



# *News Release*

NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION

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FOR IMMEDIATE RELEASE

## **Financial Statements for the Three Months Ended June 30, 2005**

The results of Nippon Telegraph and Telephone West Corporation (NTT West) for the three months ended June 30, 2005 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, 2005	June 30, 2005	Increase (Decrease)
<b>ASSETS</b>			
<b>Fixed assets:</b>			
<b>Non-current assets for telecommunications businesses</b>			
<b>Property, plant and equipment</b>	2,920,524	2,903,139	(17,385)
Machinery and equipment	550,458	544,420	(6,037)
Antenna facilities	11,407	11,189	(218)
Terminal equipment	27,847	30,081	2,233
Local line facilities	826,738	820,397	(6,340)
Long-distance line facilities	8,497	8,119	(377)
Engineering facilities	647,060	641,885	(5,175)
Submarine line facilities	5,177	4,908	(268)
Buildings	555,067	546,426	(8,640)
Construction in progress	38,253	48,662	10,409
Other	250,017	247,048	(2,968)
<b>Intangible fixed assets</b>	94,823	95,786	963
<b>Total non-current assets for telecommunications businesses</b>	3,015,348	2,998,926	(16,421)
<b>Investments and other assets</b>			
Deferred income taxes	391,488	391,460	(27)
Other investments	34,376	32,182	(2,193)
Allowance for doubtful accounts	(713)	(701)	11
<b>Total investments and other assets</b>	425,151	422,941	(2,209)
<b>Total fixed assets</b>	3,440,499	3,421,867	(18,631)
<b>Current assets:</b>			
Cash and bank deposits	111,479	100,216	(11,263)
Notes receivable	14	168	154
Accounts receivable, trade	379,119	344,652	(34,467)
Supplies	34,833	35,098	265
Other current assets	118,116	130,295	12,179
Allowance for doubtful accounts	(3,233)	(2,506)	726
<b>Total current assets</b>	640,329	607,925	(32,404)
<b>TOTAL ASSETS</b>	4,080,829	4,029,793	(51,036)

(Millions of yen)

	March 31, 2005	June 30, 2005	Increase (Decrease)
<b><u>LIABILITIES</u></b>			
<b>Long-term liabilities:</b>			
Long-term borrowings from parent company	1,055,194	1,057,137	1,943
Liability for employees' severance payments	710,090	702,540	(7,549)
Other long-term liabilities	10,112	12,620	2,508
<b>Total long-term liabilities</b>	<b>1,775,397</b>	<b>1,772,299</b>	<b>(3,097)</b>
<b>Current liabilities:</b>			
Current portion of long-term borrowings from parent company	200,090	180,508	(19,582)
Accounts payable, trade	167,218	112,677	(54,541)
Accrued taxes on income	2,481	* 2,311	(169)
Other current liabilities	384,900	435,479	50,579
<b>Total current liabilities</b>	<b>754,690</b>	<b>730,976</b>	<b>(23,713)</b>
<b>TOTAL LIABILITIES</b>	<b>2,530,087</b>	<b>2,503,276</b>	<b>(26,811)</b>
<b><u>SHAREHOLDERS' EQUITY</u></b>			
<b>Common stock</b>	<b>312,000</b>	<b>312,000</b>	<b>—</b>
<b>Capital surplus</b>			
Additional paid-in capital	1,170,054	1,170,054	—
<b>Total capital surplus</b>	<b>1,170,054</b>	<b>1,170,054</b>	<b>—</b>
<b>Earned surplus</b>			
Unappropriated retained earnings for the period	68,670	44,404	(24,265)
<b>Total earned surplus</b>	<b>68,670</b>	<b>44,404</b>	<b>(24,265)</b>
<b>Net unrealized gains (losses) on securities</b>	<b>17</b>	<b>58</b>	<b>40</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,550,741</b>	<b>1,526,516</b>	<b>(24,225)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>4,080,829</b>	<b>4,029,793</b>	<b>(51,036)</b>

Note: \*The Company participates in a consolidated tax return system, which is adopted by NTT (Holding company) and its wholly-owned subsidiaries in Japan, but did not calculate income taxes 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)

