

Note; This document is the English translation of “Kessan Tanshin” for the final Quarter of the Fiscal Year Ended March 31, 2018 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, 2018

May 10, 2018

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 Person in charge	: Toshio Iwamoto, President and Chief Executive Officer : Hiroshi Setoguchi, Senior Executive Manager, Investor Relations Office Tel.:+81-3-5546-8119
Scheduled date of the ordinary general meeting of shareholders	: June 19, 2018
Scheduled date of dividend payment	: June 20, 2018
Scheduled date of filing securities report	: June 20, 2018
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 FY2017 (From April 1, 2017 to March 31, 2018)

(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	%
FY2017	2,117,167	22.2	123,522	5.5	121,563	7.6	58,173	(11.4)
FY2016	1,732,473	7.3	117,109	16.1	112,993	15.1	65,686	3.7

Reference: Comprehensive income: FY2017 57,441 million yen (-27.3%) FY2016 78,997 million 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)
	¥	¥	%	%	%
FY2017	41.48	—	7.1	5.4	5.8
FY2016	46.84	—	8.5	5.5	6.8

Reference: Equity in net income (losses) of affiliates: FY2017 1,026 million yen FY2016 -618 million yen

Note: Conducted stock split which shall split of common stock at a ratio of 1:5 as the effective date of July 1, 2017. For net income per share, calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

Note: Operating Income w/o goodwill amortization: FY2017 150,453 million yen

FY2016 134,343 million yen

Net income attributable to owners of parent w/o goodwill amortization: FY2017 85,103 million yen

FY2016 82,921 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
FY2017	2,234,277	868,863	37.3	594.55
FY2016	2,238,941	833,715	35.8	571.94

Reference: Equity: FY2017 833,859 million yen FY2016 802,148 million yen

Note: Conducted stock split which shall split of common stock at a ratio of 1:5 as the effective date of July 1, 2017. For net assets per share, calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(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
FY2017	232,282	(208,030)	(88,896)	190,070
FY2016	238,552	(428,354)	222,076	260,038

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			
FY2016 (Prior to Stock Split) (Reference)	¥ —	¥ 35.00	¥ —	¥ 40.00	¥ 75.00	¥ million 21,037	% 32.0	% 2.7
FY2016 (After Stock Split)	—	7.00	—	8.00	15.00	21,037	32.0	2.7
FY2017	—	7.50	—	7.50	15.00	21,037	36.2	2.6
FY2018 (Forecasts)	—	8.50	—	8.50	17.00		26.5	

Note: Conducted stock split which shall split of common stock at a ratio of 1:5 as the effective date of July 1, 2017.

Cash dividends per share forecasted at the consolidated financial forecast of the fiscal year ending March, 2018 is referring the amount after the stock split.

(Note) The dividend payout ratio (consolidated) of the fiscal year ending March 31, 2019 (forecast) is based on the net income per share for fiscal year calculated according to IFRS as described in the following “Forecasts of Consolidated Results for FY2018”.

3. Forecasts of Consolidated Results for FY2018 (From April 1, 2018 to March 31, 2019)

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

	Net sales		Operating income		Income before Income Taxes		Income attributable to owners of parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
FY2018	2,100,000	—	142,000	—	141,000	—	90,000	—	64.17

(Note) In above “Forecasts of Consolidated Results”, the forecasted values are calculated based on IFRS, as we have decided to adopt the standard from the fiscal year ending March 31, 2019. Therefore, increase/decrease rate against the actual values of the fiscal year ended March 31, 2018 to which JGAAP had been adopted is not described. For details of the forecast, please refer to “1. Business Results (2) Forecast for the Next Fiscal Year” on page 11.

* Notes:

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

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

(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) : Yes
- 3) Changes in accounting estimates : No
- 4) Restatements : No

(3) Number of shares outstanding (common stock)

- 1) Number of shares outstanding (including treasury stock) FY2017 1,402,500,000 shares FY2016 1,402,500,000 shares
- 2) Number of treasury stock FY2017 953 shares FY2016 495 shares
- 3) Average number of shares over period FY2017 1,402,499,176 shares FY2016 1,402,499,505 shares

Note: Conducted stock split which shall split of common stock at a ratio of 1:5 as the effective date of July 1, 2017. For number of shares, calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

* “Kessan Tanshin” is an unaudited financial report.

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

1. Conducted 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, 2019)” in “(1) Business Results ” on page 11.
3. Supplemental material on financial results for FY2017 will be uploaded on TDnet today, and will also be uploaded on our company website. Presentation on financial results for FY2017 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 and Financial Conditions

[1] Business Results

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

The Japanese economy is moderately improving as corporate profitability and business conditions are improving and capital investment is moderately increasing. The future economic trends are expected to continue this moderate improvement with the help of the effect of various policies where the employment/income environment continues to improve, although the influences of financial market fluctuations and uncertainty of the overseas economy must be kept in mind.

In domestic information services industry, the market is improving gradually as IT investments moved on to respond to system reforms and enforcement of new laws and regulations, enhance touch points and expand businesses by new services. Meanwhile, needs for reducing maintenance and operation costs and severity of price competition are expected to remain.

The overseas economy is also improving moderately. Regarding the future economic trends, the influences from uncertainty related to the future economic trends in China and other emerging Asian countries and their policies, as well as the influences of financial market fluctuations, must be kept in mind, but the economy is expected to continue this moderate improvement.

