

Note; This document is the English translation of “Kessan Tanshin” for the final Quarter of the Fiscal Year Ended March 31, 2017 and is provided solely for reference purposes. If any discrepancy between the Japanese version and English version, the original will prevail.

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

May 10, 2017

Company name	: NTT DATA CORPORATION
Stock exchange on which the Company's shares are listed	: Tokyo Stock Exchange 1st Section
Code number	: 9613
URL	: <a href="http://www.nttdata.com/">http://www.nttdata.com/</a>
Contacts Company representative Person in charge	: Toshio Iwamoto, President and Chief Executive Officer : Keisuke Kusakabe, Senior Executive Manager, Investor Relations and Finance Office Tel.: (03)5546-8119
Scheduled date of the ordinary general meeting of shareholders	: June 20, 2017
Scheduled date of dividend payment	: June 21, 2017
Scheduled date of filing securities report	: June 21, 2017
Supplemental material on annual results	: Yes
Presentation on annual results	: Yes (for institutional investors and financial analysts)

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

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

#### (1) Consolidated Results of Operations

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
<b>FY2016</b>	1,732,473	7.3	117,109	16.1	112,993	15.1	65,686	3.7
<b>FY2015</b>	1,614,897	6.8	100,885	20.1	98,158	26.0	63,373	97.1

Note: Comprehensive income: FY2016 78,997million yen (-%) FY2015 -12,676million yen (-%)

	Net income per share	Net income per share (diluted)	ROE (Ratio of Net income to Shareholders' Equity)	ROA (Ratio of Ordinary income to Total assets)	Operating income margin (Ratio of Operating income to Net sales)
	¥	¥	%	%	%
<b>FY2016</b>	234.18	—	8.5	5.5	6.8
<b>FY2015</b>	225.93	—	8.4	5.3	6.2

Note: Equity in net income (losses) of affiliates: FY2016 -618million yen FY2015 232million yen

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
<b>FY2016</b>	2,234,809	830,268	35.7	2,847.42
<b>FY2015</b>	1,860,319	773,670	39.8	2,641.39

Note: Equity: FY2016 798,701million yen FY2015 740,908million yen

#### (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 year
	¥ million	¥ million	¥ million	¥ million
<b>FY2016</b>	238,552	(428,354)	222,076	260,038
<b>FY2015</b>	232,751	(188,730)	(58,179)	233,553

## 2. Dividends

	Cash dividends per share					Total amount of cash dividends for the year	Dividends payout ratio (consolidated)	Ratio of total amount of dividends to net assets (consolidated)
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Total			
	¥	¥	¥	¥	¥	¥ million	%	%
<b>FY2015</b>	—	30.00	—	40.00	70.00	19,634	31.0	2.6
<b>FY2016</b>	—	35.00	—	40.00	75.00	21,037	32.0	2.7
<b>FY2017</b> (Forecasts)	—	7.50	—	7.50	15.00		35.7	

(Note) The Board of Directors held on May 10, 2017 resolved stock split which shall split of common stock at a ratio of 1:5 as the effective date of July 1, 2017. The annual dividend per share of FY ending March, 2018 (forecast) is the amount after stock split. The annual dividend per share of FY ending March, 2018 (forecast) before stock split per share is 75.00 yen.

## 3. Forecasts of Consolidated Results for FY2017 (From April 1, 2017 to March 31, 2018)

(% 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	%	¥
FY2017	2,060,000	18.9	120,000	2.5	116,000	2.7	59,000	(10.2)	42.07

(Note) Net income per share for FY ending March, 2018 (forecast) indicates the amount after stock split as noted in the above "2. Dividend". The net income per share before stock split for FY ending March, 2018 (forecast) is 210.34 yen.

\* Notes:

(1) Changes in significant subsidiaries during the current period: Yes

(Changes in specified subsidiaries resulting in the change in consolidation scope)

Exclusion Two companies  
Name of the company NTT DATA Services Corporation  
NTT DATA Services, LLC

(2) 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

(3) Number of shares outstanding (common stock)

- 1) Number of shares outstanding (including treasury stock) FY2016 280,500,000shares FY2015 280,500,000shares  
2) Number of treasury stock FY2016 99shares FY2015 99shares  
3) Average number of shares over period FY2016 280,499,901shares FY2015 280,499,901shares

(Reference) Summary of non-consolidated financial results

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

### 1. Non-Consolidated Financial Results for FY2016 (From April 1, 2016 to March 31, 2017)

#### (1) Non-Consolidated Results of Operations

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

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
<b>FY2016</b>	860,900	2.7	86,854	13.2	94,459	19.7	74,513	15.9
<b>FY2015</b>	838,344	4.9	76,706	20.8	78,880	17.8	64,279	53.9

	Net income per share	Net income per share (diluted)
<b>FY2016</b>	¥ 265.65	—
<b>FY2015</b>	229.16	—

#### (2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
<b>FY2016</b>	1,941,395	822,635	42.4	2,932.75
<b>FY2015</b>	1,603,320	754,274	47.0	2,689.04

(Reference) Equity : FY2016 822,635million yen FY2015 754,274million yen

\* “Kessan Tanshin” is an unaudited financial report.

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

1. The Board of Directors of NTT DATA CORPORATION, held on May 10, 2017 resolved stock split which shall split of common stock at a ratio of 1:5 as the effective date of July 1, 2017.
2. 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 “[2] Forecast for the Next Fiscal Year (Ending March 31, 2018)” in “(1) Business Results ” of “1. Business Results” section on page 12.
3. Supplemental material on financial results for FY2016 will be uploaded on TDnet today, and will also be uploaded on our company website. Presentation on financial results for FY2016 will be held today. This report will be uploaded on our company website soon.
4. 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.

# Attachment

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## **1. Business Results**

### (1) Business Results

#### [1] Conditions during the period

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

The Japanese economy continues gradual recovery and shows a continuous growth in corporate profitability as well as the trend of capital investment increase. The future domestic economy is expected to maintain this gradual recovery, though needed to note the risk of downward pressure put by the weak overseas economy.

In domestic information services industry, the market shows a gradual recovery due to the enforcement of new law and regulations and the correspondence to the indication modification active IT investment for the purpose of responding to the new system and the enforcement of legal restrictions, enhancing the end user's contact point in our clients' companies, and the business growth brought by new services. Meanwhile, needs for reducing the maintenance and operation costs and also the price competition still remain.

The overseas economy shown weak but gradual recovery. Regarding the future economic trends, the impact and increasing uncertainty of overseas economies—such as fluctuations in the financial capital market, future economic trends in China and other emerging Asian countries, geopolitical risks, and possible changes in governmental policies—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 U.S. 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. As for China, the demand for IT industry has remained stable, and high demand especially for digital-related investment is expected.

#### Circumstances around the NTT DATA Group and the issues requiring attention

NTT DATA Group has attempted to expand its business in Global market, broadened the global coverage(\*), and established the business base. On the other hand, excluding Japan, Germany, Spain and Italy, our presence in local markets is still weak. In order for us to continue to grow in the steadily expanding global market, it will be necessary for us to enhance our local presence, and to establish a global brand that will be recognized by our clients around the world. To that end, with our sights set on the year 2020, the NTT DATA Group has launched the Global 2nd Stage, which aims for NTT DATA Group to be recognized as a global brand and to attain consolidated net sales of over 2 trillion yen and an approximately 50-50 net sales ratio of domestic to international sales. Capitalizing on the effects of recent large-scale M&A, our aim is to promote a steady improvement of our local presence in national markets, and to achieve the Global 2nd Stage by FY 2018.

Additionally, the wave of digitization has arrived in the wake of the accelerated progress of technology, with ever growing needs to expand existing businesses and create new ones through the strategic leveraging of IT. We recognize that sufficient correspondence to those needs is also our issue. To that end, we plan to aggressively apply innovation technologies to deliver solutions that can meet the needs of digitization, and the utilization of advanced technologies, thereby reinforcing our value delivery capability in new markets.

\*Expanded to 210 cities in 51 countries and regions as of March 31, 2017.

[Medium-term Management Plan]

Given the circumstances mentioned above, the NTT DATA Group has set the following three-year

## Medium-Term Management Plan “FY 2016 to FY 2018”.

### <Key principles>

With NTT DATA: ASCEND (Rise and grow our global brand) as our keyword, the NTT DATA Group plans to pursue business growth in regions around the world and, by strengthening our local presence, to improve our brand value as a global brand.

### <Global strategy>

#### ■ Game-Changing Approach

For “Game-Changing Approach”, capture the environmental change and breakthrough technologies, expand the existing market share and create new markets that anticipate the customers’ needs, we have steadily achieved them by entering the electric industry, the system construction of Omni channel, and the expansion of our digital archiving business and so on in our previous Medium-Term Management Plan.

Going forward, taking the continued acceleration of market trends and breakthrough technology as opportunities to be grasped, we will continue to work to accelerate the expansion of existing markets and the creation of new market, according to market environments in countries around the world, and strengthen our local presence. In addition, we will work to leverage our global coverage and take full advantage of our synergies in order to expand the solutions and services that we provide, forge ahead with the improvement of our response capabilities to undertake our clients’ global projects, and increase our competitive strength around the world.

#### ■ Breakthrough Technology

So that we enable to our clients to enhance core competencies by applying innovative technologies to deliver solutions with agility and flexibility as they face tough changes in their environments, we will push ahead with further innovation in production technology, combining the production technology that we have developed to date with new production technology that respond to the needs of the digital society.

In addition, NTT DATA will strengthen our technological capabilities in the digital field to respond to our clients’ growing needs for a strategic use of IT, by placing the right resources for research and development—including our expertise, personnel and bases—in the right place globally. We will also continue to adopt cutting-edge technologies by closely cooperating with other companies that have advanced technological capabilities. Through these initiatives, NTT DATA is determined to create new frameworks and value that did not exist before, by enabling the application of the cutting-edge technologies to business operations through co-innovation with our clients.

