

# *News Release*

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FOR IMMEDIATE RELEASE

## **Financial Statements for the Nine Months Ended December 31, 2014**

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

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# 1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2014	December 31, 2014	Increase (Decrease)
<b>ASSETS</b>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	474,554	439,305	(35,249)
Antenna facilities	4,325	4,104	(221)
Terminal equipment	45,756	39,394	(6,362)
Local line facilities	862,315	845,671	(16,643)
Long-distance line facilities	4,107	3,772	(335)
Engineering facilities	612,405	601,418	(10,986)
Submarine line facilities	1,421	1,186	(234)
Buildings	438,137	420,973	(17,163)
Construction in progress	19,885	19,660	(225)
Other	259,440	250,303	(9,136)
Total property, plant and equipment	2,722,349	2,625,791	(96,558)
Intangible fixed assets	88,386	82,491	(5,894)
Total fixed assets - telecommunications businesses	2,810,736	2,708,282	(102,453)
Investments and other assets			
Other investments and assets	213,889	212,094	(1,795)
Allowance for doubtful accounts	(1,030)	(956)	74
Total investments and other assets	212,859	211,137	(1,721)
Total fixed assets	3,023,595	2,919,419	(104,175)
Current assets:			
Cash and bank deposits	25,765	19,786	(5,978)
Notes receivable	171	15	(155)
Accounts receivable, trade	238,999	245,143	6,144
Supplies	33,852	36,157	2,304
Other current assets	233,804	245,785	11,981
Allowance for doubtful accounts	(622)	(582)	40
Total current assets	531,969	546,305	14,335
<b>TOTAL ASSETS</b>	<b>3,555,565</b>	<b>3,465,725</b>	<b>(89,839)</b>

(Millions of yen)

	March 31, 2014	December 31, 2014	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company	548,775	545,355	(3,420)
Liability for employees' retirement benefits	231,328	236,930	5,601
Reserve for point services	7,074	11,420	4,345
Reserve for unused telephone cards	11,082	10,086	(995)
Allowance for environmental measures	4,511	10,740	6,228
Asset retirement obligations	1,110	1,130	20
Other long-term liabilities	9,601	9,333	(268)
Total long-term liabilities	813,483	824,995	11,512
Current liabilities:			
Current portion of long-term borrowings from parent company	127,420	7,130	(120,290)
Accounts payable, trade	77,246	40,496	(36,749)
Accrued taxes on income	5,746	*	7,654
Allowance for environmental measures	-	1,701	1,701
Asset retirement obligations	149	-	(149)
Other current liabilities	362,264	373,050	10,786
Total current liabilities	572,826	430,033	(142,793)
<b>TOTAL LIABILITIES</b>	<b>1,386,310</b>	<b>1,255,029</b>	<b>(131,281)</b>
<b>NET ASSETS</b>			
Shareholders' equity:			
Common stock	335,000	335,000	-
Capital surplus	1,499,726	1,499,726	-
Earned surplus	333,740	373,082	39,341
Total shareholders' equity	2,168,467	2,207,809	39,341
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	787	2,887	2,099
Total unrealized gains (losses), translation adjustments, and others	787	2,887	2,099
<b>TOTAL NET ASSETS</b>	<b>2,169,255</b>	<b>2,210,696</b>	<b>41,441</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,555,565</b>	<b>3,465,725</b>	<b>(89,839)</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, 2013	Nine months ended December 31, 2014	Increase (Decrease)	Year ended March 31, 2014
Telecommunications businesses:				
Operating revenues	1,224,588	*1 1,217,949	(6,639)	1,630,523
Operating expenses	1,164,766	*1 1,133,901	(30,864)	1,577,823
Operating income from telecommunications businesses	59,822	84,047	24,225	52,699
Supplementary businesses:				
Operating revenues	94,987	90,551	(4,436)	143,286
Operating expenses	84,799	78,669	(6,130)	129,271
Operating income from supplementary businesses	10,187	11,881	1,693	14,014
Operating income	70,009	95,928	25,919	66,714
Non-operating revenues:				
Interest income	52	44	(8)	77
Dividends received	3,674	6,396	2,722	3,690
Lease and rental income	33,331	-	(33,331)	44,296
Gains on sales of fixed assets	2,486	8,390	5,904	5,973
Miscellaneous income	2,130	6,805	4,675	3,991
Total non-operating revenues	41,674	21,636	(20,037)	58,027
Non-operating expenses:				
Interest expenses	5,508	4,516	(992)	7,203
Lease and rental expenses	15,532	-	(15,532)	23,253
Miscellaneous expenses	724	2,705	1,981	2,536
Total non-operating expenses	21,765	7,221	(14,543)	32,993
Recurring profit	89,918	110,343	20,425	91,749
Special losses	3,382	7,930	4,547	8,292
Income before income taxes	86,535	102,413	15,878	83,457
Income taxes	*2 28,659	*2 31,664	3,005	29,501
Net income	57,876	70,748	12,872	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 nine months ended December 31, 2014.

Telecommunications operating revenues attributable to lease and rental income and operating expenses attributable to lease and rental expenses were 32,507 million yen and 13,770 million yen, respectively, for the nine months ended December 31, 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)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2014
Voice transmission services revenues (excluding IP services revenues)	393,909	356,307	(37,602)	(9.5)	518,346
Monthly charge revenues*	286,725	262,335	(24,390)	(8.5)	378,089
Call rates revenues*	32,244	27,410	(4,834)	(15.0)	42,044
Interconnection call revenues*	48,354	42,141	(6,213)	(12.8)	63,210
IP services revenues	630,705	629,333	(1,372)	(0.2)	841,334
Leased circuit services revenues (excluding IP services revenues)	88,803	84,746	(4,057)	(4.6)	117,286
Telegram services revenues	11,080	10,433	(647)	(5.8)	14,951
Other telecommunications services revenues	100,087	137,128	37,040	37.0	138,604
Telecommunications total revenues	1,224,588	1,217,949	(6,639)	(0.5)	1,630,523
Supplementary business total revenues	94,987	90,551	(4,436)	(4.7)	143,286
Total operating revenues	1,319,575	1,308,500	(11,075)	(0.8)	1,773,809

\*Partial listing only