[Notes]

(Important Basic Matters for Preparation of Consolidated Financial Statements)

1. Matters related to the scope of consolidation

All of our 302 subsidiaries are included in the scope of consolidation. Major consolidated subsidiaries are as listed in "1. Company Overview, 4. Situation of Affiliates.”

In addition, due to new investments, the establishment of new companies, conversion of companies into subsidiaries after an increase of ownership due to the transfer of shares and satisfying the criteria for effective control, from the current consolidated fiscal year, 52 companies are newly added to the consolidated subsidiaries.

Furthermore, due to the merger, selling off and liquidation of subsidiaries, and conversion of subsidiaries into companies to which the equity method is applied after satisfying the criteria for effective control, 8 companies are excluded from the scope of consolidation.

The following is a new major consolidated subsidiary.
NTT DATA Services Corporation
NTT DATA SERVICES IRELAND LIMITED
NTT DATA SERVICES SINGAPORE PTE. LTD.
NTT DATA Services, LLC

2. Matters related to application of the equity method

The equity method is applied to all of the 32 affiliated companies including Kirin Business System Company, Limited.

Due to the new establishment of a company and conversion of a subsidiary into a company to which the equity method is applied after satisfying the criteria for effective control, the equity method has been extensively applied to 2 companies; and due to the sale of shares, transfer of ownership, liquidation, and conversion of companies into consolidated subsidiaries due to the transfer of shares and after satisfying the criteria for effective control, 5 companies have been excluded from the scope to which the equity method is applied.

Also, among companies to which the equity method is applied, for those companies whose accounting closing date is different from the consolidated accounting closing date, financial statements based on each company’s fiscal year are used.

3. Matters related to the fiscal year of the consolidated subsidiaries

Among consolidated subsidiaries, 137 companies' account closing date is December 31st.

When preparing for consolidated financial statements, among the companies whose account closing date is December 31st, for 51 companies, financial statements based on the temporary account closing implemented on the consolidated account closing date are used, and for other companies, financial statements as of the account closing date are used. However, for important transactions occurring between the account closing date and the consolidated account closing date, necessary adjustments have been made for the purpose of consolidation.

From the current consolidated fiscal year, 19 companies including NTT DATA EMEA LTD. changed their settlement date to March 31st, which is the same as the consolidated settlement date. Therefore, the accounting period in the current consolidated fiscal year is 15 months.

4. Matters related to accounting policies

(1) Evaluation criteria and method of valuation of important assets

1) Securities

Held-to-maturity debt securities:

Amortized cost method is used.

Other securities:

a. Securities with fair market value:

The market value method based on the market value, etc. at the settlement date is used (valuation difference is recognized directly in net assets in full and the cost of securities sold is computed using the moving average method).

b. Securities without fair market value:

The cost method based on the moving average method is used.

2) Inventories

Work in process: Principally at cost based on the specific identification method (the balance sheet amount is computed at the lowered book values reflecting a potential decline).

Stores: Principally at cost based on the first in first out method (the balance sheet amount is computed at the lowered book values reflecting a potential decline).

(2) Method of depreciation of important depreciable assets

1) Property, plant and equipment (excluding leased assets)

The straight-line method is employed.

The main estimated useful lives of the tangible assets are as follows:

Data communication facilities 3-8 years

Buildings and Structures 10-60 years

Machinery, equipment and vehicles 3-15 years

Tools, furniture and fixtures 4-15 years

2) Intangible fixed assets (excluding leased assets)

The straight-line method is employed for intangible fixed assets (excluding software) and the main useful lives are 4 to 21 years.

The depreciation methods for software are as follows:

Marketable software: Comparing the depreciated amount based on the estimated sales revenue over estimated sales period (within 3 years) and an equal distribution amount based on the length of the remaining period available for sale, the larger one is presented.

Software for internal use: Depreciated using the straight-line method based on its estimated usable period in the Company (within 5 years).

However, among software for service provision purposes, for data communication service software based on a contract with specific customers, the equal installment method is used over the contracted fee payment period.

3) Lease assets

As regards to lease assets related to ownership-transfer finance lease transactions, the same depreciation method which is applied to self-owned fixed assets is employed.

As regards leasing assets related to finance lease transactions without the transfer of ownership, mainly the straight-line method of computing depreciation costs assuming the lease term is its useful life and the residual value is 0 is applied.

(3) Accounting of important deferred assets

All issuance fees of corporate bonds are booked as expenses when the debt securities are issued.

(4) Valuation basis for significant allowances

1) Allowance for doubtful receivables

In order to provide for possible losses due to the uncollectibility of general account receivables, such an allowance is calculated based on historical collection losses. There is an allowance for specific account receivables such as doubtful accounts receivables, a case by case review for collectability is conducted and an estimation of the uncollectible amount is booked.

2) Allowance for losses on contracts

In order to provide for possible future losses related to contracts of orders on hand at the end of the current consolidated fiscal year, those with a high probability of generating losses and where it is possible to reasonably estimate the amount of such losses, the estimated amount of losses to be incurred in the future is provided as an allowance for losses on contracts and presented by offsetting with corresponding work in process.

3) Allowance for retirement benefits for directors

Some consolidated subsidiaries book the necessary amount for a year-end payment based on their internal rules to appropriate the payment for retirement benefits for their directors.

(5) Accounting policy for retirement benefits

In order to provide for retirement benefits for employees, the Company books the retirement benefit assets and the retirement benefit obligations based on the estimated amount at the end of the current consolidated fiscal year by deducting pension assets from the estimated retirement benefits. For consolidated subsidiaries, except for some companies, the simplified method is applied.

1) Period allocation of projected retirement benefits to be incurred

In calculating the retirement benefit obligations, the method based on the benefit formula is used to allocate the projected retirement benefits to the years of service up to the end of the consolidated fiscal year under review.

2) The recognition method for actuarial gains and losses and prior service cost

Actuarial gains and losses are mainly recognized in expenses of a proportionally divided amount calculated by the straight-line method over a period of the average remaining service years of employees at the time of recognition of each consolidated fiscal year, commencing with the year following their fiscal year.

The prior service cost is mainly recognized in expenses by the straight-line method over a period of the average remaining service years of employees at the time of recognition of each consolidated fiscal year.

Unrecognized actuarial differences and unrecognized prior service costs are adjusted for tax effects, and then presented as the remeasurements of retirement benefits of other accumulated comprehensive income under net assets.

(6) Valuation basis for significant revenues and expenses

1) Valuation basis for contract revenue and the cost of completed work

The percentage-of-completion method has been applied for construction work for which the completion of a certain percentage of the entire work by the date of current consolidated fiscal year end is clearly recognizable (the percentage of completion is estimated by the cost proportion method) and the completed-contract method has been applied for other contracts.

2) Valuation basis for revenues and expenses related to finance lease transactions

Revenues and expenses related to finance lease transactions are accounted for by a method in which sales and cost of sales are booked when lease expenses are received.

(7) Method of important hedge accounting

1) Method of hedge accounting

Deferred hedge accounting is employed. However, with regard to foreign currency monetary receivables and payables with forward exchange contracts, designated hedge accounting ("furiate-shori") is employed.

Also among the interest rate swap transactions, for the transactions that meet the requirements for exceptional accounting ("tokurei-shori"), exceptional accounting is employed.

2) Means of hedging and hedged items

a. Means of hedging

Forward exchange contracts, currency swap transactions, currency option transactions, interest rate swap transactions and an interest rate option transaction (or combinations of them) are used.

b. Hedged items

Hedging is applied to assets or liabilities which have risks of fluctuating market values or future cash flows due to fluctuation of market prices such as exchange rate or interest rate.

3) Hedging policy

For assets and liabilities which have exchange rate risks, the Company's basic policy is to hedge the exchange risk by making forward exchange contracts, currency swap transactions, etc.

For assets and liabilities which have interest rate risks, the Company's basic policy is to hedge the interest risk by making interest rate swap transactions, etc.

4) Method of evaluation of the effectiveness of hedging

With regard to the means of hedging and hedged items, the effectiveness of hedging activities is evaluated on a quarterly basis (the end of March, June, September and December) for individual transactions. However, the evaluation of the effectiveness of hedging is omitted for the hedged assets and liabilities as well as derivative transactions when they have the same amount of principal, interest rate, and hedging period since they have quite a high hedging effect.

(8) Amortization method for goodwill and the amortization period

Goodwill are equally amortized over the period for which the goodwill have effect within 20 years, however, if the amount of goodwill is small and its importance is low, such an amount is fully depreciated at the time of generation as a cost.

(9) Scope of funds on the consolidated statement of cash flows

The funds consist of cash on hand, deposits that can be withdrawn when needed and the current investments which are easily realizable and with only a small risk of value fluctuation and whose redemption periods are within three months from the date of acquisition.

(10) Other important matters for preparation of consolidated financial statements

Accounting for consumption tax, etc.

Consumption tax, etc. is accounted for by the tax-excluded method.

(Changes in Accounting Policy)

(1) Changes in Accounting Policy

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

Implementation Guidance on Recoverability of Deferred Tax Assets (Accounting Standards Board of Japan (ASBJ) Guidance No.26 dated March 28, 2016; hereinafter referred to as “Implementation Guidance on Recoverability”) has been applied since the current consolidated fiscal year and some of the accounting methods concerning recoverability of deferred tax assets have been revised.

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

The impact on the retained earnings and deferred tax assets at the beginning of the current consolidated fiscal year due to this change is minor.

(2) Change of accounting policy which is difficult to distinguish from a change of accounting estimate

(Change in depreciation method of tangible fixed assets)

NTT DATA Corporation, the company preparing consolidated financial statements, and domestic consolidated subsidiaries had mainly applied the declining-balance method for the depreciation of tangible fixed assets; however, since the current consolidated fiscal year, we have changed it to the straight-line method.