In the international information service industry, continuation of moderate growth is expected in the U.S. market. In Europe, the market is still strong, but we need to carefully watch over the impact of increasing uncertainty of the macro economy on IT investment. As for China, the demand for IT investments has remained stable, and high demand especially for digital ^(Note 1)-related investments 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 countries around the world, and to achieve the Global 2nd Stage by FY 2018.

Additionally, the wave of digitalization 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 promote “production technology innovation” and “leading-edge technologies” as solutions that can meet the needs of digitalization, thereby reinforcing our value delivery capability in new markets.

*Expanded to 214 cities in 53 countries and regions as of March 31, 2018.

[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 shares in 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 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 paradigms and values 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 Target >

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 two years since setting the above Medium-Term Management Plan, we have steadily made achievements in terms of “Game-Changing Approach” through entry to new business areas including those

related to IoT, construction of omni-channel systems, and expansion of banking businesses. We also strengthened our customer base by building long-term relationships with our clients and have established a stable business base. Regarding “Breakthrough Technology,” steady progress has been made including our R&D efforts on “production technology innovation” such as the rapid and high quality system development, and initiatives to “spark new ideas and technologies”, which proactively adopts 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. We are also working to make use of our near shore^(Note 2) and offshore^(Note 3) hubs and develop a more flexible delivery model to increase profits overseas. However, we have not yet reached the target level. Therefore, we acknowledge that these issues will remain as our significant management agendas.

To seek further globalization toward the Global 3rd Stage and achieve a new goal of “Trusted Global Innovator”, we decided to improve our local presence, strengthen our relationships with global clients and better understand the business in a timely manner under our organization redesigned to enhance our promotion and management of global business on the date of July, 1 2017.

Specifically, we transferred the current global operational functions under the Global Business Sector, such as the global account service (which provides support for global and key Accounts) and offering service (which provides cross-regional solutions), to the newly established Global Marketing Headquarters. Also we established the China & APAC Sector, and transferred our businesses in China and the APAC region from the Global Segment to the new sector. At the same time, we would manage to create collaborations between the three existing domestic business fields (Public & Social Infrastructure Segment, Financial Segment, and Enterprise & Solutions Segment) and the China & APAC Business.

With this organizational change, four segments classified for reporting (i.e., “Public & Social Infrastructure,” “Financial,” “Enterprise & Solutions” and “Global”) were reclassified into five segments as follows.

- 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.

- Financial Segment

This business segment provides high-value added IT services that help financial institutions to improve their business efficiency and offer good services.

- 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.

- North America Segment

This business segment provides high-value added IT services taking into consideration the market characteristics for North America business.

- EMEA & LATAM Segment

This business segment provides high-value added IT services taking into consideration the market characteristics for EMEA/Latin America business.

Since our overseas business has expanded and the scope of our business and geographic coverage have also been expanded, we seek to grow our business for reaching the Global 2nd Stage and for the Global 3rd Stage by enhancing the promotion and management system of our global business.

Notes:

1. Digital (digital transformation)

Digital transformation is a concept wherein IT permeation will change citizens' lives for the better in all respects. This concept is intended to realize a society where the social system is rebuilt to become user-friendly through cloud computing, as well as mobility and social technologies. With data growing exponentially due to IoT, by leveraging AI, this data will be converted to intelligence that is useful for living.

2. Near shore

The term "Near Shore" refers to assigning the whole or a part of the development task for an information system or software to an office based in a remote location that is relatively close to development sites.

3. Offshore

The term "Offshore" refers to outsourcing the whole or a part of the development task for an information system or software to an overseas vendor or a subsidiary.

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 the segments.

[Public & Social Infrastructure Segment]

We aimed 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).

<Implementation of initiatives for business expansion of RPA tool "WinActor">

- To strongly support the automation and optimization of the clients' business and contribute to their workstyle reform, we introduced "WinActor,"^(Note 1) a made-in-Japan Robotic Process Automation (RPA) solution which automates the operation of various Windows applications, to over 800 companies. We also responded to diverse market needs in a timely manner by improving operability and security. Moreover, we released "WinDirector" which enables uniform management and control of "WinActor" on the server, as well as "Office Robot," the English version of WinActor, on to the global market.

<Expansion of functions in renewed projects for central government ministries>

We expanded functions at the time of renewal of existing projects for central government ministries, in order to offer more convenient services to the users.

- In October 2017, we developed "the sixth NACCS and the fourth CIS" as a large-scale system renewal and started its service smoothly. For "the sixth NACCS" we improved its stability and reliability further, responded to the system reform, and expanded functions and convenience for use as a public-private comprehensive logistic information platform. For "the fourth CIS" we expanded functions aimed at

smoother trade and stronger border enforcement and integrated the system infrastructure for optimization.

- Regarding the Electronic National Tax Filing and Payment System, we implemented steady measures for the tax reform in four phases in June and September 2017 and January and March 2018. We also improved and added various functions to enhance convenience and usability for tax payers and tax officials.

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

The net sales were 443.6 billion yen (2.6% decrease compared to the previous year) due mainly to less orders compared to the previous fiscal year such as for services for government ministries and the utilities industry.

