



News Release

November 10, 2017

FOR IMMEDIATE RELEASE

Financial Results for the Six Months Ended September 30, 2017

The financial results of Nippon Telegraph and Telephone West Corporation (NTT West) 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

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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)
<u>ASSETS</u>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	297,757	294,791	(2,965)
Antenna facilities	5,895	5,842	(53)
Terminal equipment	11,318	11,441	123
Local line facilities	1,051,300	1,066,598	15,297
Long-distance line facilities	1,693	1,647	(46)
Engineering facilities	517,724	509,056	(8,667)
Submarine line facilities	3,131	3,584	453
Buildings	312,924	316,091	3,167
Construction in progress	31,294	19,752	(11,542)
Other	219,918	218,664	(1,254)
Total property, plant and equipment	2,452,960	2,447,471	(5,488)
Intangible fixed assets	64,444	60,736	(3,708)
Total fixed assets - telecommunications businesses	2,517,404	2,508,207	(9,197)
Investments and other assets			
Other investments and assets	187,606	192,096	4,489
Allowance for doubtful accounts	(681)	(607)	74
Total investments and other assets	186,924	191,488	4,563
Total fixed assets	2,704,329	2,699,696	(4,633)
Current assets:			
Cash and bank deposits	18,251	5,276	(12,975)
Notes receivable	-	11	11
Accounts receivable, trade	199,820	196,256	(3,564)
Supplies	29,950	28,954	(996)
Other current assets	151,715	114,751	(36,964)
Allowance for doubtful accounts	(339)	(255)	84
Total current assets	399,398	344,993	(54,405)
TOTAL ASSETS	3,103,728	3,044,690	(59,038)

(Millions of yen)

	March 31, 2017	September 30, 2017	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	591,000	601,000	10,000
Liability for employees' retirement benefits	242,251	247,203	4,952
Reserve for point services	3,792	2,337	(1,455)
Reserve for unused telephone cards	8,000	8,200	200
Allowance for environmental measures	9,074	8,424	(650)
Asset retirement obligations	228	229	0
Other long-term liabilities	4,749	24,532	19,782
Total long-term liabilities	859,097	891,927	32,830
Current liabilities:			
Current portion of long-term borrowings from parent company	110,707	110,400	(307)
Accounts payable, trade	71,635	37,209	(34,425)
Short-term borrowings	105,259	72,029	(33,229)
Accrued taxes on income	8,731	9,178	446
Allowance for loss on disaster	4,096	3,919	(177)
Allowance for environmental measures	2,361	1,039	(1,321)
Asset retirement obligations	133	147	13
Other current liabilities	362,351	305,645	(56,705)
Total current liabilities	665,277	539,570	(125,707)
TOTAL LIABILITIES	1,524,374	1,431,498	(92,876)
NET ASSETS			
Shareholders' equity:			
Common stock	312,000	312,000	-
Capital surplus	1,170,054	1,170,054	-
Earned surplus	96,911	130,572	33,660
Total shareholders' equity	1,578,965	1,612,626	33,660
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	388	565	177
Total unrealized gains (losses), translation adjustments, and others	388	565	177
TOTAL NET ASSETS	1,579,353	1,613,191	33,838
TOTAL LIABILITIES AND NET ASSETS	3,103,728	3,044,690	(59,038)