The NTT DATA Group conducted research on the use of tangible fixed assets from the viewpoint of accounting policy integration in our active global development based on the Medium-term Management Plan starting the current consolidated fiscal year, and found that hardware would be used for stable service provision such as the provision of a combination service with software, etc.

Therefore, we have judged that the depreciation method to equally allocate cost over useful lives would show the reality of use of the above fixed assets more appropriately, and employed the straight-line method from the current consolidated fiscal year.

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

The impact on the operating income, ordinary income and net income before tax in the current consolidated fiscal year due to the above change is minor.

(Accounting Standards, etc. which have not been implemented)

Overseas consolidated subsidiaries

Name of accounting standards, etc.	Outline	Date to be applied
Revenue from Contracts with Customers (IFRS No. 15)	-Revised the accounting method related to the recognition of revenue	From the year ending March 2019
Revenue from Contracts with Customers (FASB ASU 2014-09, 2015-14, 2016-08)	-Revised the accounting method related to the recognition of revenue	From the year ending March 2019
Leases (IFRS No. 16)	-Revised the accounting method related to leases	From the year ending March 2021
Leases (FASB ASU 2016-02)	-Revised accounting method related to leases	From the year ending March 2021

The effects of applying the Accounting Standards, etc. are evaluated when compiling the consolidated financial statement for the current consolidated fiscal year.

(Changes in the Manner of Presentation)

(Notes related to Consolidated Statements of Income)

In the previous consolidated fiscal year, “Loss on retirement of non-current assets” and “Compensation for damage” were classified in non-operating expenses. However, due to the declining importance of the figures, such accounting items have been included in “Other” from the current consolidated fiscal year.

Meanwhile, the “Other” item of non-operating expenses, which was 3,502 million yen in the previous consolidated fiscal year, includes “Loss on retirement of non-current assets” at 523 million yen and “Compensation for damage” at 299 million yen.

(Notes related to the Consolidated Statement of Cash Flows)

In the previous consolidated fiscal year, “Proceeds from sales of investments in subsidiaries resulting in change in the scope of consolidation” was classified in cash flows from investment activities. However, due to the declining importance of the figure, such accounting item has been included in “Other” of cash flows from investment activities from the current consolidated fiscal year.

In addition, “Other” of cash flows from investment activities for the previous fiscal year includes “Proceeds from sales of investments in subsidiaries resulting in change in the scope of consolidation” at 308 million yen.

Meanwhile, “Payment into short-term deposit paid” of cash flows from investment activities was presented gross for the previous consolidated fiscal year. However, the accounting item has been presented net as “Increase/(decrease) in short-term borrowings (minus means an increase)” due to the short period of time and high turnover rate. To reflect the change in the manner of presentation, we have reworked the consolidated financial statement for the previous consolidated fiscal year.

As a result, “Payment into short-term deposit paid” of cash flows from investment activities, which was minus 50,000 million yen presented in the Consolidated Statement of Cash Flows for the previous consolidated fiscal year, was recompiled into the “Increase/(decrease) in short-term borrowings (minus means an increase) at minus 50,000 million yen.

(Notes related to the Consolidated Balance Sheet)

* 1 Breakdown of inventories

(Unit: million yen)

	Previous consolidated fiscal year (as of March 31, 2016)	Current consolidated fiscal year (as of March 31, 2017)
Merchandise and finished products	2,086	2,126
Work in process	21,825	26,668
Raw materials and supplies	2,764	2,416

*2 Assets pledged and liabilities subject to the pledge

Assets put in pledge

(Unit: million yen)

	Previous consolidated fiscal year (as of March 31, 2016)	Current consolidated fiscal year (as of March 31, 2017)
Cash and deposits	31	–
Trade notes and trade receivables	16	–
Lease receivables and lease investment assets	1,505	1,338
Buildings and structure	12,586	12,128
Machinery, equipment and vehicles	38	557
Tools, appliances and fixtures	77	51
Land	38	36
Software	0	0
Investment securities	270	270
Investments and other assets, Other (long-term loan receivables)	540	540
Gross assets of some subsidiaries (Cash and deposits, etc.)	242	–
Total	15,346	14,922

Liabilities subject to the pledge

(Unit: million yen)

	Previous consolidated fiscal year (as of March 31, 2016)	Current consolidated fiscal year (as of March 31, 2017)
Corporate bonds	100	100
Long-term loans (including long-term loans due within one year)	1,914	2,437
Total	2,014	2,537

* 3 Investment securities, etc. for affiliated companies

(Unit: million yen)

	Previous consolidated fiscal year (as of March 31, 2016)	Current consolidated fiscal year (as of March 31, 2017)
Investment securities (shares, etc.)	8,569	5,764

*4. Guarantee obligations

Financial guarantee for system development and operation contracts

Previous consolidated fiscal year (as of March 31, 2016)	Current consolidated fiscal year (as of March 31, 2017)
Bank of America Corp.	
(NTT DATA Victorian Ticketing System Pty Ltd.)	Prosimulador Tecnología de Trânsito, S.A.
3,880 million yen	5,101 million yen

* 5 Other

With regard to the option to purchase equity interests of an overseas consolidated subsidiary held by a non-controlling shareholder of the subsidiary, the estimated exercise price of the option is recognized as liability, and the book value of the non-controlling interests is deducted from "non-controlling interests" under the net assets section and the remaining value is included in the "Other" item of other accumulated comprehensive income under the net assets section.

* 6 In inventories related to construction contracts for which potential losses are expected, the amount is presented by offsetting with the corresponding allowance for losses on contracts (12,401 million yen for the previous consolidated fiscal year and 10,887 million yen for the current consolidated fiscal year [all of them are an allowance for losses on contracts related to work in process]).

(Notes related to Consolidated Statements of Income and Consolidated Statement of Comprehensive Income)

* 1 Positioned amount for an allowance for losses on contracts included in the Cost of sales

(Unit: million yen)

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
16,978	5,394

*2 Main expense items and amounts in Selling, general and administrative expenses

(Unit: million yen)

	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
Employees salary and allowance	113,675	124,523
Retirement benefit cost	10,038	7,707
Outsourcing service expenses	39,320	47,058

*3 Total R&D Expenses included in Selling, general and administrative expenses

(Unit: million yen)

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
12,410	12,359

*4 Acquisition expenses

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

Acquisition expenses are expenses which are decided to be paid to key officers and employees of group companies in the Global Segment depending on business performance for a certain period, in expectation of the continuous growth of such companies in the future when a contract of acquisition of shares was closed.

*5 Loss on restructuring of affiliates

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

Loss on restructuring of affiliates are costs incurred during the restructuring of group companies in the Global Segment and the breakdown is as follows.

(Unit: million yen)

Labor costs for the integration of IT-related projects, etc.	3,868
Subcontractor expenses for consulting, etc. for the integration of IT-related projects, etc.	3,829
Restructuring costs	1,442
Other	120
Total	9,260

*6 Impairment loss of goodwill

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

Some group companies in the global business area allocated goodwill on the premise of excess earning power when accepting the transfer of business. However, now that it is impossible to expect the earnings that were initially estimated, the book value was reduced and the reduced amount is presented as impairment loss under extraordinary losses. Meanwhile, the recoverable value of the asset group including goodwill is measured based on use value, and the rate of discount used for the measurement was 10%.

Meanwhile, when grouping goodwill in the Company and the Company Group, a business operated by the Company and the Company Group is used as the minimum unit.

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

For a part of the group companies in the Global and Financial Segments, we had presented their goodwill of the acquired business based on their excess earning power when accepting the transfer of business. However, now that it is impossible to expect the earnings that were initially estimated, the said deducted amount of the book value is presented in Other under Non-Operating Expenses (equity in net income/loss of affiliates) at 683 million yen, and in extraordinary loss at 2,844 million yen as an impairment loss. Meanwhile, the recoverable value of the asset group including goodwill is measured based on use value, and the rate of discount used for the measurement is from 8 to 10%.

Meanwhile, when grouping goodwill in the Company and the Company Group, a business operated by the Company and the Company Group is used as the minimum unit.

*7 Impairment losses of fixed assets

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

As for assets used mainly for the Public and Social Infrastructure area, due to declining profitability, the Company can no longer expect to collect the invested amounts, so the Company has reduced the book values of such assets to the future collectible level, and the reduced amount is presented.

Breakdowns of impairment losses of fixed assets are 742 million yen for software in progress, 597 million yen for software, etc.

The asset grouping for the Company and the Company Group was made mainly based on a minimum unit that can be united and functions as a system.

Also, the collectible amounts of the asset group are calculated mainly based on values in use, and the discount rate used for such calculation is mainly 5%.

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

As for assets used mainly for the Public and Social Infrastructure area, due to declining profitability, the Company can no longer expect to collect the invested amounts, so the Company has reduced the book values of such assets to the future collectible level, and the reduced amount is presented.

Breakdowns of impairment losses of fixed assets are 1,162 million yen for software, 168 million yen for data communication facilities, etc.

The asset grouping for the Company and the Company Group was made mainly based on a minimum unit that can be united and functions as a system.

Also, the collectible amounts of the asset group are calculated mainly based on values in use, and the discount rate used for such calculation is mainly 5%.