The operating income was 38.7 billion yen (12.2% decrease compared to the previous year) due mainly to a decline in sales and the increase in the amount of loss from 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.digitalization

<Implementation of demonstration experiment using blockchain technology>

We conducted demonstration experiments with various stakeholders to develop blockchain-related business.

- In August 2017, we established "the consortium to develop trade data sharing platform using blockchain technology" ^(Note 2), with our company as the secretariat, to consider measures for issues that cross over companies and business categories. We worked with fourteen companies representing industries such as banking, insurance, integrated logistics and trade.
- In November 2017, NTT DATA and The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current MUFG Bank, Ltd.) agreed on and started the connection demonstration experiment to realize cross-border electronic exchange of trade documents between Japan and Singapore, in cooperation with NTP Project Office, which promotes the National Trade Platform ^(Note 3), a Singaporean trade platform.
- From February 2018, we started offering a blockchain-related demonstration experiment environment for the insurance industry, free of charge, to support the use of blockchain in insurance companies.

<Implementation of fintech-related initiatives>

Considering fintech as a business opportunity, we contributed to the improvement of convenience of IT-based financial services by providing applications and platforms.

- We developed OpenCanvas, a highly reliable, secure cloud infrastructure with various API ^(Note 4) and API management functions required for cooperation between financial institutions and fintech companies. We released the cloud infrastructure in September 2017 and various API and API management functions in March 2018. We also held three OpenCanvas forums to offer business matching opportunities for the creation and promotion of open innovation. The forums attracted over 80 financial institutions and 25 fintech companies.
- In August 2017, we released My Pallete, the next-generation banking application for banks and other financial institutions, which was introduced in ten institutions. In October 2017, we released Appli Banking, a smartphone application with banking functions for shinkin banks, which was introduced in nine shinkin banks. These services enabled the clients to check their real-time account balance and transactions without subscribing to an online banking service.

*Result of introduction as of March 31, 2018.

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

The net sales were 559.5 billion yen (8.0% increase compared to the previous year) due mainly to expansion of businesses for banks and cooperative financial institutions.

The operating income was 53.0 billion yen (25.2% increase compared to the previous year) due to growth in sales and the improvement in cost of sales ratio attributable to a decrease mainly in depreciation of some systems.

[Enterprise & Solutions Segment]

We aimed for business expansion as a business partner who creates new values together with clients, such as retailers, distributors, service providers, and manufacturers whose business environments are changing greatly as observed in acceleration of trend in digital usage and rise in demand for enhancement of global competitiveness. In responding to these changes, we leveraged our strengths such as our advanced technologies and know how in the digital field and experience of totally supporting many of our clients' systems.

<Establishment of long-term partnership with Mitsubishi Heavy Industries Group>

- In October 2017, NTT DATA partnered with Mitsubishi Heavy Industries, Ltd. and established NTT DATA MHI Systems Corporation. By using the technology and organizational capacity of our group nurtured through rich experience in the network service and system integration business, we will improve Mitsubishi Heavy Industries Group's IT services (including IT infrastructure development, operation and maintenance, and development of operational applications) and strengthen its global response capacity in a faster and more efficient manner. From 2016 to 2017, NTT DATA and Mitsubishi Heavy Industries Aero Engines, Ltd. conducted demonstration experiments for the early detection of nonconforming products in the aero engine blade production process and the improvement of the process, using the analysis operation automation framework "AICYCLE" ^(Note 5) which automates analysis operations in companies using AI.

<Offer of various payment-related services>

We offered various payment-related services based on our achievements, diversity, safety and security and know-how accumulated through CAFIS ^(Note 6).

- In September 2017, we started multiple demonstration experiments for smartphone payment services connecting a smartphone application and bank accounts, aiming at the commercialization during FY2018. These experiments were conducted to verify the possibility of easy smartphone payment using bank accounts, even for people without a credit card, and its safe use through biometric certification.
- In September 2017, we started the CAFIS Attendant service for retailers to support their marketing and sales promotion activities targeted at foreign tourists.

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

The net sales were 477.2 billion yen (12.1% increase compared to the previous year) due mainly to expansion of digital-related businesses and businesses for the manufacturing industry including M&A.

The operating income was 40.1 billion yen (10.4% increase compared to the previous year) due mainly to growth in sales.

[North America Segment]

Under the new structure of NTT DATA Services that was launched in April 2017, by steadily promoting PMI (Post Merger Integration, integration process after M&A) for the former Dell Services and integrating businesses in North America and other regions, we aimed to expand business especially in healthcare, public

and financial segments through the utilization of our wealth of achievements and expertise in outsourcing, etc., and enhance the capability to respond to the digital field, etc. to increase our local presence further.

< Awarded contract with Georgia Technology Authority, U.S. >

- NTT DATA Services, a division of NTT DATA Corporation, extended and expanded our multi-year agreement with Georgia Technology Authority (GTA), U.S. in January 2018. We will continue to provide End User Computing (EUC) ^(Note 7) services and expand our services to include Virtual Desktop^(Note 8) Infrastructure (VDI). Our superior performance and consistent delivery of EUC services throughout the State of Georgia was instrumental in extending the contract and adding incremental business. We are introducing an innovative approach to delivering solutions that will help GTA solve a number of challenges and improve the end-user experience.

