

# Consolidated Financial Results for the First Quarter of the fiscal year ending March 31, 2011

August 3, 2010

Company name : NTT DATA Corporation  
 Stock exchange on which the Company's shares are listed : Tokyo Stock Exchange 1st Section  
 Code number : 9613  
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Scheduled date of filing of Quarterly Business Report : August 12, 2010  
 Scheduled date of dividend payment : —  
 Supplemental material on quarterly results : Yes  
 Presentation on quarterly results : Yes

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

## 1. Consolidated Financial Results in Q1 of FY2010 (From April 1, 2010 to June 30, 2010)

### (1) Consolidated Results of Operations

(% of change from the corresponding previous quarterly period)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
<b>FY2010 Q1</b>	261,501	(2.9)	12,888	(22.5)	11,495	(24.3)	5,850	(21.5)
FY2009 Q1	269,320	10.0	16,624	(21.3)	15,183	(27.1)	7,456	(37.6)

	Net income per share	Net income per share (diluted)
	¥	¥
<b>FY2010 Q1</b>	2,085.66	—
FY2009 Q1	2,658.28	2,658.18

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
<b>FY2010 Q1</b>	1,311,922	611,734	44.2	206,882.74
FY2009	1,279,256	615,167	45.7	208,391.24

Note: Equity FY2010 Q1 580,306million yen FY2009 584,537million 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
	¥	¥	¥	¥	¥
FY2009	—	3,000.00	—	3,000.00	6,000.00
<b>FY2010</b>	—				
<b>FY2010 (Forecast)</b>		3,000.00	—	3,000.00	6,000.00

Note: Revisions to the forecast of dividends in the current quarter: No

## 3. Forecasts of Consolidated Results for FY2010 (From April 1, 2010 to March 31, 2011)

(% of change from the corresponding previous period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
<b>FY2010 1st half</b>	—	—	—	—	—	—	—	—	—
<b>FY2010</b>	1,200,000	5.0	90,000	10.2	87,000	14.9	47,000	31.8	16,755.79

Note1: Revisions to the forecast of consolidated results in the current quarter: No

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

**4. Others (For details please refer to "2. Other Information" on page 5 of attached documents.)**

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

(Note) Changes in specified subsidiaries during the current period that caused changes in the scope of consolidation

(2) Application of simplified accounting and application of special accounting: Yes

(Note) Application of simplified and special accounting for quarterly consolidated financial statements

(3) Changes in accounting principles and procedures, presentation, etc.

1) Changes caused by revision of accounting standards, etc.: Yes

2) Changes other than in 1) above: No

(Note) Changes in significant accounting policies and procedures, presentation which are stated in "change in important matters in preparing quarterly consolidated financial statements"

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding (inclusive of treasury stock)	FY2010 Q1	2,805,000shares	FY2009	2,805,000shares
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2) Number of treasury stock	FY2010 Q1	— shares	FY2009	— shares
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3) Average number of shares over period (consolidated total for quarter)	FY2010 Q1	2,805,000shares	FY2009 Q1	2,805,000shares
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\* 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

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.

Note: For details please refer to "(3) Qualitative Information on the Consolidated Results Forecast" in "1. Qualitative Information for the first quarter of the fiscal year ending March 31, 2011" section on page 5.

## Attachment

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## **1. Qualitative Information for the first quarter of the fiscal year ending March 31, 2011**

### **(1) Qualitative Information on the Consolidated Business Results**

During the first quarter the Japanese economy achieved a gentle recovery, reflected in improvements in corporate earnings and the braking of the decline in capital investment. In addition, despite an ongoing fall in public investment, factors such as an expected sustained increase in exports and manufacturing output paralleling the improvement in economic activity overseas point to the continuation of this modest recovery in the months ahead. There remain causes for concern, however, such as the trends in the employment situation and in exchange rates.

In the information service industry there were signs of recovery in certain quarters, for example in demand for outsourcing and cloud services, but trends such as curbs on the building of new systems and the curtailment of maintenance and operating expenses reflected the continuing tendency to limit IT investment overall. In addition, customer demands for lower prices, shorter delivery periods, and higher quality are becoming increasingly loud.