* 8 Reclassification adjustment amount and tax effect amount related to other comprehensive income

(Unit: million yen)

Valuation difference on available-for-sale securities:	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
Incurred amount in the current fiscal year	(7,461)	25,510
Reclassification adjustment amount	(15,020)	(14,881)
Before tax effect	(22,482)	10,628
Tax effect amount	8,133	(3,305)
Valuation difference on available-for-sale securities	(14,349)	7,323
Deferred gains or losses on hedges:		
Incurred amount in the current fiscal year	(12,149)	11,277
Reclassification adjustment amount	212	(590)
Before tax effect	(11,937)	10,687
Tax effect amount	3,750	(3,313)
Deferred gains or losses on hedges	(8,187)	7,373
Foreign currency translation adjustments:		
Incurred amount in the current fiscal year	(25,966)	(12,525)
Reclassification adjustment amount	(9)	–
Foreign currency translation adjustments	(25,975)	(12,525)
Adjustments related to retirement benefits:		
Incurred amount in the current fiscal year	(44,906)	7,724
Reclassification adjustment amount	1,297	5,212
Before tax effect	(43,608)	12,937
Tax effect amount	13,736	(4,167)
Adjustments related to retirement benefits	(29,872)	8,769
Shares of other comprehensive income of associates accounted for using the equity method:		
Incurred amount in the current fiscal year	(208)	(236)
Reclassification adjustment amount	–	(6)
Shares of other comprehensive income of associates accounted for using the equity method	(208)	(243)
Other:		
Incurred amount in the current fiscal year	480	(213)
Total other comprehensive income	(78,110)	10,485

(Notes related to Consolidated Statements of Changes in Net Assets)

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

1. Matters related to outstanding shares and treasury shares

Class of shares	Number of shares at the beginning of the current consolidated fiscal year	Increase	Decrease	Number of shares at the end of the current consolidated fiscal year
Outstanding Shares				
Common stock (shares)	280,500,000	—	—	280,500,000
Treasury shares				
Common stock (shares)	99	—	—	99

2. Matters Related to Dividends

(1) Amount of dividends paid

Resolution	Classes of Shares	Total amount of dividend (million yen)	Cash dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 17, 2015	Common stock	8,414	30	March 31,2015	June 18, 2015
Board of Directors Meeting on October 29, 2015	Common stock	8,414	30	September 30, 2015	December 1, 2015

(2) Of the dividends whose record date belongs to the current consolidated fiscal year, the following are those dividends whose effective date belongs to the next consolidated fiscal year.

Resolution	Classes of Shares	Source of dividend	Total amount of dividend (million yen)	Cash dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 22, 2016	Common stock	Retained earnings	11,219	40	March 31, 2016	June 23, 2016

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

1. Matters related to outstanding shares and treasury shares

Class of shares	Number of shares at the beginning of the current consolidated fiscal year	Increase	Decrease	Number of shares at the end of the current consolidated fiscal year
Outstanding Shares				
Common stock (shares)	280,500,000	–	–	280,500,000
Treasury shares				
Common stock (shares)	99	–	–	99

2. Matters related to dividends

(1) Amount of dividend paid

Resolution	Classes of Shares	Total amount of dividend (million yen)	Cash dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 22, 2016	Common stock	11,219	40	March 31, 2016	June 23, 2016
Board of Directors Meeting on November 4, 2016	Common stock	9,817	35	September 30, 2016	December 1, 2016

(2) Of the dividends whose record date belongs to the current consolidated fiscal year, the following are those dividends whose effective date belongs to the next consolidated fiscal year.

Resolution	Classes of Shares	Source of dividend	Total amount of dividend (million yen)	Cash dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 20, 2017	Common stock	Retained earnings	11,219	40	March 31, 2017	June 21, 2017

(Notes related to the Consolidated Statement of Cash Flows)

*1 Reconciliation of the balance of cash and cash equivalents at the end of the fiscal year and items listed in the consolidated balance sheets

(Unit: million yen)

	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
Cash and deposit account	148,495	212,459
Deposit with deposit terms of over three months	(6,589)	(8,229)
Negotiable deposits (securities)	20,000	–
Short-term investments with a maturity of three months or less from the date of purchase (Deposits)	71,646	55,808
Cash and cash equivalents	233,553	260,038

*2 Breakdown of the principal assets and liabilities of a company that became a new consolidated subsidiary due to acquisition of shares

Assets and liabilities of a company at the time of its consolidation due to the acquisition of shares as well as the relationship between the acquisition price of shares and expenditures (net) for its acquisition

(Unit: million yen)

	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
Current assets	6,761	12,196
Non-current assets	13,141	5,533
Goodwill	18,644	8,069
Current liabilities	(6,271)	(10,129)
Non-current liabilities	(4,465)	(1,479)
Non-controlling interests	(659)	(1,199)
Earnings surplus	2,104	—
Acquisition price of shares	29,254	12,991
Valuation using the equity method until the	–	(359)
Gain on incremental acquisition	–	(1,347)
Cash and cash equivalents	(902)	(3,919)
Equivalent to accrued expenses	–	(434)
Deduction: Payments for the purchase of investments in subsidiaries resulting in a change in the scope of consolidation	28,351	6,930

*3 Breakdown of the principal assets and liabilities of a company that became a new consolidated subsidiary due to the acquisition of equity interests, etc.

Assets and liabilities of a company at the time of its consolidation due to the acquisition of shares as well as the relationship between the acquisition price of shares and expenditures (net) for its acquisition

(Unit: million yen)

	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
Current assets	–	52,415
Non-current assets	–	150,748
Goodwill	–	149,671
Current liabilities	–	(21,209)
Non-current liabilities	–	(14,445)
Foreign currency translation adjustment	–	33,008
Acquisition price of shares	–	350,188
Cash and cash equivalents	–	(1,756)
Deduction: Purchase of equity interests of subsidiaries resulting in a change in the scope of consolidation	–	348,431

(Notes related to lease transactions)

Operating lease transactions

Of operating lease transactions, future lease payments for those transactions that cannot be cancelled

(Unit: million yen)

	Previous consolidated fiscal year (as of March 31, 2016)	Current consolidated fiscal year (as of March 31, 2017)
Within 1 year	6,931	8,943
Exceeding 1 year	12,714	20,808
Total	19,645	29,751

(Notes related to Financial Instruments)

1. Matters Related to Financial Instruments

(1) Policy for handling financial instruments

For fund management, the Company Group uses highly safe monetary assets, and NTT and the Group finances are used as well. The necessary funds for running the business are procured by bank loans and the issuance of corporate bonds as well as commercial papers. Derivatives are used to hedge the fluctuation risks of future market prices (foreign exchange rates and interest rates) (market risks) and the Company Group does not engage in derivatives for the purpose of speculative trading.

(2) Components and risks of financial instruments

Trade receivables, i.e., notes and accounts receivable, are exposed to customers' credit risk.

Investment securities are mostly corporate shares related to services or capital participation, etc. with customers and are exposed to market price fluctuation risk.

Most trade payables, i.e., accounts payable, are due within one year.

The main purpose of short-term loans is to procure the necessary operating funds. The main purpose of long-term loans and corporate bonds is to procure the necessary funds, etc. for capital investment and the maturity dates are for a maximum of 13 years from the closing date.

The derivative transactions are limited to forward exchange contracts and currency swap transactions, which are aimed at hedging the fluctuation risks of future market prices (foreign exchange rates and interest rates) (market risks) for the payments of foreign currency payments, etc. and interest rate swap transactions, which is aimed at converting variable rate debts into fixed rate debts.

(3) Financial instrument-related risk control structure

1) Credit risk control (risk related to customers' default of contracts)

In the Company, with regard to trade receivables, the personnel in charge of management in each section conducts regular monitoring of collection status of individual customers to manage due dates as well as credit balance in accordance with credit management rules, etc., at the same time, delays in trade receivables are reported to the management meeting on a quarterly basis so that early and secured collections can be achieved. Consolidated subsidiaries also conduct credit risk control using similar methods to the Company's.

When using derivatives, the Company conducts transactions only with highly rated financial institutions and we believe that there is little default risk (credit risk) of the counterparties.

The greatest credit risk amount as of the date of current consolidated account closing is presented in the balance sheet values of the financial instruments which are exposed to credit risks.

2) Management of market risks (exchange and interest rate fluctuation risk)

With regard to foreign currency denominated assets and liabilities, the Company basically hedges foreign exchange risk by possessing foreign currency liability in the same currency or other currency which links with the currency in question, making forward exchange contracts, currency swap transactions, currency option transactions, or combinations of them. With regard to variable rate assets and liabilities, the

Company basically hedges interest rate risk by possessing liabilities that are linked to the market interest rate, interest rate swap transactions, interest rate option transactions, or combinations of them.

With regard to investment securities, their market risk is managed by grasping their fair market value and checking the financial position of the issuers regularly.

Derivatives are used in accordance with risk control rules and the Finance Department of the Company centrally manages them.

The use of derivatives by consolidated subsidiaries is subject to prior discussions with the Company.

3) Fund procurement related liquidity risk management (risk of being unable to pay on the due date)

The Company Group manages liquidity risks by certain means, for example, individual group companies formulate and update monthly funding plans.

(4) Supplementary explanation on items related to fair market values of financial instruments

Amounts recorded as the fair market values of financial instruments include values based on the market prices, and when there are no market prices, reasonably calculated values are included. Since variable factors are included in such calculations, sometimes the values fluctuate when different assumptions are applied.

2. Matters related to fair market values of financial instruments

The amounts recognized on the consolidated balance sheet, fair market values and corresponding differences are listed below. Items for which identifying the fair market value has been deemed extremely difficult are not included in the table below. (See [Note 2])

Previous consolidated fiscal year (as of March 31, 2016)

(Unit: million yen)

	Amount recognized on the consolidated balance sheet	Fair market value	Difference
(1) Cash and deposits	148,495	148,495	–
(2) Trade notes and trade receivables	403,146	403,146	–
(3) Securities	26,000	26,000	–
(4) Deposits	121,646	121,646	–
(5) Investment securities	69,424	69,447	23
Total assets	768,713	768,736	23

(1) Trade payables	121,688	121,688	–
(2) Short-term loans	51,627	51,627	–
(3) Current portion of long-term loans	29,245	29,245	–
(4) Current portion of bonds	–	–	–
(5) Income taxes payable	33,158	33,158	–
(6) Corporate bonds	210,062	220,116	10,054
(7) Long-term loans	109,451	116,933	7,482
Total liabilities	555,234	572,770	17,536
Derivative transactions (*1)	(1,570)	(1,570)	–

(*1) Net receivables and payables arising from derivative transactions are shown as net values, with the items of net liabilities in total being shown in parentheses.

