[Translation]

Quarterly Securities Report

(The Second Quarter of the 35th Business Term)
From July 1, 2019 to September 30, 2019

NIPPON TELEGRAPH AND TELEPHONE CORPORATION

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[Note]

This document is an English translation of certain items that were disclosed in NTT's Quarterly Securities Report for the six-month period ended September 30, 2019, which NTT filed on November 6, 2019 with the Financial Services Agency of Japan.

The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT in light of information currently available to it regarding NTT and its subsidiaries and affiliates, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT and its subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in NTT's most recent Annual Securities Report and in any other materials publicly disclosed by NTT on its websiteon.

[Cover]

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Item 1. Overview of the company

1. Selected Financial Data

IFRS

		Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	Fiscal year ended March 31, 2019
Operating revenues	Millions of yen	5,793,199 [2,940,467]	5,889,551 [2,974,113]	11,879,842
Profit before taxes	Millions of yen	1,078,318	1,001,859	1,671,861
Profit attributable to NTT	Millions of yen	559,726 [269,980]	547,670 [267,140]	854,561
Comprehensive income (loss) attributable to NTT	Millions of yen	611,248	485,368	826,154
NTT shareholders' equity	Millions of yen	9,418,270	9,036,550	9,264,913
Total assets	Millions of yen	21,719,758	22,233,561	22,295,146
Basic earnings per share attributable to NTT	Yen	286.50 [138.43]	291.05 [143.68]	440.25
Diluted earnings per share attributable to NTT	Yen	—	—	—
Equity ratio (Ratio of NTT Shareholders' Equity to Total Assets)	%	43.4	40.6	41.6
Net cash provided by operating activities	Millions of yen	1,207,903	1,534,384	2,406,157
Net cash used in investing activities	Millions of yen	(906,253)	(776,485)	(1,774,136)
Net cash used in financing activities	Millions of yen	(311,057)	(764,151)	(584,266)
Cash and cash equivalents at end of period	Millions of yen	889,643	927,957	946,134

Notes: (1) NTT's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

(2) As NTT prepares condensed consolidated financial statements, changes in the non-consolidated financial data, are not provided.

(3) Operating revenues do not include consumption taxes.

(4) Diluted earnings per share attributable to NTT is not stated because NTT did not have potentially dilutive common shares that were outstanding during the period.

(5) The figures of "Operating revenues," "Profit attributable to NTT," and "Basic earnings per share attributable to NTT" in square brackets are those for the three months ended September 30, 2018 and 2019, respectively.

2. Description of Business

The principal business segments of NTT Group (NTT and its affiliated companies) are its mobile communications business, regional communications business, long distance and international communications business, and data communications business.

There were no material changes in NTT Group's business during the six months ended September 30, 2019.

In order to clarify the global management structure of NTT's global operating companies and to develop business under the NTT-branded global operating company "NTT Ltd.", NTT Group consolidated the overseas businesses of NTT Communications Corporation ("NTT Communications"), Dimension Data Holdings ("Dimension Data") and NTT Security Corporation ("NTT Security") and established NTT Ltd. in July 2019. In addition, NTT Ltd. received, by contributions-in-kind, (1) from NTT, Inc. (a subsidiary of NTT), all shares of Dimension Data and all shares of NTT Security, and certain other items, and (2) from NTT Communications, shares of overseas business-related subsidiaries and certain other items.

As a result of the above, NTT Ltd. became a material affiliated company in the long distance and international communications segment.

Item 2. Business Overview

1. Risk Factors

There were no risks newly identified during the six months ended September 30, 2019. There was no material change in risk factors which were described in NTT's Annual Securities Report for the fiscal year ended March 31, 2019.

2. Management's Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flows

(1) Consolidated Results

Six-Month Period Ended September 30, 2019 (April 1, 2019 – September 30, 2019)

(Billions of yen)

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	Change	Percent Change
Operating revenues	5,793.2	5,889.6	96.4	1.7%
Operating expenses	4,722.4	4,906.7	184.3	3.9%
Operating profit	1,070.8	982.8	(87.9)	(8.2)%
Profit before taxes	1,078.3	1,001.9	(76.5)	(7.1)%
Profit attributable to NTT	559.7	547.7	(12.1)	(2.2)%

During the six months ended September 30, 2019, pursuant to the outline of NTT Group's Medium-Term Management Strategy "Your Value Partner 2025," which was announced in November 2018, NTT Group, in its role as "Your Value Partner," promoted initiatives through its business operation and worked with its partners to resolve social issues.