#### Implementation of management policies

Amid these circumstances the NTT DATA Group has sought to achieve quantitative expansion through quality, endeavoring to continuously develop business and increase corporate value. We have done so by pursuing the primary strategies of our Medium-term Management Policy, namely “Strengthening of service provision capability,” “Group businesses enhancement and expansion,” and “Promotion of environment-oriented management,” towards our goal of being ranked “No.1 in customer satisfaction” as a “Leading-edge innovator.” Examples of specific action taken are as follows.

##### < Strengthening of service provision capability >

- In order to enhance and globalize the Company’s project management methods, we further strengthened our project-management capabilities in system development, an area of particular growth for the NTT DATA Group, and established the Project Management Innovation Center, a specialized organization for conducting more advanced R&D.

##### < Group businesses enhancement and expansion >

- NTT DATA obtained management rights in Shanghai Synergy Software Co., Ltd. (now Shanghai NTT DATA Synergy Software Co., Ltd.), which boasts know-how in system integration services for financial institutions in credit-card business and other fields, and has systems engineers with considerable expertise in the financial industry. The company will serve as a base for a full-fledged entry into the IT market for financial institutions within China, which is expected to show steep growth.

- To enhance our customers' readiness for the globalization of their competitive environment, and to advance the NTT DATA Group's overseas strategy, through a U.S. subsidiary we made a public tender offer for Intelligroup, Inc., which has expertise in SAP and Oracle technologies and global business operations.

- To serve as a foothold for a launch into the insurance field in Asia, we formed a capital alliance with Apex Systems Pte. Ltd., which has state-of-the-art packages and a wealth of business experience in the non-life insurance and reinsurance fields. This tie-up was made via our Singapore-based subsidiary NTT DATA Asia Pacific Pte. Ltd.

<Promotion of environment-oriented management>

· NTT DATA has been conducting the trial operation of "CO<sub>2</sub> credit match making web-site" that permit even small quantities to be traded by means of simple procedures through a dedicated website. As part of the trial, NTT DATA acted as intermediary in the purchase of 1,773 tons of Taisei Corporation's emission credits.

In addition to the above, we established the Regional Business Sector by partially reorganizing the structure of the Public & Financial IT Services Company, for the purpose of strengthening our corporate structure to position us for further expansion of regional business.

Also, we reformed the head-office staff organization in order to enhance the Group's strategy for achieving our medium-term management targets. In the Group Strategy Headquarters, we established the Business Process Innovation Section to standardize and improve the efficiency of business processing, and the Management Innovation Section to unify medium-term management measures and strengthen their implementation.

We also set up the Quality Assurance Department to improve the quality of the products and services provided by the Group for which the SI Competency Headquarters was previously responsible, and to reinforce our efforts towards curbing problem projects.

Implementation of business activities

Through these efforts the Company conducted vigorous marketing activities to win orders for new systems and inaugurate services, and also undertook efficient system development. At the same time the Company continued to strive to provide stable services for systems already supplied to customers.

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

<Public & Financial IT Services>

· We launched SimGateLIB to assist the efficient management of trade-related documentation used in international logistics business.

· The NTT DATA Regional Bank Integrated Services Center, a joint-use center for regional and second regional banks, began provision of services to the Akita Bank, Ltd., and the Oita Bank, Ltd. took the decision to participate in the center. This has increased the total number of banks that use the center to 10, and the number of participating banks (including those scheduled to begin use in the future) to 15. It was also decided to begin the development of a filtering function as a service to counter money laundering.

· NTT DATA commenced the building of information-linkage functions through the interconnection of the Zaimon e-Tax Data Receipt Service, an ASP (application service provider) service that enables companies to send e-Tax data filed electronically to financial institutions, with Mitsui Knowledge Industry Co., Ltd.'s CASTER, a corporate finance analysis system widely used by regional financial institutions.

