Income	17.3 billion yen	(up	12.8% year-on-year)
• Income before Income Taxes and Minority Interests	17.3 billion yen	(up	12.8% year-on-year)
• Net income attributable to owners of parent	10.0 billion yen	(up	36.5% year-on-year)

## **(2) Qualitative Information on the Consolidated Financial Position**

The assets as of the end of the first quarter of the first quarter of the consolidated fiscal year under review were 1,788.1 billion yen, a decrease of 72.1 billion yen or 3.9% as compared to the end of the previous consolidated fiscal year, due to the payment of account payable from the assets that had been increased by the progress in the collection of accounts receivable. The liabilities were 1,052.6 billion yen, a decrease of 34.0 billion yen or 3.1% as compared to the end of the previous consolidated fiscal year.

Further, the net assets were 735.5 billion yen, a decrease of 38.1 billion yen or 4.9% as compared to the end of the previous consolidated fiscal year, due to the decrease in the foreign currency adjustment account owing to the strong yen, etc.

## **(3) Qualitative Information on the Consolidated Results Forecast**

In the Japanese IT investment industry, the market has shown signs of moderate recovery thanks to the promotion of IT investment in response to system changes and new legal restriction coming into effect, and aiming to enhance the contact point with end users of client companies and to enhance business in new services. Nonetheless, the needs to subdue system maintenance and management costs as well to as survive the severe price competition remain. As for overseas markets, although a gradual growth is expected in the U.S. market, the impact on IT investment due to the increasing uncertainty in the macro economy in the European market and slowing of the actual economy in China must be carefully monitored.

Under these business circumstances, the NTT DATA Group continues to work for the reduction of unprofitable projects in our Group, increase of the income by steadily capturing the IT investment needs in Japan and abroad, the NTT DATA Corporation's overseas subsidiaries improvement of its overseas subsidiaries' profitability, and group-wide cost reduction. Therefore, we do not plan to revise the Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2017 (announced on May 10, 2016) at the moment. The effect of a newly consolidated subsidiary through the large acquisition of overseas business (announced on March 28, 2016) on the profitability and its integration cost are not included in the Forecast due to incompleteness of closing.

The Financial Results Forecast for the Second quarter is omitted as our results management is conducted annually.

## **2. Matters on Summary Information (Notes)**

### **(1) Change of accounting policy, change of accounting estimate, redisplay of modification**

(Changes in accounting policy)

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

Implementation Guidance on Recoverability of Deferred Tax Asset (Accounting Standards Board of Japan Application Guideline No. 26, March 28, 2016; hereinafter called “Implementation Guidance on Recoverability”) is applied in this first quarter of the consolidated accounting period, and some of the accounting methods concerning recoverability of deferred tax assets have been revised.

Application of Implementation Guidance on Recoverability is based on transitional handling specified in Section 49 (4) of the Implementation Guidance on Recoverability; the difference between the amount of deferred tax assets and deferred tax liabilities prescribed by the regulations in Section 49 (3) 1 to 3 of the Implementation Guidance on Recoverability at the beginning of this first quarter of the consolidated accounting period, and the amount of deferred tax assets and deferred tax liabilities at the end of the previous consolidated accounting period is added to the retained earnings at the beginning of this first quarter of the consolidated accounting period.

The effect on retained earnings and deferred tax assets at the beginning of this first quarter of the consolidated accounting period due to this change is minor.

(A change of accounting policy that is difficult to distinguish from a change of accounting estimate)

(Change in depreciation method of tangible fixed assets)

The NTT DATA Corporation, the company submitting quarterly consolidated financial statements, and consolidated domestic subsidiaries had mainly employed the declining-balance method; however, from this first quarter of the consolidated accounting period, we have changed it to the straight-line method.

The NTT DATA Group has conducted research on the use of the tangible fixed assets from the viewpoint of accounting policy integration in our active global development based on the Medium-term Management Strategy starting this Consolidated Fiscal Year; stable use of hardware for service providing, such as the provision of combination service with software, etc.

Therefore, we have judged that the depreciation method to equally allocate cost over useful lives more appropriately shows the reality of use of the above fixed assets, and employed the straight-line method from this first quarter of the consolidated accounting period.

Useful lives have been reviewed along with the change of the depreciation method of the tangible fixed assets and, for a part of the tangible fixed assets, the useful lives are revised.

Effect on the operating income, ordinary income and quarterly net income before tax in this first quarter of the consolidated accounting period due to the above change is minor.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Unit: ¥ million)

