



# News Release

November 10, 2017

FOR IMMEDIATE RELEASE

## **Financial Statements for the Six Months Ended September 30, 2017**

The financial results of Nippon Telegraph and Telephone East Corporation (NTT East) for the six months ended September 30, 2017 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, 2018

For inquiries, please contact:

Mr. Kenkichi Nakata or Mr. Ryou Yamamoto  
Accounting Section, Finance Division  
Nippon Telegraph and Telephone East Corporation  
Tel: +81-3-5359-3331  
E-mail: [kessan\\_info-ml@east.ntt.co.jp](mailto:kessan_info-ml@east.ntt.co.jp)

# 1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2017	September 30, 2017	Increase (Decrease)
<b>ASSETS</b>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	339,631	337,260	(2,370)
Antenna facilities	3,604	3,527	(77)
Terminal equipment	22,947	21,620	(1,327)
Local line facilities	866,722	873,703	6,980
Long-distance line facilities	2,843	2,818	(24)
Engineering facilities	588,683	582,845	(5,838)
Submarine line facilities	732	661	(70)
Buildings	409,835	407,256	(2,578)
Construction in progress	19,988	21,034	1,045
Other	266,121	264,427	(1,693)
Total property, plant and equipment	2,521,110	2,515,156	(5,953)
Intangible fixed assets	84,120	81,675	(2,444)
Total fixed assets - telecommunications businesses	2,605,230	2,596,831	(8,398)
Investments and other assets			
Other investments and assets	199,112	202,944	3,831
Allowance for doubtful accounts	(773)	(760)	13
Total investments and other assets	198,338	202,184	3,845
Total fixed assets	2,803,569	2,799,015	(4,553)
Current assets:			
Cash and bank deposits	5,605	17,508	11,902
Notes receivable	-	38	38
Accounts receivable, trade	230,736	230,264	(471)
Supplies	26,005	23,268	(2,736)
Other current assets	435,502	256,721	(178,780)
Allowance for doubtful accounts	(327)	(287)	40
Total current assets	697,521	527,515	(170,006)
<b>TOTAL ASSETS</b>	<b>3,501,091</b>	<b>3,326,531</b>	<b>(174,560)</b>

(Millions of yen)

	March 31, 2017	September 30, 2017	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company	225,220	225,220	-
Liability for employees' retirement benefits	247,366	253,593	6,227
Reserve for point services	4,145	4,433	288
Reserve for unused telephone cards	8,460	8,671	211
Allowance for environmental measures	3,637	3,637	-
Asset retirement obligations	902	901	(1)
Other long-term liabilities	36,166	43,744	7,577
Total long-term liabilities	525,898	540,202	14,304
Current liabilities:			
Current portion of long-term borrowings from parent company	140,615	100,400	(40,215)
Accounts payable, trade	89,029	44,075	(44,953)
Accrued taxes on income	14,186	13,499	(687)
Allowance for environmental measures	2,285	688	(1,597)
Asset retirement obligations	1	-	(1)
Other current liabilities	442,617	384,587	(58,030)
Total current liabilities	688,735	543,250	(145,485)
<b>TOTAL LIABILITIES</b>	<b>1,214,633</b>	<b>1,083,453</b>	<b>(131,180)</b>
<b>NET ASSETS</b>			
Shareholders' equity:			
Common stock	335,000	335,000	-
Capital surplus	1,499,726	1,499,726	-
Earned surplus	447,459	404,183	(43,275)
Total shareholders' equity	2,282,186	2,238,910	(43,275)
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	4,271	4,167	(104)
Total unrealized gains (losses), translation adjustments, and others	4,271	4,167	(104)
<b>TOTAL NET ASSETS</b>	<b>2,286,457</b>	<b>2,243,077</b>	<b>(43,379)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,501,091</b>	<b>3,326,531</b>	<b>(174,560)</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, 2016	Six months ended September 30, 2017	Increase (Decrease)	Year ended March 31, 2017
Telecommunications businesses:				
Operating revenues	766,449	755,169	(11,279)	1,534,745
Operating expenses	650,977	623,437	(27,539)	1,367,603
Operating income from telecommunications businesses	115,471	131,731	16,259	167,142
Supplementary businesses:				
Operating revenues	57,056	57,562	505	137,497
Operating expenses	48,736	47,521	(1,214)	115,534
Operating income from supplementary businesses	8,319	10,040	1,720	21,962
Operating income	123,791	141,771	17,980	189,104
Non-operating revenues:				
Interest income	10	7	(3)	26
Dividends received	3,171	6,898	3,727	3,226
Gains on sales of fixed assets	13,571	782	(12,788)	14,363
Miscellaneous income	1,188	1,305	117	2,647
Total non-operating revenues	17,941	8,993	(8,948)	20,263
Non-operating expenses:				
Interest expenses	2,357	1,797	(560)	4,669
Miscellaneous expenses	174	43	(130)	260
Total non-operating expenses	2,532	1,841	(690)	4,930
Recurring profit	139,200	148,923	9,722	204,438
Income before income taxes	139,200	148,923	9,722	204,438
Income taxes	* 39,214	* 42,540	3,326	54,774
Net income	99,986	106,382	6,396	149,663

