Note;This document is in English translation of "Kessan Tanshin" for the final Quarter of the Fiscal Year Ending March 31, 2013 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 Fiscal Year Ended March 31, 2013

May 8, 2013

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/
Contacts Company representative	: Toshio Iwamoto, President and Chief Executive Officer
Person in charge	: Keisuke Kusakabe, Senior Executive Manager, Investor Relations and Finance Office Tel.: (03)5546-9962
Scheduled date of the ordinary general meeting of shareholders	: June 19, 2013
Scheduled date of dividend payment	: June 20, 2013
Scheduled date of filing securities report	: June 20, 2013
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 FY2012 (From April 1, 2012 to March 31, 2013)

(1) 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	%
FY2012	1,301,941	4.1	85,696	6.6	81,870	8.3	43,517	42.9
FY2011	1,251,177	7.7	80,416	2.7	75,588	(0.3)	30,446	(18.4)

Note: Comprehensive income: FY2012 63,937million yen (197.3%) FY2011 21,504million yen ((36.5)%)

	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)
	¥	¥	%	%	%
FY2012	15,514.36	—	6.9	5.5	6.6
FY2011	10,854.36	—	5.0	5.1	6.4

Note: Equity in net income(losses) of affiliates: FY2012 113million yen FY2011 60million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
FY2012	1,524,309	684,207	42.7	232,196.81
FY2011	1,474,894	639,750	41.1	215,939.22

Note: Equity: FY2012 651,312million yen FY2011 605,709million 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
FY2012	161,327	(115,044)	(35,667)	176,963
FY2011	190,247	(159,840)	(65,957)	161,110

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	%	%
FY2011	—	3,000	—	3,000	6,000	16,830	55.3	2.6
FY2012	—	3,000	—	3,000	6,000	16,830	38.7	2.5
FY2013 (Forecasts)	—	3,000	—	30	—		37.4	

Notes: We conducted a share split at a ratio of 100 to one with October 1, 2013 as effective date. Consequently, payout ratio (consolidated) and ratio of dividends to equity attributable to owners of the parent company (consolidated) are calculated on the assumption that this share split was conducted at the beginning of the previous fiscal year. However, the figures presented for annual dividends per share for the fiscal year ended March 31, 2014 are those from before this share split was conducted.

3. Forecasts of Consolidated Results for FY2013 (From April 1, 2013 to March 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
FY2013	1,330,000	2.2	90,000	5.0	82,000	0.2	45,000	3.4	160.43

Notes: We conducted a share split at a ratio of 100 to one with October 1, 2013 as effective date. Consequently, net assets per share are calculated on the assumption that this share split was conducted at the beginning of the previous fiscal year.

* Notes:
(1) Changes in significant subsidiaries during the current period: No

(2) Changes in accounting policies, changes in accounting estimates and restatements
1) Changes in accounting policies due to revisions of accounting standards etc : No
2) Changes in accounting policies other than 1) : No
3) Changes in accounting estimates : No
4) Restatements : No

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding (inclusive of treasury stock)	FY2012	2,805,000shares	FY2011	2,805,000shares
2) Number of treasury stock	FY2012	－shares	FY2011	－shares
3) Average number of shares over period	FY2012	2,805,000shares	FY2011	2,805,000shares

(Reference) Summary of non-consolidated financial results

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

1. Non-Consolidated Financial Results for FY2012 (From April 1, 2012 to March 31, 2013)

(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	%
FY2012	818,036	0.7	72,258	7.3	73,433	12.2	45,661	79.9
FY2011	812,011	(1.0)	67,339	6.5	65,450	2.7	25,387	30.6

	Net income per share	Net income per share (diluted)
	¥	¥
FY2012	16,278.52	－
FY2011	9,050.85	－

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
FY2012	1,352,363	636,043	47.0	226,753.61
FY2011	1,318,354	606,181	46.0	216,107.61

(Reference) Equity : FY2012 636,043million yen FY2011 606,181million yen

* 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 Third Quarter of the Fiscal Year Ending March 31, 2013" section on page 5.
2. We conducted a share split at a ratio of 100 to one with October 1, 2013 as effective date.
3. 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.
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

In Japan's economy over the current consolidated fiscal year, capital investments have overall remained moderate due to a decline in exports and industrial production, while corporate earnings centered on domestic-demand-related industries have remained steady, indicating that the downward movement has stopped overall. Along with a bounce back of the export environment, positive effects of the government's fiscal and monetary policies, and a gradual exit from the slowdown in overseas economies, the Japanese economy is expected to take a path of modest recovery. However, there are still risks of downward trends in overseas economies, given the context of the sovereign debt crisis in Europe and external economic environments and the like.

In the information service industry, companies are generally likely to continue taking a cautious stance toward investments because they still need to reduce system maintenance and operating costs, despite some increase in projects such as for IT infrastructure integration.

Implementation of management policies

Under such circumstances, the NTT DATA Group formulated the Medium-term Management Plan for the fiscal Years 2012 to 2015, with the aim of "becoming a Global Top 5 player" and "achieving an EPS of 20,000 yen" (Note 1) by evolving into a corporate group that can efficiently provide diverse IT services worldwide. In line with this plan, we are concentrating on the plan's primary strategies, namely "expansion of new business fields and reinforcement of product competitiveness," "expansion, enhancement and reinforcement of global business" and "pursuit of overall optimization." Examples of specific action taken are as follows.

・We proactively promoted "remarketing" (Note 2), shattering established notions and creating a market anew while considering recent years' changes in the business environment and ICT.

・The complete automation in development operation enabled us to achieve sophistication and speediness in product development, and led to the enhancement of "Strategic R&D", which aims to contribute to customers' business. In addition, we have developed Technology Foresight 2013, by presenting the "Near Future Vision" which will become quite influential on our customers in the short and mid-term, and "Technology Trend" which underscores "Near Future Vision", through a wide range of surveys on and interviews with experts. Technology Foresight was incorporated into the business strategy, and we initiated technological development and business creation as we look to the future.

・We launched the advertising campaign, "data for: the people" aiming to increase our group companies' visibility in the global market. Our advertisements were made mainly in global media including Time, Fortune, the Financial Times and The Economist, while local media were also used in countries such as Germany, Italy and Brazil. In addition, we have decided, as an official sponsor, to cooperate with The Open Championship, which is a prestigious and global golfing event.

Notes:

1. EPS of 20,000 yen

We will take into account a 1:100 stock split with the effective date of October 1, 2013. However this does not take the stock split into account.

2. Remarketing

Remarketing means expanding market share beyond its growth rate by seizing entry opportunities in the existing ones, such as changes in the business environment and technological innovation, and creating an unprecedented market by making the maximum use of the latest technologies and anticipating the needs of customers.

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. From this fiscal year, in addition to the North American region, we began to conduct business in the EMEA and APAC regions under the new Global One NTT DATA organization structure. As a result, we have more precisely classified our segment information that is required to be disclosed from the second quarter. Specifically, the conventional three segments of Public & Financial IT Services, Enterprise IT Services, and Solutions & Technologies were reclassified into four: Public & Financial IT Services, Enterprise IT Services, Solutions and Technologies, and Global Business, which mainly provides high-value-added IT services in overseas markets.