	As of March 31, 2016	As of June 30, 2016
Assets		
<b>Current assets</b>		
Cash and deposits	148,495	132,735
Notes and accounts receivable - trade	403,146	281,405
Lease receivables and investment assets	14,477	15,238
Securities	26,000	25,000
Inventories	26,676	39,460
Deferred tax assets	39,382	47,276
Deposits paid	121,646	187,447
Other	65,490	74,692
Allowance for doubtful accounts	(2,614)	(3,360)
<b>Total current assets</b>	<b>842,701</b>	<b>799,895</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Data communication facilities, net	89,503	90,190
Buildings and structures, net	89,890	88,493
Machinery, equipment and vehicles, net	19,019	17,838
Tools, furniture and fixtures, net	16,995	15,561
Land	60,576	60,517
Construction in progress	21,548	17,200
Other, net	5,041	4,744
<b>Total property, plant and equipment</b>	<b>302,575</b>	<b>294,547</b>
<b>Intangible assets</b>		
Software	250,668	247,607
Software in progress	48,295	48,061
Goodwill	168,879	152,562
Other	67,494	60,268
<b>Total intangible assets</b>	<b>535,337</b>	<b>508,499</b>
<b>Investments and other assets</b>		
Investment securities	83,599	86,425
Net defined benefit asset	1,508	1,561
Deferred tax assets	44,735	48,428
Other	50,531	49,500
Allowance for doubtful accounts	(669)	(689)
<b>Total investments and other assets</b>	<b>179,704</b>	<b>185,226</b>
<b>Total non-current assets</b>	<b>1,017,618</b>	<b>988,273</b>
<b>Total assets</b>	<b>1,860,319</b>	<b>1,788,169</b>

## Consolidated Balance Sheets-continued

(Unit: ¥ million)

	As of March 31, 2016	As of June 30, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	121,688	78,077
Short-term loans payable	51,627	49,691
Current portion of long-term loans payable	29,245	71,818
Income taxes payable	33,158	13,938
Advances received	167,738	188,504
Provision for loss on order received	5,356	3,170
Other	128,442	147,734
<b>Total current liabilities</b>	<b>537,258</b>	<b>552,935</b>
<b>Non-current liabilities</b>		
Bonds payable	210,062	210,064
Long-term loans payable	109,451	61,832
Deferred tax liabilities	23,327	20,677
Net defined benefit liability	185,992	187,348
Provision for directors' retirement benefits	934	805
Other	19,621	18,937
<b>Total non-current liabilities</b>	<b>549,390</b>	<b>499,664</b>
<b>Total liabilities</b>	<b>1,086,648</b>	<b>1,052,600</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	142,520	142,520
Capital surplus	139,295	139,295
Retained earnings	452,458	451,618
Treasury shares	(0)	(0)
<b>Total shareholders' equity</b>	<b>734,273</b>	<b>733,432</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	32,522	34,523
Deferred gains or losses on hedges	(7,527)	(27,694)
Foreign currency translation adjustment	36,552	15,367
Remeasurements of defined benefit plans	(38,805)	(37,679)
Other	(16,107)	(14,463)
<b>Total accumulated other comprehensive income</b>	<b>6,635</b>	<b>(29,946)</b>
<b>Non-controlling interests</b>	<b>32,762</b>	<b>32,082</b>
<b>Total net assets</b>	<b>773,670</b>	<b>735,569</b>
<b>Total liabilities and net assets</b>	<b>1,860,319</b>	<b>1,788,169</b>

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

(Unit: ¥ million)

	Three months ended June 30, 2015	Three months ended June 30, 2016
<b>Net sales</b>	<b>358,599</b>	<b>392,245</b>
<b>Cost of sales</b>	<b>270,595</b>	<b>294,550</b>
<b>Gross profit</b>	<b>88,004</b>	<b>97,694</b>
<b>Selling, general and administrative expenses</b>	<b>72,888</b>	<b>80,316</b>
<b>Operating income</b>	<b>15,115</b>	<b>17,377</b>
<b>Non-operating income</b>		
Interest income	266	329
Dividend income	1,433	1,453
Other	1,316	737
<b>Total non-operating income</b>	<b>3,016</b>	<b>2,520</b>
<b>Non-operating expenses</b>		
Interest expenses	1,390	1,416
Other	1,385	1,158
<b>Total non-operating expenses</b>	<b>2,775</b>	<b>2,575</b>
<b>Ordinary income</b>	<b>15,355</b>	<b>17,323</b>
<b>Income before income taxes and minority interests</b>	<b>15,355</b>	<b>17,323</b>
Income taxes	7,945	7,037
<b>Net income</b>	<b>7,409</b>	<b>10,285</b>
<b>Net income attributable to</b>		
Net income attributable to owners of parent	7,373	10,063
Net income (loss) attributable to non-controlling interests	36	222
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	418	1,881
Deferred gains or losses on hedges	(340)	(20,164)
Foreign currency translation adjustment	(10,665)	(21,205)
Remeasurements of defined benefit plans, net of tax	1,062	1,052
Share of other comprehensive income of entities accounted for using equity method	(80)	(165)
Other	481	1,644
<b>Total other comprehensive income</b>	<b>(9,123)</b>	<b>(36,956)</b>
<b>Comprehensive income</b>	<b>(1,713)</b>	<b>(26,670)</b>
<b>Comprehensive income attributable to</b>		
Comprehensive income attributable to owners of parent	(1,854)	(26,518)
Comprehensive income attributable to non-controlling interests	140	(152)

### (3) Notes to quarterly consolidated financial statements

(Notes to Going Concern Assumptions)

N/A

(Notes to Significant Changes in Shareholder's Equity)

Resolution	Stock Type	Total amount of Dividend (¥ million)	Dividends per share (¥)	Record Date	Effective Date	Dividend Sources
Ordinary General Meeting of Shareholders on June 22, 2016	Common stock	11,219	40	March 31, 2016	June 23, 2016	Retained earnings