



# News Release

NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION

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## Financial Statements for the First Quarter Ended June 30, 2004

The results of Nippon Telegraph and Telephone East Corporation (NTT East) for the First Quarter ended June 30, 2004 are presented in the following attachments.

(Attachments)

1. Non-consolidated Balance Sheets
2. Non-consolidated Statements of Income
3. Business Results (Non-consolidated Operating Revenues)
4. Non-consolidated Statements of Cash Flows

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**NON-CONSOLIDATED BALANCE SHEETS**  
**(Based on accounting principles generally accepted in Japan)**

	<u>March 31, 2004</u>	<u>June 30, 2004</u>	
	Millions of Yen	Millions of Yen	* Millions of US\$
<b><u>ASSETS</u></b>			
FIXED ASSETS	3,664,084	3,643,871	33,739
CURRENT ASSETS	642,633	549,401	5,087
<b>TOTAL ASSETS</b>	<b><u>4,306,718</u></b>	<b><u>4,193,272</u></b>	<b><u>38,826</u></b>
<b><u>LIABILITIES</u></b>			
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt	1,010,103	1,012,003	9,370
Liability for employees' severance payments	728,580	721,547	6,680
Other	6,207	6,059	56
<b>Total long-term liabilities</b>	<b><u>1,744,890</u></b>	<b><u>1,739,611</u></b>	<b><u>16,107</u></b>
<b>CURRENT LIABILITIES:</b>			
Current portion of long-term debt	95,559	107,294	993
Accounts payable, trade	170,463	81,329	753
Accounts payable, other	324,058	220,793	2,044
Accrued taxes on income	146	** 4,190	38
Other	77,950	162,680	1,506
<b>Total current liabilities</b>	<b><u>668,178</u></b>	<b><u>576,289</u></b>	<b><u>5,336</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>2,413,069</u></b>	<b><u>2,315,900</u></b>	<b><u>21,443</u></b>
<b><u>SHAREHOLDERS' EQUITY</u></b>			
Common stock	335,000	335,000	3,101
Additional paid-in capital	1,499,726	1,499,726	13,886
Unappropriated retained earnings for the period	57,985	41,604	385
Net unrealized gains (losses) on securities	936	1,041	9
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b><u>1,893,648</u></b>	<b><u>1,877,372</u></b>	<b><u>17,383</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>4,306,718</u></b>	<b><u>4,193,272</u></b>	<b><u>38,826</u></b>

Note: \*Yen amounts have been translated, for convenience only, at ¥108 =US\$1.00, the approximate exchange rate on June 30, 2004. Fractions are rounded down.

\*\*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 this quarter.

Attachment 2

**NON-CONSOLIDATED STATEMENTS OF INCOME**  
**(Based on accounting principles generally accepted in Japan)**

	Year Ended <u>March 31, 2004</u>	First Quarter Ended <u>June 30, 2004</u>	
	Millions <u>of Yen</u>	Millions <u>of Yen</u>	* Millions <u>of US\$</u>
OPERATING REVENUES	2,267,184	531,397	4,920
OPERATING EXPENSES	2,180,778	507,923	4,702
OPERATING INCOME	86,406	23,473	217
NON-OPERATING REVENUES	61,277	14,016	129
NON-OPERATING EXPENSES	49,830	10,202	94
RECURRING PROFIT	97,853	27,287	252
SPECIAL PROFITS	9,305	1,967	18
SPECIAL LOSSES	6,736	1,684	15
INCOME BEFORE INCOME TAXES	100,422	27,570	255
CORPORATION, INHABITANT, AND ENTERPRISE TAXES	16,237	** 11,400	105
DEFERRED TAX EXPENSES (BENEFITS)	26,200	** ---	---
NET INCOME	<u>57,985</u>	<u>16,170</u>	<u>149</u>

Note: \*Yen amounts have been translated, for convenience only, at ¥ 108=US\$1.00, the approximate exchange rate on June 30, 2004. Fractions are rounded down.

\*\*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 this quarter.

## Attachment 3

**BUSINESS RESULTS (NON-CONSOLIDATED OPERATING REVENUES)****(Based on accounting principles generally accepted in Japan)**

(Millions of Yen)

Services	First Quarter Ended June 30, 2004	Year Ended March 31, 2004
<b>Voice Transmission Services</b> <b>Major Items:</b> <b>ISDN Services</b> <b>Data Transmission Services</b> <b>Leased Circuit Services</b> <b>Telegram Services</b> <b>Other Services</b> <b>Telecommunications</b> <b>Total Revenues</b>	 <b>358,978</b>  <b>96,990</b> <b>26,067</b> <b>78,230</b> <b>7,438</b> <b>28,618</b> <b>499,333</b>	 <b>1,506,971</b>  <b>424,385</b> <b>86,168</b> <b>313,333</b> <b>30,992</b> <b>165,346</b> <b>2,102,812</b>
<b>Related Business</b> <b>Total Revenues</b>	 <b>32,064</b>	 <b>164,371</b>
<b>Total Operating Revenues</b>	 <b>531,397</b>	 <b>2,267,184</b>

Note: Fractions are rounded down.

**NON-CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Based on accounting principles generally accepted in Japan)**

	Year Ended	First Quarter Ended	
	<u>March 31, 2004</u>	<u>June 30, 2004</u>	
	Millions of Yen	Millions of Yen	* Millions of US\$
<b>Cash flows from operating activities:</b>			
Income before income taxes	100,422	27,570	255
Depreciation and amortization	465,913	114,746	1,062
Loss on disposal of property, plant and equipment	45,879	9,840	91
Increase (decrease) in liability for employees' severance payments	(63,293)	(7,032)	(65)
(Increase) decrease in accounts receivable	5,654	25,025	231
Increase (decrease) in accounts payable and accrued expenses	(7,316)	(184,304)	(1,706)
Increase (decrease) in accrued consumption tax	1,332	4,837	44
Other	(48,441)	(13,703)	(126)
Sub-total	500,151	(23,018)	(213)
Interest and dividends received	1,216	145	1
Interest paid	(20,919)	(3,463)	(32)
Income taxes received (paid)	57,412	(145)	(1)
Net cash provided by (used in) operating activities	537,861	(26,482)	(245)
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment	(377,906)	(113,940)	(1,055)
Acquisition of investments	(1,564)	(29)	(0)
Other	(1,313)	396	3
Net cash provided by (used in) investing activities	(380,784)	(113,573)	(1,051)
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of long-term debt	10,000	17,950	166
Payments for settlement of long-term debt	(143,373)	(4,313)	(39)
Dividends paid	(3,035)	(32,495)	(300)
Other	(55,000)	73,100	676
Net cash provided by (used in) financing activities	(191,408)	54,241	502
Net increase (decrease) in cash and cash equivalents	(34,331)	(85,815)	(794)
Cash and cash equivalents at beginning of period	220,619	186,287	1,724
Cash and cash equivalents at end of period	186,287	100,472	930

Note: \* Yen amounts have been translated, for convenience only, at ¥ 108=US\$1.00, the approximate exchange rate on June 30, 2004. Fractions are rounded down.