<Support Our Customer's Digital Transformation>

NTT Group worked on promoting the B2B2X model to support new value creation, including initiatives to roll out the 5th-Generation Wireless System, and providing personalized services to support individuals' lifestyle changes, among other things.

- In September 2019, NTT DOCOMO launched 5G pre-commercial services. The pre-commercial services used the same network equipment and frequency bands as the 5G commercial services that will start in the spring of 2020, started full-scale business creation and allowed people to experience the same environment as 5G commercial services, signifying the start of actual 5G services that will lead to commercial 5G services.

<Accelerate Our Own Digital Transformation>

NTT Group has advanced its "One NTT" global business growth strategy, aimed toward enhancing its global business competitiveness and its self-digital transformation in the domestic business, among other initiatives.

- The overseas businesses of NTT Communications, Dimension Data , and NTT Security have been integrated, and, beginning in July 2019, started business operations as a new NTT-branded global operating company, "NTT Ltd."

<Leverage Talent, Technologies, and Assets>

NTT Group worked on studies into reinforcing and globalizing its R&D and creating new lines of business (real estate and electric power).

- In July 2019, NTT launched a new research center in Silicon Valley in the United States in order to strengthen the fundamental and innovative research needed for global innovation and next-generation technologies and for the enhancement of NTT's global competitiveness.

<Promote ESG Management, and Enhance Returns to Shareholders to Improve Corporate Value>

By promoting ESG management, NTT has continuously set the returning of profits to shareholders, while ongoing improvements of corporate value as one of its important management challenges. With respect to shareholder returns, NTT has a basic policy of steady dividend increases. In addition, NTT will flexibly carry out buybacks based on performance trends and other factors in order to improve its capital efficiency.

- On August 6, 2019, the Board of Directors resolved that NTT may acquire either up to 53 million shares of its outstanding common stock or shares of its common stock in an aggregate cost not exceeding ¥300.0 billion. Based on this resolution, NTT repurchased 48.98 million shares of its common stock for a total purchase price of ¥251.1 billion on September 11, 2019, and concluded the repurchase of its common stock authorized by the Board of Directors' resolution.

As a result of these efforts, NTT Group's consolidated operating revenues for the six-month period ended September 30, 2019 were ¥5,889.6 billion (an increase of 1.7% from the same period of the previous fiscal year), consolidated operating expenses were ¥4,906.7 billion (an increase of 3.9% from the same period of the previous fiscal year), consolidated operating profit was ¥982.8 billion (a decrease of 8.2% from the same period of the previous fiscal year), profit before taxes was ¥1,001.9 billion (a decrease of 7.1% from the same period of the previous fiscal year), and profit attributable to NTT was ¥547.7 billion (a decrease of 2.2% from the same period of the previous fiscal year)

(2) Segment Results

NTT Group has five business segments: mobile communications business, regional communications business, long distance and international communications business, data communications business and other business. (See Note 6 to the Condensed Consolidated Financial Statements.)

The mobile communications business segment comprises mobile voice related services, IP/packet communications services, sales of telecommunications equipment and other services.

The regional communications business segment comprises fixed voice related services, IP/packet communications services, sales of telecommunications equipment, system integration services and other services.

The long distance and international communications business segment comprises fixed voice related services, IP/packet communications services, sales of telecommunications equipment, system integration services and other services.

The data communications business segment comprises system integration services.

The other business segment principally comprises services related to building maintenance, real estate rental, systems development, leasing, and other services related to research and development.

Results by business segment are as follows (intersegment revenues are included in the operating revenues, operating expenses and operating profit of operational results for each business segment)

Beginning in the three months ended September 30, 2019, certain subsidiaries have moved from the regional communications business segment to the other business segment and from the long distance and international communications business segment to the mobile communications business segment. Operating revenues for such subsidiaries have been recognized in their post-transfer segments beginning with that period. (See Note 6 to the Condensed Consolidated Financial Statements.)

Mobile Communications Business Segment

Six-Month Period Ended September 30, 2019 (April 1, 2019 – September 30, 2019)

(Billions of yen)

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	Change	Percent Change
Operating revenues	2,389.5	2,330.0	(59.5)	(2.5)%
Mobile voice related services	477.9	471.2	(6.7)	(1.4)%
IP/packet communications services	1,086.4	1,079.9	(6.4)	(0.6)%
Sales of telecommunications equipment	390.4	317.8	(72.6)	(18.6)%
Other	434.9	461.1	26.2	6.0%
Operating expenses	1,779.0	1,789.7	10.7	0.6%
Operating profit	610.5	540.3	(70.3)	(11.5)%

Operating revenues for the mobile communications business segment for the six-month period ended September 30, 2019 decreased by 2.5% from the same period of the previous fiscal year to ¥2,330.0 billion. This decrease was due to, among other things, a decrease in revenues due to enhancing returns to customers through the "Gigaho" and "Gigalight" plans and other service plans, and a decrease in sales of telecommunications equipment, partially offset by an increase in revenues in the smart life business due to inter-segment transfers of certain subsidiaries.