### < Global IT Services >

- Through itelligence AG, our German subsidiary, NTT DATA entered into a capital alliance with the U.S. company RPF Consulting, LLC to boost the global deployment of our SAP support structure.
- With NTT DATA Bizintegral Corporation as the prime mover, we began providing Biz ∫ BI (ver. 3.0 SP2), Biz ∫ SCAW Financial Management System (ver. 4.6), and Biz ∫ Sales Management System (ver. 1.1) as next-generation Biz ∫ (Biz-integral) solutions.
- Through a capital alliance with CATS Co., Ltd., a vendor of computer aided software engineering (CASE) tools for control and embedded systems, NTT DATA MSE Corporation has accelerated business development for BizGrandist, a total solution for next-generation embedded software development, and has strengthened its efforts to achieve reform in such areas as customer product development and service provision.

### < Solutions & Technologies >

- In our BIZXAAS (pronounced “Biz X Saas”) cloud service, which provides comprehensive cloud solutions ranging from infrastructure to applications, the addition of the Cloud Platform Service and the Cloud Provisioning and Administration Services has enabled us to offer a full service lineup.
- By using SmarP (“S marp”), a Cloud Platform Service solution to support corporate sales promotion, we built the system for PUMA Japan K.K.’s new loyalty program, and brought it into operation.
- As part of its Cloud Provisioning and Administration Services lineup, NTT DATA Intellilink Corporation began offering its Full OSS (Open Source Software) Cloud Provisioning Solution.

As a result of these activities, net sales declined during the reporting period, owing to the impact of the systems completed during the previous first quarter, while operating income, ordinary income and net income declined as a result of a deterioration in the cost-ratios of certain systems.

· Net Sales	261.5 billion yen (down 2.9% year-on-year)
· Operating Income	12.8 billion yen (down 22.5% year-on-year)
· Ordinary Income	11.4 billion yen (down 24.3% year-on-year)
· Net Income	5.8 billion yen (down 21.5% year-on-year)

### Other matters

On June 22, 2010, an NTT DATA employee was arrested on suspicion of bribery, and on July 14 he was indicted at the Tokyo District Public Prosecutor's Office. It is a matter for great regret that an incident of this kind should occur, and NTT DATA expresses its most profound apologies to customers, shareholders, and everyone else involved with the Company. We view this matter very seriously, and we are committed to placing corporate ethics on a firm basis and revising internal systems and frameworks to prevent any recurrence. Throughout the Company we are working to restore confidence in NTT DATA as soon as possible. As a result of this incident, NTT DATA has been punished by means of suspension from participating in tenders by a number of central government departments and local governments.

## **(2) Qualitative Information on the Consolidated Financial Position**

Total assets at the end of the first quarter totaled 1,311.9 billion yen, up by 32.6 billion yen, or 2.6%, from the end of the previous fiscal year. The principal changes in assets and liabilities were as follows.

- Assets

Owing to factors such as increases in funds management and the depositing of funds, current assets totaled 496.5 billion yen, up by 40.9 billion yen, or 9.0%, from the end of the previous fiscal year. Non-current assets totaled 815.3 billion yen, down by 8.2 billion yen, or 1.0%, from the end of the previous fiscal year, mainly because depreciation exceeded capital outlays.

- Liabilities

Owing to factors such as issuance of corporate bonds, liabilities totaled 700.1 billion yen, up by 36.0 billion yen, or 5.4%, from the end of the previous fiscal year.

## **(3) Qualitative Information on the Consolidated Results Forecast**

There are signs of a recovery in IT investment sparked by the upturn of the domestic economy, but the business environment in which the NTT DATA Group finds itself remains very harsh, characterized by customer demands for lower prices, shorter delivery periods, and other concessions, and the lack of stability in economic trends overseas, particularly in Europe and the U.S. In order to ensure steady implementation of our Medium-term Management Policy, in which we aim to be a “Leading-edge innovator,” we are working hard to enhance our earnings capacity and to expand and strengthen Group businesses. In view of this, for the present our results forecast for the full term (released on May 11, 2010) remains unchanged.

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

## **2. Other Information**

### **(1) Overview of changes in significant consolidated subsidiaries**

There were no changes in significant consolidated subsidiaries during the period.

### **(2) Overview of application of simplified accounting and application of special accounting**

#### **i) Simplified accounting**

Only material adjustments and tax deductions are taken into consideration in the computation of corporation tax, deferred tax assets, and deferred tax liabilities.

