

Balance Sheet

(As of March 31, 2011)

(Unit: thousand yen)

ASSETS		LIABILITIES		
Current assets Cash on hand and in banks Accounts due for completed work Accounts-receivable-trade Accounts-receivable Expense for uncompleted work Materials and supplies Advance charges Advance payment Deferred tax asset Short-term loan for associated company Other current assets Allowance for bad debt Total current assets	166,210 1,651,090 232,436 600,325 159,042 428,279 46,257 28,835 72,641 120,000 2,873 -32,920 3,475,072	Current liabilities Accounts payable for construction Short-term debt Accounts payable for construction Accrued expense Lease obligations Accrued income tax, etc. Accrued consumption tax, etc. Advance receipt Other current liabilities Total current liabilities	524,882 125,273 200,947 90,942 28,068 276,728 16,419 101,211 14,939 1,379,413	
Fixed assets Tangible fixed assets Buildings Machinery, equipment and vehicles Tools, furniture and fixtures Land Lease assets Construction in progress Total tangible assets	287,697 570,605 166,217 201,449 31,072 319,763 1,576,805	Fixed liabilities Lease obligations Reserve for retirement allowance Provision for directors' retirement benefits Other fixed liabilities Total fixed liabilities	50,229 130,421 4,861 220 185,733	
		Total	Liabilities	1,565,146
		Net Assets		
Intangible fixed assets Software Telephone subscription right Total intangible assets	32,846 2,623 35,470	Capital stock Stock Earned surplus Earned reserve Other earned surplus Retains earnings brought forward Total earned surplus Total capital stock	1,400,000 350,000 1,860,709 2,210,709 3,610,709	
Investment and other assets Investment securities Shares in affiliates Security and bond Prepaid pension expense Deferred tax asset Other investment, etc. Total investment and other assets Total fixed assets	298 106 215 3,474 77,812 6,600 88,508 1,700,784	Total	Net Assets	3,610,709
Total Assets	5,175,856	Total liabilities and net assets		5,175,856

Profit and Loss Statement

From April 1, 2010
To March 31, 2011

(Unit: Thousand yen)

Sales volume		
Sales from installation	3,744,220	
Sales from maintenance	3,738,060	7,482,280
Cost of sales		
Cost of sales from installation work	3,035,746	
Cost of sales form maintenance	2,280,158	5,315,904
Gross operating profit		
Total profit from installation	708,473	
Total profit from maintenance	1,457,902	2,166,375
Selling, general and administrative expenses		1,277,514
Operating profit		888,860
Non-operating profit		
Interest earned	962	
Repayment money of insurance	986	
Repayment of oversea tax and dues	6,784	
Other non-operating profit	1,929	10,663
Non-operating expense		
Interest cost	1,500	
Exchange loss	22,760	24,261
Ordinary profit		875,262
Extraordinary profit		
Gain from sale of fixed asset	95	
Profit from prior period adjust	10,842	10,937
Extraordinary loss		
Loss from fixed asset disposal	20,537	20,537
Current net profit before tax		865,662
Corporate tax, inhabitant tax, and business tax		284,624
Income taxes-deferred		-162,370
Current net profit		743,409

Statement of Changes in Shareholders' Equity

From April 1, 2010
To March 31, 2011

(Unit: Thousand yen)

	Shareholders' equity					Total net assets
	Capital stock	Profit surplus			Total shareholders' equity	
		Profit Reserve	Other profit surplus	Total profit surplus		
			Earned surplus carried forward			
Balance at the end of the proceeding term	1,400,000	350,000	1,177,300	1,527,300	2,927,300	2,927,300
Current change						
Surplus dividend	—	—	-60,000	-60,000	-60,000	-60,000
Current net profit	—	—	743,409	743,409	743,409	743,409
Total current change	—	—	683,409	683,409	683,409	683,409
Balance at the end of the term	1,400,000	350,000	1,860,709	2,210,709	3,610,709	3,610,709

