

FINANCIAL RESULTS

【Second Quarter Financial Statements】

- Fiscal Year Ending March 31, 2013 -

1. Balance Sheets

(¥ in millions)

	Prior Year End (As of March 31, 2012)	Current 2nd-qr End (As of September 30, 2012)
(ASSETS)		
I Current assets		
1 Cash and deposits	40,066	38,192
2 Accounts receivable-trade	36,595	36,084
3 Merchandise	4,415	3,758
4 Accounts receivable-other	32,163	37,286
5 Income taxes receivable	3	-
6 Other current assets	12,389	10,725
7 Allowance for bad debt	(3,457)	(3,341)
Total current assets	122,173	122,704
II Fixed assets		
1 Tangible fixed assets		
(1) Wireless telecommunications equipments	115,533	115,005
(2) Others, net	32,687	35,621
Total tangible fixed assets	148,220	150,626
2 Intangible fixed assets		
3 Investments and other assets		
(1) Investments and others	40,470	40,507
(2) Allowance for bad debt	(174)	(187)
Total investments and other assets	40,296	40,319
Total fixed assets	229,020	228,801
III Deferred assets		
1 Bond issuance cost	1,119	1,005
Total deferred assets	1,119	1,005
TOTAL ASSETS	352,312	352,510

1. Balance Sheets (Continued)

(¥ in millions)

	Prior Year End (As of March 31, 2012)	Current 2nd-qr End (As of September 30, 2012)
(LIABILITIES)		
I Current liabilities		
1 Accounts payable-trade	5,593	3,711
2 Short-term debt	-	6,300
3 Current maturities of bonds	1,580	526
4 Current portion of long-term debt	29,099	33,914
5 Other accounts payable	26,880	30,245
6 Accrued expenses	5,947	6,419
7 Income tax payable	121	276
8 Other current liabilities	15,889	17,578
Total current liabilities	85,109	98,969
II Long-term liabilities		
1 Bonds, less current maturities	67,502	63,643
2 Long-term debt, less current portion	105,676	95,221
3 Other long-term liabilities	7,654	8,815
Total long-term liabilities	180,832	167,680
TOTAL LIABILITIES	265,941	266,649
(NET ASSETS)		
I Shareholders' equity		
1 Capital stock	18,503	18,503
2 Capital surplus	49,251	49,251
3 Retained earnings	17,524	16,984
Total shareholders' equity	85,277	84,738
II Valuation and translation adjustments		
1 Valuation adjustment on securities investments	35	29
2 Deferred hedge gain / (loss)	1,059	1,079
Total valuation and translation adjustments	1,094	1,108
Subscription rights to shares	-	15
TOTAL NET ASSETS	86,371	85,861
TOTAL LIABILITIES AND NET ASSETS	352,312	352,510

2. Statement of Operations

(¥ in millions)

	Prior 2nd-qtr (Six months ended September 30, 2011)	Current 2nd-qtr (Six months ended September 30, 2012)
I Revenue	96,592	108,465
II Cost of revenue	39,107	42,566
Gross profit	57,485	65,900
III Selling, general and administrative expenses	44,063	57,290
Operating profit	13,421	8,610
IV Non-operating income		
1 Interest income	6	80
2 Dividend income	2	2
3 Gain on bad debts recovered	76	64
4 Interest on refund	63	-
5 Others	51	28
Total non-operating income	198	174
V Non-operating expenses		
1 Interest expense	5,259	4,637
2 Others	1,198	1,072
Total non-operating expenses	6,457	5,710
Recurring profit	7,162	3,075
VI Non-recurring profit		
1 Gain on sales of fixed assets	4	2
2 Compensation for the loss of fixed asset retirement	-	455
3 Contribution for the shared network facilities	-	307
Total non-recurring profit	4	764
VII Non-recurring loss		
1 Loss on disposition of fixed assets	87	607
Total non-recurring loss	87	607
Income before income taxes	7,079	3,231
Income / (Loss) tax expense-current	8	72
Income / (Loss) tax expense-deferred	-	(553)
Total income taxes	8	(481)
Net income	7,070	3,712

3. Statement of Cash Flows

(¥ in millions)

	Prior 2nd-qtr (Six months ended September 30, 2011)	Current 2nd-qtr (Six months ended September 30, 2012)
I Cash flows from operating activities		
1 Income before income taxes	7,079	3,231
2 Depreciation	18,726	19,048
3 Loss (gain) on sales of fixed assets	(4)	(2)
4 Loss on disposition of fixed assets	87	607
5 Amortization of bond issuance cost	119	114
6 Compensation for the loss of fixed asset retirement	-	(455)
7 Contribution for the shared network facilities	-	(307)
8 Other loss (gain)	(71)	25
9 Increase (decrease) in allowance for bad debt	(285)	(102)
10 Increase (decrease) in allowance for disaster loss	(22)	-
11 Interest and dividend income	(8)	(82)
12 Interest expense	5,259	4,637
13 Commission expense	1,014	933
14 Decrease (increase) in accounts receivable-trade	1,832	510
15 Decrease (increase) in inventories	(436)	635
16 Decrease (increase) in accounts receivable-other	2,446	(3,445)
17 Decrease (increase) in other assets	1,421	1,052
18 Increase (decrease) in accounts payable-trade	543	(1,882)
19 Increase (decrease) in other accounts payable	(115)	(1,308)
20 Increase (decrease) in accrued expenses	(2,138)	448
21 Increase (decrease) in other liabilities	(455)	230
Subtotal	34,992	23,889
22 Interest and dividend received	7	81
23 Interest paid	(5,199)	(4,632)
24 Income taxes paid	(24)	(13)
25 Income taxes refund	2,581	3
Net cash provided by (used in) operating activities	32,357	19,328
II Cash flows from investing activities		
1 Proceeds from time deposits at maturity	2,500	-
2 Placement into time deposits	(2,500)	-
3 Decrease (increase) in restricted deposit	(471)	(127)
4 Purchase of stocks of subsidiaries and affiliates	-	(255)
5 Purchase of tangible fixed assets	(17,111)	(13,012)
6 Proceeds from sales of tangible fixed assets	15	2
7 Purchase of intangible fixed assets	(2,983)	(3,248)
8 Proceeds from contribution for the shared network facilities	-	603
9 Others	(18)	(17)
Net cash provided by (used in) investing activities	(20,569)	(16,054)
III Cash flows from financing activities		
1 Repayments of capital lease obligations	(451)	(123)
2 Proceeds from sales and redemption by installment payment	6,188	8,951
3 Repayments of installment obligations	(8,372)	(8,771)
4 Proceeds from short-term debt	-	6,300
5 Proceeds from long-term debt	4,756	6,002
6 Repayments of long-term debt	(65,344)	(11,643)
7 Payments for arrangement of interest bearing debt	(1,859)	(681)
8 Proceeds from issuance of bonds	55,997	-
9 Redemption of bonds	(4,024)	(1,054)
10 Proceeds from stock issuance, net	41	-
11 Purchase of preferred stock	-	(2,774)
12 Dividends paid	(1,480)	(1,475)
Net cash provided by (used in) financing activities	(14,550)	(5,268)
IV Effect of exchange rate change on cash and cash equivalents	-	(7)
V Net change in cash and cash equivalents	(2,761)	(2,001)
VI Cash and cash equivalents at the beginning of the period	43,397	38,412
VII Cash and cash equivalents at the end of the period	40,637	36,411