< Public & Financial IT Services >

・Among exports of Japanese infrastructure solutions, we contracted with the Vietnamese government to develop trade procedure and customs clearance systems (VNACCS/VCIS) using expertise on Japan's trade procedures and customs clearance systems, NACCS (Note 1) and CIS (Note 2). We also contracted with the Vietnamese government to procure hardware for the systems.

・We launched "DENTRANS", which provides financial institutions with a service to support electronically recorded monetary claims. It offers the necessary functions in connecting to the densai net website provided by densai.net Co., Ltd. and enables companies to use electronically recorded monetary claims if they wish to, through a variety of means such as the Internet, fax, and counters at financial institutions.

< Enterprise IT Services >

・We launched a new structure by entering into an alliance with Kirin Business System Company, Limited, a subsidiary of Kirin Holdings Company, Limited. With this, we as a partner in innovation contributed to enhancing the partner's business competitiveness using IT and strove to achieve a competitive advantage in the food and beverage industry.

・To provide services based on high-precision social media, we concluded a Firehose (Note 3) agreement with Twitter, Inc. of the U.S. on offering tweet data, and began providing a Twitter data service. We also actively formed alliances with companies involved in social media-related businesses, and developed a more advanced analytics API (Note 4) that meets market needs.

< Solutions & Technologies >

・We enhanced a customer information analysis service by using big data: “BizXAAS BA” offers a whole range of services from introducing a big data analysis base to providing consultation on data analysis and utilization. We also introduced the Quick Assessment Menu service, which provides a quick and cost effective examination of big data utilization, a service that has been enhanced by adding a new type specialized for industries.

・We established the OSS Center India, a global base for expanding the application range of open source software and providing related products and services, in NTT DATA’s development base in India.

< Global Business >

・We established an operating structure to promote global operation, and with it we delivered local-based services to local customers while also quickly responding to global customers. Furthermore, aiming to reinforce the visibility of the NTT DATA brand abroad, we integrated and reorganized overseas group companies to establish the NTT DATA brand.

・Our regional services related to the SAP business, in addition to the coverage of North America and the EMEA region, have expanded to the Asian region where many emerging countries are located. Our global service in this business area posted annual sales of over 1 billion US dollars and the number of corporate customers has grown to 2,500 around the world.

Notes:

1. Nippon Automated Cargo and Port Consolidated System (NACCS)

NACCS is an electronic application system used by public and private organizations which performs administrative procedures such as import and export declarations and port arrival and departure procedures for ships and aircraft, as well as private operations relating to import and export procedures.

2. Customs Intelligence Database System (CIS)

CIS is an information system through which all customs clearance records for imports and exports and information on importers and exporters are compiled centrally and used for customs screening.

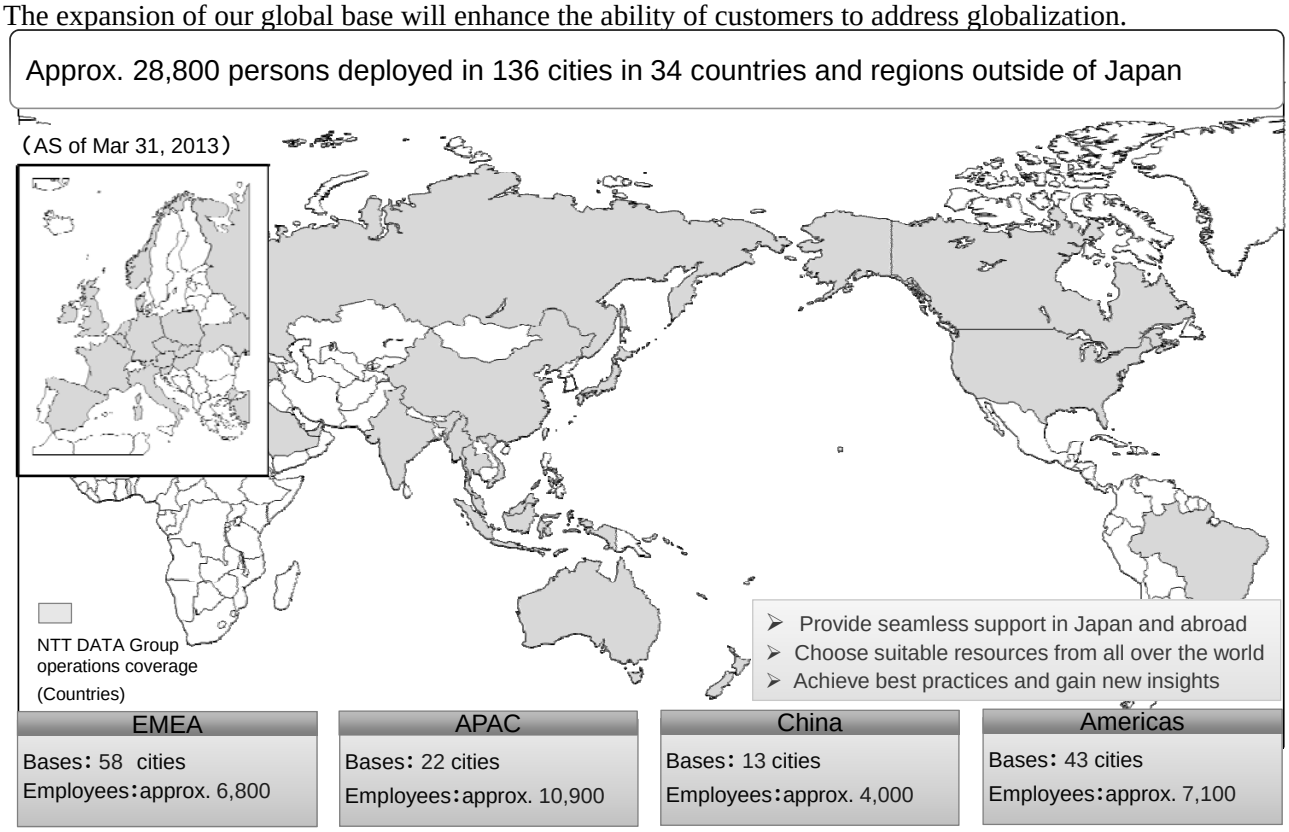
3. Firehose

Firehose is the right to obtain all publicly posted tweet data (the agreement covers tweet data in Japanese and all tweet data posted in Japan) in real time.

4. Application Programming Interface (API)

An interface that enables external applications to easily use some functions of an OS, applications software, etc.

The following shows the status of overseas bases during the period under review.
The expansion of our global base will enhance the ability of customers to address globalization.



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

・New Orders Received	1,197.1 billion yen	(up 9.0% year-on-year)
・Net Sales	1,301.9 billion yen	(up 4.1% year-on-year)
・Operating Income	85.6 billion yen	(up 6.6% year-on-year)
・Ordinary Income	81.8 billion yen	(up 8.3% year-on-year)
・Income before Income Taxes	77.0 billion yen	(up 7.1% year-on-year)
・Net Income	43.5 billion yen	(up 42.9% year-on-year)

The following is a breakdown of business results for the period by business segment. The references to segment profit are based on income before income taxes.

< Public & Financial IT Services >

・Both net sales and segment income increased due to the effects of the expansion of consolidated subsidiaries, and the reduced extraordinary losses booked in the previous fiscal period.