### < Medium-Term Management Plan>

We intend to make aggressive investment in new business areas, targeting the transition to the digital society, and pursue business growth geared towards the achievement of the Global 2nd Stage by the further deepening of “Game-Changing Approach” and value creation through breakthrough technology.

Net Sales	>2 trillion yen
Operating Income	+50%*

\*Compared to FY2015 (After adjustment for incremental investments in new fields)

After one year since setting the above Medium-Term Management Plan, steadily achieved the deepening of “Game-Changing Approach” through the entry to the new business areas including IoT-related, the system construction of Omni channel, and the expansion of the banking business. Also regarding “Breakthrough Technology,” steady progress has made with our R&D efforts on “innovation of production technology” such

as the rapid and high quality system development, and working on the “utilization of advanced technology” which proactively adopts the new technological trends.

Meanwhile, with regard to our high-priority issues for the management, the restraint on unprofitable projects and the improvement in the profitability of overseas business was the most significant management subject for us. Although we took more rigorous countermeasures against unprofitable projects through the Project Review Committee and promoted initiatives, we are aware that more restraint is needed. Also for overseas, seeking for the profit improvement, however still not reaching to the target level. Therefore, we acknowledge that these issues will remain as our significant management agendas.

#### Status of business activities and performance of each segment

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 Segment]

We strove to receive system renewal orders for core businesses from governments and infrastructure companies, and made efforts to grow our business through the following methods: creating new domestic and overseas businesses by utilizing the results and know-how that our group has cultivated; and responding to new businesses including those utilizing “My Number” and concerning IoT and the change in the utility industry system (the power and gas system reform).

##### <Full promotion for the renewal of governmental core systems>

- We started the system renewal for accounting systems in government agencies and Electronic Payment System for governments’ mission-critical tasks. This system reduced the governmental system operation costs by adopting the open source, and enhanced the security and functional expansion corresponding to the penetration of the common systems in government ministries connected to those. We are to support the enhancement of system linkage which is corresponding to the government IT strategies.

##### <Sales promotion of the “AW3D Global Digital 3D Map” to expand its route to global market>

- The AW3D Global Digital 3D Map <sup>(Note 1)</sup> with the world highest accuracy provided by NTT DATA and the Remote Sensing Technology Center of Japan (RESTEC) which is utilizing satellite images, is contributing in particular use for the infrastructure and disaster prevention and so on in 300 or more projects in over 70 countries centering on the Asian emerging countries. This service won the “Nikkei Business Daily Awards for Superiority” at the “2016 Nikkei Superior Products and Services Awards,” sponsored by Nikkei, Inc. Additionally, by concluding the sales distribution contract with DigitalGlobe, a U.S. leading company of commercial high-resolution satellite imagery, NTT DATA is able to aim the further expansion of the sales channels in the global market. We would contribute to the promotion of the use of geospatial information and the creation of markets through the application of this service to a wide variety of areas such as disaster prevention, resource development, urban planning, electric and communication services.

##### <Introduction of an air traffic control simulator “airpalette 3D Simulator” to Tajikistan>

- NTT DATA received an order from the Japan International Cooperation Agency (JICA) for an air traffic

controller training simulator “airpalette 3D Simulator” for use in the “Project for Enhancement of Air Navigation Services in Tajikistan” of JICA. Since this product reduces the labor required for training and enables efficient air traffic control training with high-precision graphics and an AI technology that can automatically reproduce the behavior of multiple aircrafts, it will contribute to the development and enhancement of the skills of Tajikistan’s air traffic controllers. We would provide the variety of support related to the implementation of this product to Tajikistan and promote the development in air traffic control institutions in other countries.

The following is a breakdown of business results for the period by business segment.

The net sales were 455.4 billion yen (8.2% increase compared to the previous year) due to the expansion of businesses for government ministries and so on, despite a decrease in businesses for the utilities industry.

The operating income was 44.1 billion yen (32.1% increase compared to the previous year) due mainly to sales growth and a decrease in unprofitable projects.

[Financial Segment]

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

<Increase of banks using “BeSTA”- based core systems for financial institutions>

•The number of banks that use our core systems for financial institutions including the first and second association of regional banks based on the NTT DATA’s standard banking application “BeSTA” increased. Specifically, THE SAN-IN GODO BANK, LTD. to join “NTT DATA Regional Bank Integrated Services Center”, THE FUKUHO BANK, LTD to “STELLA CUBE”, and 4 banks of Higashi-Nippon Bank, Ltd. decided to take part in a joint system that had been in use by the following four banks: The Bank of Yokohama, Ltd.; THE HOKURIKU BANK, LTD.; The Hokkaido Bank, Ltd.; and The 77 bank, Ltd. Similarly, Aozora Bank, Ltd., started to use the “BeSTAcloud” service. In addition, System Banking Kyushu (SBK) <sup>(Note 2)</sup> decided to use the “BeSTAcloud,” and at the same time, THE OKINAWA KAIHO BANK, LTD. joined SBK. Also, The Yachiyo Bank, Limited and ShinGinko Tokyo, Limited decided to merge with The Tokyo Tomin Bank, Limited which uses the “STELLA CUBE” system, and their respective systems were integrated into the “STELLA CUBE” system. For all of these systems, participating banks appreciate that they can satisfy requirements to carry into practice their business strategies, thanks to their potential, progressiveness, expandability and flexibility, and our achievements in core system operation. NTT DATA will continue to work on these advanced BeSTA-based systems for more extensive and improved functions. We will also strive to increase the number of banks participating in these systems by offering optimum solutions to a wide range of financial institutions.

<Launch of BeSTA FinTech Lab>

•Connecting our client companies, venture companies, and NTT DATA, we have been working on various activities including holding business contests such as “Toyosu-no-minato- kara (From the Toyosu Port)” aiming at the swifter creation of new business through open innovation. For enhancing such efforts, NTT DATA has launched the “BeSTA FinTech Lab,” a structure in which venture companies, FinTech



companies and regional banks work together to create a new financial related services. As the part of the measures of this Lab, unerry, inc. iRidge, Inc. and NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc., our subsidiary, worked together to carry out a demonstration experiment of a message and campaign information delivery service <sup>(Note 4)</sup> utilizing location data obtained through beacon <sup>(Note 3)</sup>. For the future, this Lab intends to create plenty of ideas and improve services by verifying those ideas through the trial and error, and is also planning to provide more attractive opportunities based on the participating banks' request to boost the cooperation with regional banks. Furthermore, as part of FinTech initiatives, we have provided support for the "New Business Creation Project" of The Bank of Kyoto, Ltd. by utilizing our open innovation assistance program (DCAP) <sup>(Note 5)</sup>.

The following is a breakdown of business results for the period by business segment.

The net sales were 518.0 billion yen (1.1% decrease compared to the previous year) due to a reactionary decline in large-scale projects in the previous fiscal year despite the expansion of businesses for banks.

The operating income was 42.3 billion yen (32.5% increase compared to the previous year) due to a decrease in unprofitable projects, and the improvement in cost rate mainly attributable to a decrease in depreciation and amortization.

[Enterprise & Solutions Segment]

We aimed our business expansion as business partner who works with the clients such as the retailers, distributors, service providers and manufacturers who are actively promoting IT investment in response to the changes in value chains brought by digitization and the global development, to solve those problems utilizing our advantages in the areas of enterprise & solutions corresponding to those clients' needs.

<Our efforts for digital business>

As a business partner of our clients who are actively working on the new initiatives applying digital technology, we are providing various services and technological support.

- By utilizing the results of demonstration experiments conducted at Ariake Works of Hitachi Zosen Corporation, we have started to provide "Monone", a solution to detect abnormal sounds. This solution visualizes and analyzes the changes of the factory equipment's operation sounds (i.e., abnormal sounds) at the production site which were used to be detected by the ears of experts, by utilizing the acoustic signal analysis technology and AI technology which NTT Group has cultivated and advances the maintenance operations of equipment devices and bring them high level and efficient.
- TOYOTA MOTOR CORPORATION and NTT group agreed to tie-up on technology development, technology validation, and standardization of those technologies in the field of connected car. With this tie-up, NTT DATA will take the role in creating the technologies related to the data collection, accumulation and analysis utilizing our experience of infrastructure construction. For the future, we seek for the business development including IoT infrastructure construction based our technology and know-how obtained through this tie-up.
- NTT DATA established the "AI & IoT Business Section" as an expert organization with know-how in analytics, AI and edge computing technology <sup>(Note 6)</sup> essential for the IoT society. With those approximate 200 data scientists and consultants, and 1,500 embedded technology engineers and others, we provide high value-added services to our clients and end-users.

<Basic agreement on specific consideration about capital alliance with Mitsubishi Heavy Industries>

• NTT DATA and Mitsubishi Heavy Industries, Ltd. (MHI) concluded a basic agreement on a tie-up in the field of information system including a capital alliance. Both companies are targeting the establishment of their new company effective October 1, 2017, which will be based on the existing MHI Information Systems Co., Ltd., a wholly owned MHI subsidiary. With the acceleration of digitization and globalization in the manufacturing industry, MHI Group will strive to achieve more advanced IT services and stronger global response capability more swiftly and efficiently through a tie-up with NTT DATA who is possessing rich experience and know-how in network services and system integration operations. Establishing a long-term partnership with MHI, NTT DATA will contribute to the highly developed IT services including digitalization and globalization as well.

The following is a breakdown of business results for the period by business segment.

The net sales were 425.6 billion yen (8.6% increase compared to the previous year) mainly due to the expansion of businesses especially for the manufacturing industry and digital-related businesses.

The operating income was 36.3 billion yen (11.4% increase compared to the previous year) due mainly to the growth in sales.