On the other hand, operating expenses for the six-month period ended September 30, 2019 increased by 0.6% from the same period of the previous fiscal year to ¥1,789.7 billion. This increase was due to, among other things, an increase in point expenses, despite cost reductions.

As a result, segment operating profit for the six-month period ended September 30, 2019 decreased by 11.5% from the same period of the previous fiscal year to ¥540.3 billion.

Number of Subscriptions

(Thousands of subscriptions)

Service	As of March 31, 2019	As of September 30, 2019	Change	Percent Change
Mobile Telecommunications Services	78,453	79,203	750	1.0%
Telecommunications Services (LTE (Xi))	55,872	58,542	2,670	4.8%
Telecommunications Services (FOMA (3G))	22,581	20,661	(1,920)	(8.5)%
Plala (ISP)	3,234	3,914	680	21.0%
Hikari TV	3,001	2,978	(23)	(0.8)%

Note: (1) Number of Mobile Telecommunications Services (including "Telecommunications Services (LTE (Xi))" and "Telecommunications Services (FOMA (3G))") includes MVNOs and Communication Module Services.

(2) Certain subsidiaries included in "Long distance and international communications" segment were transferred during the three months ended September 30, 2019 and they are included in "Mobile communications business" segment. The numbers of subscriptions for Plala (ISP) and Hikari TV are presented under the mobile communications business segment.

Regional Communications Business Segment

Six-Month Period Ended September 30, 2019 (April 1, 2019 – September 30, 2019)

(Billions of yen)

	Six Months Ended September 30, 2018	**Six Months Ended September 30, 2019**	**Change**	**Percent Change**
Operating revenues	1,544.4	1,509.8	(34.7)	(2.2)%
Fixed voice related services	541.9	501.1	(40.8)	(7.5)%
IP/packet communications services	748.5	743.1	(5.4)	(0.7)%
Sales of telecommunications equipment	37.0	39.7	2.6	7.1%
System integration services	68.7	82.6	13.9	20.2%
Other	148.4	143.3	(5.0)	(3.4)%
Operating expenses	1,268.1	1,239.0	(29.1)	(2.3)%
Operating profit	276.3	270.7	(5.6)	(2.0)%

Operating revenues in the regional communications business segment for the six-month period ended September 30, 2019 decreased by 2.2% from the same period of the previous fiscal year to ¥1,509.8 billion due to, among other things, a decrease in fixed voice related services revenues and a decrease in revenues due to inter-segment transfers of certain subsidiaries.

On the other hand, operating expenses for the six-month period ended September 30, 2019 decreased by 2.3% from the same period of the previous fiscal year to ¥1,239.0 billion due to a decrease in personnel expenses, expenditures and other cost reductions, among other factors.

As a result, segment operating profit for the six-month period ended September 30, 2019 decreased by 2.0% from the same period of the previous fiscal year to ¥270.7 billion.

Number of Subscriptions

(Thousands of subscriber lines/subscriptions)

Service	As of March 31, 2019	As of September 30, 2019	Change	Percent Change
(NTT East)				
Telephone Subscriber Lines	8,119	7,815	(304)	(3.7)%
INS-Net	1,086	1,033	(53)	(4.9)%
FLET'S Hikari (including Hikari Collaboration Model)	11,880	12,094	213	1.8%
FLET'S ADSL	258	228	(30)	(11.7)%
Hikari Denwa (thousand channels)	9,759	9,857	98	1.0%
FLET'S TV Transmission Services	1,033	1,056	23	2.3%
(NTT West)				
Telephone Subscriber Lines	8,244	7,919	(325)	(3.9)%
INS-Net	1,052	1,006	(46)	(4.3)%
FLET'S Hikari (including Hikari Collaboration Model)	9,197	9,322	125	1.4%
FLET'S ADSL	344	314	(31)	(8.9)%
Hikari Denwa (thousand channels)	8,485	8,512	27	0.3%
FLET'S TV Transmission Services	684	712	29	4.2%

Notes: (1) Number of Telephone Subscriber Lines is the total of individual lines and central station lines (Subscriber Telephone Lite Plan is included).