<Patent-Pending Automation Technology Won Business Transformation-Related Award>

- One of the patent-pending automation technologies developed by NTT DATA Services was awarded the “Best Achievement in Operational Excellence to Deliver Business Transformation” at “BTOES18” ^(Note 9). The award-winning technology, “NTT DATA Robotic Context Processor,” is a cognitive automation engine that uses built-in Optical Character Recognition (OCR), Natural Language Processing (NLP) technology and self-learning capabilities to comprehend complex legal documentation, such as contracts between hospitals and insurers, and execute appropriate actions based on the directives. The success of developing this technology, which brings business innovation to customers, was recognized as a remarkable achievement of NTT DATA Services.

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

The net sales were 472.0 billion yen (91.6% increase compared to the previous year) due mainly to the expansion of businesses as a result of the acquisition of the former Dell Services and the increase in months to be consolidated associated with the unification of the accounting periods.

The operating income without goodwill amortization was 18.9 billion yen (104.4% increase compared to the previous year) due mainly to profit contribution by the acquisition of the former Dell Services, and the increase in months to be consolidated associated with the unification of the accounting periods.

The operating income was 0.1 billion yen (3.0% decrease compared to the previous year).

[EMEA & LATAM Segment]

By expanding the existing business, promoting the M&A strategy and strengthening the capability to provide services especially in new fields such as the digital field, we aimed to increase the local presence in EMEA and Latin America, and create a source of competitiveness by gathering the strength and resources of group companies and exerting synergy effects for further growth.

<Expansion and strengthening of SAP business through acquisition of Swedish company Einsvereinte AB>

- In March 2018, itelligence AG, our German subsidiary, reached a final agreement with the Swedish company Einsvereinte AB (hereinafter, EINS Consulting) to acquire all of its outstanding shares and to execute capital alliance. EINS Consulting is a SAP business operator in Sweden and is particularly strong in the system development and consulting related to analytics and CRM. In addition, itelligence AG acquired the Goldfish ICT Group in the Netherlands in May 2017, P.T. Abyor in Indonesia in June 2017, and vCentric in India in September 2017. The company thus implemented initiatives for further growth, such as business

expansion in markets with high potential demand for SAP and the cross-selling using our group's client base and solutions.

<Establishment of innovation hubs in EMEA and Latin America>

We opened collaborative hubs to demonstrate the applicability of innovation-related best practices and R&D achievements in our group companies, and to try out new technologies from an innovative approach together with the clients and business partners and in close cooperation with research centers in Japan and Silicon Valley, U.S. and R&D teams in other regions.

- NTT DATA and its subsidiary NTT DATA EMEA LTD. opened the innovation lab “Ensō” (Germany) in October 2017.
- Our Spanish subsidiary everis Group opened the Industrialization and Digitalization Competency Center (Chile) in November 2017. It also opened the global digital design studio “CHAZZ” (Spain) in January 2018 and “LivingLab” (Spain) in February 2018.

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

The net sales were 423.2 billion yen (27.9% increase compared to the previous year) due mainly to the increase in months to be consolidated associated with the unification of accounting periods of some Group companies, and as a result of expansion of businesses in Spain, Germany, and Latin America.

The Operating Income without goodwill amortization was 5.0 billion yen (13.8% increase compared to the previous year) due to the increase in months to be consolidated associated with the unification of accounting periods of some Group companies.

The operating income was -2.5 billion yen (22.0% increase compared to the previous year).

Notes:

1. WinActor

RPA solution that was developed by the NTT Advanced Technology Corporation with the technology of NTT Access Network Service Systems Laboratories as the core and provided by NTT DATA as the distributor.

2. Consortium to develop trade data sharing platform using blockchain technology

The first trade-related consortium using blockchain technology in Japan. The following companies have participated in this consortium: Kawasaki Kisen Kaisha, Ltd. (“K” LINE), Mitsui O.S.K. Lines, Ltd. (MOL), Sumitomo Corporation, Sojitz Corporation, Sompo Japan Nipponkoa Insurance Inc., Tokio Marine & Nichido Fire Insurance Co., Ltd., Toyota Tsusho Corporation, Nippon Express Co., Ltd., NYK Line, Marubeni Corporation, Mizuho Financial Group, Inc./ Mizuho Bank, Ltd., Mitsui Sumitomo Insurance Company, Limited, Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., (current MUFG Bank, Ltd.) and NTT DATA (headquarters).

3. National Trade Platform

This is a one-stop trade information ecosystem that enables companies and the Singapore government to share and reuse digital data of trade transactions between them. Digitalization of paper documents and trade/supply chain data will improve productivity and minimize risks of frauds inherent in operations assuming paper exchange.

4. API (Application Programming Interface)

A protocol defining procedures and data formats for calling and using data and functions managed on a system from external systems.

5. AICYCLE

A technology to maintain the prediction accuracy (quality of a prediction model) by automatically evaluating and updating the “prediction model,” which is a judgment logic used by AI for prediction, using various business-related data, and results of AI prediction and actual results (whether predictions and actual results matched or not).

6. CAFIS

Largest comprehensive payment platform in Japan supporting various payment methods provided by NTT DATA.

7. End-user computing (EUC)

Development, construction and operation/management of systems and software by company employees (end-users) and departments engaged in on-site information system operation.

