



News Release

November 7, 2014

FOR IMMEDIATE RELEASE

Financial Statements for the Six Months Ended September 30, 2014

The financial results of Nippon Telegraph and Telephone East Corporation (NTT East) for the six months ended September 30, 2014 are presented in the following attachments.

(Attachments)

1. Non-Consolidated Comparative Balance Sheets
2. Non-Consolidated Comparative Statements of Income
3. Business Results (Non-Consolidated Operating Revenues)
4. Non-Consolidated Comparative Statements of Cash Flows
5. Revised Forecasts for the Fiscal Year Ending March 31, 2015

For inquiries, please contact:
Mr. Yasuhiro Kawamori or Mr. Chikashi Sakurai
Accounting Section, Finance Division
Nippon Telegraph and Telephone East Corporation
Tel: +81-3-5359-3331
E-mail: kessan_info@sinoa.east.ntt.co.jp

1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2014	September 30, 2014	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	474,554	450,579	(23,975)
Antenna facilities	4,325	4,201	(124)
Terminal equipment	45,756	41,515	(4,240)
Local line facilities	862,315	852,523	(9,791)
Long-distance line facilities	4,107	3,901	(206)
Engineering facilities	612,405	604,996	(7,408)
Submarine line facilities	1,421	1,262	(158)
Buildings	438,137	426,787	(11,350)
Construction in progress	19,885	19,678	(206)
Other	259,440	252,692	(6,748)
Total property, plant and equipment	2,722,349	2,658,139	(64,210)
Intangible fixed assets	88,386	84,504	(3,882)
Total fixed assets - telecommunications businesses	2,810,736	2,742,643	(68,092)
Investments and other assets			
Other investments and assets	213,889	212,160	(1,729)
Allowance for doubtful accounts	(1,030)	(963)	67
Total investments and other assets	212,859	211,197	(1,661)
Total fixed assets	3,023,595	2,953,840	(69,754)
Current assets:			
Cash and bank deposits	25,765	17,851	(7,913)
Notes receivable	171	-	(171)
Accounts receivable, trade	238,999	221,716	(17,282)
Supplies	33,852	34,758	905
Other current assets	233,804	183,191	(50,612)
Allowance for doubtful accounts	(622)	(602)	20
Total current assets	531,969	456,916	(75,053)
TOTAL ASSETS	3,555,565	3,410,757	(144,808)

(Millions of yen)

	March 31, 2014	September 30, 2014	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	548,775	545,355	(3,420)
Liability for employees' retirement benefits	231,328	233,756	2,427
Reserve for point services	7,074	10,100	3,026
Reserve for unused telephone cards	11,082	10,405	(676)
Allowance for environmental measures	4,511	10,740	6,228
Asset retirement obligations	1,110	1,119	8
Other long-term liabilities	9,601	9,361	(240)
Total long-term liabilities	813,483	820,837	7,354
Current liabilities:			
Current portion of long-term borrowings from parent company	127,420	7,130	(120,290)
Accounts payable, trade	77,246	44,967	(32,278)
Accrued taxes on income	5,746	8,100	2,354
Allowance for environmental measures	-	1,701	1,701
Asset retirement obligations	149	16	(133)
Other current liabilities	362,264	342,941	(19,322)
Total current liabilities	572,826	404,858	(167,968)
TOTAL LIABILITIES	1,386,310	1,225,696	(160,614)
NET ASSETS			
Shareholders' equity:			
Common stock	335,000	335,000	-
Capital surplus	1,499,726	1,499,726	-
Earned surplus	333,740	349,216	15,475
Total shareholders' equity	2,168,467	2,183,943	15,475
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	787	1,118	330
Total unrealized gains (losses), translation adjustments, and others	787	1,118	330
TOTAL NET ASSETS	2,169,255	2,185,061	15,805
TOTAL LIABILITIES AND NET ASSETS	3,555,565	3,410,757	(144,808)

Note: *NTT East participates in a consolidated tax return system, which has been adopted by NTT (Holding Company) and its wholly-owned subsidiaries in Japan. However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

2. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014	Increase (Decrease)	Year ended March 31, 2014
Telecommunications businesses:				
Operating revenues	818,629	*1 811,673	(6,956)	1,630,523
Operating expenses	772,282	*1 759,372	(12,910)	1,577,823
Operating income from telecommunications businesses	46,346	52,300	5,953	52,699
Supplementary businesses:				
Operating revenues	61,335	59,534	(1,801)	143,286
Operating expenses	54,627	52,497	(2,129)	129,271
Operating income from supplementary businesses	6,708	7,036	328	14,014
Operating income	53,054	59,337	6,282	66,714
Non-operating revenues:				
Interest income	30	29	(1)	77
Dividends received	3,643	6,360	2,716	3,690
Lease and rental income	22,297	-	(22,297)	44,296
Gains on sales of fixed assets	1,268	8,336	7,068	5,973
Miscellaneous income	1,375	6,159	4,783	3,991
Total non-operating revenues	28,614	20,885	(7,729)	58,027
Non-operating expenses:				
Interest expenses	3,687	3,134	(553)	7,203
Lease and rental expenses	10,481	-	(10,481)	23,253
Miscellaneous expenses	565	2,184	1,619	2,536
Total non-operating expenses	14,734	5,319	(9,415)	32,993
Recurring profit	66,935	74,903	7,968	91,749
Special losses	3,382	7,930	4,547	8,292
Income before income taxes	63,552	66,973	3,421	83,457
Income taxes	*2 20,937	*2 20,091	(846)	29,501
Net income	42,614	46,882	4,268	53,956

Notes: *1 "Lease and rental income" and "lease and rental expenses," which were previously included under non-operating revenues and non-operating expenses, respectively, in the fiscal year ended March 31, 2014, have been reclassified as telecommunications businesses operating revenues and operating expenses for the six months ended September 30, 2014.

