

# *News Release*

**NTT WEST**



NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION

November 9, 2011

FOR IMMEDIATE RELEASE

## **Financial Statements for the Six Months Ended September 30, 2011**

The results of Nippon Telegraph and Telephone West Corporation (NTT West) for the six months ended September 30, 2011 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

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# 1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2011	September 30, 2011	Increase (Decrease)
<b>ASSETS</b>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	512,794	491,201	(21,593)
Antenna facilities	7,607	7,319	(288)
Terminal equipment	21,343	21,231	(111)
Local line facilities	862,726	863,359	632
Long-distance line facilities	2,984	2,973	(10)
Engineering facilities	580,930	574,206	(6,724)
Submarine line facilities	1,977	1,854	(123)
Buildings	417,342	404,996	(12,346)
Construction in progress	25,001	35,189	10,187
Other	229,855	225,722	(4,133)
Total property, plant and equipment	2,662,564	2,628,054	(34,509)
Intangible fixed assets	83,872	76,225	(7,646)
Total fixed assets - telecommunications businesses	2,746,436	2,704,280	(42,156)
Investments and other assets			
Other investments and assets	184,655	186,091	1,436
Allowance for doubtful accounts	(393)	(381)	11
Total investments and other assets	184,261	185,709	1,447
Total fixed assets	2,930,698	2,889,989	(40,708)
Current assets:			
Cash and bank deposits	130,313	99,870	(30,443)
Notes receivable	198	43	(154)
Accounts receivable, trade	272,994	234,008	(38,986)
Supplies	29,935	34,369	4,434
Other current assets	45,810	64,716	18,905
Allowance for doubtful accounts	(2,220)	(1,967)	253
Total current assets	477,032	431,041	(45,991)
<b>TOTAL ASSETS</b>	<b>3,407,731</b>	<b>3,321,030</b>	<b>(86,700)</b>

(Millions of yen)

	March 31, 2011	September 30, 2011	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company	954,099	978,283	24,184
Liability for employees' retirement benefits	258,049	252,635	(5,414)
Reserve for point services	4,815	5,708	893
Reserve for unused telephone cards	14,280	14,200	(80)
Asset retirement obligations	436	421	(15)
Other long-term liabilities	15,383	14,878	(504)
Total long-term liabilities	1,247,064	1,266,128	19,063
Current liabilities:			
Current portion of long-term borrowings from parent company	142,428	113,530	(28,898)
Accounts payable, trade	70,297	54,343	(15,954)
Short-term borrowings	23,000	30,000	7,000
Accrued taxes on income	674	* 782	108
Other current liabilities	392,674	332,057	(60,616)
Total current liabilities	629,073	530,713	(98,360)
<b>TOTAL LIABILITIES</b>	<b>1,876,137</b>	<b>1,796,841</b>	<b>(79,296)</b>
<b>NET ASSETS</b>			
Shareholders' equity:			
Common stock	312,000	312,000	-
Capital surplus	1,170,054	1,170,054	-
Earned surplus	49,611	42,095	(7,516)
Total shareholders' equity	1,531,665	1,524,149	(7,516)
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	(72)	39	111
Total unrealized gains (losses), translation adjustments, and others	(72)	39	111
<b>TOTAL NET ASSETS</b>	<b>1,531,593</b>	<b>1,524,189</b>	<b>(7,404)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,407,731</b>	<b>3,321,030</b>	<b>(86,700)</b>

Note: \*NTT West 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, 2010	Six months ended September 30, 2011	Increase (Decrease)	Year ended March 31, 2011
Telecommunications businesses:				
Operating revenues	798,792	771,010	(27,781)	1,597,362
Operating expenses	764,973	749,141	(15,831)	1,548,824
Operating income from telecommunications businesses	33,818	21,868	(11,950)	48,537
Supplementary businesses:				
Operating revenues	69,240	61,312	(7,928)	160,696
Operating expenses	68,601	58,646	(9,954)	159,587
Operating income from supplementary businesses	639	2,665	2,026	1,108
Operating income	34,457	24,534	(9,923)	49,646
Non-operating revenues:				
Interest income	3	2	(1)	5
Dividends received	2,140	1,150	(990)	2,151
Lease and rental income	22,428	19,504	(2,923)	43,495
Miscellaneous income	2,005	1,640	(365)	4,183
Total non-operating revenues	26,578	22,297	(4,281)	49,835
Non-operating expenses:				
Interest expenses	8,208	7,926	(282)	16,383
Lease and rental expenses	6,868	6,660	(208)	14,648
Miscellaneous expenses	1,196	1,126	(70)	5,379
Total non-operating expenses	16,273	15,712	(561)	36,412
Recurring profit	44,762	31,118	(13,643)	63,069
Income before income taxes	44,762	31,118	(13,643)	63,069
Income taxes	* 10,967	* 7,434	(3,532)	13,983
Net income	33,795	23,683	(10,111)	49,085