・Net sales in this segment totaled 728.8 billion (up 0.1% year-on-year), and segment profit was 63.7 billion (up 11.3%).

< Enterprise IT Services >

・Both net sales and segment income increased, being affected by factors such as the fall in sales and administrative expenses as well as a growth in profit due to business expansion at the company itself and its existing subsidiaries and the like.

・Net sales in this segment totaled 301.1 billion (up 9.2% year-on-year), and segment profit was 12.5 billion (up 32.1%).

< Solutions & Technologies >

・While net sales have risen due to factors such as business expansion at the company itself and its existing subsidiaries, segment income saw negative growth due to factors such as the reduced extraordinary profits booked in the previous fiscal period.

・Net sales in this segment totaled 167.0 billion (up 4.3% year-on-year), and segment profit was 5.1 billion (down 59.6%).

< Global Business >

・While net sales have risen due to factors such as the consolidated subsidiaries' expansion and the business growth at existing subsidiaries centered on the North American region, segment loss saw growth due to factors such as the increased the loss on restructuring of subsidiaries and affiliates.

・Net sales in this segment totaled 244.9 billion (up 11.8% year-on-year), and segment loss was 4.8 billion (up 126.5%).

Please note that we have made changes to reporting segments from this current consolidated fiscal year. The comparison of the financial results in the current fiscal period with those in the previous fiscal period is presented after reclassifying the financial results of the previous fiscal period based on the changed reporting segments.

< Year-on-Year Changes by Business Segment >

(Unit: billion yen)

Description		FY2011	Share (%)	FY2012	Share (%)	Change (%)
Net Sales	Public & Financial IT Services	727.8	52.1	728.8	50.0	0.1
	Enterprise IT Services	275.8	19.7	301.1	20.6	9.2
	Solutions & Technologies	160.2	11.5	167.0	11.5	4.3
	Global Business	219.1	15.7	244.9	16.8	11.8
	Others	13.9	1.0	16.4	1.1	18.2
	Adjustments	(145.8)	—	(156.5)	—	(7.4)
Total		1,251.1	—	1,301.9	—	4.1
Segment Profit	Public & Financial IT Services	57.3	73.8	63.7	82.7	11.3
	Enterprise IT Services	9.4	12.2	12.5	16.2	32.1
	Solutions & Technologies	12.6	16.4	5.1	6.6	(59.6)
	Global Business	(2.1)	(2.8)	(4.8)	(6.3)	(126.5)
	Others	0.3	0.4	0.6	0.8	87.2
	Adjustments	(5.7)	—	(0.1)	—	97.5
Total		71.8	—	77.0	—	7.1

Other matters

We deeply apologize for the inconvenience and concern caused to our customers, shareholders and all other related parties with regard to the illegal acquisition, by an employee of a company to which we assign operations, of information on transactions made with cash cards.
We have an information security promotion system and we have faithfully implemented measures for securely handling sensitive information stored on systems.
However, we failed to prevent the said case in advance, which is something we seriously acknowledge. To prevent vital information stored on systems from being taken out fraudulently, we have re-examined various systems that we have provided to confirm that appropriate access control measures are implemented.

[2] Forecast for the Next Fiscal Year (Ending March 31, 2014)
While by and large corporations are likely to remain cautious about IT investments, we forecast that our group company's financial results will be affected by factors such as a net sales increase in overseas subsidiaries and foreign exchange movements as well as a domestic sales increase. Accordingly, we expect net sales to be 1,330.0 billion yen, a growth compared with the current fiscal period.
Operating income is expected to increase to 90.0 billion yen from the current year, resulting from a favorable impact accompanying the net sales increase as well as effects such as ongoing improvement of the cost ratio and efficient use of selling and general administrative expenses.

The situation by segment is as follows.

< Public & Financial IT Services >
・While we see negative movements in areas such as the integrated IT services for financial institutions, we also experience business growth in the services to local governments, regional business and cooperative-type financial institutions. Hence, our projected figures for net sales (Note 1) are 730.0 billion yen (714.0 billion yen in net sales to external customers), up 1.1 billion yen compared with the current fiscal period.
・Segment profit (Note 2) is affected by factors such as a profit increase along with an increase in net sales, an improved cost ratio and so on. Hence, we expect to post 67.0 billion yen, a growth of 3.2 billion yen compared with the current fiscal period.

< Enterprise IT Services>
・Due to business growth in services to manufacturing and distribution industries, we forecast net sales of 304.0 billion yen (294.0 billion yen in net sales to external customers), a 2.8 billion yen rise compared with the current fiscal period.
・Segment profit is affected by factors such as a profit increase along with an increase in net sales, an improved cost ratio and so on. Hence, we expect to post 14.0 billion yen, a growth of 1.4 billion yen compared with the current fiscal period.

< Solutions & Technologies >

・With the expectation of broadening business needs in data centers and the like, we forecast net sales of 175.0 billion yen (65.0 billion yen in net sales to external customers), a 7.9 billion yen rise compared with the current fiscal period.

・Segment income is affected by factors such as a profit increase along with an increase in net sales, reduction in construction related expenses booked in the current fiscal period, and so on. Hence, we expect to post 6.5 billion yen, a growth of 1.3 billion yen compared with the current fiscal period.

< Global Business >

・There are impacts such as growth in overseas subsidiaries' net sales, foreign exchange movements and the like. Hence, our projected figures for net sales are 270.0 billion yen (255.0 billion yen in net sales to external customers), up 25.0 billion yen compared with the current fiscal period.

・Segment loss is affected by factors such as a profit increase along with an increase in net sales, reduction in the loss on restructuring of subsidiaries and affiliates, and the like. Hence, we expect to post a loss of 3.0 billion yen, a 1.8 billion yen decline with the current fiscal period.

In addition, due to factors such as the investment expansion for systems supplied to the central government and the relevant entities, we forecast capital investments in the next fiscal period to be 148.0 billion yen, a 25.8 billion yen growth compared with the current fiscal period.

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
FY2013	1,330.0	90.0	82.0	45.0
FY2012	1,301.9	85.6	81.8	43.5
Change (%)	2.2%	5.0%	0.2%	3.4%

Notes: 1. Net sales include intersegment sales.

2. In the calculation of segment profits (income before income taxes), apportionments of company-wide expenses such as financial expenses are not included.

3. 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

The cash flow in our operating activities in the current fiscal period produced an inflow of 161.3 billion yen, a 28.9 billion yen reduction compared with the previous fiscal period. This is primarily due to the increase in trade receivables.

Cash used in investing activities decreased by 44.7 billion yen year-on-year, to 115.0 billion yen, mainly due to a decrease in payment for purchasing consolidated subsidiaries and decline of capital expenditures.

Consequently, free cash flow increased by 15.8 billion yen year-on-year, to46.2 billion yen.

Cash used in financial activities decreased by 30.2 billion yen year-on-year, to 35.6 billion yen, mainly due to a decrease in payment for redemption of corporate bonds and income due to the issuance of corporate bonds.

As a net result of these developments, the balance of cash and cash equivalent at the end of fiscal year increased by 15.8 billion yen from the end of the previous fiscal year, to 176.9 billion yen.

