



# News Release

February 10, 2017

FOR IMMEDIATE RELEASE

## **Financial Statements for the Nine Months Ended December 31, 2016**

The financial results of Nippon Telegraph and Telephone East Corporation (NTT East) for the nine months ended December 31, 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)

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# 1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2016	December 31, 2016	Increase (Decrease)
<b>ASSETS</b>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	395,419	346,814	(48,604)
Antenna facilities	3,791	3,675	(116)
Terminal equipment	31,807	24,639	(7,168)
Local line facilities	835,446	847,870	12,424
Long-distance line facilities	3,353	3,029	(323)
Engineering facilities	595,052	583,306	(11,745)
Submarine line facilities	872	767	(105)
Buildings	420,792	407,940	(12,851)
Construction in progress	17,626	16,274	(1,351)
Other	263,272	260,055	(3,217)
Total property, plant and equipment	2,567,433	2,494,374	(73,059)
Intangible fixed assets	84,019	80,749	(3,270)
Total fixed assets - telecommunications businesses	2,651,453	2,575,123	(76,330)
Investments and other assets			
Other investments and assets	187,503	187,058	(444)
Allowance for doubtful accounts	(913)	(864)	49
Total investments and other assets	186,589	186,194	(395)
Total fixed assets	2,838,043	2,761,317	(76,725)
Current assets:			
Cash and bank deposits	8,675	4,326	(4,348)
Notes receivable	-	38	38
Accounts receivable, trade	224,181	237,257	13,075
Supplies	26,221	24,427	(1,794)
Other current assets	341,341	422,066	80,724
Allowance for doubtful accounts	(442)	(387)	55
Total current assets	599,977	687,729	87,751
<b>TOTAL ASSETS</b>	<b>3,438,021</b>	<b>3,449,047</b>	<b>11,025</b>

(Millions of yen)

	March 31, 2016	December 31, 2016	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company	365,835	275,620	(90,215)
Liability for employees' retirement benefits	235,919	248,762	12,842
Reserve for point services	8,574	10,424	1,850
Reserve for unused telephone cards	8,671	7,890	(781)
Allowance for environmental measures	5,289	5,289	-
Asset retirement obligations	1,092	922	(170)
Other long-term liabilities	23,092	30,475	7,382
Total long-term liabilities	648,475	579,384	(69,090)
Current liabilities:			
Current portion of long-term borrowings from parent company	65,120	152,775	87,655
Accounts payable, trade	85,229	40,869	(44,360)
Accrued taxes on income	11,793	* 8,722	(3,071)
Allowance for environmental measures	2,601	2,600	(0)
Other current liabilities	428,764	391,668	(37,095)
Total current liabilities	593,508	596,635	3,127
<b>TOTAL LIABILITIES</b>	<b>1,241,983</b>	<b>1,176,020</b>	<b>(65,963)</b>
<b>NET ASSETS</b>			
Shareholders' equity:			
Common stock	335,000	335,000	-
Capital surplus	1,499,726	1,499,726	-
Earned surplus	357,191	434,341	77,150
Total shareholders' equity	2,191,918	2,269,068	77,150
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	4,119	3,958	(160)
Total unrealized gains (losses), translation adjustments, and others	4,119	3,958	(160)
<b>TOTAL NET ASSETS</b>	<b>2,196,037</b>	<b>2,273,027</b>	<b>76,989</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,438,021</b>	<b>3,449,047</b>	<b>11,025</b>

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)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Increase (Decrease)	Year ended March 31, 2016
Telecommunications businesses:				
Operating revenues	1,194,499	1,149,281	(45,218)	1,585,580
Operating expenses	1,056,798	989,295	(67,503)	1,444,775
Operating income from telecommunications businesses	137,700	159,985	22,285	140,804
Supplementary businesses:				
Operating revenues	92,586	87,407	(5,178)	136,726
Operating expenses	78,208	73,617	(4,590)	115,702
Operating income from supplementary businesses	14,378	13,790	(588)	21,024
Operating income	152,079	173,775	21,696	161,828
Non-operating revenues:				
Interest income	98	20	(78)	138
Dividends received	3,134	3,222	88	3,169
Gains on sales of fixed assets	7,514	14,403	6,889	7,789
Miscellaneous income	2,145	1,816	(328)	6,415
Total non-operating revenues	12,892	19,464	6,571	17,512
Non-operating expenses:				
Interest expenses	3,756	3,547	(209)	4,987
Miscellaneous expenses	515	199	(315)	914
Total non-operating expenses	4,271	3,747	(524)	5,901
Recurring profit	160,699	189,492	28,793	173,439
Special losses	3,758	-	(3,758)	3,758
Income before income taxes	156,940	189,492	32,552	169,681
Income taxes	* 43,762	* 52,947	9,184	50,895
Net income	113,177	136,545	23,367	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)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2016
Voice transmission services revenues (excluding IP services revenues)	324,683	300,683	(23,999)	(7.4)	427,802
Monthly charge revenues*	242,948	226,876	(16,072)	(6.6)	321,137
Call rates revenues*	23,254	20,181	(3,073)	(13.2)	30,319
Interconnection call revenues*	39,071	34,911	(4,159)	(10.6)	51,118
IP services revenues	646,012	637,542	(8,470)	(1.3)	855,444
Leased circuit services revenues (excluding IP services revenues)	79,845	70,680	(9,164)	(11.5)	103,761
Telegram services revenues	9,545	8,411	(1,134)	(11.9)	12,812
Other telecommunications services revenues	134,412	131,962	(2,449)	(1.8)	185,759
Telecommunications total revenues	1,194,499	1,149,281	(45,218)	(3.8)	1,585,580
Supplementary business total revenues	92,586	87,407	(5,178)	(5.6)	136,726
Total operating revenues	1,287,085	1,236,688	(50,397)	(3.9)	1,722,307

\*Partial listing only