

Note; This document is in English translation of “Kessan Tanshin” for the Second Quarter of the Fiscal Year Ending March 31, 2015 and is provided solely for reference purposes. In the event of any inconsistency between the Japanese version and any English translation of it, the Japanese version will govern.

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2015

October 30, 2014

Company name	: NTT DATA CORPORATION
Stock exchange on which the Company's shares are listed	: Tokyo Stock Exchange 1st Section
Code number	: 9613
URL	: http://www.nttdata.com/
Contacts Company representative	: Toshio Iwamoto, President and Chief Executive Officer
Person in charge	: Keisuke Kusakabe, Senior Executive Manager, Investor Relations and Finance Office
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Scheduled date of filing of Quarterly Business Report	: November 10, 2014
Scheduled date of dividend payment	: December 1, 2014
Supplemental material on quarterly results	: Yes
Presentation on quarterly results	: Yes (for institutional investors and financial analysts)

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

1. Consolidated Financial Results in Q2 of FY2014 (From April 1, 2014 to September 30, 2014)

(1) Consolidated Results of Operations

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

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2014 Q2	695,866	13.5	22,013	738.3	19,541	—	7,128	—
FY2013 Q2	613,003	1.4	2,626	(91.3)	1,337	(95.0)	(3,757)	—

Note: Comprehensive income: FY2014 Q2 11,380 million yen 45.0% FY2013 Q2 7,847 million yen 105.1%

	Net income per share	Net income per share (diluted)
	¥	¥
FY2014 Q2	25.41	—
FY2013 Q2	(13.40)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
FY2014 Q2	1,686,786	719,845	40.8
FY2013	1,689,940	709,818	40.1

Note: Equity FY2014Q2 687,511 million yen FY2013 676,824 million yen

2. Dividends

	Cash dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Total
	¥	¥	¥	¥	¥
FY2013	—	3,000.00	—	30.00	—
FY2014	—	30.00			
FY2014 (Forecast)			—	30.00	60.00

Notes:

1. Revisions to the forecasts of dividends: No

2. Dividends for the second quarter of the fiscal year ended March 31, 2014 are figures before the stock split was conducted at a ratio of 1:100 with the effective date of October 1, 2013.

3. Forecasts of Consolidated Results for FY2014 (From April 1, 2014 to March 31, 2015)

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

	Net sales		Operating income		Ordinary Income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
FY2014	1,460,000	8.6	85,000	35.8	75,000	20.7	37,000	58.9	131.90

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

* Notes:

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

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

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

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

1) Changes in accounting policies due to revisions of accounting standards etc : Yes

2) Changes in accounting policies other than 1) : No

3) Changes in accounting estimates : No

4) Restatements : No

(Note) For more details, please see “(1) Changes in accounting policies, changes in accounting estimates and restatements” under “2. Matters on Summary Information (Notes)” on page 6.

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding FY2014 Q2 280,500,000shares FY2013 280,500,000shares
(inclusive of treasury stock)

2) Number of treasury stock FY2014 Q2 — shares FY2013 — shares

3) Average number of shares over period FY2014 Q2 280,500,000shares FY2013 Q2 280,500,000shares
(consolidated total for quarter)

* Indication of quarterly review procedure implementation status

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

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

1. The results forecasts contained in this document are based on certain premises derived from information available to the NTT DATA Group at this time. As a result of various factors that may arise in the future, actual results may differ from the Group's forecasts. For details please refer to “(3) Qualitative Information on the Consolidated Results Forecast” in “1. Qualitative Information for the Second Quarter of the Fiscal Year Ending March 31, 2015” section on page 5.

2. As of October 1, 2013, the Company conducted a stock split at a ratio of 1:100 in common stock. Thus, quarterly net income per share and the number of shares were calculated by assuming that the stock split was conducted at the beginning of the previous consolidated fiscal year.

3. Supplemental material on quarterly results will be uploaded on TDnet today, and will also be uploaded on our homepage. Presentation on quarterly results will be held today. This report will be uploaded on our homepage soon.

4. The names of NTT DATA's products and services referred to on this report (including the attachment) are trademarks or registered trademarks of NTT DATA in Japan and other countries. The names of other companies, products, services, etc, are the trade names, trademarks, or registered trademarks of the companies concerned.