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, 2016	Six months ended September 30, 2017	Increase (Decrease)	Year ended March 31, 2017
Telecommunications businesses:				
Operating revenues	663,429	639,500	(23,929)	1,325,585
Operating expenses	598,349	553,943	(44,405)	1,242,485
Operating income from telecommunications businesses	65,080	85,556	20,476	83,099
Supplementary businesses:				
Operating revenues	67,091	65,634	(1,457)	153,430
Operating expenses	60,954	58,116	(2,838)	141,343
Operating income from supplementary businesses	6,136	7,517	1,380	12,086
Operating income	71,217	93,074	21,856	95,186
Non-operating revenues:				
Interest income	6	6	(0)	12
Dividends received	597	831	234	615
Miscellaneous income	1,059	962	(97)	2,330
Total non-operating revenues	1,663	1,799	136	2,957
Non-operating expenses:				
Interest expenses	3,761	3,010	(751)	7,114
Miscellaneous expenses	95	307	211	2,875
Total non-operating expenses	3,856	3,317	(539)	9,989
Recurring profit	69,023	91,556	22,533	88,154
Special losses	5,975	-	(5,975)	6,915
Income before income taxes	63,048	91,556	28,508	81,239
Income taxes	* 17,472	* 26,695	9,223	21,469
Net income	45,575	64,860	19,284	59,770

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, 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)	201,536	186,039	(15,496)	(7.7)	396,272
Monthly charge revenues*	151,366	140,951	(10,415)	(6.9)	298,340
Call rates revenues*	12,764	11,003	(1,760)	(13.8)	24,590
Interconnection call revenues*	25,565	23,194	(2,370)	(9.3)	49,676
IP services revenues	349,188	345,377	(3,811)	(1.1)	697,252
Leased circuit services revenues (excluding IP services revenues)	43,855	43,750	(105)	(0.2)	86,362
Telegram services revenues	6,176	5,589	(586)	(9.5)	12,625
Other telecommunications services revenues	62,672	58,742	(3,930)	(6.3)	133,071
Telecommunications total revenues	663,429	639,500	(23,929)	(3.6)	1,325,585
Supplementary business total revenues	67,091	65,634	(1,457)	(2.2)	153,430
Total operating revenues	730,521	705,134	(25,387)	(3.5)	1,479,015

*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	63,048	91,556	28,508	81,239
Depreciation and amortization	141,301	105,081	(36,219)	287,620
Loss on disposal of property, plant and equipment	7,287	4,360	(2,927)	19,285
Increase (decrease) in liability for employees' retirement benefits	4,976	4,952	(24)	8,677
(Increase) decrease in accounts receivable	27,620	15,268	(12,351)	11,377
(Increase) decrease in inventories	1,397	(1,633)	(3,030)	4,599
Increase (decrease) in accounts payable and accrued expenses	(40,737)	(53,795)	(13,058)	7,799
Increase (decrease) in accrued consumption tax	303	2,220	1,916	(2,241)
Other	(13,084)	(12,747)	336	21,841
Sub-total	192,114	155,263	(36,851)	440,199
Interest and dividends received	604	837	233	628
Interest paid	(4,179)	(2,998)	1,180	(7,575)
Income taxes received (paid)	(20,999)	(30,237)	(9,237)	(24,428)
Net cash provided by (used in) operating activities	167,540	122,865	(44,675)	408,824
Cash flows from investing activities:				
Payments for property, plant and equipment	(128,429)	(128,953)	(523)	(261,759)
Proceeds from sale of property, plant and equipment	447	90	(357)	650
Payments for purchase of investment securities	-	-	-	(3,100)
Proceeds from sale of investment securities	509	23	(486)	576
Other	(70)	(102)	(32)	61
Net cash provided by (used in) investing activities	(127,543)	(128,942)	(1,399)	(263,571)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	50,000	30,000	(20,000)	50,000
Payments for settlement of long-term debt	(72,560)	(20,307)	52,252	(127,120)
Net increase (decrease) in short-term borrowings	(38,422)	(33,229)	5,192	(37,205)
Payments for settlement of lease obligations	(102)	(68)	34	(224)
Dividends paid	(36,216)	(31,200)	5,016	(36,216)
Net cash provided by (used in) financing activities	(97,302)	(54,805)	42,496	(150,766)
Net increase (decrease) in cash and cash equivalents	(57,304)	(60,883)	(3,578)	(5,514)
Cash and cash equivalents at beginning of period	71,765	66,251	(5,514)	71,765
Cash and cash equivalents at end of period	14,461	5,368	(9,092)	66,251