[Global Segment]

Adding to our organic growth in each region, we have attempted for business expansion and the improvement of our competitiveness by acquiring the business base and the new knowledge through M&A in North America, the world's largest IT service market demanding the high growth for the future. We also achieved to enhance our profitability by generating synergy and the strength which we have globally cultivated.

<Complete the acquisition of Dell Services, and launch a new system under NTT DATA Services>

• Completed over 99.9% of the acquisition of Dell Services(\*) – based on the transferred asset value- by the U.S. time of March 6, 2017, through our U.S. subsidiary NTT DATA International L.L.C. and others, and commenced an integrated new system (i.e., NTT DATA Services) of Dell Services and our existing North American organizations from April 2017. NTT DATA Services has a strong business base with their major clients including health insurance and medical institutions, manufacturing industries, service industries, financial institutions and the Federal Government and the company has gained a reputation particularly for its industry-specific digital solutions for health insurance and medical institutions and the provision of BPO services. Through the acquisition of this Division, we will expand our businesses in the relevant industries of North America. At the same time, we will also strengthen our services that utilize our cutting-edge technology in cloud and BPO services.

\* “Dell Services”: Dell Systems Corporation subsidiaries and IT services related businesses

<Order received for the operation of “myki” smartcard ticketing system and commence the services provision>

• Our U.S. subsidiary NTT DATA, Inc. concluded a contract with the Government of Victoria in Australia and the Public Transport Victoria, under which the company will operate the “myki” smartcard ticketing system for seven years and commenced the services provision in January 2017. The contract was concluded thanks to the high evaluation of our past records of taking charge of establishing and operating the myki system since 2008, and supporting the system which has now become one of the world's largest systems of this kind. We will contribute to improving customer experience through the introduction of next-generation

systems, etc., in the future.

The following is a breakdown of business results for the period by business segment.

The net sales were 603.3 billion yen (16.1% increase compared to the previous year) due to the acquisition of Dell Services in North America, and the unification of accounting periods of European subsidiaries and the expansion of businesses, etc., despite the impact of a decrease due to foreign exchange.

The Operating Income w/o goodwill amortization was 13.6 billion yen (7.5% increase compared to the previous year) due to contribution by the Dell Services acquisition to the increase in profit as well as the improvement of profitability of European subsidiaries, despite the advisory expenses associated with the acquisition of Dell Services and others in North America.

The operating income was -3.3 billion yen (no comparison with the previous year).

Notes:

1. The AW3D(R) Global Digital 3D Map Distribution Service

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.

2. System Banking Kyushu (SBK)

Refers to a business association organization that plans, develops and operates core systems for THE FUKUOKA CHUO BANK, LTD., THE SAGA KYOEI BANK, LTD., THE BANK OF NAGASAKI, LTD., THE HOWA BANK, LTD., The Miyazaki Taiyo Bank, Ltd. and MINAMI NIPPON BANK, LTD.

3. Beacon

Refers to a Bluetooth LE (short-range wireless network technology) device which works in conjunction with apps on smartphones and others.

4. Demonstration experiment (Proof of Concept) of a message and campaign information delivery service

Refers to a demonstration experiment (PoC) of a service to deliver information on campaigns or coupons and others assumed to have a great affinity to the app user's (the subject of the demonstration experiment) history of location information detected by beacon antennas installed by push notification.

5. Digital Corporate Accelerate Program (DCAP)

Digital Corporate Accelerate Program (DCAP) Refers to the system to support general corporations' efforts to create new business in collaboration with venture companies.

6. Edge computing technology

Refers to a technology to process a large quantity of data at high speed by dispersedly deploying edge servers near users.

The following shows the status of overseas bases during the period under review.

Approx.75,500 employees deployed in 210 cities in 51 countries and regions outside of Japan  
(Approx.110,000 employees include Japan)  
(AS of March 31, 2017)

## Progress of technical development

The Group's main business, system integration (SI), is seeing some improvement with the gradual recovery of the Japanese economy, but is still exposed to a very tough competitive environment. In order to beat the competition in this kind of environment, we are focusing our R&D efforts on "innovation technologies to deliver solutions", for faster and higher quality system development. In addition, we are also working on the "utilization of advanced technologies" that proactively incorporates new technological trends. With these two initiatives we combine a development capability that can respond flexibly to changes in circumstances, and are working to strengthen our R&D so that we can propose and deliver winning systems to our clients.

Through collaborative research and development with NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), we utilize the results of fundamental research and development themes from such research and development to focus our resources on applied research and development themes.

The research and development costs for the consolidated fiscal year under review were 12,359 million yen. The results of the research and development, which are applicable commonly to the Public & Social Infrastructure, the Financial, the Enterprise & Solutions and the Global Segment, are not separately recorded by each segment.

### [Innovation technologies to deliver solutions]

We have been working on achieving the high speed and high quality development by the automation of software development and this has been our superiority in competition. Against this backdrop, in addition to further advancement in automation technology, we have undertaken legacy modernization <sup>(Note1)</sup> and the speeding up of innovation in our development processes so that we can respond with agility to changes in development environments, and changes in our clients' business environments. In addition, we are promoting standardization initiatives on a global level.

### <Major case example>

- For further continued growth through global synergy, NTT DATA integrated development methodologies of our group companies all over the world. From April 2017, strived to prevent contradictions resulted by the technical terms inconsistency and enable to achieve the projects to realize high productivity and quality by having this development methodology shared among our development bases in both domestic and overseas possessing this intellectual concept with all our group companies. For the future, based on this development methodology, enhance the development capabilities globally and provide consistent high quality services regardless of the regions by utilizing the human resource and knowledge possessed by our domestic and overseas group companies effectively.

- In April 2017, NTT DATA started the operation of the "integrated development cloud" to integrate the system development environments of all group companies into the cloud and improve the productivity of system development. Recently, required to respond to "offensive IT (SoE: <sup>Note 3</sup>)" to create new business, not only responding to "defensive IT (SoR: <sup>Note 2</sup>)" for the efficiency of the existing businesses and operation processes, and to link both in a seamless manner. For satisfying those needs, we will promote the integration into cloud at our overseas subsidiaries and apply it to commercial environments (i.e., client services) sequentially.

### [Utilization of advanced technologies]

NTT DATA has particularly focused on the technology themes of AI, IoT and advanced technology of IT infrastructure (e.g., blockchain) and put priority on investment in PoCs for applicable research topics and clients. As a means of discerning research topics for the mid- to- long term, we try to grab the changes in the future with four perspectives such as politics, economy, society and technology in order to derive the

“information society trends” and “technology trends” of near-future and formulate and publish these as NTT DATA Technology Foresight <sup>(Note 4)</sup>.

<Major case example>

·NTT DATA and our Spanish subsidiary, everis Group, have developed the Smart Alert Solution for the intensive care unit (ICU) at Virgen del Rocio University Hospital in Seville, which is the largest hospital in Spain. The solution predicts the risks for serious complications, and immediately sends an alert to enable doctors and others for early medical intervention. We will conduct validation in multiple countries other than Spain, commercialize the solution by the end of 2017 and deploy it in hospitals all over the world starting from Spain, South America and North America.

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. SoR (Systems of Record)

Refers to all conventional operational systems, such as core systems.

3. SoE (Systems of Engagement)

Refers to a system that enables digital innovation, such as the innovation in corporate business processes and the creation of new business.

4. 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 yearly updated.

As a result of these activities, business performance during the period under review was as follows.

• New Orders Received	1,781.5 billion yen	(up	7.2%	year-on-year)
• Net Sales	1,732.4 billion yen	(up	7.3%	year-on-year)
• Operating Income	117.1 billion yen	(up	16.1%	year-on-year)
• Ordinary Income	112.9 billion yen	(up	15.1%	year-on-year)
• Income before Income Taxes	105.3 billion yen	(down	2.3%	year-on-year)
• Net Income	65.6 billion yen	(up	3.7%	year-on-year)

<Year-on-Year Changes by Business Segment>

(Unit: billion yen)

Description		FY2015		FY2016		Change (%)
			Share (%)		Share (%)	
Net Sales	Public & Social Infrastructure Segment	420.8	21.8	455.4	22.2	8.2
	Financial Segment	523.6	27.1	518.0	25.2	(1.1)
	Enterprise & Solutions Segment	391.8	20.3	425.6	20.7	8.6
	Global Segment	519.6	26.9	603.3	29.4	16.1
	Others	76.2	3.9	49.3	2.4	(35.3)
	Adjustments	(317.2)	—	(319.3)	—	0.7
Total		1,614.8	—	1,732.4	—	7.3
Operating Income	Public & Social Infrastructure Segment	33.4	32.0	44.1	36.1	32.1
	Financial Segment	31.9	30.6	42.3	34.6	32.5
	Enterprise & Solutions Segment	32.6	31.2	36.3	29.7	11.4
	Global Segment	0.8	0.8	(3.3)	—	—
	Others	5.6	5.4	2.8	2.3	(49.2)
	Adjustments	(3.6)	—	(5.3)	—	46.1
Total		100.8	—	117.1	—	16.1

[2] Forecast for the Next Fiscal Year (Ending March 31, 2018)

Corporate IT investment is on a trend of expansion in Japan and overseas, and for our Group's sales for the next term, we estimate an increase of 2,060.0 billion yen, which is an increase of 327.5 billion yen from this current term, due to the increase of sales and so on, of overseas subsidiaries that has been impacted primarily by the acquisition of the former Dell Services.

For operating income, while making aggressive investments in new areas to address the transition to the digital society, attention on continuous reduction for unprofitable projects, and also by a profit increase as for a revenue increase and the improved profitability and so on, of the overseas subsidiaries, we estimate an operating income of 120 billion yen, which is an increase of 2.8 billion yen from this current term.

The situation by segment is as follows.

