



# News Release

November 6, 2015

FOR IMMEDIATE RELEASE

## **Financial Statements for the Six Months Ended September 30, 2015**

The financial results of Nippon Telegraph and Telephone East Corporation (NTT East) for the six months ended September 30, 2015 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, 2016

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# 1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2015	September 30, 2015	Increase (Decrease)
<b>ASSETS</b>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	434,518	411,361	(23,156)
Antenna facilities	3,948	3,838	(109)
Terminal equipment	37,569	34,416	(3,153)
Local line facilities	854,162	833,445	(20,716)
Long-distance line facilities	3,683	3,455	(227)
Engineering facilities	602,828	594,482	(8,345)
Submarine line facilities	1,119	992	(127)
Buildings	423,373	415,812	(7,560)
Construction in progress	27,975	18,248	(9,726)
Other	257,129	252,106	(5,023)
Total property, plant and equipment	2,646,308	2,568,159	(78,148)
Intangible fixed assets	84,496	79,356	(5,140)
Total fixed assets - telecommunications businesses	2,730,805	2,647,515	(83,289)
Investments and other assets			
Other investments and assets	198,579	197,326	(1,252)
Allowance for doubtful accounts	(956)	(920)	36
Total investments and other assets	197,623	196,406	(1,216)
Total fixed assets	2,928,428	2,843,922	(84,505)
Current assets:			
Cash and bank deposits	21,980	2,170	(19,810)
Notes receivable	15	2	(12)
Accounts receivable, trade	236,984	211,864	(25,120)
Supplies	33,633	30,044	(3,588)
Other current assets	260,213	350,790	90,576
Allowance for doubtful accounts	(544)	(418)	125
Total current assets	552,283	594,454	42,170
<b>TOTAL ASSETS</b>	<b>3,480,711</b>	<b>3,438,376</b>	<b>(42,335)</b>

(Millions of yen)

	March 31, 2015	September 30, 2015	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company	430,955	428,395	(2,560)
Liability for employees' retirement benefits	232,618	238,441	5,822
Reserve for point services	9,724	12,350	2,626
Reserve for unused telephone cards	9,686	9,221	(465)
Allowance for environmental measures	7,748	7,748	-
Asset retirement obligations	1,119	1,137	18
Other long-term liabilities	9,477	17,001	7,523
Total long-term liabilities	701,330	714,296	12,965
Current liabilities:			
Current portion of long-term borrowings from parent company	66,220	65,360	(860)
Accounts payable, trade	85,478	38,461	(47,017)
Accrued taxes on income	10,713	11,296	582
Allowance for environmental measures	3,147	3,147	-
Other current liabilities	403,883	351,173	(52,710)
Total current liabilities	569,443	469,437	(100,005)
<b>TOTAL LIABILITIES</b>	<b>1,270,773</b>	<b>1,183,734</b>	<b>(87,039)</b>
<b>NET ASSETS</b>			
Shareholders' equity:			
Common stock	335,000	335,000	-
Capital surplus	1,499,726	1,499,726	-
Earned surplus	371,905	416,522	44,616
Total shareholders' equity	2,206,632	2,251,249	44,616
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	3,305	3,393	87
Total unrealized gains (losses), translation adjustments, and others	3,305	3,393	87
<b>TOTAL NET ASSETS</b>	<b>2,209,938</b>	<b>2,254,642</b>	<b>44,704</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,480,711</b>	<b>3,438,376</b>	<b>(42,335)</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)

	Six months ended September 30, 2014	Six months ended September 30, 2015	Increase (Decrease)	Year ended March 31, 2015
Telecommunications businesses:				
Operating revenues	811,673	800,323	(11,349)	1,625,057
Operating expenses	759,372	707,797	(51,575)	1,533,165
Operating income from telecommunications businesses	52,300	92,525	40,225	91,891
Supplementary businesses:				
Operating revenues	59,534	59,191	(343)	140,365
Operating expenses	52,497	49,739	(2,758)	122,414
Operating income from supplementary businesses	7,036	9,451	2,414	17,950
Operating income	59,337	101,977	42,640	109,841
Non-operating revenues:				
Interest income	29	51	21	77
Dividends received	6,360	3,086	(3,273)	6,400
Gains on sales of fixed assets	8,336	7,437	(899)	9,565
Miscellaneous income	6,159	1,520	(4,638)	7,660
Total non-operating revenues	20,885	12,095	(8,789)	23,704
Non-operating expenses:				
Interest expenses	3,134	2,500	(633)	5,852
Miscellaneous expenses	2,184	381	(1,803)	5,651
Total non-operating expenses	5,319	2,882	(2,436)	11,504
Recurring profit	74,903	111,190	36,287	122,041
Special losses	7,930	3,758	(4,171)	7,930
Income before income taxes	66,973	107,432	40,458	114,111
Income taxes	*	*	9,224	44,539
Net income	46,882	78,116	31,234	69,571