#### **ii) Special accounting to preparation of quarterly consolidated financial statements**

N/A

(3) Overview of changes in accounting principles and procedures, presentation, etc.

i) Application of Accounting Standard for Equity Method of Accounting for Investment and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

From the first quarter of the fiscal year ending March 31, 2011, NTT DATA is applying the Accounting Standard for Equity Method of Accounting for Investment (Accounting Standards Board of Japan [ASBJ] Statement No. 16 of March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ PITF No. 24 of March 10, 2008).

There is no impact on NTT DATA's consolidated financial statements for the quarter as a result of this change.

ii) Application of Accounting Standard for Asset Retirement Obligations

From the first quarter of the fiscal year ending March 31, 2011, NTT DATA is applying the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18 of March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21 of March 31, 2008).

As a result, operating income and ordinary income decreased by 34 million yen, and income before income taxes decreased by 804 million yen.

iii) Application of Accounting Standard for Measurement of Inventories

From the first quarter of the fiscal year ending March 31, 2011, NTT DATA is applying the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9 of September 26, 2008).

There is no impact on NTT DATA's consolidated financial statements for the quarter as a result of this change.

iv) Application of Accounting Standard for Business Combinations

From the first quarter of the fiscal year ending March 31, 2011, NTT DATA is applying the Accounting Standard for Business Combinations (ASBJ Statement No. 21 of December 26, 2008), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 of December 26, 2008), the Partial Amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No. 23 of December 26, 2008), the Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7 of December 26, 2008), and the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 of December 26, 2008).

Valuation differences stated on the basis of the partial market value method at the beginning of the first fiscal year of the application of these standards are stated on the basis of the full market value method.

The effect of this change is insignificant.



v) Changes in method of presentation

● Consolidated Statements of Operations

During the reporting period there was an increase in the significance of the net amount of the item “Amortization of negative goodwill,” which was offset against “Amortization of goodwill” under selling, general, and administrative expenses. Accordingly, the amount has been stated as a separate item within non-operating income. The net amount of “Amortization of negative goodwill” offset against “Amortization of goodwill” included in selling, general, and administrative expenses in the previous first quarter totaled 9 million yen.

During the reporting period there was a decrease in the significance of the amount of the item "Loss on sales of non-current assets," which was stated as a separate item in non-operating expenses in the previous first quarter, and accordingly it has been included in the "Other non-operating expenses." The amount of the item "Loss on sales of non-current assets" included in “Other non-operating expenses” in this reporting period totaled 1 million yen.

During the reporting period there was an increase in the significance of the amount of the item “Loss on valuation of securities,” which was included in “Other non-operating expenses” in the previous first quarter, and accordingly it has been stated as a separate item. The amount of the item “Loss on valuation of securities” included in “Other non-operating expenses” in the previous first quarter totaled 46 million yen.

As a result of the application of the Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No.5, March 24, 2009) based on the Accounting Standard for Consolidated Financial Statements (ASJB Statement No. 22 of December 26, 2008), the item “Net income before adjustment for minority interests” is included in the financial statements in the reporting period.

### **3. Consolidated Financial Statements**

#### **(1) Consolidated Balance Sheets**

(Unit: ¥ million)