[Public & Social Infrastructure Segment]

We aim for receiving system renewal orders for core businesses from governments and infrastructure companies, and made efforts to grow our business through the following methods: creating new domestic and overseas businesses by utilizing the results and know-how that our group has cultivated; and responding to new businesses including those utilizing "My Number" and concerning IoT and the change in the utility industry system (the power and gas system reform)

The net sales <sup>(Note 1)</sup> are expected to be 447.0 billion yen (370.0 billion yen sales to outside clients) which is a 8.4-billion-yen decrease compared to this term, and the operating income is expected to be 45.0 billion yen which is a 8.0-billion-yen increase compared to this term.

[Financial Segment]

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

The net sales are expected to be 539.0 billion yen (479.0 billion yen sales to outside clients) which is a 20.9-billion-yen increase compared to this term, and the operating income is expected to be 44.0 billion yen which is a 16.0-billion-yen increase compared to this term.

[Enterprise & Solutions Segment]

We aim at our business expansion as business partner who works with the clients such as the retailers, distributors, service providers and manufacturers who are actively promoting IT investment in response to the changes in value chains brought by digitization and the global development, to solve those problems utilizing our advantages in the areas of enterprise & solutions corresponding to those clients' needs.

The net sales are expected to be 442.0 billion yen (313.0 billion yen sales to outside clients) which is a 16.3-billion-yen increase compared to this term, and the operating income is expected to be 37.0 billion yen which is a 6.0-billion-yen increase compared to this term.

[Global Segment]

We aim to the further improvement of our local presence by globally cooperating with our group companies including the newly joined former Dell Services, and also by improving the service provision capability

especially in new areas such as in digital industries, and gathering each of our group companies' strength and resource, with the promotion of M&A strategies.

The net sales are expected to be 908.0 billion yen (891.0 billion yen sales to outside clients) which is 304.6 billion yen sales increase compared to this term, the operating income w/o goodwill amortization is expected to be 29.0 billion yen which is a 15.3-billion-yen increase compared to this term, and the operating income is expected to be 5.0 billion yen which is a 8.3-billion-yen increase compared to this term.

Moreover, capital investment in the next term is expected to reach 192.0 billion yen, representing a increase of 33.8 billion yen in comparison with the current term.

NTT DATA manages its business performance on an annual basis only, and therefore no results forecast for the period to the end of the second quarter have been included in this report.

#### Results Forecast for the Next Fiscal Year

(Unit: billion yen)

Description	Net Sales	Operating Income	Ordinary Income	Net Income
FY2017	2,060.0	120.0	116.0	59.0
FY2016	1,732.4	117.1	112.9	65.6
Change (%)	18.9 %	2.5 %	2.7 %	-10.2 %

Notes: 1. Net sales include intersegment sales.

2. This material contains descriptions of future plans and strategies and of forecasts and projections relating to business performance. These descriptions reflect certain assumptions derived from judgments based on information currently available to the NTT DATA Group.

The material also incorporates an unquantifiable degree of risk and uncertainty relating to factors such as economic trends, the fierce competition within the information service industry, market demand, and the tax and other systems. In view of this, excessive reliance should not be placed on these results or forecasts, and it should be noted that actual results may differ from the NTT DATA Group's forecasts.



## (2) Financial Condition

### 1. Financial condition of this fiscal period

The assets at the end of this current term amounts to 2,234.8 billion yen, by the increase of 374.4 billion yen from the end of the previous term. This increase is attributed to consolidation of the assets of the Dell Services, such as accounts receivable owned by Dell Services, and to the inclusion of goodwill and other intangible assets. As the Dell Services acquisition has led to an increase in short-term and long-term borrowings, the liabilities now amount to 1,404.5 billion yen. As a result, the interest-bearing liabilities amount to 650.8 billion yen, and the D/E ratio is 0.81, which was 0.55 in the previous term. Of the liabilities on the consolidated balance sheet, the loans payable, corporate bonds, and lease obligations are the interest-bearing liabilities used to calculate the D/E ratio.

The accumulation of profits and so on, contributed to the achievement of net assets of 56.5 billion yen at the end of this term, which is an increase of 830.2 billion yen from the net assets at the end of the previous term.

### 2. Cash flow condition of this fiscal period

The cash flow from this term's operations is revenue of 238.5 billion yen (5.8-billion-yen increase compared to the previous term) due to the net income before income taxes of 105.3 billion yen, the income of 154.5 billion yen of the depreciation cost, which is a non-cash expenditure, and corporate tax payment of 68.1 billion yen. The free cash flow of this term had a deficit of 189.8 billion yen (233.8-billion-yen decrease compared to the previous term when the free cash flow had a surplus of 44.0 billion yen), based on the cash flow from investment activities of the investment payment of 428.3 billion yen (239.6-billion-yen increase compared to the previous term) such as the acquisition of the subsidiary's equity resulting in the change in consolidation scope associated with the acquisition of the Dell Services of 348.4 billion yen and the acquisition of non-current assets of 158.0 billion yen.

The cash flow from financing activities is revenue of 222.0 billion yen (280.2-billion-yen increase compared to the previous term), due to the increase of interest-bearing liabilities associated with financing for the acquisition of the Dell Services.

The NTT DATA Group's cash flow indicators are summarized as follows.

Indicator	FY2015	FY2016
Debt Equity Ratio (Times)	0.55	0.81

Notes: Debt Equity Ratio: Interest-bearing debt / Shareholders' equity (Total net assets - Non-controlling interests)

### (3) Basic policy regarding profit distribution and the dividend for current and the next term

NTT DATA's fundamental policy on the distribution of profit is to distribute profits appropriately while working to increase corporate value over the Medium-to-Long term by achieving sustained growth, doing so by such means as investing in new and other business activities and ensuring efficient management of business operations.

With regards to dividends, we intend to pay a stable dividend based on a comprehensive assessment of a balance with business investments and technology development toward a sustainable growth in the future, and with expenditures for maintenance and reinforcement of financial strength, in light of consolidated operating results and financial position.

For the amount of dividend, we put emphasis on maintenance of mid to long-term consolidated cash flow payout ratio<sup>(Note 1)</sup>.

The distribution of profit for the period is as follows. We paid an interim dividend of 35 yen per share and

will pay a year-end dividend of 40 yen per share; thus the total annual dividends to be paid are 75 yen. Moreover, with regard to the payment of dividends for the next term, upon comprehensive consideration of all factors including the company's consolidated performance, its financial condition, and the stability of dividends, the annual dividend per share is expected to total 75 yen <sup>(Note 2)</sup>.

Notes: 1. Cash flow payout ratio:

Total dividends/ (Net income attributable to owners of parent + Depreciation + Loss on retirement of fixed asset + goodwill amortization – Capital investment).

2. The Board of Directors held on May 10, 2017 resolved stock split which shall split of common stock at a ratio of 1:5 as the effective date of July 1, 2017. The next term dividend described above indicates the amount before stock split. The next annual dividend after stock split is 15.00 yen as ordinary dividend.

(4) Business Risks

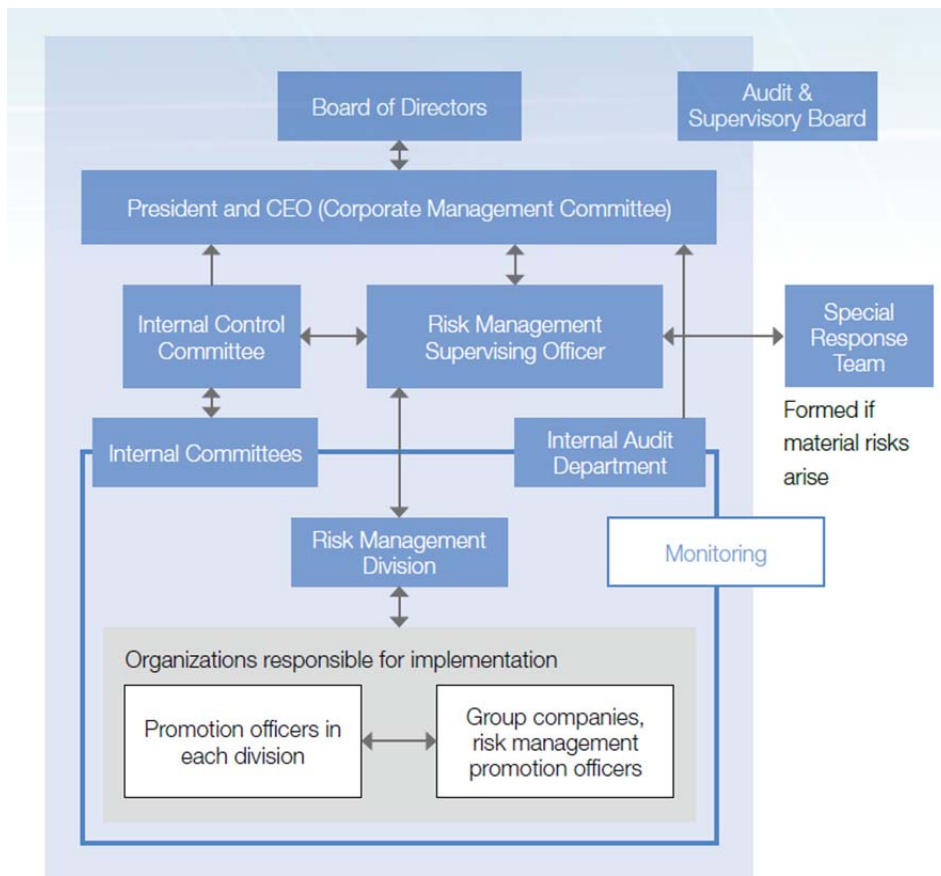
■ Policy

The NTT DATA Group seeks to ascertain all risks associated with business activities to minimize the frequency of occurrence of these risks and limit their impact on operations should they materialize. To facilitate this effort, in 2002 we appointed an officer in charge of supervising and promoting risk management from a Companywide perspective. In addition, risk management promotion officers were appointed to the Risk Management Division as well as other divisions and Group companies to enable them to respond proactively and independently to various risks.