8. Virtual desktop

Central management system that integrates OS, applications and data of separate devices (computer, etc.) on a single server.

9. BTOES18 (The Business Transformation & Operational Excellence World Summit & Industry Awards 2018)

Awards established to honor achievements of excellent global organizations through their Operational Excellence initiatives. Operational Excellence allows companies to establish competitive superiority by improving the operational process and increasing on-site executive capacity to create new values.

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

Approx.81,000 employees deployed in 214 cities in 53 countries and regions outside of Japan.

(Approx.118,000 employees include Japan)

(AS of March 31, 2018)

Progress of technical development

The Group's main business, system integration (SI), is seeing some improvement with the gradual recovery of the Japanese economy. However, it is still exposed to a very tough competitive environment. In order to beat the competition in such 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" with which we proactively incorporate new technological trends. With these two initiatives, we combine a development capability which enables us to respond flexibly to circumstantial changes, and are working to strengthen our R&D so that we can propose and deliver attractive systems to our clients.

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

The R&D costs for the consolidated fiscal year under review were 14.5 billion yen. The results of the R&Ds, which are commonly applicable to the Public & Social Infrastructure, the Financial, the Enterprise & Solutions, the North America and the EMEA & LATAM segments, are not separately recorded by each segment.

[Innovation technologies to deliver solutions]

We have been working to achieve high speed and high quality development by automating software development, which has given us a significant competitive edge. With this background, adding to further advancement in automation technology, we have undertaken legacy modernization ^(Note1) and accelerated innovation in our development processes so that we can respond with agility to changes in development environments, and in our clients' business environments. Additionally, we are promoting standardization initiatives on a global level.

<Acceleration of digital transformation initiatives>

• To optimize and downsize existing IT assets, which is an issue in realizing digital transformation of companies, we implemented three initiatives: 1) "digital consulting" to develop digitalization strategies and assess the use of existing IT, 2) "Lift & Shift" to reduce cost by migrating core systems to cloud, and 3) "data democratization" to enable diverse users to safely use all kinds of data. To improve the technological

capability of digital and legacy digital integration including the above, we started to offer infrastructure for digitalization of existing IT assets in companies in October 2017, in cooperation with Red Hat, Inc. and EMC Japan Corporation. We also concluded a business partnership agreement with Pivotal Japan K.K. in November 2017.

[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 ^(Note2).

<Publication of NTT DATA Technology Foresight 2018>

- We created and published the NTT DATA Technology Foresight 2018 in cooperation with our overseas group company CTOs, with a focus on potential technological breakthrough such as AI and the direction of social development brought forth by such technology. The initiative, which has been conducted seven times so far, is attracting more and more recognition. 333 seminars and individual meetings were held in Japan and overseas in 2017 to encourage innovative creation of the clients. In addition, as an example of “Pervasive Artificial Intelligence” which is one of the “technological trends” of 2017, NTT DATA and NTT FACILITIES, INC. developed a new technology of active vibration control ^(Note 3) in August 2017, the industry’s first technology that uses AI to mitigate seismic motion in super high-rise buildings. This technology allows the AI that learned optimal quake mitigation to control the damper (equipment that mitigates a building’s quake by absorbing seismic energy) according to the scale of the earthquake, and it can reduce the shaking of a super high-rise building caused by long-period seismic motion by more than 50% compared to the conventional technology.

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 the specifications of such black-box systems, utilize existing assets, and renovate them into new systems.

2. NTT DATA Technology Foresight

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

3. Technology of active vibration control

Method to mitigate quakes by giving the building the necessary mitigation power using external energy. The mitigation power is calculated based on data measured by a sensor, and the damper is actively moved to mitigate a building’s quake.

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

• New Orders Received	2,021.1 billion yen	(up 13.5% year-on-year)
• Net Sales	2,117.1 billion yen	(up 22.2% year-on-year)
• Operating Income	123.5 billion yen	(up 5.5% year-on-year)
• Ordinary Income	121.5 billion yen	(up 7.6% year-on-year)
• Income before Income Taxes	100.0 billion yen	(down 5.0% year-on-year)
• Net Income Attributable to owners of parent	58.1 billion yen	(down 11.4% year-on-year)
• Operating Income without goodwill amortization	150.4 billion yen	(up 12.0% year-on-year)
• Net Income Attributable to owners of parent without goodwill amortization	85.1 billion yen	(up 2.6% year-on-year)

<Year-on-Year Changes by Business Segment>

(Unit: billion yen)

Description		FY2016	Share (%)	FY2017	Share (%)	Change (%)
Net Sales	Public & Social Infrastructure Segment	455.4	22.1	443.6	17.9	(2.6)
	Financial Segment	518.0	25.2	559.5	22.6	8.0
	Enterprise & Solutions Segment	425.6	20.7	477.2	19.3	12.1
	North America Segment	246.3	12.0	472.0	19.1	91.6
	EMEA & LATAM Segment	330.8	16.1	423.2	17.1	27.9
	Others	80.0	3.9	96.5	3.9	20.6
	Adjustments	(323.9)	-	(355.0)	-	(9.6)
Total		1,732.4	-	2,117.1	-	22.2
Operating Income	Public & Social Infrastructure Segment	44.1	36.0	38.7	29.5	(12.2)
	Financial Segment	42.3	34.6	53.0	40.4	25.2
	Enterprise & Solutions Segment	36.3	29.7	40.1	30.6	10.4
	North America Segment	0.1	0.1	0.1	0.1	(3.0)
	EMEA & LATAM Segment	(3.2)	(2.6)	(2.5)	(1.9)	22.0
	Others	2.6	2.2	1.6	1.3	(36.3)
	Adjustments	(5.4)	-	(7.8)	-	(44.5)
Total		117.1	-	123.5	-	5.5