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

Indicator	FY2009	FY2010	FY2011	FY2012
Equity ratio (%)	45.7	41.0	41.1	42.7
Fair value equity ratio (%)	68.3	49.1	55.3	57.7
No. of years for debt redemption (Years)	1.1	1.8	2.0	2.3
Interest coverage ratio (Times)	55.4	43.0	33.2	29.4

Notes: Equity ratio: Shareholders' equity/Total assets

Fair value equity ratio: Gross market capitalization/Total assets

No. of years for debt redemption: Interest-bearing debt/Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities/Interest payments

1. All indicators are calculated on the basis of consolidated financial values.
2. Gross market capitalization is calculated by multiplying the closing price of the Company's shares at the period end by the number of shares issued and outstanding at the period end.
3. Cash flow from operating activities is the "cash flow from operating activities" in the consolidated statement of cash flows. Interest-bearing debt refers to corporate bonds, long-term and short-term borrowings, and commercial paper stated in the consolidated balance sheets. Interest payments equate with "interest paid" in the consolidated statement of cash flows.

(3) Basic Policy on Distribution of Profits

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 regard to dividends, we intend to pay a stable dividend based on a comprehensive assessment of consolidated operating results, financial position, and other factors, using a payout ratio of approximately 30% as the yardstick.

We will continue to build up internal reserves for investment in new businesses as well as investment in technology development and capital investment for sustained and stable growth.

The distribution of profit for the period is as follows. The Company paid an interim dividend of 3,000 yen per share, and will pay a year-end dividend of 3,000 yen per share. Therefore, the dividend per share for the full year is planned to total 6,000 yen.

The annual dividend per share(Note) for the next fiscal year is planned to total 6,000 yen, and will be set considering all factors including the Company's consolidated performance, its financial condition, and the payout ratio.

Note:
We will take into account a 1:100 stock split with the effective date of October 1, 2013. However this does not take the stock split into account.
We expect to pay an interim dividend of 3,000 yen and a year-end dividend of 30 yen per share for the year ending March 31, 2014. The year-end dividend forecast take into account a 1:100 stock split with the effective date of October 1, 2013.

(4) Business Risks

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

[1] Risk of downward price pressure

There is a tendency for IT investment to be restrained by customers 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.

[2] Risk relating to increasing intensity of competition

The NTT DATA Group's principal business domain is regarded as being a very potent growth field within the information service industry, and in consequence enterprises such as hardware vendors are shifting their business focus towards it. In addition, we are facing global competition from IT service companies in emerging economies that are achieving rapid economic growth, such as India and China. Since there is some uncertainty with respect to the outlook for market growth, the increasing intensity of competition caused by vigorous entry into the market by competitors may impact the NTT DATA Group's business results and financial condition.

[3] 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.

[4] Risk relating to overseas business

As part of its business strategy, the NTT DATA Group is undertaking business expansion in overseas markets, and overseas business is growing presence within the Group. The Group's overseas business is impacted by a diversity of factors, including trends such as those in the global economy and exchange rates, laws and regulations in such spheres as investment and competition, differences in commercial customs and practices, labor-management relations, and international politics. Should any risks relating to these factors materialize, they may impact the NTT DATA Group's business results and financial condition.

[5] 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.

[6] 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.

[7] 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.

[8] 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.

[9] 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 customers. 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.

[10] 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.

[11] 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.

[12] 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, 2010. 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.

[13] 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.

2. Status of the Corporate Group

NTT DATA is a member of the NTT Group, its parent company being NTT.

The NTT DATA Group (comprising NTT DATA CORPORATION and its 217 subsidiaries and 18 affiliates [at March 31, 2013]) is active in the following four main business segments: (1) Public & Financial IT Services, (2) Enterprise IT Services, (3) Solutions & Technologies,and (4) Global Business.

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

Public & Financial IT Services

This business segment provides high-value-added IT services that support the foundations of society in such fields as public administration, healthcare, finance, and economic activity. Some activities in this business segment are assigned to subsidiaries and affiliates.

Main Subsidiaries and Affiliates

NTT DATA SYSTEM TECHNOLOGIES INC.
NTT DATA i CORPORATION
NTT DATA KANSAI CORPORATION
NTT DATA CUSTOMER SERVICE CORPORATION
NTT DATA FINANCIAL CORE CORPORATION
NTT DATA FRONTIER CORPORATION
NTT DATA SOFIA CORPORATION
NTT DATA NCB Corporation
NTT DATA Getronics Corporation
XNET Corporation
Japan Information Processing Service Co.,Ltd.
31 other companies

Enterprise IT Services

This business segment offers high-value-added IT services to support business activities in such spheres as manufacturing, distribution, services, media, and communications. Some activities in this business segment are assigned to subsidiaries and affiliates.

Main Subsidiaries and Affiliates

NTT DATA INTRAMART CORPORATION
NTT DATA WAVE CORPORATION
NTT DATA BUSINESS SYSTEMS CORPORATION
NTT DATA CCS CORPORATION
NTT DATA MSE Corporation
JSOL Corporation
20 other companies

Solutions & Technologies

This business segment provides platforms and solutions that support cutting-edge IT services. Some activities in this business segment are assigned to subsidiaries and affiliates.

Main Subsidiaries and Affiliates

NTT DATA SMS CORPORATION
NTT DATA INTELLILINK CORPORATION
NJK CORPORATION

8 other companies

Global Business

This Business segment provides high-value-added IT services mainly in overseas markets. Some activities in this business segment are assigned to subsidiaries and affiliates.

Main Subsidiaries and Affiliates

NTT DATA INTERNATIONL L.L.C.
NTT DATA EUROPE GmbH & Co. KG
itelligence AG
NTT DATA Deutschland GmbH
NTT DATA International Services, Inc.
NTT DATA, Inc.
NTT DATA Italia S.p.A.
NTT DATA EMEA Ltd.