NTT DATA defines material risks, and reviews progress toward addressing these and achieving related targets, with the results of such reviews being reflected in various measures.

The Internal Control Committee <sup>(Note)</sup> convenes twice a year to discuss measures pertaining to the reduction of risks and evaluate their effectiveness. The results of these evaluations are reported to the Corporate Management Committee as well as the Board of Directors.

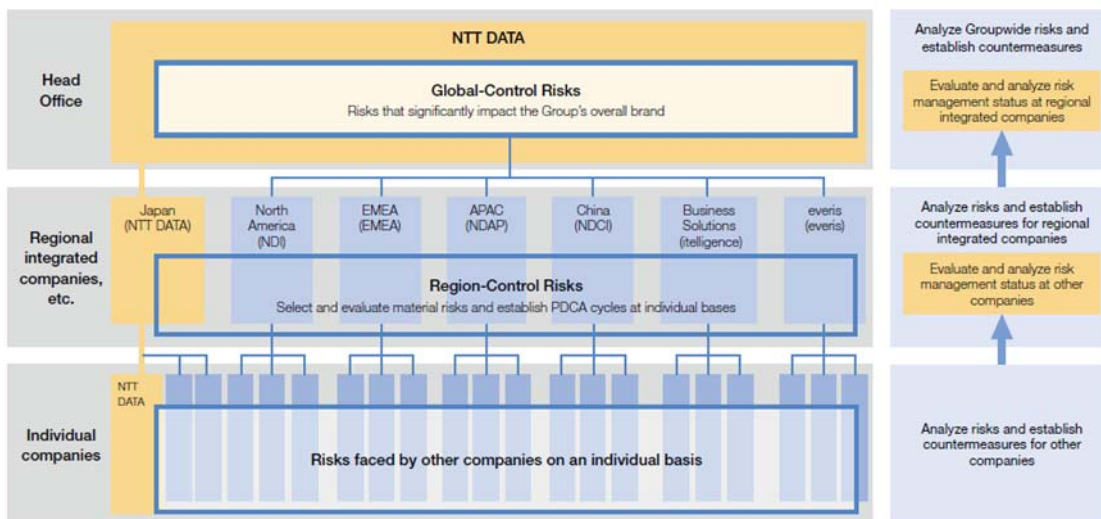
Since the NTT DATA Group provides various services worldwide to a wide range of clients and industries, each business unit has its own unique business environment. Therefore, the Board of Directors decided to delegate considerable power to sector heads. This measure allows proper understanding of and prompt responses to risks relating to client relationships and market environments.



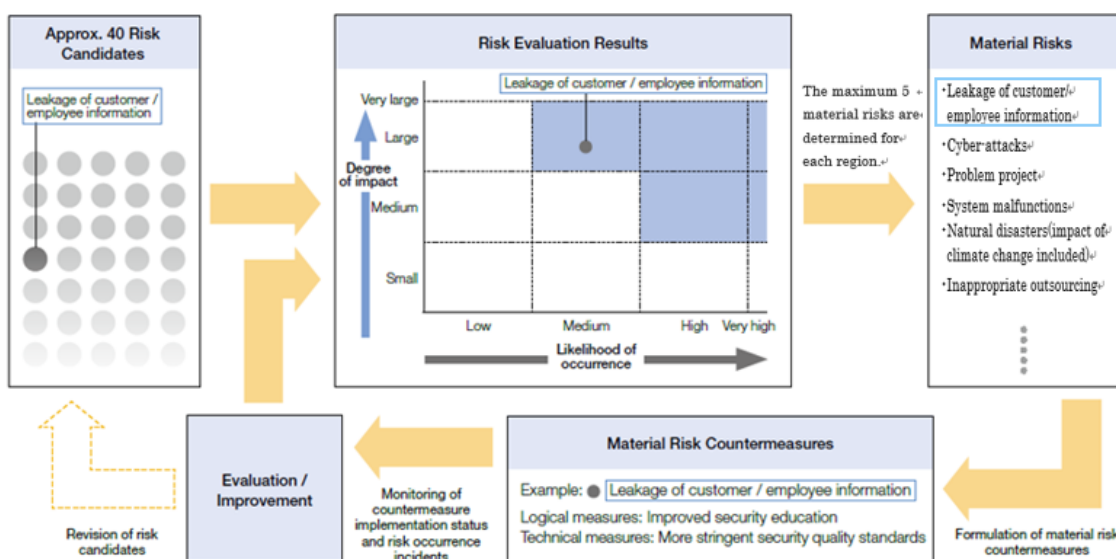
(Note) Management scheme in the Internal Control Committee

NTT DATA identifies risks that may impact its Head Office, regional integrated companies, etc., and other companies on an individual basis, and formulates countermeasures accordingly. High-level divisions effectively manage the measures in place at organizations under their jurisdiction by analyzing and evaluating their implementation status. Groupwide measure implementation status is analyzed, evaluated, and monitored by the Risk Management Division positioned within NTT DATA's Head Office. In addition, risks determined to have the potential to impact the entire Group are defined as "global-control risks," and are managed on a Groupwide basis. In this manner, the Company is practicing stringent and comprehensive risk management. Additionally, for material risks determined by regional integrated companies and so on, define as "Region-Control Risks" to run a cycle of evaluation and improvement in view of the status of implementation of the measures and risk occurrence.

<Risk Management Categories>



<Setup process of Region-Control Risks>



## ■ Individual Risks

The risk set out below may impact the NTT DATA Group's business results and financial condition (including share prices).

[Particularly Important Risks]

### [1] Information security risk

When conducting its business, the NTT DATA Group handles personal information and confidential information. In the event of the loss, leakage, etc., of that information, resultant factors such as a deterioration of public confidence in the NTT DATA Group or in its brand image or the payment of compensation for damage caused may affect the NTT DATA Group's business results and financial condition.

### [2] Compliance-related risk

The NTT DATA Group has laid down the "Global Compliance Policy" to act as fundamental policy for sound business activities based on the Group's corporate ethics. It has also built a compliance promotion structure and implemented periodic educational activities to raise the awareness of officers and employees for the purpose of enhancing corporate ethics and ensuring legal compliance. However, there may be cases where a compliance-related risk cannot be prevented completely, and in the event of a legal violation, resultant factors, such as a deterioration of public confidence in the NTT DATA Group or in its brand image or the payment of compensation for damage, may adversely affect the NTT DATA Group's business results and financial condition.

### [3] System failure risk

Many of the systems and services provided by the NTT DATA Group constitute key parts of the social infrastructure, and thus any failures therein may, through such consequences as causing a deterioration of public confidence in the Group or of its brand image or the payment of compensation for damage caused, may affect the NTT DATA Group's business results and financial condition.

### [4] System building risk

In the Group's mainstay SI business it usually assumes full contractual responsibility at all stages from the receipt of orders through delivery to the completion of systems and their delivery to clients. Therefore, the NTT DATA Group's business results and financial condition may be adversely affected by factors such as the occurrence of cost overruns or compensation paid to our clients for losses caused by delivery delays that may arise as a result of differences from initial cost estimates or problems such as project management issues at the development stage.

[Important Risks]

### [1] Risk relating to technical innovation

In the information service industry to which the NTT DATA Group belongs, the technological environment could undergo disruptive change. The NTT DATA Group studies a multiplicity of technological trends in

state-of-the-art, basic, and other technologies and engages in research and development, but in the event that it delays addressing faster-than-expected progress in innovative technologies, this may impact its business results and financial condition.

[2] Risk relating to the securing of personnel

The NTT DATA Group's growth and profits are substantially impacted by its ability to secure and train high-quality personnel with the professional expertise to provide value to clients. In the event that high-quality personnel of this kind cannot be secured and trained as planned, this may impact the NTT DATA Group's business results and financial condition.

[3] Risk of downward price pressure

There is a tendency for IT investment to be restrained by clients as a result of factors such as the deterioration in business sentiment and in corporate earnings. This is giving rise to more severe demands with regard to cost and to stricter evaluation of the effect of IT investment, which are leading to the pressure for price reduction of the systems and services offered by the NTT DATA Group. This may impact the NTT DATA Group's business results and financial condition.

[4] Risk relating to increasing intensity of competition

NTT DATA Group's leading business fields attract attention as major growing areas in the information service industry. Therefore, an increasing number of companies that used to be in other business, such as the manufacturing sector, are entering these fields. In addition, the global competition has become fierce as Indian companies that continue to grow rapidly as well as existing major information service companies are entering the global market. In this situation, future prospects for the market are difficult to forecast in some parts. Thus, the increasingly fierce competition caused by the entry of competitors into the market may impact the NTT DATA Group's business results and financial conditions.

[5] Risk relating to intellectual property rights

With regard to intellectual property rights and other rights essential to the conduct of business by the NTT DATA Group, it is possible that the Group will not be granted licenses or authorization of other kinds by the owners of such rights, and in consequence will become unable to provide specific technologies, products, or services. It is also possible that claims for damages will be made on the ground that business activities undertaken by the NTT DATA Group have infringed the intellectual property rights of other parties. In any such event, the NTT DATA Group's business results and financial condition may be impacted.

[6] Risk related to systemic changes in society

The NTT DATA Group's business may have been affected by wide range of factors, including social infrastructure, such as electric power and telecommunications, and by aspects of the legal system, such as taxes and various regulations. It is possible that these factors will be significantly changed by circumstances beyond our control and if such change occurs, it may impact the NTT DATA Group's business results and financial condition.

[7] Risk relating to major disasters, vital infectious disease and the like

The systems and services provided by the NTT DATA Group may constitute social infrastructure. In view of this the Group develops structures for ensuring business continuity in conformity with government guidelines and implements disaster-prevention training. Nevertheless, in the event of the occurrence of a major disaster or of a serious outbreak of a contagious disease or else it is possible that places of business or their systems or large numbers of employees will suffer damage or harm, and resultant factors such as a deterioration of public confidence in the NTT DATA Group or in its brand image or unavoidable reduction of income or major expenditure for repair costs may affect the NTT DATA Group's business results and financial condition.