[2] Financial Conditions

● Financial condition of this fiscal period

While construction in progress and other non-current assets increased, intangible assets (goodwill and other intangible assets) decreased due to amortization and current assets decreased. As a result, the assets at the end of this current term decreased by 4.6 billion yen from the end of the previous term to 2,234.2 billion yen. Compared to the end of the previous term, the liabilities dropped by 39.8 billion yen to 1,365.4 billion yen due mainly to the redemption of debentures.

Net assets increased by 35.1 billion yen from the end of the previous term to 868.8 billion yen due mainly to the increase of retained earnings.

● Cash flow condition of this fiscal period

The cash flow from this term's operations is revenue of 232.2 billion yen (6.2 billion yen decrease compared to the previous term) due mainly to the net income before income taxes of 100.0 billion yen, the income of 160.0 billion yen of the depreciation cost, which is a non-cash expenditure, and payment including corporate tax of 64.0 billion yen.

The cash flow from investment activities resulted in a cash outflow of 208.0 billion yen (220.3 billion yen decrease compared to the previous term). This was due mainly to a capital investment expenditure of 202.9 billion yen. Overall, the free cash flow of this term finished 24.2 billion yen in the black (214.0 billion yen increase compared to the previous term).

The cash flow from financing activities resulted in a cash outflow of 88.8 billion yen (310.9 billion yen increase compared to the previous term). This was mainly attributable to both decreased interest-bearing liabilities after repayment and dividend payments.

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

Indicator	FY2016	FY2017
Debt Equity Ratio (Times)	0.80	0.70

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

(2) Forecast for the Next Fiscal Year (Ending March 31, 2019)

FY2018 is the final year of the Medium-Term Management Plan devised by the NTT DATA Group. Under the basic strategy of Game-Changing Approach and Breakthrough Technology, we will strive to receive orders without fail by steadily identifying the IT investment needs of customers in and outside Japan, restrain unprofitable projects, improve overseas subsidiaries' profitability, and save cost of the entire Group. We will also continue to step up active investments in new fields for transformation into a digital society.

In light of the above, for the fiscal year ending March 31, 2019, net sales are forecast at 2,100.0 billion yen, and operating income at 142.0 billion yen.

The forecasts of financial results for FY2018 were computed in conformity to IFRS with regard to the Company as a whole and segments.

Our segment-by-segment outlook is as follows.

[Public & Social Infrastructure Segment]

We aim for receiving system renewal orders for core businesses from governments and infrastructure companies, and make 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 realizing new public-private social infrastructure in accordance with the Society 5.0/Digital Government Plan.

Net sales ^(Note 1) are forecast at 463.0 billion yen (net sales to external customers: 382.0 billion yen), and operating income at 47.0 billion yen.

[Financial Segment]

While the market environment such as the negative interest rate affects the management of financial institutions, the advancement of deregulation and technological innovation is accelerating the digitalization, bringing a great change to the business environment of the financial industry today. We will continue to offer highly reliable and high-quality services to our clients and expand our business as a trustworthy financial IT platformer of the digital age by providing new values through combination of digital technologies and responding to changes in the business environment.

Net sales are forecast at 549.0 billion yen (net sales to external customers: 487.0 billion yen), and operating income at 50.0 billion yen.

[Enterprise & Solutions Segment]

We aim for business expansion as a business partner who contributes to the digital transformation of clients, such as retailers, distributors, service providers, and manufacturers whose business environments are changing enormously as observed in further acceleration of trend in digital usage and rise in demand for global competitiveness enhancement. In responding to these changes, we will leverage our strengths such as our advanced technologies and know how in the digital field and experience of totally supporting many of our clients' systems.

Net sales are forecast at 493.0 billion yen (net sales to external customers: 353.0 billion yen), and operating income at 44.0 billion yen.

[North America Segment]

We will complete the organizational and structural foundation in North America and improve our capacity to respond to the digital field that leads the growth of the IT service market. In particular, we will expand our business in the healthcare, public and financial segments through the utilization of our wealth of achievements and expertise in outsourcing, etc., and accelerate our growth.

The net sales are forecast at 424.0 billion yen (net sales to external customers: 419.0 billion yen) and operating income at 30.0 billion yen.

[EMEA & LATAM Segment]

We will gather the strength and resources of group companies in EMEA & LATAM to promote integrated business management and increase profits through the synergy effect. We will also increase our local presence further by strengthening the capacity to offer services in the digital field that is increasing in demand.

The net sales are forecast at 423.0 billion yen (net sales to external customers: 420.0 billion yen) and operating income at 10.0 billion yen.

Moreover, capital investment in the next term is expected to reach 176.0 billion yen, 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.