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1. Qualitative Information for the Second Quarter of the Fiscal Year Ending March 31, 2015

(1) Qualitative Information on the Consolidated Business Results

During the second quarter under review, although the subsequent decline in consumers' spending in reaction to their buying binge ahead of the consumption tax hike still partly remained, the Japanese economy continued to be on track for moderate recovery with a continuous improvement in corporate profitability as well as a moderate increase in capital investment. In addition, its economy is expected to maintain this moderate recovery. Nevertheless, the prolonged decline in consumers' spending in reaction to their buying binge ahead of the consumption tax hike and the downturn in overseas economies represent major factors that could serve to weaken the Japanese economy.

In the information services industry, the market has shown signs of moderate recovery thanks to the promotion of IT investment in response to various system renewal projects that had previously been suspended, as well as to the preparations for international expansion by financial institutions and the manufacturing sector. Nonetheless, the needs to subdue system maintenance and management costs as well as to survive the severe price competition still remain.

Implementation of management policies

Under such circumstances, the NTT DATA Group formulated the Medium-term Management Plan for the fiscal Years 2012 to 2015, with the aim of "becoming a Global Top 5 player (over 1.5 trillion yen in net sales)" and "achieving an EPS of 200 yen" by evolving into a corporate group that can efficiently provide diverse IT services worldwide. In line with this plan, we are concentrating on the plan's primary strategies, namely "Expansion of New Fields and Reinforcement of Product Competitiveness", "Expansion, Enhancement and Reinforcement of Global Business" and "Pursuit of Overall Optimization". Examples of specific action taken are as follows.

- "Expansion of New Business Fields and Reinforcement of Product Competitiveness"

We increased net sales whose growth rate exceeded the market growth rate by capturing opportunities to enter the market resulting from recent years' changes in the business environment and ICT, and also promoted Re-Marketing by creating an unprecedented market while predicting clients' needs in advance by making the best use of the latest technology. For examples of specific action taken during the current consolidated fiscal year under review, please see "Implementation of business activities".

In addition, through the complete automation in development operation, we promoted innovation of product technology to achieve sophistication and speed in product development, as well as Strategic R&D by assessing important future technology in light of the direction of the information society.

- In order to promote our policy to apply a software development automation tool to all applicable transactions, we doubled the special support unit for the promotion to expand the applications. We also established a new dedicated team for agile software development to flexibly and speedily correspond to the change of business environment.

- In order to expand global business, we established a base for R&D enforcement in Singapore to develop competitive solutions and technologies to meet the market needs in the APAC region where development is expected in the future. In addition, we commenced joint research with Institut Teknologi Bandung (ITB: Institute of Technology Bandung) in Indonesia on Smart Community. Moreover, in China, we initiated joint research with the Institute of Software, Chinese Academy of Sciences in the fields of SNS and healthcare.
- “Expansion, Enhancement, and Reinforcement of Global Business”
We implemented the expansion, enhancement and reinforcement of businesses in each region by taking advantage of synergy between the NTT DATA Group and the NTT Group to reinforce its sales capability and the capability to provide services. In addition, the NTT DATA Group supported customers’ entries into the global market by utilizing its regional bases. For examples of specific action taken during the second quarter under review, please see “Global Business” under the “Implementation of business activities.”

Implementation of business activities

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

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

< Public & Financial IT Services >

- We reached the tie-up agreement with the All Japan Federation of Certified Tax Accountant Cooperative Associations of Data Communication, and began offering a virtual desk top service for accounting firms called “Tatsujin cloud”, a cloudification of each individual’s Windows desktop environment and various applications including “Tatsujin series”, an operating support software for tax service.
- The Musashino Bank, Ltd. and The Shikoku Bank, Ltd. decided to join “the Collective MCIF Center^(Note 1)”, our collectively-used marketing service for regional financial institutions, which made the number of participating banks nine. The service collects and processes data offered by participating banks, and accumulates and analyzes it as a database for marketing. The banks share other participating banks’ sales know-how and data usage technology, and can develop more precise marketing models and review their effectiveness by analyzing vast national-scale data that cannot be collected by one bank.