Current consolidated fiscal year (as of March 31, 2017)

(Unit: million yen)

	Amount recognized on the consolidated balance sheet	Fair market value	Difference
(1) Cash and deposits	212,459	212,459	–
(2) Trade notes and trade receivables	458,767	458,767	–
(3) Securities	4,302	4,300	(2)
(4) Deposits	55,808	55,808	–
(5) Investment securities	75,523	75,538	15
Total assets	806,861	806,874	12
(1) Trade payables	138,453	138,453	–
(2) Short-term loans	213,160	213,160	–
(3) Current portion of long-term loans	53,461	53,461	–
(4) Current portion of bonds	49,996	49,996	–
(5) Income taxes payable	35,916	35,916	–
(6) Corporate bonds	160,075	166,283	6,208
(7) Long-term loans	168,618	175,213	6,595
Total liabilities	819,681	832,484	12,803
Derivative transactions (*1)	13,287	13,287	–

(*1) Net receivables and payables arising from derivative transactions are shown as net values, with the items of net liabilities in total being shown in parentheses.

(Note 1) Calculation method for the fair market value of financial instruments

Assets

(1) Cash and deposits, (2) Trade notes and trade receivables, and (4) Deposits

Because these are settled in the short term, the fair market value is almost equal to the book values. Therefore, the book values have been adopted.

(3) Securities and (5) Investment securities

For the fair market values of these securities, stock exchange prices are used for shares, proposed prices from financial institutions, etc. are used for bonds and published base prices are used for investment funds. Also since negotiable certificate of deposits are settled in the short term, the fair market value is almost equal to the book values. Therefore, the book values have been adopted. For the notes for securities according to holding purposes, see notes related to "Securities."

Liabilities

(1) Trade payables, (2) Short-term loans, (3) Current portion of long-term loans, (4) Current portion of bonds, and (5) Income taxes payable

Because these are settled in the short term, the fair market value is almost equal to the book values. Therefore, the book values have been adopted.

(6) Corporate bonds

The fair market value of corporate bonds issued by the Company is based on the market prices, and when there are no market prices, it is based on the current value that is calculated by discounting the total of principal and interests using an interest rate that reflects the corporate bond's remaining period.

(7) Long-term loans

The fair market value of long-term loans is the current value calculated by discounting the total of principal and interests using an interest rate that is reasonably estimated, should a similar new loan be made.

Derivatives

The fair market value of derivatives is based on the values presented by the financial institutions with which the Company has transactions. For the details of derivative transactions, see "Notes related to derivatives."

(Note 2) Financial instruments whose fair market value is deemed extremely difficult to identify

(Unit: million yen)

Classification	Previous consolidated fiscal year (as of March 31, 2016)	Current consolidated fiscal year (as of March 31, 2017)
Unlisted shares	14,174	11,310

These unlisted shares have no market price and reasonable estimation of their future cash flow is deemed extremely costly. Therefore, they are not included in "Assets, (5) Investment securities" as fair market value of these shares is deemed extremely difficult to identify.

(Note 3) Scheduled redemption amount of monetary receivables and securities with maturity dates after the consolidated fiscal year end date

Previous consolidated fiscal year (as of March 31, 2016)

(Unit: million yen)

	Within l year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and deposits	148,495	–	–	–
Trade notes and trade receivables	403,146	–	–	–
Deposits	121,646	–	–	–
Securities and Investment securities				
Negotiable certificate of deposit	26,000	–	–	–
Held-to-maturity debt securities	–	715	2,729	100
Of other securities, those with maturity dates	–	99	–	73
Total	699,288	814	2,729	173

Current consolidated fiscal year (as of March 31, 2017)

(Unit: million yen)

	Within l year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and deposits	212,459	–	–	–
Trade notes and trade receivables	458,767	–	–	–
Deposits	55,808	–	–	–
Securities and Investment securities				
Negotiable certificate of deposit	4,000	–	–	–
Held-to-maturity debt securities	302	512	2,395	300
Of other securities, those with maturity dates	–	98	–	66
Total	731,338	610	2,395	366

(Note 4)

Amount due of corporate bonds, long-term loans and other interest bearing liabilities after the consolidated fiscal year end date

Previous consolidated fiscal year (as of March 31, 2016)

(Unit: million yen)

	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Short-term loans	51,627	–	–	–	–	–
Current portion of long-term loans	29,245	–	–	–	–	–
Current portion of bonds	–	–	–	–	–	–
Corporate bonds	–	49,993	50,000	59,985	–	50,083
Long-term loans	–	55,893	171	10	29,239	24,135
Total	80,873	105,886	50,171	59,996	29,239	74,218

Current consolidated fiscal year (as of March 31, 2017)

(Unit: million yen)

	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Short-term loans	213,160	–	–	–	–	–
Current portion of long-term loans	53,461	–	–	–	–	–
Current portion of bonds	49,996	–	–	–	–	–
Corporate bonds	–	50,000	59,989	–	100	49,985
Long-term loans	–	73	6	82,579	20,030	65,929
Total	316,618	50,073	59,995	82,579	20,130	115,915

(Notes related to securities)

1. Bonds held to maturity

Previous consolidated fiscal year (as of March 31, 2016)

(Unit: million yen)

Category	Amount recorded in the consolidated balance sheet	Fair market value	Difference
Fair market value that surpasses the amount recorded in the consolidated balance sheet	1,423	1,448	25
Fair market value that does not surpass the amount recorded in the consolidated balance sheet	2,122	2,120	(1)
Total	3,545	3,568	23

Current consolidated fiscal year (as of March 31, 2017)

(Unit: million yen)

Category	Amount recorded in the consolidated balance sheet	Fair market value	Difference
Fair market value that surpasses the amount recorded in the consolidated balance sheet	1,113	1,133	19
Fair market value that does not surpass the amount recorded in the consolidated balance sheet	2,397	2,390	(7)
Total	3,510	3,523	12

2. Other securities

Previous consolidated fiscal year (as of March 31, 2016)

(Unit: million yen)

Type	Amount on the consolidated balance sheet	Acquisition price	Difference
The amount on the consolidated balance sheet that exceeds the acquisition price			
(1) Shares	63,949	16,556	47,392
(2) Other	44	30	13
Sub total	63,993	16,587	47,406
The amount on the consolidated balance sheet that is less than the acquisition price			
(1) Shares	1,757	2,094	(337)
(2) Negotiable certificate of deposit	26,000	26,000	—
(3) Other	128	136	(7)
Sub total	27,886	28,230	(344)
Total	91,879	44,817	47,061

Current consolidated fiscal year (as of March 31, 2017)

(Unit: million yen)

Type	Amount on the consolidated balance sheet	Acquisition price	Difference
The amount on the consolidated balance sheet that exceeds the acquisition price			
(1) Shares	71,323	13,279	58,044
(2) Other	39	30	9
Sub total	71,363	13,309	58,053
The amount on the consolidated balance sheet that is less than the acquisition price			
(1) Shares	826	1,038	(212)
(2) Negotiable certificate of deposit	4,000	4,000	—
(3) Other	125	129	(4)
Sub total	4,951	5,168	(216)
Total	76,315	18,477	57,837

3. Other securities that were sold

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

(Unit: million yen)

Type	Selling price	Total gain on sale	Total loss on sale
Shares	22,871	15,237	0

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

(Unit: million yen)

Type	Selling price	Total gain on sale	Total loss on sale
Shares	20,794	15,836	33

(Notes related to derivatives)

1. Derivatives for which hedging accounting has not been applied

(1) Items related to currencies

Previous consolidated fiscal year (as of March 31, 2016)

(Unit: million yen)

Classification	Type of transactions	Amount of contract, etc.	Of which, over 1 year	Fair market value	Valuation profit or loss
Transactions other than market transactions	Forward exchange contract				
	Sell Euros and buy Swiss Francs	164	109	(31)	(31)
	Sell Euros and buy US Dollars	507	422	(99)	(99)
	Sell Euros and buy British Pounds	129	—	1	1
	Sell British Pounds and buy Japanese Yen	2,081	—	11	11
	Sell Euros and buy Japanese Yen	10,837	—	31	31
	Sell Australian Dollars and buy Japanese Yen	686	—	2	2
	Sell Japanese Yen and buy Chinese Yuan	1,660	—	188	188
Market Transactions	Forward exchange contract				
	Sell Brazilian Real and buy Euros	1,083	—	24	24
	Sell Colombian Peso and buy Euros	790	—	(3)	(3)
	Sell British Pounds and buy Euros	140	—	3	3
	Sell US Dollars and buy Euros	322	—	(0)	(0)
	Sell Chilean Peso and buy Euros	191	—	1	1
	Sell Peruvian Nuevo Sol and buy Euros	246	—	2	2
Total		18,840	532	132	132

(Note) The fair market value is based on the values, etc. presented by the financial institutions with which the Company has transactions.