Individual annotation

Annotation to important accounting policy

1. Evaluation criteria and evaluation method of assets

(1). Evaluation criteria and evaluation method of security

① Stock of affiliated company Historical cost basis by moving average method

② Other securities
Securities with no actual values Historical cost basis by moving average method

(2) Evaluation criteria and evaluation method of derivatives trading

Market value method

(3) Evaluation criteria and evaluation method of inventory assets

① Payment for uncompleted works Historical cost basis by specific identification method

② Raw materials and supplies Heavy oil for ship: Historical cost basis by moving average method
Others: Historical cost basis by first in, first out
(Values on balance sheet is calculated by write-down due to decreased profitability)

2. Depreciation method of fixed assets

(1) Tangible fixed assets (excluded lease asset: Using fixed-rate method. Using straight-line method for buildings and accompanying facilities, and ships.

(2) Intangible fixed assets (excluding lease asset: Using straight-line method based on availability period (five years) for internal use software.

(3) Lease asset

Tangible lease assets To prepare for loss caused by dead loan, estimated uncollectable amount for specific obligations like claim in bankruptcy and rehabilitation claim, etc. out of general obligations allocate calculated with loan loss ratio considering from collectability.

3. Criteria for booking allowance

(1) Allowance for bad debt Book probable amount of uncollectible preparing for bad-debt loss. (Probable amount for general obligation is calculated with loan loss ratio and for special obligation such as bankrupt assets is calculated considering for collectability)

(2) Reserve for retirement allowance To prepare for accrued benefit for employees, reserve for retirement benefit is allocated based on retirement allowance as of end of the fiscal year and estimated amount for pension obligation. Cost for past service cost processes from its accruing with straight-line method based on average remaining service period when start of work. As for actuarial gain or loss will be processed and calculated in the next fiscal year with straight-line method of the employees' average remaining service period. As amount that deducts unrecognized actuarial gain or loss from retirement allowance exceeds pension assets, the excess amount is booked as prepaid pension cost.

(3) Provision for directors' retirement benefits Book necessary amount based on internal rules preparing for paying retirement benefits for directors.

4. Criteria for booking profit and expenses

Criteria for booking completion work and cost of completion works

As for progress at the end of the fiscal year, percentage of completion basis applies to the work that can recognize certainty and completed contract method applies to the other works. Estimation for progress of the works that apply to percentage of completion basis as of end of the fiscal year calculates with cost proportional method.

5. Other important items for preparing finance documents

(1) Criteria for converting foreign assets and liabilities to yen currency

Foreign currency receivable: Convert foreign currency to yen according to exchange rate at the end of business year and difference is processed as profit or loss.

(2) Accounting process of consumption tax

In accordance with tax excluded process.

6. Change of important accounting policy

(1) Accounting criteria for asset retirement obligation

"Accounting criteria on asset retirement obligation" (Accounting Standard No.18, issued on March 31st, 2006) and "Application guideline of accounting criteria on asset retirement obligation" (Application guideline of accounting standard No.21, issued on March 31st, 2008) are applied from shid fiscal year. Nothing impacts on profit and loss.

Annotation to Balance Sheet

1. Accumulated depreciation	2,533,867 Thousand yen
2. Monetary claim and monetary liabilities on affiliate company	
Short-term monetary claim	9,773 Thousand yen
Short-term monetary liabilities	3,852 Thousand yen

Annotation to profit-and-loss sheet

1. Volume of transaction with affiliate company	
Sales volume	927,889 Thousand yen
Selling and general administrative expenses	216,204 Thousand yen
Non-business volume	213 Thousand yen
2. Volume of transaction from completed work with percentage of completion basis	611,366 Thousand yen

Annotation to statement of changes in net assets

1. Number of common stock issued this fiscal year	
Common stock	12,000 Stocks
2. Dividend of surplus in this fiscal year	
(1) Resolution in the regular general meeting of shareholders on June 18th, 2010	
• Dividend of common stock	
Total amount of dividend	60,000 Thousand yen
Dividend amount per a share	5,000 Yen
Base date	31-Mar-10
Date of entry into force	19-Jun-10
(2) The following agenda is submitted to the regular general meeting of the shareholders on June 16th, 2011	
• Dividend of common shareholders	
Total dividend	60,000 Thousand yen
Dividend resource	Earned surplus
Dividend per share	5,000 Yen
Base date	31-Mar-11
Date of entry into force	17-Jun-11