< Enterprise IT Services >

- NASDAQ OMX Group and the Company accepted an order for the development of a Next-Generation Derivatives Trading System of Osaka Exchange, Inc. (OSE), a subsidiary belonging to Japan Exchange Group, Inc. The introduction of the system will help the OSE to strengthen its market competitiveness by corresponding to the expanding derivative market, and enlarging capability including increase of lines of business and risk management function.

- The Company constructed the “Matsumotokiyoshi mobile site”, the official app of Matsumotokiyoshi Holdings Co., Ltd. for smartphones. It is based on “Recommend Push”, the omni-channel solution offered by the Company, which makes it possible to deliver discount coupons and various information when necessary, which corresponds to the attribute information of app users, including their sex, age, and buying history, etc.

< Solutions & Technologies >

- We newly opened the “Shinagawa Data Center” to meet strong needs for disaster-resistant data centers with excellent business continuity in the Tokyo metropolitan area. Together with this, we established the “IT Outsourcing Operation Center” to offer the one-stop operations management of the IT infrastructure for information systems as a base for the consolidated operation of data centers.
- We drastically renovated “BIZXAAS BA”, our big data analyzing service, including the addition of a new menu of low price and quick delivery. The renovated service newly corresponds to various cloud environments and Business Intelligence tools, and enables multidirectional analysis by utilizing SNS data including Twitter, and the meteorological data.

<Global Business>

- NTT DATA UK Limited, our subsidiary in the UK, received an order from HM Treasury for IT services that form part of the Core ICT 2015 programme ^(Note 2). The contract period is three years, and we will provide cloud hosting and application management services, including coordination of other suppliers for HM Treasury’s Core ICT 2015 service.
- Through itelligence AG, our German subsidiary, we turned GISA GmbH, which provides SAP hosting services, IT consulting services and other services mainly in the fields of energy and public services in eastern Germany, into a subsidiary. With this, we will create synergy with itelligence AG to promote the business reinforcement and an increase in market share in those fields.

Notes:

1. MCIF (Marketing Customer Information File)

A database of customer information for marketing.

2. Core ICT 2015 programme

Core ICT 2015 programme is an activity for IT infrastructure, services and application renewal promoted by HM Treasury. The purpose of this activity is to promote the participation of new small and medium-sized suppliers to provide efficient services through competition.

In addition to the businesses above, we proudly disclose that we could create 100 jobs, the target from the beginning at “The Ishinomaki BPO Center”, which we established as our continuous supporting effort for reconstruction at the disaster stricken area by the Great East Japan Earthquake, which made the number of employees at the Center 125. We will continuously try to create new jobs, maintain and expand employment for many years to come.

The aforementioned statements represent our major management actions and business activities.

As for the consolidated business results for the six months ended September 30, 2014, net sales increased, as a result of efforts to cultivate new customers and the expansion in the scale of existing large-sized systems at the Company itself, as well as growth in the business scale of the domestic and overseas subsidiaries and the impact of a favorable exchange rate due to the yen's depreciation and other factors. Operating income, ordinary income, income before income taxes and minority interests, and net income increased, due to increased net sales and decreased costs and scales for unprofitable projects.

• Net Sales	695.8 billion yen	(up 13.5% year-on-year)
• Operating Income	22.0 billion yen	(up 738.3% year-on-year)
• Ordinary Income	19.5 billion yen	
• Income before Income Taxes and Minority Interests	19.5 billion yen	
• Net Income	7.1 billion yen	

(2) Qualitative Information on the Consolidated Financial Position

Total assets at the end of the second quarter stood at 1,686.7 billion yen, down 3.1 billion yen or 0.2% from the end of the previous fiscal year, mainly due to the accelerated collection of accounts receivable-trade and depreciation of non-current assets.

On the other hand, total liabilities amounted to 966.9 billion yen, down 13.1 billion yen or 1.3% from the end of the previous fiscal year, mainly due to payment of accounts payable-trade and income taxes.

(3) Qualitative Information on the Consolidated Results Forecast

With regard to the sentiments of companies about IT investments, while the market indicated moderate recovery thanks to the promotion of IT investment to respond to various system renewal projects that had previously been suspended, as well as to the preparations for international expansion by financial institutions and the manufacturing sector, a need to subdue system maintenance and management costs as well as severe price competition will still remain.

