



News Release

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FOR IMMEDIATE RELEASE

Financial Statements for the Six Months Ended September 30, 2016

The financial results of Nippon Telegraph and Telephone East Corporation (NTT East) for the six months ended September 30, 2016 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, 2017

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1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2016	September 30, 2016	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	395,419	363,366	(32,052)
Antenna facilities	3,791	3,724	(67)
Terminal equipment	31,807	27,074	(4,733)
Local line facilities	835,446	841,575	6,128
Long-distance line facilities	3,353	2,978	(375)
Engineering facilities	595,052	586,320	(8,731)
Submarine line facilities	872	802	(70)
Buildings	420,792	410,991	(9,800)
Construction in progress	17,626	18,169	543
Other	263,272	260,228	(3,043)
Total property, plant and equipment	2,567,433	2,515,230	(52,203)
Intangible fixed assets	84,019	78,623	(5,396)
Total fixed assets - telecommunications businesses	2,651,453	2,593,853	(57,600)
Investments and other assets			
Other investments and assets	187,503	186,651	(851)
Allowance for doubtful accounts	(913)	(865)	48
Total investments and other assets	186,589	185,786	(803)
Total fixed assets	2,838,043	2,779,640	(58,403)
Current assets:			
Cash and bank deposits	8,675	6,880	(1,794)
Accounts receivable, trade	224,181	211,330	(12,851)
Supplies	26,221	24,983	(1,238)
Other current assets	341,341	360,518	19,176
Allowance for doubtful accounts	(442)	(396)	46
Total current assets	599,977	603,316	3,338
TOTAL ASSETS	3,438,021	3,382,956	(55,064)

(Millions of yen)

	March 31, 2016	September 30, 2016	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	365,835	325,620	(40,215)
Liability for employees' retirement benefits	235,919	243,994	8,074
Reserve for point services	8,574	10,006	1,431
Reserve for unused telephone cards	8,671	8,290	(380)
Allowance for environmental measures	5,289	5,289	-
Asset retirement obligations	1,092	919	(173)
Other long-term liabilities	23,092	31,087	7,994
Total long-term liabilities	648,475	625,207	(23,267)
Current liabilities:			
Current portion of long-term borrowings from parent company	65,120	102,775	37,655
Accounts payable, trade	85,229	38,900	(46,328)
Accrued taxes on income	11,793	12,998	1,205
Allowance for environmental measures	2,601	2,600	(0)
Asset retirement obligations	-	28	28
Other current liabilities	428,764	364,433	(64,331)
Total current liabilities	593,508	521,736	(71,771)
TOTAL LIABILITIES	1,241,983	1,146,944	(95,039)
NET ASSETS			
Shareholders' equity:			
Common stock	335,000	335,000	-
Capital surplus	1,499,726	1,499,726	-
Earned surplus	357,191	397,782	40,590
Total shareholders' equity	2,191,918	2,232,509	40,590
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	4,119	3,502	(616)
Total unrealized gains (losses), translation adjustments, and others	4,119	3,502	(616)
TOTAL NET ASSETS	2,196,037	2,236,011	39,974
TOTAL LIABILITIES AND NET ASSETS	3,438,021	3,382,956	(55,064)

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, 2015	Six months ended September 30, 2016	Increase (Decrease)	Year ended March 31, 2016
Telecommunications businesses:				
Operating revenues	800,323	766,449	(33,873)	1,585,580
Operating expenses	707,797	650,977	(56,820)	1,444,775
Operating income from telecommunications businesses	92,525	115,471	22,946	140,804
Supplementary businesses:				
Operating revenues	59,191	57,056	(2,134)	136,726
Operating expenses	49,739	48,736	(1,002)	115,702
Operating income from supplementary businesses	9,451	8,319	(1,132)	21,024
Operating income	101,977	123,791	21,814	161,828
Non-operating revenues:				
Interest income	51	10	(40)	138
Dividends received	3,086	3,171	84	3,169
Gains on sales of fixed assets	7,437	13,571	6,134	7,789
Miscellaneous income	1,520	1,188	(332)	6,415
Total non-operating revenues	12,095	17,941	5,845	17,512
Non-operating expenses:				
Interest expenses	2,500	2,357	(142)	4,987
Miscellaneous expenses	381	174	(207)	914
Total non-operating expenses	2,882	2,532	(350)	5,901
Recurring profit	111,190	139,200	28,010	173,439
Special losses	3,758	-	(3,758)	3,758
Income before income taxes	107,432	139,200	31,768	169,681
Income taxes	* 29,315	* 39,214	9,899	50,895
Net income	78,116	99,986	21,869	118,786

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.

3. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2016
Voice transmission services revenues (excluding IP services revenues)	218,262	201,403	(16,858)	(7.7)	427,802
Monthly charge revenues*	163,065	152,177	(10,887)	(6.7)	321,137
Call rates revenues*	15,733	13,613	(2,119)	(13.5)	30,319
Interconnection call revenues*	26,333	23,378	(2,954)	(11.2)	51,118
IP services revenues	431,474	425,116	(6,358)	(1.5)	855,444
Leased circuit services revenues (excluding IP services revenues)	55,156	47,677	(7,478)	(13.6)	103,761
Telegram services revenues	6,297	5,561	(736)	(11.7)	12,812
Other telecommunications services revenues	89,131	86,690	(2,440)	(2.7)	185,759
Telecommunications total revenues	800,323	766,449	(33,873)	(4.2)	1,585,580
Supplementary business total revenues	59,191	57,056	(2,134)	(3.6)	136,726
Total operating revenues	859,514	823,505	(36,008)	(4.2)	1,722,307

*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, 2015	Six months ended September 30, 2016	Increase (Decrease)	Year ended March 31, 2016
Cash flows from operating activities:				
Income before income taxes	107,432	139,200	31,768	169,681
Depreciation and amortization	173,953	144,939	(29,014)	342,744
Loss on disposal of property, plant and equipment	6,091	6,056	(34)	20,330
Increase (decrease) in liability for employees' retirement benefits	5,822	8,074	2,252	3,300
(Increase) decrease in accounts receivable	17,242	16,569	(672)	14,232
(Increase) decrease in inventories	1,459	949	(510)	4,671
Increase (decrease) in accounts payable and accrued expenses	(61,571)	(74,751)	(13,180)	19,826
Increase (decrease) in accrued consumption tax	(4,461)	281	4,743	(5,860)
Other	(14,397)	(27,619)	(13,222)	15,479
Sub-total	231,571	213,700	(17,870)	584,406
Interest and dividends received	3,137	3,179	42	3,276
Interest paid	(2,509)	(2,366)	143	(4,997)
Income taxes received (paid)	(30,545)	(40,027)	(9,481)	(36,236)
Net cash provided by (used in) operating activities	201,653	174,486	(27,167)	546,449
Cash flows from investing activities:				
Payments for property, plant and equipment	(146,347)	(139,013)	7,334	(288,142)
Proceeds from sale of property, plant and equipment	8,147	14,530	6,382	8,886
Payments for purchase of investment securities	(250)	-	250	(385)
Proceeds from sale of investment securities	215	632	417	1,429
Other	292	93	(199)	633
Net cash provided by (used in) investing activities	(137,941)	(123,756)	14,185	(277,578)
Cash flows from financing activities:				
Payments for settlement of long-term debt	(3,420)	(2,560)	860	(66,220)
Payments for settlement of lease obligations	(245)	(292)	(47)	(541)
Dividends paid	(33,500)	(59,395)	(25,895)	(133,500)
Net cash provided by (used in) financing activities	(37,165)	(62,248)	(25,082)	(200,261)
Net increase (decrease) in cash and cash equivalents	26,547	(11,517)	(38,064)	68,609
Cash and cash equivalents at beginning of period	138,672	207,281	68,609	138,672
Cash and cash equivalents at end of period	165,219	195,764	30,544	207,281

5. Revised Forecasts for the Fiscal Year Ending March 31, 2017

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, 2016 for the fiscal year ending March 31, 2017, as follows.

(Billions of yen)

	Year Ending March 31, 2017 (Forecasts Previously Announced on May 13, 2016)	Year Ending March 31, 2017 (Revised Forecasts)	Change
Operating Revenues	1,650	1,653	3
Operating Income	165	175	10
Recurring Profit	165	188	23
Net Income	114	130	16

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.