(2) “INS-Net” includes “INS-Net 64” and “INS-Net 1500.” In terms of number of channels, transmission rate, and line use rate (base rate), “INS-Net 1500” is in all cases approximately ten times greater than “INS-Net 64.” For this reason, one “INS-Net 1500” subscription is calculated as ten “INS-Net 64” subscriptions (including subscriptions to the “INS-Net 64 Lite Plan”).

(3) Number of “FLET'S Hikari (including Hikari Collaboration Model)” subscribers includes subscribers to “B FLET'S,” “FLET'S Hikari Next,” “FLET'S Hikari Light,” “FLET'S Hikari Lightplus” and “FLET'S Hikari WiFi Access” provided by NTT East, subscribers to “FLET'S Hikari Next,” “FLET'S Hikari Mytown Next,” “FLET'S Hikari Light” and “FLET'S Hikari WiFi Access” provided by NTT West and subscribers to the “Hikari Collaboration Model,” the wholesale provision of services to service providers by NTT East and NTT West.

(4) Numbers of subscribers for “Hikari Denwa” and “FLET'S TV Transmission Services” include wholesale services provided to service providers by NTT East and NTT West.

Long Distance and International Communications Business Segment

Six-Month Period Ended September 30, 2019 (April 1, 2019 – September 30, 2019)

(Billions of yen)

	Six Months Ended September 30, 2018	**Six Months Ended September 30, 2019**	**Change**	**Percent Change**
Operating revenues	1,113.1	1,117.9	4.7	0.4%
Fixed voice related services	112.5	104.1	(8.4)	(7.5)%
IP/packet communications services	211.8	212.1	0.3	0.2%
Sales of telecommunications equipment	6.0	4.4	(1.6)	(26.9)%
System integration services	702.0	728.0	26.1	3.7%
Other	80.9	69.2	(11.7)	(14.4)%
Operating expenses	1,041.7	1,058.6	16.9	1.6%
Operating profit	71.5	59.3	(12.2)	(17.0)%

Operating revenues in the long distance and international communications business segment for the six-month period ended September 30, 2019 increased by 0.4% from the same period of the previous fiscal year to ¥1,117.9 billion. This increase was due to, among other things, an increase in system integration services revenues due to an expansion in overseas business, partially offset by a decrease in fixed voice related services revenues.

On the other hand, operating expenses for the six-month period ended September 30, 2019 increased by 1.6% from the same period of the previous fiscal year to ¥1,058.6 billion due to an increase in personnel expenses, among other things..

As a result, segment operating profit for the six-month period ended September 30, 2019 decreased by 17.0% from the same period of the previous fiscal year to ¥59.3 billion.

Number of Subscriptions

(Thousands of subscriptions)

Service	**As of March 31, 2019**	**As of September 30, 2019**	**Change**	**Percent Change**
OCN (ISP)	7,305	7,211	(94)	(1.3)%

Data Communications Business Segment

Six-Month Period Ended September 30, 2019 (April 1, 2019 – September 30, 2019)

(Billions of yen)

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	Change	Percent Change
Operating revenues	1,022.7	1,077.8	55.1	5.4%
System integration services	1,022.7	1,077.8	55.1	5.4%
Operating expenses	962.4	1,014.1	51.7	5.4%
Operating profit	60.3	63.8	3.4	5.7%

Operating revenues in the data communications business segment for the six-month period ended September 30, 2019 increased by 5.4% from the same period of the previous fiscal year to ¥1,077.8 billion due to, among other things, the expansion of the scope of business in the enterprise and solutions business domestically, and the expansion of business overseas, especially in EMEA and Latin America.

On the other hand, operating expenses for the six-month period ended September 30, 2019 increased by 5.4% from the same period of the previous fiscal year to ¥1,014.1 billion due to, among other things, the impact of an increase in revenue-linked expenses.

As a result, segment operating profit for the six-month period ended September 30, 2019 increased by 5.7% from the same period of the previous fiscal year to ¥63.8 billion.

Other Business Segment

Six-Month Period Ended September 30, 2019 (April 1, 2019 – September 30, 2019)

(Billions of yen)

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	Change	Percent Change
Operating revenues	565.0	720.9	155.9	27.6%
Operating expenses	507.6	664.9	157.3	31.0%
Operating profit	57.3	56.0	(1.4)	(2.4)%

Operating revenues in the other business segment for the six-month period ended September 30, 2019 increased by 27.6% from the same period of the previous fiscal year to ¥720.9 billion. On the other hand, operating expenses for the six-month period ended September 30, 2019 increased by 31.0% from the same period of the previous fiscal year to ¥664.9 billion. These increases were due to, among other things, the impact from the increase in NTT's stake in its consolidated subsidiary, ENNET Corporation. As a result, segment operating profit for the six-month period ended September 30, 2019 decreased by 2.4% from the same period of the previous fiscal year to ¥56.0 billion.