125 other companies

Others

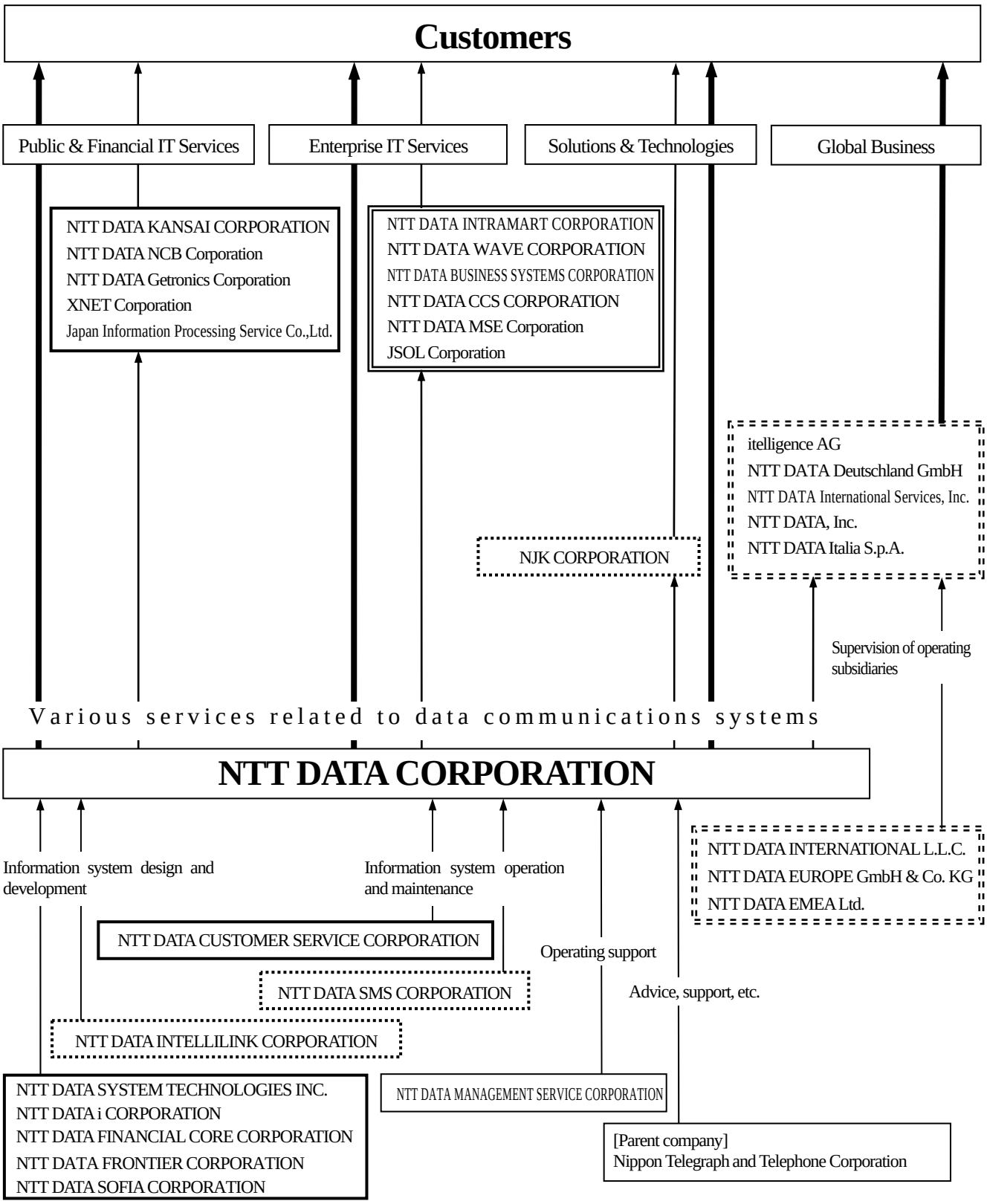
Other business segments support the overhead functions. Some activities in this business segment are assigned to subsidiaries and affiliates.

Main Subsidiaries and Affiliates

NTT DATA MANAGEMENT SERVICE CORPORATION

4 other companies

The following chart summarizes the description above:



Notes:

1. itelligence AG is 98.4%-owned subsidiary of NTT DATA EUROPE GmbH & Co. KG..
2. NTT DATA Deutschland GmbH is 100.0%-owned subsidiary of NTT DATA EMEA Ltd..
3. NTT DATA International Services, Inc. is 100.0%-owned subsidiary of NTT DATA INTERNATIONAL L.L.C..
4. NTT DATA Inc. is 100.0%-owned subsidiary of NTT DATA International Services, Inc..
5. NTT DATA Italia S.p.A. is 100.0%-owned subsidiary of NTT DATA EMEA Ltd..
6. For subsidiaries and affiliates that are engaged in businesses in multiple segments, the segment which accounts for the greatest portion of sales is listed.

Legend:

The following box types indicate the business segment specified below;

Public & Financial IT Services Enterprise IT Services Solutions & Technologies Global Business

3. Business Policies

(1) 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 customer 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 customer 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.

(2) Issues Requiring Attention and Medium- to Long-Term Corporate Strategies

In domestic IT investments, while we see some movements toward business expansion such as in the IT infra-integration, we view that cost reduction needs in maintenance and operation still remain and by and large we expect the cautious stance on investments to continue.

Meanwhile, global IT investments, mainly in emerging markets, are expected to continue on a strong trend. Given that our customers are accelerating their movement into the global market, the NTT DATA Group needs to expand its businesses in the global market.

In the IT service market in Japan, due to the diversification and sophistication of the needs of society and our customers, there is an increasing demand for services which can be used as necessary without owning a system, as well as services that match the expectations for price reduction and shorter delivery periods. Therefore, the issue that the NTT DATA Group needs to work on is the expansion of diverse IT services that can respond to changes in the market rather than a business structure that depends on system integration.

The NTT DATA Group has rapidly expanded its size through measures such as capital alliances. In order to take advantage of its larger size, the Group must enhance corporate governance, after which it must promote more efficient utilization of resources and the creation of synergy from the perspective of group-wide optimization.

For the abovementioned issues, the NTT DATA Group has formulated and will implement the Medium-Term Management Plan for 2012 through 2015 as follows.

- Expansion of new fields and reinforcement of product competitiveness

  In response to our customers' expectations of price reduction, the NTT DATA Group will work on broadening solutions to reduce IT costs, such as cloud computing and AMO, while seeking to sophisticate and diversify the services provided in response to the need of customers to apply IT to more advanced and complicated business operations, such as business analytics and core business BPO. In addition, the Group will aim to upgrade and expand businesses that bring sustainable growth to our revenue by developing new businesses, such as M2M clouds and robotics, and by using its resources in areas with the potential for growth in existing businesses and for increase in the market share.

  The Group will also invest aggressively in expanding new businesses and strengthening product competitiveness, through such measures as improvement of software production technology (software development automation) and the R&D of advanced technologies in cooperation with universities and other organizations.

・Expansion, enhancement and reinforcement of global business

The NTT DATA Group will aim to cover uncharted areas in order to support customers' entries into the global market and provide services to overseas markets with growth potential. Moreover, the Global One Team will share our core solutions, such as SAP and telecoms, to further enhance and reinforce global businesses.

・Pursuit of overall optimization

The NTT DATA Group will work on improving operational efficiency by leveraging the size of our businesses, which was achieved through the global-level standardization, streamlining, and intensification of business operations, as well as reorganization and consolidation of group companies and organizations. The Group will promote further growth through resource allocation based on business portfolios which can respond to the rapidly changing environment.

(3) Management Indicators Used in Defining Goals

The NTT DATA Group will work for further growth and increases in profit and continue to aim to achieve the level equivalent to the Global Top 5. Specifically, the Group will aim to record earnings per share (EPS) of 20,000 yen(Note) for the period ending March 31, 2016.