Note: \*NTT West 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, 2010	Six months ended September 30, 2011	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2011
Voice transmission services revenues (excluding IP services revenues)	373,302	332,009	(41,293)	(11.1)	729,085
Monthly charge revenues*	256,511	233,598	(22,912)	(8.9)	502,703
Call rates revenues*	32,445	26,935	(5,510)	(17.0)	61,884
Interconnection call revenues*	55,977	46,825	(9,152)	(16.3)	108,696
IP services revenues	284,209	309,774	25,564	9.0	582,095
Leased circuit services revenues (excluding IP services revenues)	67,112	62,784	(4,328)	(6.4)	133,103
Telegram services revenues	10,744	9,935	(809)	(7.5)	22,161
Other telecommunications services revenues	63,421	56,506	(6,914)	(10.9)	130,916
Telecommunications total revenues	798,792	771,010	(27,781)	(3.5)	1,597,362
Supplementary business total revenues	69,240	61,312	(7,928)	(11.5)	160,696
Total operating revenues	868,032	832,322	(35,709)	(4.1)	1,758,058

\*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, 2010	Six months ended September 30, 2011	Increase (Decrease)	Year ended March 31, 2011
<b>Cash flows from operating activities:</b>				
Income before income taxes	44,762	31,118	(13,643)	63,069
Depreciation and amortization	188,946	183,476	(5,470)	376,998
Loss on disposal of property, plant and equipment	7,769	7,988	218	18,635
Increase (decrease) in liability for employees' retirement benefits	(5,776)	(5,414)	362	(37,951)
(Increase) decrease in accounts receivable	31,870	42,249	10,379	6,646
(Increase) decrease in inventories	(4,436)	(4,472)	(36)	(4,829)
Increase (decrease) in accounts payable and accrued expenses	(61,973)	(71,853)	(9,879)	(6,626)
Increase (decrease) in accrued consumption tax	939	608	(331)	521
Other	(9,334)	(4,958)	4,375	27,149
Sub-total	192,767	178,741	(14,025)	443,614
Interest and dividends received	2,145	1,153	(992)	2,157
Interest paid	(8,228)	(8,065)	162	(16,423)
Income taxes received (paid)	(3,025)	6,474	9,500	(3,082)
Net cash provided by (used in) operating activities	183,658	178,304	(5,354)	426,266
<b>Cash flows from investing activities:</b>				
Payments for property, plant and equipment	(199,227)	(166,808)	32,418	(379,393)
Proceeds from sale of property, plant and equipment	1,261	673	(588)	3,434
Payments for purchase of investment securities	-	(614)	(614)	(250)
Proceeds from sale of investment securities	13	14	1	13
Other	(1,023)	(713)	310	(436)
Net cash provided by (used in) investing activities	(198,976)	(167,448)	31,528	(376,631)
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of long-term debt	20,000	50,000	30,000	130,000
Payments for settlement of long-term debt	(25,085)	(54,714)	(29,628)	(151,170)
Net increase (decrease) in short-term borrowings	999	(5,000)	(5,999)	(3,999)
Payments for settlement of lease obligations	(918)	(852)	65	(1,868)
Dividends paid	(25,003)	(31,200)	(6,196)	(25,003)
Net cash provided by (used in) financing activities	(30,007)	(41,767)	(11,759)	(52,043)
Net increase (decrease) in cash and cash equivalents	(45,325)	(30,911)	14,414	(2,409)
Cash and cash equivalents at beginning of period	133,522	131,113	(2,409)	133,522
Cash and cash equivalents at end of period	88,196	100,202	12,005	131,113