(3) Cash Flows

Cash flows provided by operating activities, excluding the impact of non-business days and adopting IFRS 16 (Leases), for the six-month period ended September 30, 2019 increased by ¥19.5 billion (1.6%) from the same period of the previous fiscal year to ¥1,229.4 billion. This increase was due to, among other factors, an increase in collection of trade receivables. Cash flows provided by operating activities for the six-month period ended September 30, 2019 was ¥1,534.4 billion.

Cash flows used in investing activities decreased by ¥129.8 billion (14.3%) from the same period of the previous fiscal year to ¥776.5 billion. This decrease was due to, among other factors, proceeds from sale of investments.

Cash flows used in financing activities, excluding the impact of adopting IFRS 16 (Leases), for the six-month period ended September 30, 2019 increased by ¥371.7 billion (119.5%) from the same period of the previous fiscal year to ¥682.8 billion. This increase was due to, among other factors, an increase in stock repurchases. Cash flows used in financing activities for the six-month period ended September 30, 2019 was ¥764.2 billion.

As a result of the above, NTT Group's consolidated cash and cash equivalents, as of September 30, 2019 was ¥928.0 billion, a decrease of ¥241.8 billion (20.7%) from the end of the previous fiscal year, excluding the impact of non-business days.

(Billions of yen)

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	Change	Percent Change
Cash flows provided by operating activities	1,207.9	1,534.4	326.5	27.0%
Cash flows provided by operating activities (excluding the impact of non-business days(1) (2) and adopting IFRS 16(4))	1,209.8	1229.4	19.5	1.6%
Cash flows used in investing activities	(906.3)	(776.5)	129.8	14.3%
Cash flows provided by (used in) financing activities	(311.1)	(764.2)	(453.1)	(145.7)%
Cash flows provided by (used in) financing activities (excluding the impact of adopting IFRS 16(4))	(311.1)	(682.8)	(371.7)	(119.5)%
Cash and cash equivalents	889.6	928.0	38.3	4.3%
Cash and cash equivalents (excluding the impact of non-business days(3))	1,123.4	928.0	(195.5)	(17.4)%

Notes: (1) The impact in the amount of ¥1.9 billion, caused by the last days of the year ended March 31, 2018 and the six months ended September 30, 2018 falling on non-business days, resulting in the due date for certain bills, including telecommunication services bills, being set to the first business day of the following month.

(2) The impact in the amount of ¥223.7 billion, caused by the last day of the year ended March 31, 2019 falling on a non-business day, resulting in the due date for certain bills, including telecommunication services bills, being set to the first business day of the following month.

(3) The impact in the amount of ¥233.8 billion, caused by the last day of the six months ended September 30, 2018 falling on a non-business day, resulting in the due date for certain bills, including telecommunication services bills, being set to the first business day of the following month.

(4) The impact on cash flows from operating and financing activities in the amount of ¥81.4 billion, caused by the adoption of IFRS 16 (Leases) beginning on April 1, 2019.

(4) Operational and Finance Issues Facing the Corporate Group

There were no material changes in the operational and finance issues facing the corporate group for the six months ended September 30, 2019, and no new additional issues arose during the period.

(5) Research and Development

NTT's research and development expenses for the six months ended September 30, 2019 were ¥101.9 billion. There were no material changes in NTT's research and development activities during the six months ended September 30, 2019.

3. Material Contracts

There were no material contracts relating to NTT's operations that were agreed upon or entered into during the three months ended September 30, 2019.

Item 3. Information on NTT

1. Information on NTT's Shares

(1) Total Number of Shares

Total Number of Shares

Class	Total Number of Shares Authorized to be Issued (shares)
Common stock	6,192,920,900
Total	6,192,920,900

Issued Shares

Class	Number of Shares Issued as of September 30, 2019 (shares)	Number of Shares Issued as of the Filing Date (shares) (November 6, 2019)	Stock Exchange on which the Company is Listed	Description
Common Stock	1,950,394,470	1,950,394,470	Tokyo Stock Exchange (The First Section)	The number of shares per one unit of shares is 100 shares
Total	1,950,394,470	1,950,394,470	—	—

(2) Information on Share Acquisition Rights

(ⅰ) Description of Stock Option System

Not applicable.