Note:
We will take into account a 1:100 stock split with the effective date of October 1, 2013. However this does not take the stock split into account.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: ¥ million)

	As of March 31, 2012	As of March 31, 2013
Assets		
Current assets		
Cash and deposits	140,827	152,504
Notes and accounts receivable-trade	273,737	313,600
Lease receivables and investment assets	17,469	17,617
Securities	22,160	2,000
Inventories	25,811	24,104
Deferred tax assets	14,733	16,016
Other	47,644	77,682
Allowance for doubtful accounts	(1,975)	(2,263)
Total current assets	**540,408**	**601,261**
Noncurrent assets		
Property, plant and equipment		
Data communucation facilities, net	116,800	88,703
Buildings and structures, net	100,443	95,039
Machinery, equipment and vehicles, net	16,779	17,060
Tools, furniture and fixtures, net	14,697	15,087
Land	50,814	50,047
Lease assets, net	4,262	4,514
Construction in progress	18,223	26,715
Total property, plant and equipment	**322,021**	**297,169**
Intangible assets		
Software	232,607	233,320
Software in progress	63,039	67,248
Goodwill	133,807	142,749
Lease assets	374	252
Other	51,844	53,280
Total intangible assets	**481,673**	**496,852**
Investments and other assets		
Investment securities	37,899	34,997
Deferred tax assets	53,510	56,317
Other	40,163	38,506
Allowance for doubtful accounts	(782)	(795)
Total investments and other assets	**130,791**	**129,025**
Total noncurrent assets	**934,485**	**923,047**
Total assets	**1,474,894**	**1,524,309**

Consolidated Balance Sheets-continued

(Unit: ¥ million)

	As of March 31, 2012	As of March 31, 2013
Liabilities		
Current liabilities		
Accounts payable-trade	82,125	92,206
Short-term loans payable	12,574	11,441
Commercial papers	20,000	—
Current portion of long-term loans payable	2,738	21,463
Current portion of bonds	283	50,059
Lease obligations	3,128	2,849
Accounts payable-other	19,809	20,588
Income taxes payable	15,111	21,438
Advances received	123,882	109,890
Provision for loss on order received	1,405	2,034
Asset retirement obligations	278	227
Other	69,128	65,090
Total current liabilities	**350,465**	**397,289**
Noncurrent liabilities		
Bonds payable	250,071	225,039
Long-term loans payable	86,005	61,903
Lease obligations	5,470	5,607
Deferred tax liabilities	17,393	17,530
Provision for retirement benefits	109,766	118,271
Provision for directors' retirement benefits	1,221	1,189
Asset retirement obligations	1,442	1,439
Other	13,306	11,831
Total noncurrent liabilities	**484,678**	**442,812**
Total liabilities	**835,143**	**840,102**
Net assets		
Shareholders' equity		
Capital stock	142,520	142,520
Capital surplus	139,300	139,300
Retained earnings	352,186	378,951
Total shareholders' equity	**634,006**	**660,771**
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(140)	1,910
Deferred gains or losses on hedges	(138)	51
Foreign currency translation adjustment	(21,046)	3,058
Pension liability adjustments	(478)	(115)
Other	(6,492)	(14,363)
Total valuation and translation adjustments	**(28,296)**	**(9,459)**
Minority interests	**34,041**	**32,894**
Total net assets	**639,750**	**684,207**
Total liabilities and net assets	**1,474,894**	**1,524,309**

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	FY ended 31, March 2012	FY ended 31, March 2013
Net sales	**1,251,177**	**1,301,941**
Cost of sales	**941,881**	**980,524**
Gross profit	**309,295**	**321,416**
Selling, general and administrative expenses	**228,878**	**235,720**
Operating income	**80,416**	**85,696**
Non-operating income		
Interest income	377	504
Dividends income	546	988
Foreign exchange gains	896	2,416
Debt appraisal profit	1,510	436
Other	2,889	3,291
Total non-operating income	**6,220**	**7,637**
Non-operating expenses		
Interest expenses	5,598	5,546
Loss on retirement of noncurrent assets	1,576	1,914
Compensation for damage	1,500	261
Other	2,374	3,740
Total non-operating expenses	**11,049**	**11,463**
Ordinary income	**75,588**	**81,870**
Extraordinary income		
Gain on sales of land	4,570	―
Gain on bargain purchase	3,377	―
Total extraordinary income	**7,948**	**―**
Extraordinary loss		
Loss on restructuring of subsidiaries and affiliates	1,139	3,132
Impairment loss of noncurrent assets	8,930	1,718
Impairment loss of goodwill	1,303	―
Loss on disaster	281	―
Total extraordinary loss	**11,654**	**4,851**
Income before income taxes	**71,882**	**77,019**
Income taxes-current	38,474	37,905
Income taxes-deferred	2,340	(5,881)
Total income taxes	**40,815**	**32,024**
Income before minority interests	**31,066**	**44,994**
Minority interests in income (loss)	**620**	**1,477**
Net income	**30,446**	**43,517**
Minority interests in income (loss)	**620**	**1,477**
Income before minority interests	**31,066**	**44,994**

Consolidated Statements of Income and Comprehensive Income-continued

(Unit: ¥ million)

	FY ended 31, March 2012	FY ended 31, March 2013
Other comprehensive income		
Valuation difference on available-for-sale securities	(72)	2,275
Deferred gains or losses on hedges	(373)	190
Foreign currency translation adjustment	(7,937)	23,930
Pension liability adjustments	(478)	363
Share of other comprehensive income of associates accounted for using equity method	0	55
Other	(701)	(7,871)
Total other comprehensive income	**(9,562)**	**18,943**
Comprehensive income	**21,504**	**63,937**
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	20,918	62,355
Comprehensive income attributable to minority interests	586	1,582

(3) Consolidated Statements of Shareholders' Equity

(Unit: ¥ million)

	FY ended 31, March 2012	FY ended 31, March 2013
Shareholders' equity		
Capital stock		
Capital stock	142,520	142,520
Changes of items during the period		
Total changes of items during the period	—	—
Ending balance of capital stock	142,520	142,520
Capital surplus		
Capital surplus	139,300	139,300
Changes of items during the period		
Total changes of items during the period	—	—
Ending balance of capital surplus	139,300	139,300
Retained earnings		
Retained earnings	338,550	352,186
Changes of items during the period		
Dividends from surplus	(16,830)	(16,830)
Net income	30,446	43,517
Change of scope of equity method	20	—
Other	—	77
Total changes of items during the period	13,636	26,764
Ending balance of retained earnings	352,186	378,951
Total shareholders' equity		
Shareholders' equity	620,370	634,006
Changes of items during the period		
Dividends from surplus	(16,830)	(16,830)
Net income	30,446	43,517
Change of scope of equity method	20	—
Other	—	77
Total changes of items during the period	13,636	26,764
Ending balance of shareholders' equity	634,006	660,771
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Valuation difference on available-for-sale securities	(67)	(140)
Changes of items during the period		
Other	—	238
Net changes of items other than shareholders' equity	(72)	1,811
Total changes of items during the period	(72)	2,050
Ending balance of valuation difference on available-for-sale securities	(140)	1,910

Consolidated Statements of Shareholders' Equity-continued

(Unit: ¥ million)

	FY ended 31, March 2012	FY ended 31, March 2013
Deferred gains or losses on hedges		
Deferred gains or losses on hedges	234	(138)
Changes of items during the period		
Net changes of items other than shareholders' equity	(373)	190
Total changes of items during the period	(373)	190
Ending balance of deferred gains or losses on hedges	(138)	51
Foreign currency translation adjustment		
Foreign currency translation adjustment	(13,144)	(21,046)
Changes of items during the period		
Net changes of items other than shareholders' equity	(7,902)	24,105
Total changes of items during the period	(7,902)	24,105
Ending balance of foreign currency translation adjustment	(21,046)	3,058
Pension liability adjustments		
Pension liability adjustments	—	(478)
Changes of items during the period		
Net changes of items other than shareholders' equity	(478)	363
Total changes of items during the period	(478)	363
Ending balance of pension liability adjustments	(478)	(115)
Other		
Other	(5,790)	(6,492)
Changes of items during the period		
Other	—	(316)
Net changes of items other than shareholders' equity	(701)	(7,555)
Total changes of items during the period	(701)	(7,871)
Ending balance of other	(6,492)	(14,363)
Total valuation and translation adjustments		
Valuation and translation adjustments	(18,768)	(28,296)
Changes of items during the period		
Other	—	(77)
Net changes of items other than shareholders' equity	(9,528)	18,914
Total changes of items during the period	(9,528)	18,837
Ending balance of valuation and translation adjustments	(28,296)	(9,459)

