

November 7, 2014

FOR IMMEDIATE RELEASE

NTT Com Announces Financial Results for the Six Months Ended September 30, 2014

TOKYO, JAPAN — NTT Communications Corporation (NTT Com) announced today its financial results for the six months ended September 30, 2014. Please see the following attachments for further details:

- I. Non-Consolidated Comparative Balance Sheets
- II. Non-Consolidated Comparative Statements of Income
- III. Business Results (Non-Consolidated Operating Revenues)
- IV. Non-Consolidated Comparative Statements of Cash Flows
- V. Financial Results of NTT Communications Group

About NTT Communications Corporation

NTT Communications provides consultancy, architecture, security and cloud services to optimize the information and communications technology (ICT) environments of enterprises. These offerings are backed by the company's worldwide infrastructure, including the leading global tier-1 IP network, the Arcstar Universal One™ VPN network reaching 196 countries/regions, and 130 secure data centers worldwide. NTT Communications' solutions leverage the global resources of NTT Group companies including Dimension Data, NTT DOCOMO and NTT DATA.

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I. Non-Consolidated Comparative Balance Sheets
(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2014	September 30, 2014	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	139,476	142,266	2,789
Antenna facilities	1,682	1,634	(47)
Terminal equipment	736	767	31
Local line facilities	748	702	(46)
Long-distance line facilities	6,778	6,313	(464)
Engineering facilities	53,122	52,377	(744)
Submarine line facilities	16,018	14,400	(1,618)
Buildings	177,326	176,548	(778)
Construction in progress	24,265	21,551	(2,714)
Other	84,762	83,354	(1,407)
Total property, plant and equipment	504,916	499,916	(4,999)
Intangible fixed assets	87,002	87,560	557
Total fixed assets - telecommunications businesses	591,918	587,476	(4,441)
Investments and other assets			
Investment securities	162,857	182,325	19,467
Investments in subsidiaries and affiliated companies	277,600	284,226	6,625
Other investments and assets	40,997	42,257	1,259
Allowance for doubtful accounts	(218)	(197)	21
Total investments and other assets	481,237	508,612	27,374
Total fixed assets	1,073,156	1,096,088	22,932
Current assets:			
Cash and bank deposits	17,218	12,009	(5,208)
Notes receivable	266	93	(172)
Accounts receivable, trade	163,644	143,218	(20,426)
Supplies	10,201	10,771	570
Other current assets	102,455	95,559	(6,895)
Allowance for doubtful accounts	(1,582)	(1,439)	142
Total current assets	292,204	260,214	(31,990)
TOTAL ASSETS	1,365,361	1,356,303	(9,058)

(Millions of yen)

	March 31, 2014	September 30, 2014	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	146,720	95,040	(51,680)
Liability for employees' retirement benefits	86,833	85,628	(1,204)
Reserve for point services	3,063	2,660	(403)
Reserve for unused telephone cards	4,637	4,354	(283)
Asset retirement obligations	1,467	1,507	39
Other long-term liabilities	17,175	23,589	6,413
Total long-term liabilities	259,897	212,780	(47,117)
Current liabilities:			
Current portion of long-term borrowings from parent company	3,360	53,360	50,000
Accounts payable, trade	37,246	23,211	(14,034)
Short-term borrowings	8,736	29,551	20,814
Accrued taxes on income	6,190	7,542	1,352
Allowance for losses on construction	1,188	1,037	(151)
Asset retirement obligations	-	25	25
Other current liabilities	184,394	146,476	(37,918)
Total current liabilities	241,116	261,204	20,088
TOTAL LIABILITIES	501,014	473,984	(27,029)
NET ASSETS			
Shareholders' equity:			
Common stock	211,763	211,763	-
Capital surplus	131,615	131,615	-
Earned surplus	446,563	451,633	5,069
Total shareholders' equity	789,942	795,012	5,069
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	74,404	87,305	12,901
Total unrealized gains (losses), translation adjustments, and others	74,404	87,305	12,901
TOTAL NET ASSETS	864,347	882,318	17,971
TOTAL LIABILITIES AND NET ASSETS	1,365,361	1,356,303	(9,058)

Note: *NTT Com 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.

II. Non-Consolidated Comparative Statements of Income
(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014	Increase (Decrease)	Year ended March 31, 2014
Telecommunications businesses:				
Operating revenues	374,762	352,068	(22,694)	742,669
Operating expenses	317,382	309,121	(8,261)	636,374
Operating income from telecommunications businesses	57,379	42,947	(14,432)	106,295
Supplementary businesses:				
Operating revenues	81,180	87,164	5,984	201,359
Operating expenses	78,510	82,344	3,834	194,188
Operating income from supplementary businesses	2,670	4,820	2,149	7,171
Operating income	60,050	47,767	(12,283)	113,466
Non-operating revenues:				
Interest income	155	110	(45)	280
Dividends received	8,668	11,864	3,196	10,244
Lease and rental income	6,531	6,015	(516)	12,987
Miscellaneous income	1,803	233	(1,569)	3,987
Total non-operating revenues	17,158	18,224	1,065	27,499
Non-operating expenses:				
Interest expenses	778	814	35	1,569
Lease and rental expenses	2,809	2,991	182	5,731
Miscellaneous expenses	1,411	156	(1,254)	1,081
Total non-operating expenses	4,999	3,962	(1,037)	8,382
Recurring profit	72,209	62,029	(10,180)	132,583
Special profits	16,169	-	(16,169)	16,169
Special losses	1,152	-	(1,152)	6,019
Income before income taxes	87,226	62,029	(25,196)	142,733
Income taxes	* 33,812	* 21,286	(12,525)	53,774
Net income	53,413	40,742	(12,670)	88,959

Note: *NTT Com 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.

III. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2014
Cloud Computing Platforms	23,404	29,997	6,592	28.2	52,922
Data Networks	197,845	186,265	(11,579)	(5.9)	391,505
Voice Communications	150,177	137,309	(12,868)	(8.6)	296,438
Applications & Content	17,906	19,032	1,125	6.3	36,906
Solution Services	58,883	58,888	5	0.0	150,651
Others	7,724	7,740	15	0.2	15,604
Total operating revenues	455,943	439,233	(16,709)	(3.7)	944,028

*Details of business results are represented by business line from the fiscal year ended March 31, 2014.
Business results per item are shown below.

(Reference) Business Results (Per item)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2014
Voice transmission services revenues (excluding IP services revenues)	138,332	125,100	(13,231)	(9.6)	272,179
IP services revenues	184,345	178,525	(5,820)	(3.2)	367,015
Open computer network services revenues*	77,040	76,268	(771)	(1.0)	153,580
VPN services revenues*	79,539	76,540	(2,998)	(3.8)	159,024
Data communications revenues (excluding IP services revenues)	31,605	26,877	(4,727)	(15.0)	61,232
Leased circuit services revenues*	23,249	18,780	(4,468)	(19.2)	44,628
Solution services revenues	88,943	96,641	7,698	8.7	217,746
Others	12,716	12,086	(629)	(5.0)	25,854
Total operating revenues	455,943	439,233	(16,709)	(3.7)	944,028

*Partial listing only

IV. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014	Increase (Decrease)	Year ended March 31, 2014
Cash flows from operating activities:				
Income before income taxes	87,226	62,029	(25,196)	142,733
Depreciation and amortization	52,520	52,462	(58)	104,343
Loss on disposal of property, plant and equipment	934	726	(207)	3,295
Gains on sales of fixed assets	(16,728)	(13)	16,714	(17,465)
Increase (decrease) in allowance for doubtful accounts	(332)	(163)	168	(580)
Increase (decrease) in liability for employees' retirement benefits	2,730	(1,204)	(3,935)	2,706
Write-off of investments in affiliated companies	-	-	-	3,774
(Increase) decrease in accounts receivable	43,734	24,477	(19,257)	19,685
(Increase) decrease in inventories	(2,936)	(2,594)	342	(1,753)
Increase (decrease) in accounts payable and accrued expenses	(35,548)	(33,346)	2,202	(5,501)
Increase (decrease) in accrued consumption tax	(1,345)	2,473	3,819	(2,078)
Other	(16,603)	(17,206)	(603)	(11,513)
Sub-total	113,650	87,639	(26,010)	237,645
Interest and dividends received	8,863	11,978	3,114	10,565
Interest paid	(816)	(818)	(2)	(1,569)
Income taxes received (paid)	(53,447)	(37,683)	15,763	(62,849)
Net cash provided by (used in) operating activities	68,250	61,115	(7,134)	183,792
Cash flows from investing activities:				
Payments for property, plant and equipment	(46,767)	(53,280)	(6,513)	(140,615)
Proceeds from sale of property, plant and equipment	17,182	48	(17,133)	18,601
Payments for purchase of investment securities	(9,440)	(8,310)	1,130	(145,747)
Proceeds from sale of investment securities	41	532	491	70
Net increase (decrease) in short-term loans	6,994	-	(6,994)	6,994
Other	2,724	884	(1,840)	20,817
Net cash provided by (used in) investing activities	(29,264)	(60,125)	(30,861)	(239,878)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	-	-	-	90,000
Payments for settlement of long-term debt	(1,793)	(1,680)	113	(3,586)
Net increase (decrease) in short-term borrowings	4,897	20,814	15,917	8,006
Payments for settlement of lease obligations	(2,467)	(1,839)	627	(4,756)
Dividends paid	(33,500)	(37,500)	(3,999)	(33,500)
Net cash provided by (used in) financing activities	(32,863)	(20,205)	12,657	56,162
Effect of exchange rate changes on cash and cash equivalents	863	1,564	700	2,371
Net increase (decrease) in cash and cash equivalents	6,986	(17,651)	(24,637)	2,448
Cash and cash equivalents at beginning of period	52,124	54,573	2,448	52,124
Cash and cash equivalents at end of period	59,111	36,921	(22,189)	54,573

V. Financial Results of NTT Communications Group

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014	Increase (Decrease)	Percent Increase (Decrease)
Operating revenues	589,526	603,779	14,253	2.4
Operating expenses	527,229	545,979	18,750	3.6
Operating income	62,297	57,800	(4,497)	(7.2)