Current consolidated fiscal year (as of March 31, 2017)

(Unit: million yen)

Classification	Type of transactions	Amount of contract, etc.	Of which, over 1 year	Fair market value	Valuation profit or loss
Transactions other than market transactions	Forward exchange contract				
	Sell Euros and buy Swiss Francs	105	52	(22)	(22)
	Sell Euros and buy US Dollars	6,219	350	(192)	(192)
	Sell British Pounds and buy Japanese Yen	1,805	–	6	6
	Sell Euros and buy Japanese Yen	10,798	–	(2)	(2)
	Sell Australian Dollars and buy Japanese Yen	171	–	0	0
	Sell US Dollars and buy Japanese Yen	330	–	1	1
	Sell Brazilian Real and buy Japanese Yen	323	–	(1)	(1)
	Sell Swiss Francs and buy Japanese Yen	112	–	0	0
	Sell Taiwan Dollars and buy Japanese Yen	127	–	(1)	(1)
	Sell Thai Baht and buy Japanese Yen	202	–	0	0
	Sell Euros and buy Indian Rupee	158	–	5	5
	Sell Japanese Yen and buy Chinese Yuan	1,750	–	(134)	(134)
Market Transactions	Forward exchange contract				
	Sell Brazilian Real and buy Euros	577	–	(26)	(26)
	Sell British Pounds and buy Euros	514	–	21	21
	Sell US Dollars and buy Euros	130	–	(7)	(7)
	Sell Peruvian Nuevo Sol and buy Euros	951	–	2	2
	Sell Euros and buy US Dollars	1,030	–	55	55
	Sell Brazilian Real and buy US Dollars	326	–	(3)	(3)
Total		25,637	403	(297)	(297)

(Note) The fair market value is based on the values, etc. presented by the financial institutions with which the Company has transactions.

2. Derivatives for which hedging accounting has been applied

(1) Items related to currencies

Previous consolidated fiscal year (as of March 31, 2016)

(Unit: million yen)

Method of hedging accounting	Type of transactions	Main hedged item	Amount of contract, etc.	Of which, over 1year	Fair market value
Principle accounting method	Forward exchange contract Sell US Dollars and buy Indian Rupee Sell British Pounds and buy Indian Rupee Long position in Chinese Yuan	Foreign currency denominated anticipated transactions	10,818 145 12,500	— — 5,750	208 15 (416)
Designated hedge accounting ("furiate-shori") for currency swap transactions	Currency swap transaction Receivable in US Dollars and payable in Euro Receivable in Japanese Yen and payable in Euro	long-term loans	54,654 3,888	54,654 —	8,879 45
Designated hedge accounting (“furiate-shori”) for forward exchange contracts	Forward exchange contract Long position in US Dollars	Foreign currency denominated anticipated transactions	352,061	—	(10,434)
Total			434,068	60,404	(1,702)

(Note) The fair market value is based on the values, etc. presented by the financial institutions with which the Company has transactions.

Current consolidated fiscal year (as of March 31, 2017)

(Unit: million yen)

Method of hedging accounting	Type of transactions	Main hedged item	Amount of contract, etc.	Of which, over 1year	Fair market value
Principle accounting method	Forward exchange contract Sell US Dollars and buy Indian Rupee Long position in Chinese Yuan	Foreign currency denominated anticipated transactions	8,751 6,000	— 1,000	504 (220)
Total			14,751	1,000	284

(Note) The fair market value is based on the values, etc. presented by the financial institutions with which the Company has transactions

(2) Items related to currency and interest-rate

Previous consolidated fiscal year (as of March 31, 2016)
Not applicable.

Current consolidated fiscal year (as of March 31, 2017)

(Unit: million yen)

Method of hedging accounting	Type of transactions	Main hedged item	Amount of contract, etc.	Of which, over 1year	Fair market value
Integral accounting for currency and interest rate swap contracts	Currency and interest rate swap contracts	Long-term borrowings Foreign-currency-denominated forecast transactions			
	Floating rate receiving/ Fixed rate paying US Dollar receiving/ Euro paying		93,687	39,270	12,116
	Floating rate receiving/ Fixed rate paying US Dollar receiving/ Japanese Yen paying		74,052	74,052	1,282
Total			167,739	113,322	13,398

(Note) The fair market value is based on the values, etc. presented by the financial institutions with which the Company has transactions

(3) Items related to interest rate

Previous consolidated fiscal year (as of March 31, 2016)
Not applicable.

Current consolidated fiscal year (as of March 31, 2017)

(Unit: million yen)

Method of hedging accounting	Type of transactions	Main hedged item	Amount of contract, etc.	Of which, over 1year	Fair market value

Exceptional accounting method for interest rate swap contracts	Interest rate swap contracts	Long-term borrowings			
	Floating rate receiving/ Fixed rate paying		8,976	8,976	(97)
Total			8,976	8,976	(97)

(Note) The fair market value is based on the values, etc. presented by the financial institutions with which the Company has transactions

(Note related to retirement benefits)

1. Outline of the adopted retirement benefits system

Concerning the retirement benefits system of the company submitting consolidated financial statements and consolidated subsidiaries, the corporate pension fund system, agreement-type corporate pension fund system and lump-sum retirement allowance have been mainly established as the defined-benefit pension plan.

The company submitting consolidated financial statements is participating in the NTT corporate pension fund system to which 38 consolidated subsidiaries are participating as of the end of the current consolidated fiscal year.

The company submitting consolidated financial statements and consolidated subsidiaries have also established a defined contribution pension system.

The company submitting consolidated financial statements has shifted from the agreement-type corporate pension fund system to the defined contribution pension system, starting with the portion (future payment) accumulated on April 1, 2014. Meanwhile, the portions accumulated up to March 31, 2014 will be sustained under the conventional agreement-type corporate pension fund system.

2. Defined-benefit pension system

(1) Adjustments of beginning and ending balances of retirement benefit obligations

(Unit: million yen)

	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
Beginning balance of retirement benefit obligations	295,864	357,602
Service cost	16,919	20,243
Interest cost	4,492	2,359
Actuarial differences occurred	51,255	(8,621)
Payment of retirement benefits	(11,221)	(12,534)
Prior service cost occurred	25	2
Other	266	(489)
Ending balance of retirement benefit obligations	357,602	358,562

(2) Adjustments of beginning and ending balances of pension assets

(Unit: million yen)

	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
Beginning balance of pension assets	161,833	173,118
Expected return on plan assets	3,847	4,007
Actuarial differences occurred	3,208	(485)
Contribution by the Company	9,320	8,444
Payment of retirement benefits	(6,138)	(6,446)
Other	1,046	(1,260)
Ending balance of pension assets	173,118	177,379

(3) Adjustments of the ending balance of retirement benefit obligations and pension assets and liabilities related to retirement benefits and assets related to retirement benefits recorded in the consolidated balance sheet

(Unit: million yen)

	Previous consolidated fiscal year (as of March 31, 2016)	Current consolidated fiscal year (as of March 31, 2017)
Funded retirement benefit obligations	241,419	240,702
Pension assets	(173,118)	(177,379)
	68,300	63,323
Unfunded retirement benefit obligations	116,183	117,861
Net amount of liabilities and assets recorded in the consolidated balance sheet	184,483	181,184
Liabilities related to retirement benefits	185,992	186,788
Assets related to retirement benefits	(1,508)	(5,603)
Net amount of liabilities and assets recorded in the consolidated balance sheet	184,483	181,184

(4) Retirement benefit costs and the amount of the breakdown

(Unit: million yen)

	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
Service cost	16,919	20,243
Interest cost	4,492	2,359
Expected return on plan assets	(3,847)	(4,007)
Amortization of actuarial differences	5,454	5,815
Amortization of the prior service cost	(1,317)	(1,314)
Other	(765)	(765)
Retirement benefit costs related to the defined-benefit pension system	20,935	22,330

(5) Adjustment related to retirement benefits

Breakdown of items recorded in the adjustment related to retirement benefits (before deduction of tax effects)

(Unit: million yen)

	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
Prior service cost	(1,342)	(1,344)
Actuarial differences	(42,266)	14,281
Total	(43,608)	12,937

(6) Remeasurements of retirement benefits

Breakdown of items recorded in the remeasurements of retirement benefits (before deduction of tax effects)

(Unit: million yen)

	Previous consolidated fiscal year (as of March 31, 2016)	Current consolidated fiscal year (as of March 31, 2017)
Unrecognized prior service cost	(7,276)	(5,932)
Unrecognized actuarial differences	65,046	50,764
Total	57,769	44,832

(7) Matters related to pension assets

1) Main breakdown of pension assets

Ratio of each of the main classifications to the total pension assets

(Unit: percent)

	Previous consolidated fiscal year (as of March 31, 2016)	Current consolidated fiscal year (as of March 31, 2017)
Cash and cash equivalent	1.3	2.0
Debt securities	42.3	42.1
Equity securities	12.8	11.5
Securities investment trust beneficiary certificates	12.3	12.0
Joint trust	12.9	14.7
Life insurance company general account	14.2	14.3
Other	4.2	3.4
Total	100.0	100.0

2) Setting method of expected long-term rate of return

Expected long-term rates of return on pension assets is determined while considering the expected return and risk by analyzing portfolios of present and future pension assets and historical yields of various long-term investments.

(8) Matters related to bases of actuarial calculation

Main bases of actuarial calculation

(Unit: percent)

	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
Discount rate	0.5	0.7
Expected long-term rate of return		
NTT Corporate pension fund	2.5	2.5
Agreement-type pension	2.0	2.0

3. Defined contribution pension system

Contributions to defined contribution pension plans by the Company submitting consolidated financial statements and its consolidated subsidiaries

(Unit: million yen)

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
2,215	4,780

(Notes related to tax effect accounting)

1. Breakdown by main causes for deferred tax assets and deferred tax liabilities occurred

(Unit: million yen)

Classification	Previous consolidated fiscal year (as of March 31, 2016)	Current consolidated fiscal year (as of March 31, 2017)
Deferred tax assets		
Liabilities related to retirement benefits	58,419	67,407
Overdepreciation	11,225	17,757
Accrued bonus	7,506	8,356
Loss carried forward	14,115	15,120
Adjustment of the percentage of the completion method	3,224	2,751
Sales receivables	13,830	12,392
Other	26,926	23,592
Subtotal of deferred tax assets	135,248	147,377
Valuation allowance	(12,279)	(8,082)
Total of deferred tax assets	122,969	139,295
Deferred tax liabilities		
Intangible assets identified in the business combination	(22,963)	(25,605)
Valuation difference on available-for-sale securities	(14,673)	(17,867)
Book value differences of shares of affiliated companies due to business reorganization	(3,400)	(3,400)
Fixed assets	(11,425)	(10,211)
Other	(10,375)	(19,006)
Total of deferred tax liabilities	(62,838)	(76,090)
Net deferred tax assets	60,130	63,204

(Note) In the previous consolidated fiscal year, “Accrued bonus” was included in the “Other” item of Deferred tax assets. However, due to the increasing importance of the figure, the figure is separately classified from the current consolidated fiscal year. In addition, “Inventory valuation loss” was separately classified in Deferred tax assets in the previous consolidated fiscal year. However, as the importance of the figure declined, it is included in the “Other” item from the current consolidated fiscal year.