Consolidated Statements of Shareholders' Equity-continued

(Unit: ¥ million)

	FY ended 31, March 2012	FY ended 31, March 2013
Minority interests		
Minority interests	28,716	34,041
Changes of items during the period		
Net changes of items other than shareholders' equity	5,325	(1,146)
Total changes of items during the period	5,325	(1,146)
Ending balance of minority interests	34,041	32,894
Net assets		
Net assets	630,317	639,750
Changes of items during the period		
Dividends from surplus	(16,830)	(16,830)
Net income	30,446	43,517
Change of scope of equity method	20	—
Other	—	—
Net changes of items other than shareholders' equity	(4,203)	17,768
Total changes of items during the period	9,432	44,456
Ending balance of net assets	639,750	684,207

(4) Consolidated Statements of Cash Flows

(Unit: ¥ million)

	FY ended 31, March 2012	FY ended 31, March 2013
Net cash provided by (used in) operating activities		
Income before income taxes	71,882	77,019
Depreciation and amortization	148,327	140,055
Loss on retirement of noncurrent assets	11,394	13,821
Increase (decrease) in provision for retirement benefits	7,582	8,450
Loss (gain) on sales of investment securities	176	(390)
Loss (gain) on valuation of investment securities	111	272
Interest expenses	5,598	5,546
Impairment loss of noncurrent assets	8,930	1,718
Gain on sales of land	(4,570)	―
Gain on bargain purchase	(3,377)	―
Decrease (increase) in notes and accounts receivable-trade	(11,488)	(29,720)
Decrease (increase) in inventories	3,739	1,977
Increase (decrease) in notes and accounts payable-trade	(5,394)	2,500
Increase (decrease) in advances received	2,581	(15,344)
Increase (decrease) in accrued consumption taxes	2,404	(2,918)
Other, net	(56)	(9,144)
Subtotal	237,840	193,845
Interest and dividends income received	928	1,492
Interest expenses paid	(5,737)	(5,478)
Income taxes (paid) refund	(42,783)	(28,531)
Net cash provided by (used in) operating activities	**190,247**	**161,327**
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(48,145)	(39,557)
Purchase of intangible assets	(87,338)	(77,186)
Proceeds from sales of noncurrent assets	6,918	1,570
Purchase of investment securities	(378)	(870)
Proceeds from sales of investment securities	227	2,839
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(29,110)	(3,317)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	116	―
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	―	(28)

Consolidated Statements of Cash Flows-continued

(Unit: ¥ million)

	FY ended 31, March 2012	FY ended 31, March 2013
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	26	—
Net decrease (increase) in time deposits	102	4,606
Payments for transfer of business	(2,710)	(730)
Purchase of investments in subsidiaries	(1,842)	(1,263)
Other, net	2,293	(1,106)
Net cash provided by (used in) investing activities	**(159,840)**	**(115,044)**
Net cash provided by (used in) financing activities		
Proceeds from issuance of bonds	97	24,900
Redemption of bonds	(30,305)	(253)
Proceeds from long-term loans payable	609	1,531
Repayment of long-term loans payable	(33,662)	(9,775)
Net increase (decrease) in commercial papers	20,000	(20,000)
Net increase (decrease) in short-term loans payable	(2,658)	(1,383)
Repayments of lease obligations	(3,058)	(2,667)
Cash dividends paid	(16,827)	(16,833)
Cash dividends paid to minority shareholders	(512)	(407)
Proceeds from stock issuance to minority shareholders	461	88
Purchase of stock issuance from minority shareholders	(102)	(10,868)
Net cash provided by (used in) financing activities	**(65,957)**	**(35,667)**
Effect of exchange rate change on cash and cash equivalents	**(2,147)**	**5,236**
Net increase (decrease) in cash and cash equivalents	**(37,698)**	**15,852**
Cash and cash equivalents	**198,606**	**161,110**
Increase in cash and cash equivalents from newly consolidated subsidiary	**202**	**—**
Cash and cash equivalents	**161,110**	**176,963**

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Unit: ¥ million)

	As of March 31, 2012	As of March 31, 2013
Assets		
Current assets		
Cash and deposits	80,054	73,812
Notes receivable-trade	16	234
Accounts receivable-trade	151,955	176,185
Accounts receivable-other	11,445	14,270
Lease receivables	1,850	1,637
Lease investment assets	12,019	12,468
Securities	20,000	—
Inventories	15,555	14,377
Advance payments-trade	13	101
Prepaid expenses	10,427	11,207
Deferred tax assets	6,938	6,710
Short-term loans receivable from subsidiaries and affiliates	14,794	39,359
Deposits paid	10,000	30,000
Other	2,989	7,807
Allowance for doubtful accounts	(100)	(89)
Total current assets	**337,960**	**388,083**
Noncurrent assets		
Property, plant and equipment		
Data communucation facilities, net	114,457	86,362
Buildings, net	89,048	83,309
Structures, net	2,341	2,205
Machinery, equipment and vehicles, net	12,959	11,539
Tools, furniture and fixtures, net	8,462	7,920
Land	48,229	48,229
Lease assets, net	895	868
Construction in progress	16,390	26,701
Total property, plant and equipment	**292,784**	**267,138**
Intangible assets		
Software	220,084	221,184
Software in progress	62,479	63,904
Lease assets	35	42
Other	2,178	2,140
Total intangible assets	**284,777**	**287,271**

Non-Consolidated Balance Sheets-continued

(Unit: ¥ million)

	As of March 31, 2012	As of March 31, 2013
Investments and other assets		
Investment securities	23,301	24,445
Stocks of subsidiaries and affiliates	70,571	126,133
Investments in other securities of subsidiaries and affiliates	18,000	186,616
Investments in capital	103	2,194
Investments in capital of subsidiaries and affiliates	199,094	363
Long-term loans receivable	540	540
Long-term loans receivable from subsidiaries and affiliates	36,303	18,933
Claims provable in bankruptcy, claims provable in rehabilitation and other	240	197
Long-term prepaid expenses	6,604	6,656
Lease and guarantee deposits	15,746	12,043
Deferred tax assets	31,072	30,398
Other	1,821	1,874
Allowance for doubtful accounts	(568)	(532)
Total investments and other assets	**402,831**	**409,869**
Total noncurrent assets	**980,394**	**964,279**
Total assets	**1,318,354**	**1,352,363**
Liabilities		
Current liabilities		
Accounts payable-trade	64,199	78,406
Short-term loans payable	7,000	7,000
Commercial papers	20,000	―
Current portion of long-term loans payable	1,641	22,336
Current portion of bonds	―	49,999
Lease obligations	500	500
Accounts payable-other	12,667	12,163
Accrued expenses	8,736	9,031
Income taxes payable	9,370	16,356
Accrued consumption taxes	5,065	2,093
Advances received	111,026	95,812
Deposits received	63,518	59,363
Provision for loss on order received	1,056	1,485
Asset retirement obligations	130	200
Other	1,450	100
Total current liabilities	**306,365**	**354,849**