[8] Influence of parent company

Nippon Telegraph and Telephone Corporation (NTT), NTT DATA's parent company, is a principal shareholder with ownership of 54.2% of NTT DATA's voting stock as of March 31, 2013. NTT DATA carries out its operations independently of NTT and its other subsidiaries, but discusses important issues with NTT or reports to it. Against this backdrop of influence, NTT may act in ways that are in its own best interests but may not necessarily be in the interests of other shareholders of NTT DATA.

## **2. Status of the Corporate Group**

NTT DATA is a member of the NTT Group, its parent company being NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT).

The NTT DATA Group (comprising NTT DATA CORPORATION and its 302 subsidiaries and 32 affiliates [at March 31, 2017]) is active in the following four main business segments: (1) Public & Social Infrastructure Segment, (2) Financial Segment, (3) Enterprise & Solutions Segment, and (4) Global Segment.

Each business segment is described below, and the main subsidiaries and affiliates related to each segment are listed.

### **Public & Social Infrastructure Segment**

This business segment provides high-value added IT services that play important roles in social infrastructure, such as government, medical, communication, and utility systems as well as in regional development. Some activities in this business segment are assigned to subsidiaries and affiliates.

#### **Main Subsidiaries and Affiliates**

NTT DATA i CORPORATION  
NTT DATA KYUSHU CORPORATION  
NTT DATA TOKAI CORPORATION  
NTT DATA KANSAI CORPORATION

13 other companies

### **Financial Segment**

This business segment provides high-value added IT services that help financial institutions to improve their business efficiency and offer good services. Some activities in this business segment are assigned to subsidiaries and affiliates.

#### **Main Subsidiaries and Affiliates**

NTT DATA SYSTEM TECHNOLOGIES INC.  
NTT DATA CUSTOMER SERVICE CORPORATION  
NTT DATA FINANCIAL CORE CORPORATION  
NTT DATA FORCE CORPORATION  
NTT DATA SOFIA CORPORATION  
NTT DATA Getronics Corporation  
XNET Corporation  
Japan Information Processing Service Co.,Ltd.

17 other companies

### **Enterprise & Solutions Segment**

This business segment provides high-value added IT services that support manufacturers, distributors, and



service providers as well as payment services such as credit cards and platform solutions services, provided in collaboration with other IT services. Some activities in this business segment are assigned to subsidiaries and affiliates.

Main Subsidiaries and Affiliates

- NTT DATA SMS CORPORATION
- NTT DATA INTRAMART CORPORATION
- NTT DATA WAVE CORPORATION
- NTT DATA BUSINESS SYSTEMS CORPORATION
- NTT DATA CCS CORPORATION
- NTT DATA MSE Corporation
- JSOL Corporation
- NJK CORPORATION
- NTT DATA SBC Corporation

20 other companies

**Global Segment**

This Business segment provides high-value added IT services offered in each region and across regions. Some activities in this business segment are assigned to subsidiaries and affiliates.

Main Subsidiaries and Affiliates

- <North America >
  - NTT DATA, Inc.
  - NTT Data International L.L.C.
  - NTT DATA Enterprise Services Holding, Inc.
  - NTT DATA Consulting, Inc.
  - NTT DATA Services International Holdings B.V.
  - NTT DATA Services Corporation
  - NTT DATA Services, LLC
- <EMEA >
  - NTT DATA EMEA LTD.
- <everis>
  - EVERIS PARTICIPACIONES, S.L.U.
- <APAC>
  - NTT DATA ASIA PACIFIC PTE. LTD.
- <China>
  - NTT DATA (CHINA) INVESTMENT Co., LTD.
- <business solutions>
  - itelligence AG
  - NTT DATA EUROPE GmbH & CO. KG

210 other companies

**Others**

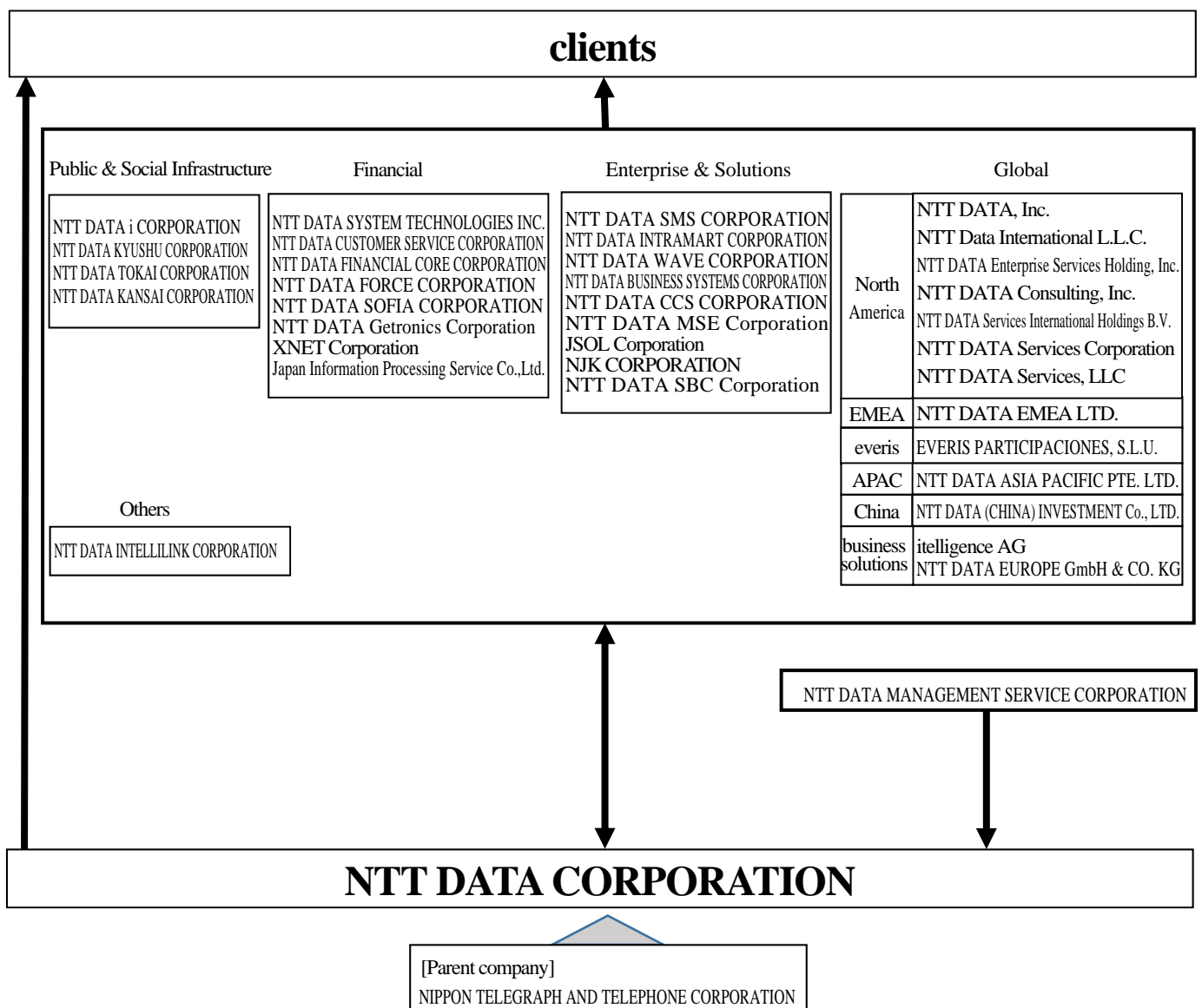
Other business segments support the overhead functions. Some activities in this business segment are assigned to subsidiaries and affiliates.

**Main Subsidiaries and Affiliates**

- NTT DATA MANAGEMENT SERVICE CORPORATION
- NTT DATA INTELLILINK CORPORATION

6 other companies

The following chart summarizes the description above:



Notes: For subsidiaries and affiliates that are engaged in businesses in multiple segments, the segment which accounts for the greatest portion of sales is listed.

### **3. Business Policies**

[Basic Management Policy]

The NTT DATA Group regards its mission as being the creation of a more affluent society, a goal it seeks to fulfill by enhancing client value through the provision of a wide range of information services. This requires the NTT DATA Group to constantly project the future course of society and to address, swiftly and accurately, changes in the market environment, evolving client needs, and the latest technological developments. Based on this concept, we are conducting management aimed at creating a corporate fabric that is capable of generating a stable profit flow by means of sustainable growth.