Under such circumstances, the NTT DATA Group is restraining unprofitable projects, and is continuing its efforts for an increase in gross profit resulting from an increase in net sales through the promotion of Re-Marketing, cost reductions and other matters. Consequently, we presently have not changed our consolidated earnings forecast for the fiscal year ending March 31, 2015 (released on May 8, 2014).

2. Matters on Summary Information (Notes)

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

Changes in accounting policies

(Application of accounting standard for retirement benefits, etc.)

The Company applied “Accounting Standard for Retirement Benefits” (ASBJ Statement No.26, May 17, 2012; “Accounting Standard for Retirement Benefits”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25, May 17, 2012; “Guidance on Accounting Standard for Retirement Benefits”) from the first quarter under review with regard to the provisions indicated in paragraph 35 of the Accounting Standard for Retirement Benefits and paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. We also changed the period attribution of expected benefit payments from straight-line attribution to benefit formula in addition to a change in the calculation method of discount rates.

With regard to the application of these accounting standards, the Company followed the transitional treatment stipulated in paragraph 37 of the Accounting Standard for Retirement Benefits, and the effect resulting from changes in accounting methods of projected benefit obligations and service cost was adjusted to retained earnings at the beginning of the second quarter under review.

As a result, net defined benefit liability and deferred tax asset at the beginning of the second quarter under review decreased by 13,677 million yen and 4,891 million yen, respectively, and retained earnings increased by 8,272 million yen.

The effects on operating income, ordinary income and income before income taxes and minority interests due to these changes during the second quarter under review are limited.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: ¥ million)

	As of March 31, 2014	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	180,430	182,835
Notes and accounts receivable - trade	344,221	303,875
Lease receivables and investment assets	19,166	17,992
Securities	2,000	32,000
Inventories	22,645	46,479
Deferred tax assets	27,518	25,849
Other	76,344	77,380
Allowance for doubtful accounts	(3,120)	(3,081)
Total current assets	669,206	683,331
Non-current assets		
Property, plant and equipment		
Data communication facilities, net	92,656	83,487
Buildings and structures, net	94,475	92,647
Machinery, equipment and vehicles, net	19,474	18,966
Tools, furniture and fixtures, net	15,129	16,661
Land	50,209	52,687
Construction in progress	36,142	39,140
Other, net	4,609	4,244
Total property, plant and equipment	312,697	307,835
Intangible assets		
Software	260,458	252,639
Software in progress	48,638	51,165
Goodwill	177,536	176,558
Other	75,543	71,526
Total intangible assets	562,177	551,890
Investments and other assets		
Investment securities	46,085	47,352
Net defined benefit asset	1,331	1,733
Deferred tax assets	61,239	56,752
Other	37,932	38,613
Allowance for doubtful accounts	(730)	(722)
Total investments and other assets	145,858	143,728
Total non-current assets	1,020,733	1,003,454
Total assets	1,689,940	1,686,786

Consolidated Balance Sheets-continued

(Unit: ¥ million)

	As of March 31, 2014	As of September 30, 2014
Liabilities		
Current liabilities		
Accounts payable - trade	97,837	80,024
Short-term loans payable	66,387	45,806
Current portion of long-term loans payable	1,950	1,443
Current portion of bonds	—	39,998
Income taxes payable	22,490	9,403
Advances received	151,781	145,522
Provision for loss on order received	4,609	4,785
Other	109,657	110,979
Total current liabilities	454,714	437,964
Non-current liabilities		
Bonds payable	250,040	210,047
Long-term loans payable	87,298	138,872
Deferred tax liabilities	20,952	21,210
Net defined benefit liability	145,653	136,754
Provision for directors' retirement benefits	919	800
Other	20,543	21,290
Total non-current liabilities	525,407	528,976
Total liabilities	980,121	966,940
Net assets		
Shareholders' equity		
Capital stock	142,520	142,520
Capital surplus	139,300	139,300
Retained earnings	384,922	391,719
Total shareholders' equity	666,742	673,539
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,872	3,595
Deferred gains or losses on hedges	38	(205)
Foreign currency translation adjustment	35,056	38,043
Remeasurements of defined benefit plans	(10,224)	(10,984)
Other	(17,661)	(16,476)
Total accumulated other comprehensive income	10,081	13,971
Minority interests	32,993	32,334
Total net assets	709,818	719,845
Total liabilities and net assets	1,689,940	1,686,786