Non-Consolidated Balance Sheets-continued

(Unit: ¥ million)

	As of March 31, 2012	As of March 31, 2013
Noncurrent liabilities		
Bonds payable	249,941	224,939
Long-term loans payable	79,535	59,000
Long-term loans payable to subsidiaries and affiliates	14,797	13,138
Lease obligations	1,284	1,184
Provision for retirement benefits	55,907	59,037
Asset retirement obligations	639	595
Other	3,702	3,573
Total noncurrent liabilities	**405,807**	**361,470**
Total liabilities	**712,173**	**716,319**
Net assets		
Shareholders' equity		
Capital stock	142,520	142,520
Capital surplus		
Legal capital surplus	139,300	139,300
Total capital surplus	**139,300**	**139,300**
Retained earnings		
Legal retained earnings	2,287	2,287
Other retained earnings		
Reserve for reduction entry	1,633	1,284
General reserve	288,000	288,000
Retained earnings brought forward	32,264	61,444
Total retained earnings	**324,185**	**353,016**
Total shareholders' equity	**606,005**	**634,836**
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	176	1,207
Total valuation and translation adjustments	**176**	**1,207**
Total net assets	**606,181**	**636,043**
Total liabilities and net assets	**1,318,354**	**1,352,363**

(2) Non-Consolidated Statements of Income

（Unit: ¥ million）

	FY ended 31, March 2012	FY ended 31, March 2013
Statements of income		
Net sales	**812,011**	**818,036**
Cost of sales	**624,618**	**627,031**
Gross profit	**187,392**	**191,004**
Selling, general and administrative expenses	**120,053**	**118,746**
Operating income	**67,339**	**72,258**
Non-operating income		
Interest income	980	1,079
Dividends income	2,967	2,713
Foreign exchange gains	255	3,004
Other	3,114	2,565
Total non-operating income	**7,318**	**9,362**
Non-operating expenses		
Interest expenses	1,581	1,515
Interest on bonds	3,459	3,559
Compensation for damage	1,498	151
Loss on repurchase of noncurrent assets	1,060	―
Loss on retirement of noncurrent assets	732	1,404
Loss on valuation of investment securities	88	227
Other	785	1,329
Total non-operating expenses	**9,206**	**8,187**
Ordinary income	**65,450**	**73,433**
Extraordinary income		
Gain on sales of land	4,570	―
Total extraordinary income	**4,570**	**―**
Extraordinary loss		
Impairment loss of noncurrent assets	8,886	1,148
Loss on restructuring of subsidiaries and affiliates	622	138
Loss on valuation of stocks of subsidiaries and affiliates	6,001	―
Loss on disaster	242	―
Total extraordinary loss	**15,752**	**1,286**
Income before income taxes	**54,269**	**72,146**
Income taxes-current	26,719	26,154
Income taxes-deferred	2,162	331
Total income taxes	**28,881**	**26,485**
Net income	**25,387**	**45,661**

(3) Non-Consolidated Statements of Shareholders' Equity

(Unit: ¥ million)

	FY ended 31, March 2012	FY ended 31, March 2013
Shareholders' equity		
Capital stock		
Capital stock	142,520	142,520
Changes of items during the period		
Total changes of items during the period	—	—
Ending balance of capital stock	142,520	142,520
Capital surplus		
Legal capital surplus		
Legal capital surplus	139,300	139,300
Changes of items during the period		
Total changes of items during the period	—	—
Ending balance of legal capital surplus	139,300	139,300
Total capital surplus		
Capital surplus	139,300	139,300
Changes of items during the period		
Total changes of items during the period	—	—
Ending balance of capital surplus	139,300	139,300
Retained earnings		
Legal retained earnings		
Legal retained earnings	2,287	2,287
Changes of items during the period		
Total changes of items during the period	—	—
Ending balance of legal retained earnings	2,287	2,287
Other retained earnings		
Reserve for reduction entry		
Reserve for reduction entry	—	1,633
Changes of items during the period		
Provision of reserve for reduction entry	1,633	—
Reversal of reserve for reduction entry	—	(349)
Total changes of items during the period	1,633	(349)
Ending balance of reserve for reduction entry	1,633	1,284
General reserve		
General reserve	268,000	288,000
Changes of items during the period		
Provision of general reserve	20,000	—
Total changes of items during the period	20,000	—
Ending balance of general reserve	288,000	288,000

Non-Consolidated Statements of Shareholders' Equity-continued

(Unit: ¥ million)

	FY ended 31, March 2012	FY ended 31, March 2013
Retained earnings brought forward		
Retained earnings brought forward	45,339	32,264
Changes of items during the period		
Dividends from surplus	(16,830)	(16,830)
Provision of reserve for reduction entry	(1,633)	—
Reversal of reserve for reduction entry	—	349
Provision of general reserve	(20,000)	—
Net income	25,387	45,661
Total changes of items during the period	(13,075)	29,180
Ending balance of retained earnings brought forward	32,264	61,444
Total retained earnings		
Retained earnings	315,627	324,185
Changes of items during the period		
Dividends from surplus	(16,830)	(16,830)
Provision of reserve for reduction entry	—	—
Reversal of reserve for reduction entry	—	—
Provision of general reserve	—	—
Net income	25,387	45,661
Total changes of items during the period	8,557	28,831
Ending balance of retained earnings	324,185	353,016
Total shareholders' equity		
Shareholders' equity	597,447	606,005
Changes of items during the period		
Dividends from surplus	(16,830)	(16,830)
Net income	25,387	45,661
Total changes of items during the period	8,557	28,831
Ending balance of shareholders' equity	606,005	634,836
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Valuation difference on available-for-sale securities	(39)	176
Changes of items during the period		
Net changes of items other than shareholders' equity	216	1,030
Total changes of items during the period	216	1,030
Ending balance of valuation difference on available-for-sale securities	176	1,207

Non-Consolidated Statements of Shareholders' Equity-continued

(Unit: ¥ million)

	FY ended 31, March 2012	FY ended 31, March 2013
Deferred gains or losses on hedges		
Deferred gains or losses on hedges	248	—
Changes of items during the period		
Net changes of items other than shareholders' equity	(248)	—
Total changes of items during the period	(248)	—
Ending balance of deferred gains or losses on hedges	—	—
Total valuation and translation adjustments		
Valuation and translation adjustments	208	176
Changes of items during the period		
Net changes of items other than shareholders' equity	(31)	1,030
Total changes of items during the period	(31)	1,030
Ending balance of valuation and translation adjustments	176	1,207
Net assets		
Net assets	597,655	606,181
Changes of items during the period		
Dividends from surplus	(16,830)	(16,830)
Net income	25,387	45,661
Net changes of items other than shareholders' equity	(31)	1,030
Total changes of items during the period	8,526	29,862
Ending balance of net assets	606,181	636,043