Annotation to tax effect accounting

Major cause of deferred tax asset are reserve for retirement allowance, accrued bonus, and accrued enterprise tax.
Deduct 22,035 thousand yen of valuation allowance from deferred tax asset.
Major cause of difference of corporate tax, etc. Burden ratio between before and after application to normal effective statutory tax rate
and tax effect accounting is decrease in non-deduction item such as entertainment expense, taxation on per capita basis of inhabitant, and valuation reserve.

Annotation to leased fixed asset

Lease asset reported in balance sheet and ship with operating lease agreement

Annotation to financial products

1. Statement of financial products

(1) Policies for dealing with financial products

NTT-WE Marine limits fund management method to short-term deposit, etc. and has a policy of borrowing from NTT-group company.
In addition, derivative is used to avoid exchange risks such as foreign currency receivable, not to make a speculative deal.

(2) Contents of financial products and its risks, and risk management system

Operating-receivables, such as bills receivable and accounts receivable-trade, are exposed to credit-related losses. Controlling due date and managing balance of each customer in accordance with internal regulations to keep credit condition of each customer.

Short-term loan for affiliate company is operating fund for the affiliate company.

Most of operating-receivables, such as accounts payable-trade and accrued liability are within a year of due date.

Short-term debt is a fund-raising for transaction.

Carrying out and managing derivative trading goes along the internal regulations, and using only high credit -rating bank to reduce credit risks for derivative trading.
NTT-WE Marine manages operating liabilities and borrowed money that are exposed to liquidity risk by planning monthly cash management.

2. Time value of financial products

The following chart shows amount in B/S as of March 31st, 2011, time value and difference between the two.
Items that are seemed to be difficult to recognize their time value are excluded.

(Unit Price: thousand yen)

	Amount in B/S	Current price	Difference
(1) Cash on hand and at banks	166,210	166,210	-
(2) Accrued revenue from completed work	1,651,090	1,651,090	-
(3) Accounts receivable-trade	232,436	232,436	-
(4) Accounts due	600,325	600,325	-
(5) Short-term loan for affiliate company (after deducting allowance for bad debt)	87,080	87,080	-
(6) Other investment, etc.	6,500	5,000	1,500
Golf membership	6,500	5,000	1,500
Total assets	2,743,641	2,742,141	1,500
(1) Accrued liability for works	524,882	524,882	-
(2) Short-term borrowing	125,273	125,273	-
(3) Accrued liability	200,947	200,947	-
(4) Accrued income tax, etc.	276,728	276,728	-
(5) Advance receipt	101,211	101,211	-
(5) Lease obligations (current)	28,068	28,778	-710
(6) Lease obligations (fixed)	50,229	49,660	569
Total liabilities	1,307,338	1,307,479	-141

(Note-1) How to calculate time value of financial products

Asset

- (1) Cash and deposit, (2) accounts due for completed works, (3) accounts receivable-trade, (4) accounts due, (5) Short-term loan to affiliated company
Their amount shows book amount because their time value equals to book amount for short period settlement.
- (6) Other investment, etc.
Golf membership that has time value out of other investments shows market price.

Liabilities

- (1) Accrued liability for completed work, (2) Short-term borrowing, (4) Accrued income tax, and (5) Advance receipt, etc.
Value of these liabilities are carrying values as they are short-term settlement and their actual values are almost equal to carrying value.
- (6) Lease liabilities (current) and (7) Lease liabilities (fixed)
Actual lease obligation is a current value that taken assumed interest of the same period of new lease from total principal and interest.

(Note-2) Financial products that are supposed to extremely be difficult to figure out actual values.

(Unit Price: thousand yen)

Category	Amount in B/S
Non-listing shares	298
Shares of affiliated company	106
bearing plate and bond	215

As no market price and difficulty in estimating future cash flow make it difficult to figure out actual values, their actual values are not annotated.