Notes: 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.The Basic Stance Concerning the Selection of Accounting Standards

In order to improve the international comparability of the Group's financial data in capital markets, and bolster its business administration and governance, we have decided to apply, in place of existing JGAAP, International Financial Reporting Standards (IFRS) to our consolidated financial statements and reports, starting from the first quarter of the fiscal year ending March 31, 2019.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: ¥ million)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	212,459	186,616
Notes and accounts receivable - trade	458,085	504,632
Lease receivables and investment assets	28,085	26,524
Securities	4,302	2,297
Inventories	31,211	41,165
Deferred tax assets	32,061	30,211
Deposits paid	55,808	12,000
Other	79,635	85,194
Allowance for doubtful accounts	(3,740)	(3,217)
Total current assets	897,910	885,425
Non-current assets		
Property, plant and equipment		
Data communication facilities	311,013	302,638
Accumulated depreciation	(221,253)	(212,979)
Data communication facilities, net	89,760	89,659
Buildings and structures	317,875	325,518
Accumulated depreciation	(202,879)	(209,102)
Buildings and structures, net	114,995	116,416
Machinery, equipment and vehicles	91,106	96,845
Accumulated depreciation	(60,072)	(60,610)
Machinery, equipment and vehicles, net	31,034	36,234
Tools, furniture and fixtures	56,783	61,456
Accumulated depreciation	(40,116)	(41,228)
Tools, furniture and fixtures, net	16,666	20,227
Land	63,835	66,131
Construction in progress	35,609	46,417
Other	10,231	11,388
Accumulated depreciation	(5,273)	(6,125)
Other, net	4,957	5,263
Total property, plant and equipment	356,860	380,350
Intangible assets		
Software	240,304	238,636
Software in progress	61,168	78,050
Goodwill	315,261	311,658
Other	160,549	113,735
Total intangible assets	777,283	742,080
Investments and other assets		
Investment securities	86,834	112,803
Net defined benefit asset	5,603	6,932
Deferred tax assets	60,802	50,119
Other	54,419	57,299
Allowance for doubtful accounts	(772)	(734)
Total investments and other assets	206,887	226,420
Total non-current assets	1,341,031	1,348,851
Total assets	2,238,941	2,234,277

Consolidated Balance Sheets-continued

(Unit: ¥ million)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	138,453	145,371
Short-term loans payable	213,160	46,846
Current portion of long-term loans payable	53,461	567
Current portion of bonds	49,996	50,000
Income taxes payable	35,916	26,212
Advances received	180,827	209,746
Provision for loss on order received	3,452	5,759
Other	158,351	181,468
Total current liabilities	833,619	665,971
Non-current liabilities		
Bonds payable	160,075	110,081
Long-term loans payable	168,618	358,779
Deferred tax liabilities	30,367	7,141
Net defined benefit liability	186,788	197,923
Provision for directors' retirement benefits	876	909
Other	24,880	24,606
Total non-current liabilities	571,605	699,442
Total liabilities	1,405,225	1,365,414
Net assets		
Shareholders' equity		
Capital stock	142,520	142,520
Capital surplus	141,048	140,977
Retained earnings	501,369	537,368
Treasury shares	(0)	(1)
Total shareholders' equity	784,937	820,864
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39,881	57,754
Deferred gains or losses on hedges	(155)	71
Foreign currency translation adjustment	23,889	(1,163)
Remeasurements of defined benefit plans	(30,083)	(27,560)
Other	(16,320)	(16,107)
Total accumulated other comprehensive income	17,211	12,994
Non-controlling interests	31,567	35,003
Total net assets	833,715	868,863
Total liabilities and net assets	2,238,941	2,234,277

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	FY ended 31, March 2017	FY ended 31, March 2018
Net sales	1,732,473	2,117,167
Cost of sales	1,293,600	1,592,745
Gross profit	438,872	524,421
Selling, general and administrative expenses	321,763	400,899
Operating income	117,109	123,522
Non-operating income		
Interest income	1,507	2,209
Dividend income	1,565	1,805
Share of profit of entities accounted for using equity method	—	1,026
Insurance income	1,014	1,584
Other	3,454	3,535
Total non-operating income	7,542	10,161
Non-operating expenses		
Interest expenses	5,372	6,051
Foreign exchange losses	1,415	2,271
Other	4,870	3,796
Total non-operating expenses	11,658	12,119
Ordinary income	112,993	121,563
Extraordinary income		
Gain on sales of investment securities	15,605	—
Gain on transfer of affiliates business	2,720	—
Total extraordinary income	18,325	—
Extraordinary losses		
Acquisition expenses	12,301	—
Loss on restructuring of subsidiaries and affiliates	9,260	19,750
Impairment loss of goodwill	2,844	—
Impairment loss of noncurrent assets	1,579	1,728
Total extraordinary losses	25,986	21,479
Income before income taxes	105,332	100,083
Income taxes - current	52,525	47,736
Income taxes - deferred	(15,705)	(9,020)
Total income taxes	36,820	38,716
Net income	68,512	61,367
Net income attributable to		
Net income attributable to owners of parent	65,686	58,173
Net income attributable to non-controlling interests	2,825	3,194

Consolidated Statements of Income and Comprehensive Income-continued

(Unit: ¥ million)