	As of June 30, 2010	As of March 31, 2010
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash on hand and at banks	125,029	118,708
Notes receivable and accounts receivable	152,794	223,084
Short-term investment securities	63,954	30,961
Inventories	30,022	26,140
Deferred income taxes	14,551	15,096
Other current assets	111,023	42,592
Allowance for doubtful accounts	(808)	(950)
<b>Total Current Assets</b>	<b>496,568</b>	<b>455,632</b>
<b>Non-Current Assets</b>		
<b>Property and Equipment</b>		
Data communication facilities, net	143,402	146,474
Buildings and structures, net	102,566	102,840
Machinery, equipment and vehicles, net	16,088	16,151
Furniture, fixtures and tools, net	14,992	15,197
Land	50,701	50,708
Lease assets, net	6,882	7,777
Construction in progress	35,362	38,480
<b>Total Property and Equipment</b>	<b>369,995</b>	<b>377,629</b>
<b>Intangible Assets</b>		
Software	239,494	237,764
Development costs of software in progress	53,849	55,041
Goodwill	29,558	29,945
Other intangible assets	9,702	8,984
<b>Total Intangible Assets</b>	<b>332,605</b>	<b>331,735</b>
<b>Investments and Other Assets</b>		
Investments in securities	25,879	27,271
Deferred income taxes	50,375	50,591
Other assets	37,038	36,909
Allowance for doubtful accounts	(541)	(514)
<b>Total Investments and Other Assets</b>	<b>112,753</b>	<b>114,258</b>
<b>Total Non-Current Assets</b>	<b>815,354</b>	<b>823,623</b>
<b>TOTAL ASSETS</b>	<b>1,311,922</b>	<b>1,279,256</b>

## Consolidated Balance Sheets-continued

(Unit: ¥ million)

	As of June 30, 2010	As of March 31, 2010
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	60,127	92,491
Short-term borrowings	14,973	17,599
Current portion of long-term debt	18,210	18,243
Current portion of bonds payable	30,252	30,164
Obligation under capital leases	7,566	8,597
Accounts payable-other	14,958	16,951
Income taxes payable	4,791	18,261
Allowance for contract losses	5,383	5,675
Asset retirement obligations	509	—
Other current liabilities	152,829	137,952
<b>Total Current Liabilities</b>	<b>309,602</b>	<b>345,937</b>
<b>Non-Current Liabilities</b>		
Bonds payable	250,331	179,959
Long-term debt	26,464	26,332
Obligation under capital leases	7,747	8,274
Provision for retirement benefits	91,707	89,850
Provision for retirement allowances to directors and statutory auditors	935	1,013
Asset retirement obligations	1,201	—
Other non-current liabilities	12,198	12,721
<b>Total Non-Current Liabilities</b>	<b>390,585</b>	<b>318,152</b>
<b>TOTAL LIABILITIES</b>	<b>700,188</b>	<b>664,089</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Common Stock	142,520	142,520
Capital Surplus	139,300	139,300
Retained Earnings	315,029	317,594
<b>Total Shareholders' equity</b>	<b>596,849</b>	<b>599,414</b>
<b>Valuation and translation adjustments</b>		
Unrealized Gains on Investment Securities, Net of Taxes	(173)	(80)
Deferred gains and losses on hedge	(179)	—
Translation adjustments	(10,139)	(8,285)
Other valuation and translation adjustments	(6,052)	(6,511)
<b>Total Valuation and translation adjustments</b>	<b>(16,543)</b>	<b>(14,877)</b>
<b>Minority Interests in Consolidated Subsidiaries</b>	<b>31,428</b>	<b>30,629</b>
<b>TOTAL NET ASSETS</b>	<b>611,734</b>	<b>615,167</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,311,922</b>	<b>1,279,256</b>

## (2) Consolidated Statements of Operations

(Unit: ¥ million)

	Three months ended June 30, 2009	Three months ended June 30, 2010
<b>Net Sales</b>	<b>269,320</b>	<b>261,501</b>
<b>Cost of Sales</b>	<b>205,377</b>	<b>199,979</b>
<b>Gross Profit</b>	<b>63,943</b>	<b>61,521</b>
<b>Selling, General and Administrative Expenses</b>	<b>47,318</b>	<b>48,633</b>
<b>Operating Income</b>	<b>16,624</b>	<b>12,888</b>
<b>Non-Operating Income</b>		
Interest income	149	119
Dividend income	470	612
Amortization of negative goodwill	—	560
Other non-operating income	807	648
<b>Total Non-Operating Income</b>	<b>1,427</b>	<b>1,941</b>
<b>Non-Operating Expenses</b>		
Interest expenses	1,188	1,308
Loss on valuation of securities	—	905
Loss on sales of non-current assets	662	—
Other non-operating expenses	1,016	1,119
<b>Total Non-Operating Expenses</b>	<b>2,868</b>	<b>3,334</b>
<b>Ordinary Income</b>	<b>15,183</b>	<b>11,495</b>
<b>Extraordinary Loss</b>		
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	770
<b>Total Extraordinary Loss</b>	<b>—</b>	<b>770</b>
<b>Income before Income Taxes</b>	<b>15,183</b>	<b>10,725</b>
<b>Income Taxes</b>	<b>7,734</b>	<b>5,104</b>
<b>Net income before adjustment for minority interests</b>	<b>—</b>	<b>5,621</b>
<b>Minority Interests in income/(loss)</b>	<b>(7)</b>	<b>(228)</b>
<b>Net Income</b>	<b>7,456</b>	<b>5,850</b>