Telecommunications operating revenues attributable to lease and rental income and operating expenses attributable to lease and rental expenses were 21,884 million yen and 9,081 million yen, respectively, for the six months ended September 30, 2014.

*2 NTT East participates in a consolidated tax return system, which has been adopted by NTT (Holding Company) and its wholly-owned subsidiaries in Japan. However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

3. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2014
Voice transmission services revenues (excluding IP services revenues)	265,303	239,814	(25,488)	(9.6)	518,346
Monthly charge revenues*	192,921	176,310	(16,610)	(8.6)	378,089
Call rates revenues*	21,748	18,521	(3,227)	(14.8)	42,044
Interconnection call revenues*	32,504	28,294	(4,210)	(13.0)	63,210
IP services revenues	420,802	418,179	(2,623)	(0.6)	841,334
Leased circuit services revenues (excluding IP services revenues)	59,548	57,053	(2,494)	(4.2)	117,286
Telegram services revenues	7,323	6,789	(534)	(7.3)	14,951
Other telecommunications services revenues	65,651	89,836	24,184	36.8	138,604
Telecommunications total revenues	818,629	811,673	(6,956)	(0.8)	1,630,523
Supplementary business total revenues	61,335	59,534	(1,801)	(2.9)	143,286
Total operating revenues	879,964	871,207	(8,757)	(1.0)	1,773,809

*Partial listing only

4. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014	Increase (Decrease)	Year ended March 31, 2014
Cash flows from operating activities:				
Income before income taxes	63,552	66,973	3,421	83,457
Depreciation and amortization	185,210	184,268	(941)	372,285
Loss on disposal of property, plant and equipment	6,616	6,472	(143)	23,031
Increase (decrease) in liability for employees' retirement benefits	8,521	2,427	(6,094)	8,858
(Increase) decrease in accounts receivable	27,415	6,837	(20,578)	18,301
(Increase) decrease in inventories	87	(2,957)	(3,044)	484
Increase (decrease) in accounts payable and accrued expenses	(68,999)	(88,185)	(19,186)	(28,439)
Increase (decrease) in accrued consumption tax	(3,214)	7,426	10,641	(3,721)
Other	(22,190)	36,128	58,318	755
Sub-total	196,999	219,392	22,392	475,013
Interest and dividends received	3,672	6,389	2,716	3,767
Interest paid	(4,191)	(3,344)	847	(7,810)
Income taxes received (paid)	(18,122)	(20,041)	(1,918)	(21,779)
Net cash provided by (used in) operating activities	178,358	202,395	24,037	449,190
Cash flows from investing activities:				
Payments for property, plant and equipment	(195,182)	(155,401)	39,781	(362,549)
Proceeds from sale of property, plant and equipment	1,639	9,940	8,301	7,679
Payments for purchase of investment securities	(167)	(50)	117	(167)
Proceeds from sale of investment securities	209	186	(22)	358
Other	(5,107)	(72)	5,035	(7,373)
Net cash provided by (used in) investing activities	(198,609)	(145,395)	53,213	(362,051)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	100,000	-	(100,000)	100,000
Payments for settlement of long-term debt	(114,077)	(123,710)	(9,632)	(168,155)
Payments for settlement of lease obligations	(302)	(284)	18	(599)
Dividends paid	(33,500)	(33,500)	-	(33,500)
Net cash provided by (used in) financing activities	(47,880)	(157,494)	(109,613)	(102,255)
Net increase (decrease) in cash and cash equivalents	(68,131)	(100,494)	(32,363)	(15,116)
Cash and cash equivalents at beginning of period	138,901	123,785	(15,116)	138,901
Cash and cash equivalents at end of period	70,770	23,291	(47,479)	123,785

5. Revised Forecasts for the Fiscal Year Ending March 31, 2015

Based on its recent business performance, NTT East has revised its financial results forecasts that were announced in the financial results release filed on May 13, 2014 for the fiscal year ending March 31, 2015, as follows.

(Billions of yen)

	Year Ending March 31, 2015 (Forecasts Previously Announced on May 13, 2014)	Year Ending March 31, 2015 (Revised Forecasts)	Change
Operating Revenues	1,771.0	1,771.0	—
Operating Income	90.0	90.0	—
Recurring Profit	90.0	103.0	13.0
Net Income	58.0	62.0	4.0

Note: The financial results forecasts and projected figures concerning the future performance of NTT East contained herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT East and its parent NTT in light of information currently available to them regarding NTT, NTT East and its subsidiaries and affiliates, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT, NTT East and its subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained herein, as well as other risks included in NTT's most recent Annual Report on Form 20-F and other filings and submissions with the United States Securities and Exchange Commission.