“Other” item of Deferred tax assets at 32,667 million yen and “Inventory valuation loss” at 1,764 million yen in the previous consolidated fiscal year were recompiled into “Accrued bonus” at 7,506 million yen and “Other” at 26,926 million yen.

2. Breakdown of main items that caused differences between statutory effective tax rates and burden rates of corporate tax, etc. after applying tax effect accounting

(Unit: percent)

Classification	Previous consolidated fiscal year (as of March 31, 2016)	Current consolidated fiscal year (as of March 31, 2017)
Statutory effective tax rate	33.06	30.86
(Adjustment)		
Items not permanently deductible such as entertainment expenses	0.64	0.87
Inhabitant tax on per capita basis	0.33	0.32
Research and development tax credit	(1.92)	(0.75)
Amortization of goodwill, etc.	4.97	5.88
Increase or decrease in valuation allowance	0.38	(2.80)
Tax rate change due to tax system revision, etc.	2.62	—
Other	(0.79)	0.58
Burden rate of corporate tax, etc. after applying tax effect accounting	39.29	34.96

(Notes related to business combination, etc.)

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

(Conversion of Dell Systems Corporation, etc. into subsidiaries and acceptance of transfer of IT services related business)

The Company, a company preparing consolidated financial statements, acquired all of the shares outstanding of Dell Systems Corporation through our U.S. subsidiary, NTT DATA, Inc. and all of the shares outstanding of Dell Technology & Solutions Limited and Dell Services Pte. Ltd. through our Netherlands subsidiary, NTT DATA Services International Holdings B.V., converting them into consolidated subsidiaries.

The Company also acquired all of the stakes of US Services, LLC through our U.S. subsidiaries, NTT DATA International L.L.C. and NTT DATA, Inc. and converted them into consolidated subsidiaries.

Additionally, the Company acquired the Dell Group's IT services related business mainly in North America for NTT Data International L.L.C., NTT DATA Inc. and NTT DATA Services International Holdings B.V.

1. Outline of business combination

(1) Name of the acquired companies

Dell Systems Corporation
(The company name was changed to NTT DATA Services Corporation.)

Dell Technology & Solutions Limited
(The company name was changed to NTT DATA SERVICES IRELAND LIMITED.)

Dell Services Pte. Ltd.
(The company name was changed to NTT DATA SERVICES SINGAPORE PTE. LTD.)

US Services, LLC
(The company name was changed to NTT DATA Services, LLC.)

(2) Name of the company associated with business transfer

Dell Inc.

(3) Business lines of the acquired companies and details of the acquired business

IT outsourcing, BPO, application development/management, etc.

(4) Reason for the business combination

Dell Services Division provides cloud services, application-related services and BPO services mainly in North America, with a strong customer base encompassing healthcare, manufacturing and service sectors, financial institutions, the federal government, etc. In particular, the division has been highly valued for its sector-specific digital solution and BPO services for the healthcare sector, mainly medical institutions and health insurers. By the transfer of the Dell Services, the NTT DATA Group will expand the group's business in various sectors mainly in North America and aim to strengthen cloud services and BPO services by utilizing cutting-edge technologies.

(5) Date of the business combination

November 2, 2016 (local time in the U.S.)

(6) Legal form of the business combination

Acquisition of shares and equity interests and business transfer in consideration for cash

(7) Main reason for the acquisition of the companies

Due to the NTT DATA group's purchase of shares/equity interests and business transfer in consideration for cash

(8) Company name after the business combination

NTT DATA Services Corporation

NTT DATA SERVICES IRELAND LIMITED

NTT DATA SERVICES SINGAPORE PTE. LTD.

NTT DATA Services, LLC

(9) Ratio of voting rights acquired

NTT DATA Services Corporation: 100%

NTT DATA SERVICES IRELAND LIMITED: 100%

NTT DATA SERVICES SINGAPORE PTE. LTD.: 100%

NTT DATA Services, LLC: 100%

2. The record period of the acquired companies and business which is included in the consolidated financial statements

From November 2, 2016 to January 31, 2017

3. Breakdown of types of the acquisition costs and the consideration of the acquired companies and business

Cash	350,188 million yen
Acquisition cost	350,188 million yen

4. Details of major costs related to acquisition

Advisory fee	1,949 million yen
Attorney's fee	1,984 million yen
Other	404 million yen
Costs related to the acquisition	4,338 million yen

5. Amount of goodwill incurred, reason for incurrence, amortization method, and amortization period for the goodwill

(1) Amount of goodwill incurred 149,671 million yen (estimate)

The amount of goodwill is a preliminary figure because recognizable assets and liabilities on the date of business combination and their market values have not yet been calculated and thus the allocation of acquisition costs has not yet been completed.

(2) Reason for incurrence

It incurred on the basis of reasonable estimation of future excess earning power expected from the business development by NTT DATA Services (former Dell Services Division).

(3) Amortization method and period

20-year straight-line method

6. Amount of assets and liabilities accepted on the date of business combination and their details

Assets section	
Current assets	52,415 million yen
Fixed assets	150,748 million yen
Liability section	
Current liabilities	21,209 million yen
Fixed liabilities	14,445 million yen

7. Allocation of acquisition costs

Because recognizable assets and liabilities were not specified and the calculation of fair market prices had not been completed at the end of the current consolidated fiscal year, the allocation of acquisition costs has not yet been completed. So this is a preliminary accounting process based on reasonable information available at that time.

8. Estimated amount and the method of calculation of the impact on the consolidated statement of income and consolidated statement of comprehensive income for the current consolidated fiscal year, should the business combination be completed on the start day of the consolidated fiscal year.

Estimates	
Sales amount	224,978million yen
Net income before taxes and other adjustments	13,134 million yen

(Calculation method for the estimates)

Estimates of the impact are differences between the sales, gains, and losses on the Company's consolidated financial statement and the sales, gains, and losses calculated based on the assumption that the business combination was completed on the first day of the consolidated fiscal year. Meanwhile, these estimates do not obtain an audit certificate.

(Notes related to real estate for lease assets)

The Company and some of our consolidated subsidiaries hold office buildings (including land) for rent in Tokyo and other areas.

Leasing and gain or loss on sale related to the real estate for lease assets in the previous consolidated fiscal year was 216 million yen (mainly leasing profit and expenses are recorded in net sales and cost of goods sold, respectively).

Leasing and gain or loss on sale related to the real estate for lease assets in the current consolidated fiscal year was 113 million yen (mainly leasing profit and expenses are recorded in net sales and cost of goods sold, respectively).

The amount of the real estate for lease assets recorded in the consolidated balance sheet, the amount of change during the period, and market values are as follows:

(Unit: million yen)

		Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
Amount recorded in the consolidated balance sheet			
	Beginning balance	26,801	27,844
	Change during the period	1,043	(1,236)
	Ending balance	27,844	26,608
Market value at the end of the period		60,679	64,864

(Note 1) Amount recorded in the consolidated balance sheet refers to an amount with the amount of accumulated depreciation deducted from the acquisition cost.

(Note 2) Changes during the period are mainly due to an increase in the ratio of lease (1,515 million yen) in the previous consolidated fiscal year and depreciation (minus 1,179 million yen) in the current consolidated fiscal year.

(Note 3) Market value at the end of the period mainly includes the amount calculated by the Company based on “The Real Estate Appraisal Standards” (also including the amount calculated and adjusted by the Company using indexes).

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

Reportable segments of our Group that is the company submitting consolidated financial statements are components of an entity for which separate financial information is available and evaluated regularly by the management decision-making authority in determining the allocation of management resources and in assessing performance.

With rapid industrial changes in domestic markets and progress of information technologies expected, it is now necessary to build greater cross-sectoral cooperation and instigate speedy decision making in order to respond to the expectations of customers and society that will become increasingly diversified. Against this backdrop, the Company enables each business headquarter to make a decision on issues concerning the execution of operation in order to further enhance the mobility of business organizations.

In addition, as business units tasked with formulating business strategies or creating new businesses for mid- and long-term business growth, new business areas were created by consolidating multiple business headquarters (Public & Social Infrastructure; Financial; Enterprise & Solutions; and Global).

Each reportable segment provides an integrated IT solution, system/software development, consulting/support, and other services.

2. Method of computing net sales, income or loss, assets, liabilities and other items by reportable segment

The accounting treatment method for the Group's reportable segments is generally the same as the statements in "important matters as the basis for preparation of consolidated financial statements."

Reportable segment income is based on net income before taxes and other adjustments.

The prices of intersegment revenue and transfers are determined based on the price calculated by adding proper profit to cost.