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	613,003	695,866
Cost of sales	488,191	535,553
Gross profit	124,812	160,313
Selling, general and administrative expenses	122,186	138,299
Operating income	2,626	22,013
Non-operating income		
Interest income	266	460
Dividend income	927	1,040
Foreign exchange gains	2,268	-
Other	1,837	1,813
Total non-operating income	5,299	3,313
Non-operating expenses		
Interest expenses	2,726	2,842
Compensation for damage	2,712	189
Other	1,149	2,753
Total non-operating expenses	6,587	5,785
Ordinary income	1,337	19,541
Extraordinary losses		
Loss on restructuring of subsidiaries and affiliates	1,544	—
Total extraordinary losses	1,544	—
Income (loss) before income taxes and minority interests	(206)	19,541
Income taxes	3,425	11,919
Income (loss) before minority interests	(3,631)	7,622
Minority interests in income (loss)	126	493
Net income (loss)	(3,757)	7,128
Minority interests in income (loss)	126	493
Income (loss) before minority interests	(3,631)	7,622
Other comprehensive income		
Valuation difference on available-for-sale securities	1,602	687
Deferred gains or losses on hedges	(448)	(243)
Foreign currency translation adjustment	11,933	2,951
Pension liability adjustments	141	—
Remeasurements of defined benefit plans, net of tax	—	(734)
Share of other comprehensive income of entities accounted for using equity method	43	(87)
Other	(1,792)	1,185
Total other comprehensive income	11,479	3,758
Comprehensive income	7,847	11,380
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,452	11,018
Comprehensive income attributable to minority interests	395	361

(3) Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(206)	19,541
Depreciation	67,530	73,960
Loss on retirement of non-current assets	2,152	3,120
Increase (decrease) in provision for retirement benefits	6,922	—
Increase (decrease) in net defined benefit liability	—	4,753
Interest expenses	2,726	2,842
Decrease (increase) in notes and accounts receivable - trade	76,649	40,626
Decrease (increase) in inventories	(14,344)	(23,889)
Increase (decrease) in notes and accounts payable - trade	(17,484)	(12,140)
Increase (decrease) in advances received	(2,699)	(6,034)
Increase (decrease) in provision for loss on order received	10,187	161
Increase (decrease) in accrued consumption taxes	(5,250)	2,921
Other, net	1,916	2,105
Subtotal	128,100	107,969
Interest and dividend income received	1,192	1,500
Interest expenses paid	(2,802)	(2,631)
Income taxes (paid) refund	(22,899)	(21,541)
Net cash provided by (used in) operating activities	103,591	85,296
Cash flows from investing activities		
Purchase of property, plant and equipment	(27,740)	(28,071)
Purchase of intangible assets	(36,965)	(41,725)
Purchase of investment securities	(6,080)	(308)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,918)	(3,346)
Net decrease (increase) in time deposits	(2,753)	(6,453)
Other, net	2,979	308
Net cash provided by (used in) investing activities	(73,480)	(79,596)
Cash flows from financing activities		
Proceeds from issuance of bonds	24,905	—
Redemption of bonds	(50,030)	—
Proceeds from long-term loans payable	25,196	53,193
Repayments of long-term loans payable	(1,487)	(525)
Net increase (decrease) in short-term loans payable	(313)	(20,170)
Repayments of lease obligations	(1,301)	(1,001)
Cash dividends paid	(8,415)	(8,419)
Payments for acquisition of subsidiary's stock from minority shareholders	(1,437)	(274)
Other, net	(366)	(1,080)
Net cash provided by (used in) financing activities	(13,249)	21,722
Effect of exchange rate change on cash and cash equivalents	479	(1,433)
Net increase (decrease) in cash and cash equivalents	17,340	25,989
Cash and cash equivalents at beginning of period	176,963	207,213
Cash and cash equivalents at end of period	194,304	233,202

(4) Notes to quarterly consolidated financial statements

(Notes to Going Concern Assumptions)

N/A

(Notes to Significant Changes in Shareholder's Equity)

Resolution	Stock Type	Total amount of Dividend	Dividends per share	Record Date	Effective Date	Dividend Sources
Ordinary General Meeting of Shareholders on June 18, 2014	Common stock	8,415 Million Yen	30 Yen	March 31, 2014	June 19, 2014	Retained earnings