[Issues Requiring Attention and Medium-to-Long Term Corporate Strategies] and [Management Indicators Used in Defining Goals] are as described in “1. Business Results (1) Business Results 【Circumstances around the NTT DATA Group and the issues requiring attention】

### **4. The Basic Stance Concerning the Selection of Accounting Standards**

With the purpose of improving the international comparability of financial information in capital markets and unifying an accounting system within the group, the group is examining the introduction of the International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending March 31, 2019.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Unit: ¥ million)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	148,495	212,459
Notes and accounts receivable - trade	403,146	458,767
Lease receivables and investment assets	14,477	21,731
Securities	26,000	4,302
Inventories	26,676	31,211
Deferred tax assets	39,382	33,601
Deposits paid	121,646	55,808
Other	65,490	79,635
Allowance for doubtful accounts	(2,614)	(3,740)
Total current assets	842,701	893,778
Non-current assets		
Property, plant and equipment		
Data communication facilities	303,414	311,013
Accumulated depreciation	(213,911)	(221,253)
Data communication facilities, net	89,503	89,760
Buildings and structures	284,454	317,875
Accumulated depreciation	(194,564)	(202,879)
Buildings and structures, net	89,890	114,995
Machinery, equipment and vehicles	73,022	91,106
Accumulated depreciation	(54,002)	(60,072)
Machinery, equipment and vehicles, net	19,019	31,034
Tools, furniture and fixtures	55,377	56,783
Accumulated depreciation	(38,381)	(40,116)
Tools, furniture and fixtures, net	16,995	16,666
Land	60,576	63,835
Construction in progress	21,548	35,609
Other	13,544	10,231
Accumulated depreciation	(8,502)	(5,273)
Other, net	5,041	4,957
Total property, plant and equipment	302,575	356,860
Intangible assets		
Software	250,668	240,304
Software in progress	48,295	61,168
Goodwill	168,879	315,261
Other	67,494	160,549
Total intangible assets	535,337	777,283
Investments and other assets		
Investment securities	83,599	86,834
Net defined benefit asset	1,508	5,603
Deferred tax assets	44,735	60,802
Other	50,531	54,419
Allowance for doubtful accounts	(669)	(772)
Total investments and other assets	179,704	206,887
Total non-current assets	1,017,618	1,341,031
Total assets	1,860,319	2,234,809

**Consolidated Balance Sheets-continued**

(Unit: ¥ million)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	121,688	138,453
Short-term loans payable	51,627	213,160
Current portion of long-term loans payable	29,245	53,461
Current portion of bonds	—	49,996
Income taxes payable	33,158	35,916
Advances received	167,738	182,021
Provision for loss on order received	5,356	3,452
Other	128,442	156,472
<b>Total current liabilities</b>	<b>537,258</b>	<b>832,934</b>
Non-current liabilities		
Bonds payable	210,062	160,075
Long-term loans payable	109,451	168,618
Deferred tax liabilities	23,327	30,367
Net defined benefit liability	185,992	186,788
Provision for directors' retirement benefits	934	876
Other	19,621	24,880
<b>Total non-current liabilities</b>	<b>549,390</b>	<b>571,605</b>
<b>Total liabilities</b>	<b>1,086,648</b>	<b>1,404,540</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	142,520	142,520
Capital surplus	139,295	141,048
Retained earnings	452,458	497,922
Treasury shares	(0)	(0)
<b>Total shareholders' equity</b>	<b>734,273</b>	<b>781,490</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32,522	39,881
Deferred gains or losses on hedges	(7,527)	(155)
Foreign currency translation adjustment	36,552	23,889
Remeasurements of defined benefit plans	(38,805)	(30,083)
Other	(16,107)	(16,320)
<b>Total accumulated other comprehensive income</b>	<b>6,635</b>	<b>17,211</b>
<b>Non-controlling interests</b>	<b>32,762</b>	<b>31,567</b>
<b>Total net assets</b>	<b>773,670</b>	<b>830,268</b>
<b>Total liabilities and net assets</b>	<b>1,860,319</b>	<b>2,234,809</b>

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

(Unit: ¥ million)

	FY ended 31, March 2016	FY ended 31, March 2017
Net sales	1,614,897	1,732,473
Cost of sales	1,216,795	1,293,600
Gross profit	398,101	438,872
Selling, general and administrative expenses	297,216	321,763
Operating income	100,885	117,109
Non-operating income		
Interest income	1,256	1,507
Dividend income	1,785	1,565
Insurance income	2,125	1,014
Other	2,677	3,454
Total non-operating income	7,844	7,542
Non-operating expenses		
Interest expenses	5,492	5,372
Foreign exchange losses	1,576	1,415
Other	3,502	4,870
Total non-operating expenses	10,571	11,658
Ordinary income	98,158	112,993
Extraordinary income		
Gain on sales of investment securities	15,237	15,605
Gain on transfer of affiliates business	—	2,720
Total extraordinary income	15,237	18,325
Extraordinary losses		
Acquisition expenses	—	12,301
Loss on restructuring of subsidiaries and affiliates	—	9,260
Impairment loss of goodwill	3,986	2,844
Impairment loss of noncurrent assets	1,620	1,579
Total extraordinary losses	5,607	25,986
Income before income taxes	107,789	105,332
Income taxes - current	46,925	52,525
Income taxes - deferred	(4,570)	(15,705)
Total income taxes	42,354	36,820
Net income	65,434	68,512
Net income attributable to		
Net income attributable to owners of parent	63,373	65,686
Net income (loss) attributable to non-controlling interests	2,061	2,825

## Consolidated Statements of Income and Comprehensive Income-continued

(Unit: ¥ million)

	FY ended 31, March 2016	FY ended 31, March 2017
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(14,349)	7,323
Deferred gains or losses on hedges	(8,186)	7,373
Foreign currency translation adjustment	(25,975)	(12,525)
Remeasurements of defined benefit plans, net of tax	(29,872)	8,769
Share of other comprehensive income of entities accounted for using equity method	(208)	(243)
Other	480	(213)
Total other comprehensive income	(78,110)	10,485
<b>Comprehensive income</b>	<b>(12,676)</b>	<b>78,997</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(13,371)	76,135
Comprehensive income attributable to non-controlling interests	695	2,862

**(3) Consolidated Statements of Shareholders' Equity**  
**(FY ended 31, March 2016)**

(Unit: ¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	142,520	139,300	408,293	(0)	690,113
Cumulative effects of changes in accounting policies					—
Restated balance	142,520	139,300	408,293	(0)	690,113
Changes of items during period					
Dividends of surplus			(16,829)		(16,829)
Net income attributable to owners of parent			63,373		63,373
Change of scope of consolidation			(2,115)		(2,115)
Net changes in owning subsidiaries' stocks					—
Other		(4)	(263)		(267)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(4)	44,164	—	44,160
Balance at end of current period	142,520	139,295	452,458	(0)	734,273

	Accumulated other comprehensive income						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	Other	Total accumulated other comprehensive income		
Balance at beginning of current period	46,792	656	62,615	(10,095)	(16,587)	83,380	32,711	806,205
Cumulative effects of changes in accounting policies								—
Restated balance	46,792	656	62,615	(10,095)	(16,587)	83,380	32,711	806,205
Changes of items during period								
Dividends of surplus								(16,829)
Net income attributable to owners of parent								63,373
Change of scope of consolidation								(2,115)
Net changes in owning subsidiaries' stocks								—
Other								(267)
Net changes of items other than shareholders' equity	(14,269)	(8,183)	(26,062)	(28,709)	480	(76,745)	50	(76,694)
Total changes of items during period	(14,269)	(8,183)	(26,062)	(28,709)	480	(76,745)	50	(32,534)
Balance at end of current period	32,522	(7,527)	36,552	(38,805)	(16,107)	6,635	32,762	773,670



**Consolidated Statements of Shareholders' Equity-continued**  
**(FY ended 31, March 2017)**

(Unit: ¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	142,520	139,295	452,458	(0)	734,273
Cumulative effects of changes in accounting policies			387		387
Restated balance	142,520	139,295	452,845	(0)	734,660
Changes of items during period					
Dividends of surplus			(21,037)		(21,037)
Net income attributable to owners of parent			65,686		65,686
Change of scope of consolidation					—
Net changes in owning subsidiaries' stocks		1,753			1,753
Other		(0)	427		426
Net changes of items other than shareholders' equity					
Total changes of items during period	—	1,752	45,076	—	46,829
Balance at end of current period	142,520	141,048	497,922	(0)	781,490

	Accumulated other comprehensive income						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	Other	Total accumulated other comprehensive income		
Balance at beginning of current period	32,522	(7527)	36,552	(38,805)	(16,107)	6,635	32,762	773,670
Cumulative effects of changes in accounting policies								387
Restated balance	32,522	(7527)	36,552	(38,805)	(16,107)	6,635	32,762	774,058
Changes of items during period								
Dividends of surplus								(21,037)
Net income attributable to owners of parent								65,686
Change of scope of consolidation								—
Net changes in owning subsidiaries' stocks								1,753
Other								426
Net changes of items other than shareholders' equity	7,359	7,371	(12,662)	8,721	(213)	10,575	(1,194)	9,381
Total changes of items during period	7,359	7,371	(12,662)	8,721	(213)	10,575	(1,194)	56,210
Balance at end of current period	39,881	(155)	23,889	(30,083)	(16,320)	17,211	31,567	830,268

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

(Unit: ¥ million)

	FY ended 31, March 2016	FY ended 31, March 2017
<b>Cash flows from operating activities</b>		
Income before income taxes	107,789	105,332
Depreciation	147,961	154,542
Loss on retirement of non-current assets	7,250	5,467
Increase (decrease) in net defined benefit liability	8,292	21,801
Interest expenses	5,492	5,372
Impairment loss of noncurrent assets	1,620	1,579
Decrease (increase) in notes and accounts receivable - trade	(43,052)	(9,032)
Decrease (increase) in inventories	5,373	(4,497)
Increase (decrease) in notes and accounts payable - trade	9,574	16,609
Increase (decrease) in advances received	27,954	14,908
Increase (decrease) in accrued consumption taxes	(11,123)	2,355
Other, net	(205)	(5,443)
Subtotal	266,928	308,995
Interest and dividend income received	3,175	3,131
Interest expenses paid	(5,544)	(5,377)
Income taxes (paid) refund	(31,808)	(68,197)
Net cash provided by (used in) operating activities	232,751	238,552
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(47,440)	(67,141)
Purchase of intangible assets	(77,922)	(90,939)
Proceeds from sales of investment securities	23,014	22,036
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(28,351)	(6,930)
Purchase Of Equity Interests Of Subsidiaries Resulting In Change In Scope Of Consolidation	—	(348,431)
Net decrease (increase) in time deposits	(294)	1,402
Net decrease (increase) in short-term deposits paid	(50,000)	50,000
Other, net	(7,735)	11,650
Net cash provided by (used in) investing activities	(188,730)	(428,354)
<b>Cash flows from financing activities</b>		
Redemption of bonds	(40,000)	—
Proceeds from long-term loans payable	523	115,512
Repayments of long-term loans payable	(595)	(29,331)
Net increase (decrease) in short-term loans payable	1,198	163,145
Repayments of lease obligations	(1,625)	(3,129)
Cash dividends paid	(16,834)	(21,037)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(461)	(5,180)
Other, net	(385)	2,097
Net cash provided by (used in) financing activities	(58,179)	222,076
Effect of exchange rate change on cash and cash equivalents	(3,131)	(5,789)
Net increase (decrease) in cash and cash equivalents	(17,290)	26,485
Cash and cash equivalents at beginning of period	250,843	233,553
Cash and cash equivalents at end of period	233,553	260,038