3. Information regarding the amount of net sales, income or loss, assets, liabilities and other items by reportable segment

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

(Unit: million yen)

	Reportable segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Public & Social Infrastructure	Financial	Enterprise& Solutions	Global	Subtotal				
Net sales									
Sales to outside clients	346,744	470,213	277,383	504,459	1,598,802	16,041	1,614,843	53	1,614,897
Intersegment sales and transfers	74,068	53,473	114,442	15,144	257,128	60,215	317,344	(317,344)	—
Total	420,813	523,687	391,826	519,604	1,855,931	76,256	1,932,187	(317,290)	1,614,897
Segment income or loss (the number shown in parentheses)	32,251	34,056	48,072	(4,845)	109,534	5,832	115,366	(7,577)	107,789
Segment assets	264,575	448,005	347,561	523,956	1,584,100	18,524	1,602,624	257,694	1,860,319
Other items									
Depreciation and amortization	28,188	80,610	17,836	20,542	147,178	689	147,867	1,010	148,878
Amortization of goodwill	(3)	158	25	11,897	12,078	—	12,078	—	12,078
Investment gain or loss (the number shown in parentheses) on equity method	29	17	382	(250)	179	—	179	53	232
Extraordinary gain	40	—	14,495	—	14,535	19	14,555	682	15,237
(Proceeds from selling investment securities)	40	—	14,495	—	14,535	19	14,555	682	15,237
Extraordinary loss	1,365	—	155	3,992	5,513	93	5,607	—	5,607
(Impairment loss of goodwill)	—	—	—	3,986	3,986	—	3,986	—	3,986
(Loss from restructuring of affiliate companies)	—	—	—	—	—	—	—	—	—
(Loss on impairment of fixed assets)	1,365	—	155	5	1,527	93	1,620	—	1,620
Balance of goodwill at the end of the current year	(9)	1,632	50	167,205	168,879	—	168,879	—	168,879
Investments in equity method affiliates	569	200	1,884	4,177	6,832	—	6,832	1,736	8,569
Increase in tangible and intangible fixed assets	17,925	70,487	28,790	14,012	131,216	1,625	132,842	1,186	134,028

(Note)
1. Classification of "Other" includes subsidiaries that mainly engage in supporting the business of our head office departments.
2. (1) Adjustment of segment income or loss totaling minus 7,577million yen includes minus 3,062 million yen of net financial revenue that is not allocated in segments, minus 4,485 million yen of consolidated adjustment items that are not allocated in segments, etc.
(2) Adjustment of segment assets totaling 257,694 million yen includes 252,320 million yen in assets related to the management department, 5,374 million yen of consolidated adjustment items related to deferred tax assets, etc., that are not allocated in segments.
(3) Adjustment of increase in tangible and intangible fixed assets totaling 1,186 million yen mainly includes investments, etc., in internal facilities.
3. Segment income or loss is adjusted with current net income before taxes and other adjustments under consolidated income statements and statements of comprehensive income.

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

(Unit: million yen)

	Reportable segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Public & Social Infrastructure	Financial	Enterprise& Solutions	Global	Subtotal				
Net sales									
Sales to outside clients	376,324	459,680	302,030	586,327	1,724,362	5,467	1,729,830	2,642	1,732,473
Intersegment sales and transfers	79,093	58,362	123,638	17,012	278,107	43,888	321,996	(321,996)	—
Total	455,418	518,043	425,668	603,339	2,002,470	49,355	2,051,826	(319,353)	1,732,473
Segment income or loss (the number shown in parentheses)	43,983	41,592	51,861	(26,036)	111,400	2,863	114,264	(8,931)	105,332
Segment assets	262,882	459,467	370,848	946,989	2,040,188	11,160	2,051,349	183,459	2,234,809
Other items									
Depreciation and amortization	30,023	79,812	20,057	23,884	153,778	321	154,100	1,065	155,165
Amortization of goodwill	(3)	158	36	17,043	17,234	—	17,234	—	17,234
Investment gain or loss (the number shown in parentheses)on equity method	25	12	347	(1,044)	(659)	—	(659)	41	(618)
Extraordinary gain	293	218	14,959	2,720	18,191	—	18,191	133	18,325
(Proceeds from selling investment securities)	293	218	14,959	—	15,471	—	15,471	133	15,605
(Gain on transfer of affiliated business)	—	—	—	2,720	2,720	—	2,720	—	2,720
Extraordinary loss	703	1,978	370	22,924	25,976	10	25,986	—	25,986
(Acquisition expenses)	—	—	—	12,301	12,301	—	12,301	—	12,301
(Loss from restructuring of affiliate companies)	—	—	8	9,252	9,260	—	9,260	—	9,260
(Impairment loss of goodwill)	—	1,473	—	1,371	2,844	—	2,844	—	2,844
(Loss on impairment of fixed assets)	703	505	361	—	1,569	10	1,579	—	1,579
Balance of goodwill at the end of the current year	(5)	—	1,175	314,086	315,256	5	315,261	—	315,261
Investments in equity method affiliates	592	229	1,966	2,576	5,364	—	5,364	400	5,764

Increase in tangible and intangible fixed assets	13,722	95,112	27,117	19,017	154,969	108	155,078	3,061	158,140

(Note)

1. Classification of "Other" includes subsidiaries that mainly engage in supporting the business of our head office departments.

2. (1) Adjustment of segment income or loss totaling minus 8,931 million yen includes minus 3,398 million yen of net financial revenue that is not allocated in segments, and minus 5,520 million yen of consolidated adjustment items that are not allocated in segments, etc.

(2) Adjustment of segment assets totaling 183,459 million yen includes 185,396 million yen in assets related to the management department, and minus 5,018 million yen of consolidated adjustment items related to deferred tax assets, etc., that are not allocated in segments.

(3) Adjustment of increase in tangible and intangible fixed assets totaling 3,061 million yen mainly includes investments in internal facilities, etc.

3. Segment income or loss is adjusted with current net income before taxes and other adjustments under consolidated income statements and statements of comprehensive income.

[Related information]

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

1. Information related to products and service

(Unit: million yen)

Classification	Integrated IT solution	System/software development	Consulting/support	Other	Total
Sales to outside clients	468,992	443,845	648,035	54,022	1,614,897

2. Information related to geographic areas
(1) Sales

(Unit: million yen)

Japan				Outside Japan	Total
	North America	Europe	Other		
1,110,368	207,490	236,545	60,493	504,528	1,614,897

(Note)
1. Based on the locations of clients, net sales are categorized into geographic areas.
2. Main countries belonging to each area are as follows:
North America — U.S.A, Canada
Europe — Germany, Spain, Italy, U.K, etc.
Other — Australia, Brazil, Chile, etc.

(2) Property, plant and equipment

(Unit: million yen)

Japan			Outside Japan	Total
	North America	Other		
280,521	3,002	19,050	22,053	302,575

(Note)
Main countries belonging to each area are as follows:
North America — U.S.A, Canada
Other — Germany, Spain, etc.

3. Information related to major clients
Information on major clients is omitted since no sales to a single outside client accounted for more than 10% of consolidated sales.

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

1. Information related to products and service

(Unit: million yen)

Classification	Integrated IT solution	System/software development	Consulting /support	Other	Total
Sales to outside clients	512,647	465,749	695,312	58,763	1,732,473

2. Information related to geographic areas
(1) Sales

(Unit: million yen)

Japan	North America	Europe	Other	Outside Japan	Total
1,146,107	244,800	277,225	64,339	586,365	1,732,473

(Note)
1. Based on locations of clients, net sales are categorized into geographic areas.
2. Main countries belonging to each area are as follows:
North America — U.S.A, Canada
Europe — Germany, Spain, Italy, U.K, etc.
Other — Australia, Brazil, Chile, etc.

(2) Property, plant and equipment

(Unit: million yen)

Japan	North America	Other	Outside Japan	Total
282,156	42,199	32,504	74,703	356,860

(Note)
1. Main countries belonging to each area are as follows:
North America — U.S.A, Canada
Other — Germany, India, etc.
2. Information on geographic areas has been included from the current consolidated fiscal year because the amount of tangible fixed assets located in regions other than Japan exceeded 10% of the total amount of tangible fixed assets in the consolidated balance sheets. For the previous consolidated fiscal year, such information was omitted because the percentage of total tangible fixed assets located in Japan exceeded 90% of the total amount of included tangible fixed assets in the consolidated balance sheets, but figures added up for the same region categories as those for the current consolidated fiscal year are shown.

3. Information related to major clients
Information on major clients is omitted since no sales to a single outside client accounted for more than 10% of consolidated sales.

[Information related to impairment loss of fixed assets by reportable segment]
The information is omitted since similar information is disclosed in segment information.

[Information related to amortization and unamortized balance of goodwill by reportable segment]
The information is omitted since similar information is disclosed in segment information.

[Information related to gain on negative goodwill by reportable segment]
Not applicable.

[Information on related parties]
Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

1. Transactions with related parties
(1) Transactions between the company submitting consolidated financial statements and related parties
a. Companies, etc. whose parent company is the same as that of the company submitting consolidated financial statements and subsidiaries, etc. of other affiliated companies of the company submitting consolidated financial statements

Type	Name of company, etc.	Location	Capital or capital contribution (million yen)	Detail of business or occupation	Share of voting rights (Owning and Be owned) (percent)	Relationship with related parties	Details of the transaction	Transaction amount (million yen)	Items	Ending balance (million yen)
Subsidiary of the parent company	NTT Finance Corporation	Minato-ku, Tokyo	16,770	General leasing activities	(Owning) Direct 3.1 (Be owned) Direct 0.0	Deposit of funds, etc.	Fund settlement of transactions among NTT Group companies	39,284	Other of Current assets (accrued revenue)	8,992
							Deposit of funds (Note 3)	57,846	Deposits	121,646
							Interest income associated with deposition of funds	40		

(Note)
1. Although the transaction amount and ending balance of fund settlement of transactions among NTT Group companies include consumption tax, etc., the amount of other transactions does not include consumption tax, etc.
2. Transaction conditions and the determination methods of transaction conditions are the same conditions as other business partners.
3. The transaction amount of the deposit of funds is the average balance of deposits.

b. Officers and major individual shareholders (only individual), etc. of the company submitting consolidated financial statements

Type	Name of company, etc.	Location	Capital or capital contribution (million yen)	Detail of business or occupation	Share of voting rights (Owning and Be owned) (percent)	Relationship with related parties	Details of the transaction	Transaction amount (million yen)	Items	Ending balance (million yen)
Officer	Toshio Iwamoto	—	—	President and CEO of the Company Chairman of the Japan Electronic Payment Promotion Organization	(Be owned) Direct 0.0	—	Business revenue including building lease	28	—	—
							Payment of an annual membership fee	2	—	—
				President and CEO of the Company Chairman of PFI/PPP Promotion Council	(Be owned) Direct 0.0		Payment of an annual membership fee	0	—	—
Officer	Satoshi Kurishima	—	—	Vice President of the Company Chairman of General Incorporated Association, Japan Data Management	(Be owned) Direct 0.0	—	Payment of an annual membership fee	0	—	—

(Note)
1. The transaction amount does not include consumption tax, etc.
2. Transaction conditions and the determination methods of transaction conditions are the same conditions as other business partners.
3. Toshio Iwamoto resigned from Chairman of PFI/PPP Promotion Council in July 2015; the above statement relates to his term in office during the current consolidated fiscal year.