### (3) Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Three months ended June 30, 2009	Three months ended June 30, 2010
<b>Cash Flows from Operating Activities</b>		
Income before income taxes	15,183	10,725
Depreciation and amortization	38,008	38,726
Loss on retirement of non-current assets	1,111	971
Increase/(decrease) in provision for retirement benefits	1,820	1,680
Interest expenses	1,188	1,308
(Increase)/decrease in accounts receivable	73,941	71,174
(Increase)/decrease in inventories	4,044	949
Increase/(decrease) in accounts payable	(29,813)	(24,884)
Increase/(decrease) in accrued consumption taxes	(580)	(3,157)
Others, net	8,838	12,435
<b>Sub Total</b>	<b>113,742</b>	<b>109,930</b>
Interest and dividends received	618	729
Interest paid	(1,428)	(1,356)
Income taxes (paid)/reimbursed	(36,381)	(17,410)
<b>Net cash provided by operating activities</b>	<b>76,549</b>	<b>91,891</b>
<b>Cash Flows from Investing Activities</b>		
Payments for acquisition of non-current assets	(50,940)	(47,336)
Payments for investments in subsidiaries resulting in change in scope of consolidation	—	(896)
(Increase)/decrease in time deposits, net	1,234	(3,795)
(Increase)/decrease in short-term investment securities, net	2,000	—
Others, net	(1,880)	1,063
<b>Net cash used in investing activities</b>	<b>(49,586)</b>	<b>(50,964)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of bonds	—	99,684
Redemption of bonds at maturity	—	(30,075)
Increase/(decrease) in commercial paper, net	(25,000)	—
Increase/(decrease) in short-term borrowings, net	(2,992)	(2,757)
Repayment of obligation under capital leases	(2,833)	(2,655)
Cash dividends	(7,936)	(8,009)
Cash dividends to minority shareholders	(510)	(434)
Others, net	(20)	159
<b>Net cash used in financing activities</b>	<b>(39,294)</b>	<b>55,910</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>308</b>	<b>(1,322)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(12,022)</b>	<b>95,515</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>131,822</b>	<b>152,120</b>
<b>Cash and Cash Equivalents at End of period</b>	<b>119,799</b>	<b>247,635</b>

#### (4) Notes concerning going-concern assumptions

N/A

#### (5) Notes in the event of material changes in amount of shareholders' equity

Resolution	Class of stock	Total dividend amount (¥ million)	Dividend per share (¥)	Reference date	Effective date	Source of dividends
Ordinary general meeting of shareholders on June 22, 2010	Common stock	8,415	3,000	March 31, 2010	June 23, 2010	Retained earnings

#### (6) Additional information

As a result of the purchase of the shares of Intelligroup, Inc. of the U.S. through a public tender offer via our consolidated subsidiary Mobius Subsidiary Corporation, Intelligroup became a consolidated subsidiary of the reporting company effective midnight (U.S. Eastern Time) on July 19, 2010. Given the results of this tender offer, a merger was implemented in which Intelligroup was the surviving company and Mobius Subsidiary Corporation was the non-surviving company.

The price paid for the tendered shares was US\$185 million (16,697million yen).

\* Number of shares acquired

39,901,065 shares of common stock (96.59% of outstanding shares)

\* Outline of Intelligroup, Inc.

i) Business activities: Consulting, Systems Integration, Software Development, etc.

ii) Number of employees: 2,101 (at December 31, 2009)

iii) Net sales: US\$126,518 thousand (fiscal year ended December 31, 2009)