(ⅱ) Information on Shareholder Rights Plans

Not applicable.

(3) Information on Moving Strike Convertible Bonds

Not applicable.

(4) Changes in the Total Number of Issued Shares, the Amount of Common Stock, and Other

Date	Changes in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Changes in Common Stock (millions of yen)	Balance of Common Stock (millions of yen)	Change in Capital Reserve (millions of yen)	Balance of Capital Reserve (millions of yen)
July 1, 2019 - September 30, 2019	—	1,950,394,470	—	937,950	—	2,672,826

(5) Major Shareholders

As of September 30, 2019

Name	Address	Number of Shares Held (thousands of shares)	Ownership Percentage of the Total Number of Issued Shares
The Minister of Finance	1-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo	630,454	34.69
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	89,567	4.93
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	78,974	4.34
Japan Trustee Services Bank, Ltd. (Trust Account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	29,160	1.60
Japan Trustee Services Bank, Ltd. (Trust Account 5)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	26,415	1.45
JPMorgan Chase Bank 385632 (Standing proxy: Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (15-1, Konan 2-chome, Minato-ku, Tokyo)	20,161	1.11
Moxley & Co. LLC (Standing proxy: MUFG Bank, Ltd.)	4 NEW YORK PLAZA, 13TH FLOOR, NEW YORK, NY 10004 U.S.A (7-1, Marunouchi 2-chome, Chiyoda-ku)	17,870	0.98
Japan Trustee Services Bank, Ltd. (Trust Account 1)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	17,696	0.97
Japan Trustee Services Bank, Ltd. (Trust Account 7)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	16,709	0.92
JPMorgan Chase Bank 380055 (Standing proxy: Mizuho Bank, Ltd.)	270 PARK AVENUE, NEW YORK, NY 10017, UNITED STATES OF AMERICA (15-1, Konan 2-chome, Minato-ku, Tokyo)	16,501	0.91
Total	—	943,511	51.91

Note: Ownership Percentage of the Total Number of Issued Shares does not include treasury stock.

(6) Information on Voting Rights

Issued Shares

As of September 30, 2019

Classification	Number of Shares (shares)	Number of Voting Rights	Description
Shares without Voting Rights	—	—	—
Shares with Restricted Voting Rights (Treasury Stock, etc.)	—	—	—
Shares with Restricted Voting Rights (Others)	—	—	—
Shares with Full Voting Rights (Treasury Stock, etc.)	(Treasury Stock) 132,778,100 shares of common stock (Others) 36,800 shares of common stock	—	—
Shares with Full Voting Rights (Others)	1,815,154,500 shares of common stock	18,151,539	—
Shares Representing Less than One Unit	2,425,070 shares of common stock	—	—
Number of Issued Shares	1,950,394,470 shares of common stock	—	—
Total Number of Voting Rights	—	18,151,539	—

Note: The total number of shares in “Shares with Full Voting Rights (Others)” includes 28,700 shares held in the name of the Japan Securities Depository Center, and the number of shares in “Shares Representing Less Than One Unit” includes 44 shares held in the name of the Japan Securities Depository Center. “Number of Voting Rights” includes 287 voting rights associated with “Shares with Full Voting Rights” held in the name of the Japan Securities Depository Center, and does not include 6 voting rights associated with “Shares with Full Voting Rights” recorded on the shareholder register under NTT, but not actually owned by NTT.

Treasury Stock

As of September 30, 2019

Name of Shareholder	Address	Number of Shares Held Under Own Name (shares)	Number of Shares Held Under the Names of Others (shares)	Total Shares Held (shares)	Ownership Percentage to the Total Number of Issued Shares
(Treasury Stock) Nippon Telegraph and Telephone Corporation	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	132,778,100	—	132,778,100	6.8%
(Others) Nihon Meccs Corporation	6-3, Irifune 3-chome, Chuo-ku, Tokyo	36,800	—	36,800	0.0%
Total	—	132,814,900	—	132,814,900	6.8%

Notes: (1) In addition to the above, there are 600 shares that are recorded on the shareholder register under NTT, but not actually owned by NTT. Such shares are included in "Shares with Full Voting Rights (Others)" under "Issued Shares".

(2) Pursuant to the Board of Directors' resolution on May 10, 2019, NTT acquired 50,480,100 shares of its outstanding common stock between May 14, 2019 and July 25, 2019. For details, please see "Note 11. Equity and Other Component of Equity" under "Condensed Quarterly Consolidated Financial Statements" of "4. Financial Information".