	Three months ended June 30, 2004	Three months ended June 30, 2005	Increase(Decrease)	Year ended March 31, 2005
<b>Recurring profits and losses</b>				
<b>Operating revenues and expenses</b>				
<b>Telecommunications businesses</b>				
Operating revenues	489,525	476,685	(12,839)	1,921,025
Operating expenses	465,148	465,581	432	1,846,367
Operating income from telecommunications businesses	24,377	11,104	(13,272)	74,657
<b>Supplementary businesses</b>				
Operating revenues	33,298	32,377	(921)	177,022
Operating expenses	34,464	32,802	(1,661)	181,531
Operating losses from supplementary businesses	(1,165)	(425)	740	(4,508)
Operating income	23,211	10,679	(12,531)	70,148
<b>Non-Operating revenues and expenses</b>				
Non-operating revenues:	13,252	13,308	56	56,074
Interest income	1	1	0	6
Lease income	12,012	11,797	(215)	47,648
Miscellaneous income	1,238	1,510	271	8,419
Non-operating expenses:	10,937	12,190	1,252	46,135
Interest expenses	4,845	4,193	(651)	19,264
Lease expenses	5,359	6,280	920	21,858
Miscellaneous expenses	731	1,716	984	5,012
Recurring profit	25,526	11,798	(13,728)	80,087
<b>Special profits and losses</b>				
Special profits	2,392	1,100	(1,291)	10,170
Special losses	1,795	—	(1,795)	7,181
Income before Income taxes	26,123	12,899	(13,224)	83,077
Corporation, inhabitant, and enterprise taxes	* 10,800	* 5,910	(4,890)	(57,120)
Deferred tax expenses (benefits)	* —	* —	—	99,100
Net income	15,323	6,989	(8,334)	41,097
Unappropriated retained earnings brought forward	27,572	37,415	9,842	27,572
Unappropriated retained earnings for the period	42,896	44,404	1,508	68,670

Note: \*The Company participates in a consolidated tax return system, which is adopted by NTT (Holding company) and its wholly-owned subsidiaries in Japan, but did not calculate income taxes 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)

	Three months ended June 30, 2004	Three months ended June 30, 2005	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2005
Voice transmission services revenues (excluding the amounts of IP services revenues)	350,016	323,812	(26,203)	(7.5%)	1,369,195
Monthly charge revenues*	223,225	198,787	(24,437)	(10.9%)	872,886
Call rates revenues*	52,387	47,289	(5,098)	(9.7%)	198,733
Interconnection call revenues*	51,160	53,934	2,773	5.4%	209,544
IP services revenues	40,283	53,745	13,462	33.4%	180,326
Leased circuit services revenues (excluding the amounts of IP services revenues)	48,290	43,898	(4,391)	(9.1%)	174,392
Telegram services revenues	8,220	8,049	(171)	(2.1%)	31,180
Other telecommunications services revenues	42,714	47,179	4,464	10.5%	165,929
Telecommunications total revenues	489,525	476,685	(12,839)	(2.6%)	1,921,025
Related business total revenues	33,298	32,377	(921)	(2.8%)	177,022
Total operating revenues	522,823	509,063	(13,760)	(2.6%)	2,098,048

\* Partial listing only

## 4. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Three months ended June 30, 2004	Three months ended June 30, 2005	Increase (Decrease)	Year ended March 31, 2005
<b>I Cash flows from operating activities:</b>				
Income before income taxes	26,123	12,899	(13,224)	83,077
Depreciation and amortization	109,896	109,606	(290)	435,060
Loss on disposal of property, plant and equipment	10,819	8,268	(2,551)	33,319
Increase (decrease) in liability for employees' severance payments	(8,356)	(7,549)	806	(80,346)
(Increase) decrease in accounts receivable	37,860	34,586	(3,274)	1,956
(Increase) decrease in inventories	1,295	(265)	(1,560)	4,606
Increase (decrease) in accounts payable and accrued expenses	(175,504)	(154,981)	20,523	(6,390)
(increase) decrease in receivable consumption tax	—	62	62	(62)
Increase (decrease) in accrued consumption tax	4,015	4,739	724	(2,652)
Other	(2,658)	(2,357)	301	(3,381)
Sub-total	3,490	5,007	1,517	465,187
Interest and dividends received	92	106	14	283
Interest paid	(4,970)	(4,554)	416	(19,698)
Income taxes received (paid)	(185)	(194)	(8)	52,439
Net cash provided by (used in) operating activities	(1,572)	365	1,938	498,212
<b>II Cash flows from investing activities:</b>				
Payments for property, plant and equipment	(98,845)	(127,618)	(28,772)	(381,332)
Proceeds from sale of property, plant and equipment	2,812	1,672	(1,139)	13,567
Acquisition of investments	(2,280)	(1,000)	1,280	(3,678)
Proceeds from sale of investments	134	1,503	1,368	2,239
Other	890	535	(354)	(197)
Net cash provided by (used in) investing activities	(97,287)	(124,906)	(27,618)	(369,401)
<b>III Cash flows from financing activities:</b>				
Proceeds from issuance of long-term debt	50,000	46,707	(3,292)	190,000
Payments for settlement of long-term debt	(33,737)	(64,346)	(30,609)	(276,201)
Increase (decrease) in short-term borrowings	120,000	153,000	33,000	2,000
Dividends paid	(34,494)	(31,200)	3,294	(34,494)
Net cash provided by (used in) financing activities	101,767	104,160	2,392	(118,696)
<b>IV Net increase (decrease) in cash and cash equivalents</b>	2,907	(20,379)	(23,286)	10,114
<b>V Cash and cash equivalents at beginning of period</b>	118,806	128,920	10,114	118,806
<b>VI Cash and cash equivalents at end of period</b>	121,713	108,541	(13,172)	128,920