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, 2016	Six months ended September 30, 2017	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2017
Voice transmission services revenues (excluding IP services revenues)	201,403	187,036	(14,367)	(7.1)	396,519
Monthly charge revenues*	152,177	142,034	(10,143)	(6.7)	299,992
Call rates revenues*	13,613	11,763	(1,850)	(13.6)	26,272
Interconnection call revenues*	23,378	21,708	(1,669)	(7.1)	45,606
IP services revenues	425,116	427,186	2,070	0.5	850,388
Leased circuit services revenues (excluding IP services revenues)	47,677	46,465	(1,212)	(2.5)	93,307
Telegram services revenues	5,561	5,198	(362)	(6.5)	11,422
Other telecommunications services revenues	86,690	89,283	2,592	3.0	183,107
Telecommunications total revenues	766,449	755,169	(11,279)	(1.5)	1,534,745
Supplementary business total revenues	57,056	57,562	505	0.9	137,497
Total operating revenues	823,505	812,731	(10,774)	(1.3)	1,672,243

\*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, 2016	Six months ended September 30, 2017	Increase (Decrease)	Year ended March 31, 2017
Cash flows from operating activities:				
Income before income taxes	139,200	148,923	9,722	204,438
Depreciation and amortization	144,939	117,837	(27,101)	295,200
Loss on disposal of property, plant and equipment	6,056	4,489	(1,567)	21,416
Increase (decrease) in liability for employees' retirement benefits	8,074	6,227	(1,847)	11,446
(Increase) decrease in accounts receivable	16,569	19,433	2,863	(8,552)
(Increase) decrease in inventories	949	1,871	922	252
Increase (decrease) in accounts payable and accrued expenses	(74,751)	(64,151)	10,600	(5,419)
Increase (decrease) in accrued consumption tax	281	5,331	5,049	(5,229)
Other	(27,619)	(22,744)	4,874	8,147
Sub-total	213,700	217,217	3,517	521,702
Interest and dividends received	3,179	6,904	3,725	3,252
Interest paid	(2,366)	(1,802)	563	(4,705)
Income taxes received (paid)	(40,027)	(60,447)	(20,420)	(47,742)
Net cash provided by (used in) operating activities	174,486	161,871	(12,615)	472,506
Cash flows from investing activities:				
Payments for property, plant and equipment	(139,013)	(152,499)	(13,486)	(274,177)
Proceeds from sale of property, plant and equipment	14,530	1,075	(13,455)	15,821
Proceeds from sale of investment securities	632	206	(426)	847
Other	93	(215)	(308)	(86)
Net cash provided by (used in) investing activities	(123,756)	(151,434)	(27,677)	(257,594)
Cash flows from financing activities:				
Payments for settlement of long-term debt	(2,560)	(40,215)	(37,655)	(65,120)
Payments for settlement of lease obligations	(292)	(262)	29	(544)
Dividends paid	(59,395)	(149,657)	(90,262)	(59,395)
Net cash provided by (used in) financing activities	(62,248)	(190,135)	(127,887)	(125,059)
Net increase (decrease) in cash and cash equivalents	(11,517)	(179,698)	(168,180)	89,852
Cash and cash equivalents at beginning of period	207,281	297,134	89,852	207,281
Cash and cash equivalents at end of period	195,764	117,435	(78,328)	297,134

## 5. Revised Forecasts for the Fiscal Year Ending March 31, 2018

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, 2017 for the fiscal year ending March 31, 2018, as follows.

(Billions of yen)

	Year Ending March 31, 2018 (Forecasts Previously Announced on May 15, 2017)	Year Ending March 31, 2018 (Revised Forecasts)	Change
Operating Revenues	1,640.0	1,640.0	-
Operating Income	190.0	190.0	-
Recurring Profit	190.0	195.0	5.0
Net Income	131.0	135.0	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.