(Note-3) Amount to repay after settlement date of financial products

(Unit Price: thousand yen)

Category	Within a year
Cash and deposit	166,210
Accounts due for completed works	1,651,090
Accounts receivable-trade	232,436
Accounts due	600,325
Short-term loan to affiliate company	87,080
Total	2,737,141

(Note-4) Amount to repay for lease obligations

(Unit Price: thousand yen)

	Within a year	One year or more Within five years
Lease obligations	28,068	50,229

Annotation to transactions with party concerned

1. Parent company and main shareholder company

Attribute	Name of company	Ration of voting right	Actual relation	Contents of dealing	Transaction amount ('000 yen)	Subject	Term end balance('000 yen)
Parent company	NTT Communications Corporation	75.00% Direct	Construction and maintenance of telecom facility of NTT Communications	Installation and maintenance of submarine cable(*1)	925,955	Account receivable-trade	6,660
Main shareholder (company)	Global Marine Systems Limited	25.00% Direct	Rental ship for maintenance work of submarine cable	Charter contract (*1)	369,235	Prepaid expense	771

(Note) 1 Consumption tax is not included in transaction amount showing above. Term end balance is included consumption tax.

2 Trade conditions and its policy, etc

(*1) Considering market price, decided as the same condition as common condition.

2. Fellow subsidiary companies, etc.

Attribute	Name of company	Ratio of voting right	Actual relation	Contents of dealing	Transaction amount ('000 yen)	Subject	Term end balance('000 yen)
Subsidiary of Fellow company	NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION	-	Construction and maintenance of telecom facility of NTT EAST	Installation and maintenance of submarine cable(*1)	974,697	Account receivable-trade	372
Subsidiary of Fellow company	NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION	-	Construction and maintenance of telecom facility of NTT WEST	Installation and maintenance of submarine cable(*1)	2,222,694	Accrued revenue for completed works	226,380
Subsidiary of --	NTT FACILITIES, INC.	-	Construction and maintenance of telecom facility of NTT FACILITIES	Installation and maintenance of electric generation(*1)	436,800	Account receivable-trade	208,190
Subsidiary of Fellow company	NTT FINANCE CORPORATION	-	Borrowing fund	Deposit of surplus(*2)	310,419	Short-term borrowing	125,273
				Borrowing fund	91,033		
				Interest received by deposit of surplus(*3)	734		
				Interest cost by borrowing fund (*3)	171		
			Fund settlement of NTT group trade	Fund settlement of NTT group trade	3,092,414	Accounts due Payment due	596,367 -

(Note) 1 Consumption tax is not included in transaction amount showing above. Term end balance is included consumption tax.

2 Trade conditions and its policy, etc.

(*1) Considering market price, decided as the same condition as common condition.

(*2) We deposit surplus.

(*3) Interest for deposit of surplus and borrowing fund are determined reasonably considering for market interest rate.

(*4) Transaction amount shows average balance within the fiscal year by using cash management system of NTT Finance.

3. Subsidiary company, etc. showing above are the ones of Nippon Telecom and Telephone Corporation which is our ultimate parente corpotaion.

3. Affiliate companies

Attribute	Name of company	Ration of voting right	Actual relation	Contents of dealing	Transaction amount ('000 yen)	Subject	Term end balance('000 yen)
Subsidiary company	NTT-WORLD ENGINEERING MARINE PANAMA CORPORATION	100.00% Direct	Rental of ship for cable maintenance	Lending fund(*1)	-	Short-term loan to associated companies Interest revenue	120,000 59
				Interest revenue with lending fund(*1)	213		

(Note) 1 Consumption tax is not included in transaction amount showing above. Term end balance is included consumption tax.

2 Trade conditions and its policy, etc.

(*1) Interest of fund lending is decided reasonably considering market interest rate. Bonds are not accepted.

Notification on information per share

1. Net asset amount per share	300,892.49 Yen
2. Current net profit per share	61,950.78 Yen