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, 2014	Six months ended September 30, 2015	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2015
Voice transmission services revenues (excluding IP services revenues)	239,814	218,262	(21,552)	(9.0)	468,529
Monthly charge revenues*	176,310	163,065	(13,245)	(7.5)	346,421
Call rates revenues*	18,521	15,733	(2,787)	(15.1)	35,542
Interconnection call revenues*	28,294	26,333	(1,960)	(6.9)	55,061
IP services revenues	418,179	431,474	13,295	3.2	844,470
Leased circuit services revenues (excluding IP services revenues)	57,053	55,156	(1,897)	(3.3)	111,986
Telegram services revenues	6,789	6,297	(491)	(7.2)	14,063
Other telecommunications services revenues	89,836	89,131	(704)	(0.8)	186,007
Telecommunications total revenues	811,673	800,323	(11,349)	(1.4)	1,625,057
Supplementary business total revenues	59,534	59,191	(343)	(0.6)	140,365
Total operating revenues	871,207	859,514	(11,693)	(1.3)	1,765,422

\*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, 2014	Six months ended September 30, 2015	Increase (Decrease)	Year ended March 31, 2015
<b>Cash flows from operating activities:</b>				
Income before income taxes	66,973	107,432	40,458	114,111
Depreciation and amortization	184,268	173,953	(10,314)	362,499
Loss on disposal of property, plant and equipment	6,472	6,091	(381)	19,276
Increase (decrease) in liability for employees' retirement benefits	2,427	5,822	3,395	1,290
(Increase) decrease in accounts receivable	6,837	17,242	10,405	(2,387)
(Increase) decrease in inventories	(2,957)	1,459	4,416	(2,715)
Increase (decrease) in accounts payable and accrued expenses	(88,185)	(61,571)	26,614	(58,409)
Increase (decrease) in accrued consumption tax	7,426	(4,461)	(11,888)	12,053
Other	36,128	(14,397)	(50,525)	87,582
Sub-total	219,392	231,571	12,179	533,301
Interest and dividends received	6,389	3,137	(3,252)	6,477
Interest paid	(3,344)	(2,509)	835	(6,154)
Income taxes received (paid)	(20,041)	(30,545)	(10,504)	(24,302)
Net cash provided by (used in) operating activities	202,395	201,653	(742)	509,321
<b>Cash flows from investing activities:</b>				
Payments for property, plant and equipment	(155,401)	(146,347)	9,053	(293,760)
Proceeds from sale of property, plant and equipment	9,940	8,147	(1,793)	11,861
Payments for purchase of investment securities	(50)	(250)	(200)	(248)
Proceeds from sale of investment securities	186	215	28	389
Other	(72)	292	364	398
Net cash provided by (used in) investing activities	(145,395)	(137,941)	7,454	(281,359)
<b>Cash flows from financing activities:</b>				
Payments for settlement of long-term debt	(123,710)	(3,420)	120,290	(179,020)
Payments for settlement of lease obligations	(284)	(245)	39	(555)
Dividends paid	(33,500)	(33,500)	-	(33,500)
Net cash provided by (used in) financing activities	(157,494)	(37,165)	120,329	(213,075)
Net increase (decrease) in cash and cash equivalents	(100,494)	26,547	127,041	14,887
Cash and cash equivalents at beginning of period	123,785	138,672	14,887	123,785
Cash and cash equivalents at end of period	23,291	165,219	141,928	138,672

## 5. Revised Forecasts for the Fiscal Year Ending March 31, 2016

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 15, 2015 for the fiscal year ending March 31, 2016, as follows.

(Billions of yen)

	Year Ending March 31, 2016 (Forecasts Previously Announced on May 15, 2015)	Year Ending March 31, 2016 (Revised Forecasts)	Change
Operating Revenues	1,726.0	1,721.0	(5.0)
Operating Income	120.0	155.0	35.0
Recurring Profit	120.0	162.0	42.0
Net Income	80.0	106.0	26.0

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.