## 6. Non-Consolidated Financial Statements

### (1) Non-Consolidated Balance Sheets

(Unit: ¥ million)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	57,156	73,657
Notes receivable - trade	7	16
Accounts receivable - trade	196,412	193,075
Lease receivables	615	128
Lease investment assets	11,853	18,076
Securities	20,000	—
Inventories	14,250	20,662
Prepaid expenses	15,406	16,544
Deferred tax assets	27,884	21,837
Deposits paid	121,646	55,808
Other	88,799	73,291
Allowance for doubtful accounts	(8)	(5)
<b>Total current assets</b>	<b>554,025</b>	<b>473,094</b>
Non-current assets		
Property, plant and equipment		
Data communication facilities, net	88,763	88,006
Buildings, net	75,736	71,666
Structures, net	1,936	1,823
Machinery, equipment and vehicles, net	10,571	8,633
Tools, furniture and fixtures, net	7,562	6,763
Land	56,064	56,064
Leased assets, net	933	598
Construction in progress	20,419	30,477
<b>Total property, plant and equipment</b>	<b>261,987</b>	<b>264,033</b>
Intangible assets		
Software	228,225	215,863
Software in progress	43,749	57,122
Leased assets	19	8
Other	2,073	2,062
<b>Total intangible assets</b>	<b>274,067</b>	<b>275,056</b>
Investments and other assets		
Investment securities	65,461	73,087
Shares of subsidiaries and associates	136,764	170,753
Investments in other securities of subsidiaries and associates	235,823	586,729
Long-term loans receivable	540	540
Deferred tax assets	—	882
Long-term loans receivable from subsidiaries and associates	49,957	58,557
Other	25,135	39,094
Allowance for doubtful accounts	(444)	(435)
<b>Total investments and other assets</b>	<b>513,239</b>	<b>929,210</b>
<b>Total non-current assets</b>	<b>1,049,294</b>	<b>1,468,301</b>
<b>Total assets</b>	<b>1,603,320</b>	<b>1,941,395</b>

**Non-Consolidated Balance Sheets-continued**

(Unit: ¥ million)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	91,132	88,130
Short-term loans payable	45,319	205,359
Current portion of long-term loans payable	30,535	54,648
Current portion of bonds	—	49,996
Lease obligations	544	309
Accounts payable - other	12,868	16,970
Accrued expenses	9,559	9,643
Income taxes payable	21,844	20,595
Advances received	148,259	161,953
Deposits received	74,404	85,009
Provision for loss on order received	4,625	2,424
Asset retirement obligations	99	64
Other	13,473	4,900
<b>Total current liabilities</b>	<b>452,666</b>	<b>700,005</b>
Non-current liabilities		
Bonds payable	209,962	159,975
Long-term loans payable	106,845	165,368
Lease obligations	1,099	552
Deferred tax liabilities	3,256	—
Provision for retirement benefits	63,946	83,247
Asset retirement obligations	530	634
Other	10,739	8,978
<b>Total non-current liabilities</b>	<b>396,379</b>	<b>418,755</b>
<b>Total liabilities</b>	<b>849,045</b>	<b>1,118,760</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	142,520	142,520
Capital surplus		
Legal capital surplus	139,300	139,300
<b>Total capital surpluses</b>	<b>139,300</b>	<b>139,300</b>
Retained earnings		
Legal retained earnings	2,287	2,287
Other retained earnings		
Reserve for special depreciation	98	64
Reserve for reduction entry	233	166
General reserve	288,000	288,000
Retained earnings brought forward	157,037	210,888
<b>Total retained earnings</b>	<b>447,656</b>	<b>501,408</b>
Treasury shares	(0)	(0)
<b>Total shareholders' equity</b>	<b>729,476</b>	<b>783,227</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	32,007	39,519
Deferred gains or losses on hedges	(7,208)	(112)
<b>Total valuation and translation adjustments</b>	<b>24,798</b>	<b>39,407</b>
<b>Total net assets</b>	<b>754,274</b>	<b>822,635</b>
<b>Total liabilities and net assets</b>	<b>1,603,320</b>	<b>1,941,395</b>

## (2) Non-Consolidated Statements of Income

(Unit: ¥ million)

	FY ended 31, March 2016	FY ended 31, March 2017
Net sales	838,344	860,900
Cost of sales	646,890	648,939
Gross profit	191,454	211,961
Selling, general and administrative expenses	114,747	125,106
Operating income	76,706	86,854
Non-operating income		
Interest income	1,780	1,340
Dividend income	5,406	7,856
Gain on sales of shares of subsidiaries and associates	81	1,454
Insurance income	2,092	930
Other	1,731	1,999
Total non-operating income	11,092	13,581
Non-operating expenses		
Interest expenses	1,837	1,785
Interest on bonds	3,086	3,019
Foreign exchange losses	1,104	148
Loss on valuation of securities	1,137	26
Other	1,752	997
Total non-operating expenses	8,918	5,977
Ordinary income	78,880	94,459
Extraordinary income		
Gain on sales of investment securities	15,237	15,093
Total extraordinary income	15,237	15,093
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	—	2,642
Impairment loss of noncurrent assets	936	1,241
Write downs of investments in other securities of subsidiaries and associates	—	1,124
Loss on restructuring of subsidiaries and affiliates	—	17
Total extraordinary losses	936	5,025
Income before income taxes	93,182	104,527
Income taxes - current	29,206	34,395
Income taxes - deferred	(302)	(4,381)
Total income taxes	28,903	30,013
Net income	64,279	74,513

(3) Non-Consolidated Statements of Shareholders' Equity  
(FY ended 31, March 2016)

(Unit: ¥ million)

	Shareholders' equity										Total shareholders' equity	
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings				Total retained earnings		Treasury shares
		Legal capital surplus	Total capital surplus	Reserve for special depreciation		Other retained earnings						
						Reserve for reduction entry	General reserve	Retained earnings brought forward				
Balance at beginning of current period	142,520	139,300	139,300	2,287	127	280	288,000	109,511	400,207	(0)	682,027	
Cumulative effects of changes in accounting policies									—		—	
Restated balance	142,520	139,300	139,300	2,287	127	280	288,000	109,511	400,207	(0)	682,027	
Changes of items during period												
Dividends of surplus								(16,829)	(16,829)		(16,829)	
Provision of reserve for special depreciation									—		—	
Reversal of reserve for special depreciation					(29)			29	—		—	
Reversal of reserve for reduction entry						(47)		47	—		—	
Net income								64,279	64,279		64,279	
Net changes of items other than shareholders' equity												
Total changes of items during period	—	—	—	—	(29)	(47)	—	47,525	47,449	—	47,449	
Balance at end of current period	142,520	139,300	139,300	2,287	98	233	288,000	157,037	447,656	(0)	729,476	

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	46,005	(97)	45,908	727,935
Cumulative effects of changes in accounting policies				—
Restated balance	46,005	(97)	45,908	727,935
Changes of items during period				
Dividends of surplus				(16,829)
Provision of reserve for special depreciation				—
Reversal of reserve for special depreciation				—
Reversal of reserve for reduction entry				—
Net income				64,279
Net changes of items other than shareholders' equity	(13,998)	(7,111)	(21,109)	(21,109)
Total changes of items during period	(13,998)	(7,111)	(21,109)	26,339
Balance at end of current period	32,007	(7,208)	24,798	754,274

Non-Consolidated Statements of Shareholders' Equity-continued  
(FY ended 31, March 2017)

(Unit: ¥ million)

	Shareholders' equity										Total shareholders' equity
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings				Treasury shares		
		Legal capital surplus	Total capital surplus		Other retained earnings						
					Reserve for special depreciation	Reserve for reduction entry	General reserve	Retained earnings brought forward			
Balance at beginning of current period	142,520	139,300	139,300	2,287	98	233	288,000	157,037	447,656	(0)	729,476
Cumulative effects of changes in accounting policies								275	275		275
Restated balance	142,520	139,300	139,300	2,287	98	233	288,000	157,312	447,931	(0)	729,751
Changes of items during period											
Dividends of surplus								(21,037)	(21,037)		(21,037)
Provision of reserve for special depreciation											
Reversal of reserve for special depreciation					(33)			33			
Reversal of reserve for reduction entry						(66)		66			
Net income								74,513	74,513		74,513
Net changes of items other than shareholders' equity											
Total changes of items during period	—	—	—	—	(33)	(66)	—	53,576	53,476	—	53,476
Balance at end of current period	142,520	139,300	139,300	2,287	64	166	288,000	210,888	501,408	(0)	783,227

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	32,007	(7,208)	24,798	754,274
Cumulative effects of changes in accounting policies				275
Restated balance	32,007	(7,208)	24,798	754,549
Changes of items during period				
Dividends of surplus				(21,037)
Provision of reserve for special depreciation				—
Reversal of reserve for special depreciation				—
Reversal of reserve for reduction entry				—
Net income				74,513
Net changes of items other than shareholders' equity	7,512	7,096	14,609	14,609
Total changes of items during period	7,512	7,096	14,609	68,085
Balance at end of current period	39,519	(112)	39,407	822,635