	FY ended 31, March 2017	FY ended 31, March 2018
Other comprehensive income		
Valuation difference on available-for-sale securities	7,323	17,786
Deferred gains or losses on hedges	7,373	227
Foreign currency translation adjustment	(12,525)	(24,993)
Remeasurements of defined benefit plans, net of tax	8,769	2,687
Share of other comprehensive income of entities accounted for using equity method	(243)	152
Other	(213)	212
Total other comprehensive income	10,485	(3,926)
Comprehensive income	78,997	57,441
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	76,135	53,956
Comprehensive income attributable to non-controlling interests	2,862	3,484

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			3,834		3,834
Restated balance	142,520	139,295	456,292	(0)	738,108
Changes of items during period					
Dividends of surplus			(21,037)		(21,037)
Net income attributable to owners of parent			65,686		65,686
Acquisition of treasury stock					—
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	501,369	(0)	784,937

	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	(7,527)	36,552	(38,805)	(16,107)	6,635	32,762	773,670
Cumulative effects of changes in accounting policies								3,834
Restated balance	32,522	(7,527)	36,552	(38,805)	(16,107)	6,635	32,762	777,505
Changes of items during period								
Dividends of surplus								(21,037)
Net income attributable to owners of parent								65,686
Acquisition of treasury stock								—
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	833,715

(3) Consolidated Statements of Shareholders' Equity-continued
(FY ended 31, March 2018)

(Unit: ¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	142,520	141,048	501,369	(0)	781,490
Cumulative effects of changes in accounting policies					3,447
Restated balance	142,520	141,048	501,369	(0)	784,937
Changes of items during period					
Dividends of surplus			(21,738)		(21,738)
Net income attributable to owners of parent			58,173		58,173
Acquisition of treasury stock				(0)	(0)
Change of scope of consolidation			(15)		(15)
Net changes in owning subsidiaries' stocks		(2)			(2)
Other		(68)	(419)		(488)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(71)	35,999	(0)	35,927
Balance at end of current period	142,520	140,977	537,368	(1)	820,864

	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	39,881	(155)	23,889	(30,083)	(16,320)	17,211	31,567	830,268
Cumulative effects of changes in accounting policies								3,447
Restated balance	39,881	(155)	23,889	(30,083)	(16,320)	17,211	31,567	833,715
Changes of items during period								
Dividends of surplus								(21,738)
Net income attributable to owners of parent								58,173
Acquisition of treasury stock								(0)
Change of scope of consolidation								(15)
Net changes in owning subsidiaries' stocks								(2)
Other								(488)
Net changes of items other than shareholders' equity	17,872	227	(25,052)	2,523	212	(4,216)	3,436	(779)
Total changes of items during period	17,872	227	(25,052)	2,523	212	(4,216)	3,436	35,147
Balance at end of current period	57,754	71	(1,163)	(27,560)	(16,107)	12,994	35,003	868,863

(4) Consolidated Statements of Cash Flows

(Unit: ¥ million)

	FY ended 31, March 2017	FY ended 31, March 2018
Cash flows from operating activities		
Income before income taxes	105,332	100,083
Depreciation	154,542	160,030
Loss on retirement of non-current assets	5,467	3,222
Increase (decrease) in net defined benefit liability	21,801	12,517
Interest expenses	5,372	6,051
Impairment loss of noncurrent assets	1,579	1,728
Decrease (increase) in notes and accounts receivable - trade	(9,032)	(40,133)
Decrease (increase) in inventories	(4,497)	(8,302)
Increase (decrease) in notes and accounts payable - trade	16,609	9,904
Increase (decrease) in advances received	14,908	27,637
Increase (decrease) in accrued consumption taxes	2,355	(7,044)
Other, net	(5,443)	32,458
Subtotal	308,995	298,155
Interest and dividend income received	3,131	4,383
Interest expenses paid	(5,377)	(6,164)
Income taxes (paid) refund	(68,197)	(64,091)
Net cash provided by (used in) operating activities	238,552	232,282
Cash flows from investing activities		
Purchase of property, plant and equipment	(67,141)	(99,266)
Purchase of intangible assets	(90,939)	(103,647)
Proceeds from sales of investment securities	22,036	2,240
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,930)	(4,832)
Purchase Of Equity Interests Of Subsidiaries Resulting In Change In Scope Of Consolidation	(348,431)	(3,543)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	161
Net decrease (increase) in time deposits	1,402	(126)
Net decrease (increase) in short-term deposits paid	50,000	—
Other, net	11,650	982
Net cash provided by (used in) investing activities	(428,354)	(208,030)
Cash flows from financing activities		
Redemption of bonds	—	(50,000)
Proceeds from long-term loans payable	115,512	187,617
Repayments of long-term loans payable	(29,331)	(53,785)
Net increase (decrease) in commercial papers	—	20,000
Net increase (decrease) in short-term loans payable	163,145	(167,924)
Repayments of lease obligations	(3,129)	(2,684)
Cash dividends paid	(21,037)	(21,739)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(5,180)	(114)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	2,481	148
Proceeds from share issuance to non-controlling shareholders	—	359
Other, net	(383)	(773)
Net cash provided by (used in) financing activities	222,076	(88,896)
Effect of exchange rate change on cash and cash equivalents	(5,789)	(4,144)
Net increase (decrease) in cash and cash equivalents	26,485	(68,788)
Cash and cash equivalents at beginning of period	233,553	260,038
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(1,179)
Cash and cash equivalents at end of period	260,038	190,070