2. Notes related to the parent company or important affiliated companies

(1) Information on the parent company

Nippon Telegraph and Telephone Corporation (listed on the Tokyo Stock Exchange)

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

1. Transactions with related parties
(1) Transactions between the company submitting consolidated financial statements and related parties
a. Companies, etc. whose parent company is the same as that of the company submitting consolidated financial statements and subsidiaries, etc. of other affiliated companies of the company submitting consolidated financial statements

Type	Name of company, etc.	Location	Capital or capital contribution (million yen)	Detail of business or occupation	Share of voting rights (Owning and Be owned) (percent)	Relationship with related parties	Details of the transaction	Transaction amount (million yen)	Items	Ending balance (million yen)
Subsidiary of the parent company	NTT Finance Corporation	Minato-ku, Tokyo	16,770	General leasing activities	(Owning) Direct 3.1 (Be owned) Direct 0.0	Deposit of funds, etc.	Fund settlement of transactions among NTT Group companies	45,248	Accounts due	12,020
							Deposit of funds (Note 3)	114,277	Deposits	55,808
							Interest income associated with deposition of funds	18		
							Borrowing of funds	40,000	Long-term borrowing	40,000
							Borrowing of funds (Note 3)	98,195	Short-term borrowing	183,464

(Note)
1. Although the transaction amount and ending balance of fund settlement of transactions among NTT Group companies include consumption tax, etc., the amount of other transactions does not include consumption tax, etc.
2. Transaction conditions and the determination methods of transaction conditions are the same conditions as other business partners.
3. As the transaction amounts of deposits and borrowings of funds, the average balances of the deposits paid and short-term borrowings are presented.

b. Officers and major individual shareholders (only individual), etc. of the company submitting consolidated financial statements

Type	Name of company, etc.	Location	Capital or capital contribution (million yen)	Detail of business or occupation	Share of voting rights (Owning and Be owned) (percent)	Relationship with related parties	Details of the transaction	Transaction amount (million yen)	Items	Ending balance (million yen)
Officer	Toshio Iwamoto	—	—	President and CEO of the Company Chairman of the Japan Electronic Payment Promotion Organization	(Be owned) Direct 0.0	—	Business revenue including building lease	28	—	—
							Payment of an annual membership fee	3	—	—

(Note)

1. The transaction amount does not include consumption tax, etc.
2. Transaction conditions and the determination methods of transaction conditions are the same conditions as other business partners.

2. Notes related to the parent company or important affiliated companies
(1) Information on the parent company
Nippon Telegraph and Telephone Corporation (listed on the Tokyo Stock Exchange)

(Per share information)

	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
Net asset per share	2,641.39 yen	2,847.42 yen
Current net income per share	225.93 yen	234.18 yen

(Note)

1. Diluted current net income per share is not stated since there is no dilutive share.
2. Current net income per share is calculated on the following basis:

Item	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
Current net income per share		
Current-term net income belonging to shareholders of the parent company (million yen)	63,373	65,686
Amount not attributable to common shareholders (million yen)	—	—
Current-term net income belonging to shareholders of the parent company concerning common shares (million yen)	63,373	65,686
Average number of common shares for the period (share)	280,499,901	280,499,901

(Important subsequent events)

(Stock split)

The Board of Directors of the Company held on May 10, 2017 resolved stock split as below.

1. Purpose of stock split

The stock split will be conducted with the aim of increasing the liquidity of the Company's stock and expanding the investor base by reducing the price of share-trading units.

2. Overview of stock split

(1) Method of stock split

The stock split shall have a record date of June 30, 2017 and shall involve the splitting of common stocks held by shareholders whose names are recorded in the latest Registry of Shareholders on the record date at a ratio of 1:5.

(2) Number of increase in shares by stock split

1) Total number of issued shares before stock split (shares)	280,500,000
2) Number of increase in shares by stock split (shares)	1,122,000,000
3) Total number of issued shares after stock split (shares)	1,402,500,000
4) Total number of authorized shares after stock split (shares)	5,610,000,000

(3) Schedule

1) Public notice date of the record date	June 15, 2017
2) Record date	June 30, 2017
3) Effective date	July 1, 2017

3. Impact on information on net income per share

Information on net income per share for the previous and current consolidated fiscal years based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year

	Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)
Average number of shares outstanding during the period (excluding treasury stock) (shares)	1,402,499,505	1,402,499,505
Net income per share for the fiscal year (yen)	45.19	46.84
Dividends (yen)	14	15

	Previous consolidated fiscal year (as of March 31, 2016)	Current consolidated fiscal year (as of March 31, 2017)
Number of shares outstanding at the end of the fiscal year(excluding treasury stock) (shares)	1,402,499,505	1,402,499,505
Net asset per share (yen)	528.28	569.48

(Change in segments)

The Board of Directors of the Company, a company preparing consolidated financial statements, held on May 10, 2017 resolved enhancement of the global business promotion/management structure.

With expanded overseas business and broader project scope and geographic coverage, to seek further globalization toward the Global 3rd Stage, and to achieve a new goal of “Trusted Global Innovator,” the Company will improve its local presence in the market, strengthen relationships with global clients and obtain better understanding of the business in a timely manner under our organization redesigned to enhance our promotion and management of global business.

For the above purpose, the Company is considering changes in reportable segments and has not calculated the effect yet.

5) [Consolidated supplementary schedules]
[Schedule of company bonds]

Company name	Issue	Date of issue	Balance at the beginning of the current period (million yen)	Balance at the end of the current period (million yen)	Interest rate (percent)	Collateral	Period of redemption
NTT DATA Corporation	The 21st unsecured domestic straight bonds	April 22, 2008	49,993	49,996 (49,996)	1.60	Debenture bond	March 20, 2018
Same as above	The 22nd unsecured domestic straight bonds	December 11, 2008	30,000	30,000	1.78	Same as above	December 20, 2018
Same as above	The 23rd unsecured domestic straight bonds	March 11, 2009	20,000	20,000	1.65	Same as above	March 20, 2019
Same as above	The 25th unsecured domestic straight bonds	April 21, 2010	59,985	59,989	1.47	Same as above	March 19, 2020
Same as above	The 26th unsecured domestic straight bonds	June 15, 2012	24,990	24,992	0.95	Same as above	June 20, 2022
Same as above	The 27th unsecured domestic straight bonds	June 14, 2013	24,992	24,993	0.90	Same as above	June 20, 2023
FM-Shinagawa Tokutei Mokuteki kaisha	Specified corporate bond	February 29, 2012	100	100	0.15	Secured bond	February 28, 2022
Total	—	—	210,062	210,071	—	—	—

(Note)
1. Figures in brackets in the “Balance at the end of the current period” columns are expected redemptions within 1 year.
2. Expected redemption within 5 years of the consolidated closing date is as follows:

(Unit: million yen)

Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years
49,996	50,000	59,989	—	100

[Schedule of borrowings, etc.]

Classification	Balance at the beginning of the current period (million yen)	Balance at the end of the current period (million yen)	Average interest rate (percent)	Period of repayment
Short-term borrowings	51,627	213,160	0.3	–
Current maturity of long-term borrowings	29,245	53,461	0.9	–
Current maturity of lease obligation	2,737	2,233	―	–
Long-term borrowings(excluding the current portion)	109,451	168,618	0.8	From 2018 to 2029
Lease obligation(excluding the current portion)	3,917	3,269	―	From 2018 to 2029
Total	196,980	440,742	―	–

(Note)
1. The average interest rate is stated by the weighted average interest rate to the balance of borrowings at the end of year.
2. Since the lease obligation is recorded in the consolidated balance sheets before the amount equivalent to interest that is included in the total amount of interest is deducted, the average interest rate of the lease obligation is not stated.
3. Expected repayment for long-term borrowings (excluding the current portion) and lease obligation (excluding the current portion) within five years of the consolidated closing is as follows:

(Unit: million yen)

Classification	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years
Long-term borrowings	73	6	82,579	20,030
Lease obligation	1,719	868	433	182

[Schedule of asset retirement obligations]
Since the amount of asset retirement obligations for the current consolidated fiscal year is less than one-hundredth of the total amount of liabilities and net assets at the beginning and ending of the current consolidated fiscal year, this item is omitted.

(2) [Other]

Quarterly financial information in the current consolidated fiscal year

(Cumulative quarter)	First quarter	Second quarter	Third Quarter	Current consolidated fiscal year
Net sales (million yen)	392,245	779,674	1,180,894	1,732,473
Quarterly (current period) net income before taxes and other adjustments (million yen)	17,323	44,956	71,439	105,332
Quarterly (current period) net income belonging to shareholders of the parent company (million yen)	10,063	29,060	45,062	65,686
Quarterly (current period) net income per share (yen)	35.88	103.60	160.65	234.18

(Accounting period)	First quarter	Second quarter	Third Quarter	Fourth Quarter
Quarterly net income per share (yen)	35.88	67.73	57.05	73.53