(3) Pursuant to the Board of Directors' resolution on August 6, 2019, NTT acquired 48,980,000 shares of its outstanding common stock on September 11, 2019. For details, please see "Note 11. Equity and Other Component of Equity" under "Condensed Quarterly Consolidated Financial Statements" of "4. Financial Information".

2. Changes in Directors and Senior Management

Not applicable.

Item 4. Financial Information

1. Basis of Preparation of Condensed Quarterly Consolidated Financial Statements

In accordance with Article 93 of the "Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements" (Cabinet Office Ordinance No. 64 of 2007) (the "Ordinance on Consolidated Financial Statements"), NTT Group prepares condensed quarterly consolidated financial statements pursuant to International Accounting Standard ("IAS") No. 34, "Interim Financial Reporting."

2. Auditor's Report

In accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, NTT Group's condensed quarterly consolidated financial statements for the second quarter of the consolidated accounting period (from July 1, 2019 to September 30, 2019 and from April 1, 2019 to September 30, 2019) have been reviewed by KPMG AZSA LLC.

3. Special Measures to Ensure the Appropriateness of the Consolidated Financial Statements

NTT Group undertakes special measures to ensure the appropriateness of its consolidated financial statements and put in place a structure to properly disclose consolidated financial statements in accordance with IFRS. The details of such measures are below:

(1) NTT Group participates in organizations such as the Financial Accounting Standards Foundation in order to put in place a system in which NTT Group can ensure it has an appropriate grasp on the contents of accounting standards and can accurately respond to changes in accounting standards. In addition, NTT Group periodically undertakes reviews of accounting standards, and maintains internal regulations.

(2) With respect to the application of IFRS, NTT Group obtains press releases and statements of accounting principles published by the International Accounting Standards Board from time to time in order to gain an understanding of most recent standards. Furthermore, in order to prepare appropriate consolidated financial statements in accordance with IFRS, NTT Group has developed group accounting policies and accounting guidelines in compliance with IFRS, and conducts its accounting in accordance with those policies and guidelines.

1. 【Condensed Quarterly Consolidated Financial Statements】

(1)【Condensed Quarterly Consolidated Statements of Financial Position】

	Notes	Millions of yen	
		March 31, 2019	September 30, 2019
ASSETS			
Current assets			
Cash and cash equivalents	7	946,134	927,957
Trade and other receivables	7	4,391,434	4,070,838
Other financial assets	13	117,753	113,317
Inventories		331,634	267,010
Other current assets		550,487	578,640
Subtotal		6,337,442	5,957,762
Assets held for sale	8	242,524	–
Total current assets		6,579,966	5,957,762
Non-current assets			
Property, plant and equipment	9	9,012,947	8,939,746
Right-of-use asset		–	470,250
Goodwill		886,531	916,561
Intangible assets		1,627,762	1,641,165
Investment property		967,006	1,055,285
Investments accounted for using equity method		298,261	293,225
Other financial assets	13	1,138,502	1,166,181
Deferred tax assets	8	1,124,467	1,123,542
Other non-current assets		659,704	669,844
Total non-current assets		15,715,180	16,275,799
Total assets		22,295,146	22,233,561

	Notes	Millions of yen	
		March 31, 2019	September 30, 2019
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debt	10,13	1,397,545	1,670,678
Trade and other payables		2,092,479	1,671,990
Lease liabilities		–	144,491
Other financial liabilities	13	44,305	8,878
Accrued payroll		468,216	422,499
Accrued taxes on income		237,282	254,824
Other current liabilities		988,244	894,932
Total current liabilities		5,228,071	5,068,292
Non-current liabilities			
Long-term debt	10,13	2,865,181	2,792,542
Lease liabilities		–	403,594
Other financial liabilities	13	175,087	145,647
Defined benefit liabilities		1,878,013	1,896,656
Deferred tax liabilities		61,189	64,568
Other non-current liabilities		282,815	306,313
Total non-current liabilities		5,262,285	5,609,320
Total liabilities		10,490,356	10,677,612
Equity			
Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity			
Common stock	11	937,950	937,950
Additional paid-in capital	11	2,341,206	2,313,024
Retained earnings	11	5,954,305	6,351,207
Treasury stock	11	(150,635)	(653,268)
Other components of equity	8,11	182,087	87,637
Total NTT shareholders’ equity		9,264,913	9,036,550
Non-controlling interests		2,539,877	2,519,399
Total equity		11,804,790	11,555,949
Total liabilities and equity		22,295,146	22,233,561

(2)【Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income】

【Condensed Quarterly Consolidated Statements of Profit or Loss】
【Six Months Ended September 30】

		Millions of yen except per share data	
	Notes	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019
Operating revenues	6,12	5,793,199	5,889,551
Operating expenses			
Personnel expenses		1,182,822	1,201,738
Expenses for purchase of goods and services and other expenses		2,768,090	2,870,992
Depreciation and amortization		656,479	722,115
Loss on disposal of property, plant and equipment and intangible assets		59,136	48,731
Impairment losses		28	4,157
Taxes and dues		55,892	59,013
Total operating expenses		4,722,447	4,906,746
Operating profit	6	1,070,752	982,805
Finance income		12,988	35,814
Finance costs		15,476	22,554
Share of profit (loss) of entities accounted for using equity method		10,054	5,794
Profit before taxes		1,078,318	1,001,859
Income taxes	8	357,124	295,302
Profit		721,194	706,557
Profit attributable to NTT		559,726	547,670
Profit attributable to Non-controlling interests		161,468	158,887
Earnings per share attributable to NTT			
Basic earnings per share (yen)		286.50	291.05

【Condensed Quarterly Consolidated Statements of Comprehensive Income】
【Six Months Ended September 30】

		Millions of yen	
	Notes	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019
Profit		721,194	706,557
Other comprehensive income (net of tax)	11		
Items that will not be reclassified to profit or loss			
Change in the fair value of financial assets measured at fair value through other comprehensive income		38,898	(202)
Share of other comprehensive income of entities accounted for using the equity method	8	(2,646)	(664)
Remeasurements of defined benefit plans		47	(1,382)
Total of items that will not be reclassified to profit or loss		36,299	(2,248)
Items that may be reclassified to profit or loss			
Cash flow hedges		(893)	(233)
Foreign currency translation adjustments		55,035	(74,551)
Share of other comprehensive income of affiliated companies accounted for by the equity method		(11,184)	(1,418)
Total of items that may be reclassified to profit or loss		42,958	(76,202)
Total other comprehensive income (net of tax)		79,257	(78,450)
Total comprehensive income		800,451	628,107
Comprehensive income attributable to NTT	11	611,248	485,368
Comprehensive income attributable to Non-controlling interests	11	189,203	142,739

【Condensed Quarterly Consolidated Statements of Profit or Loss】
【Three Months Ended September 30】

		Millions of yen except per share data	
	Notes	Three Months Ended September 30, 2018	Three Months Ended September 30, 2019
Operating revenues	6,12	2,940,467	2,974,113
Operating expenses			
Personnel expenses		590,703	595,756
Expenses for purchase of goods and services and other expenses		1,426,292	1,480,678
Depreciation and amortization		330,989	361,598
Loss on disposal of property, plant and equipment and intangible assets		32,363	27,590
Impairment losses		28	2,610
Taxes and dues		26,566	28,270
Total operating expenses		2,406,941	2,496,502
Operating profit	6	533,526	477,611
Finance income		5,274	4,431
Finance costs		7,051	10,264
Share of profit (loss) of entities accounted for using equity method		3,918	3,298
Profit before taxes		535,667	475,076
Income taxes	8	189,828	132,477
Profit		345,839	342,599
Profit attributable to NTT		269,980	267,140
Profit attributable to Non-controlling interests		75,859	75,459
Earnings per share attributable to NTT			
Basic earnings per share (yen)		138.43	143.68

【Condensed Quarterly Consolidated Statements of Comprehensive Income】
【Three Months Ended September 30】

		Millions of yen	
	Notes	Three Months Ended September 30, 2018	Three Months Ended September 30, 2019
Profit		345,839	342,599
Other comprehensive income (net of tax)	11		
Items that will not be reclassified to profit or loss			
Change in the fair value of financial assets measured at fair value through other comprehensive income		28,263	(8,191)
Share of other comprehensive income of entities accounted for using the equity method	8	(11,291)	(72)
Remeasurements of defined benefit plans		(8)	(1,115)
Total of items that will not be reclassified to profit or loss		16,964	(9,378)
Items that may be reclassified to profit or loss			
Cash flow hedges		(1,463)	(325)
Foreign currency translation adjustments		39,108	(26,196)
Share of other comprehensive income of affiliated companies accounted for by the equity method		2,139	(429)
Total of items that may be reclassified to profit or loss		39,784	(26,950)
Total other comprehensive income (net of tax)		56,748	(36,328)
Total comprehensive income		402,587	306,271
Comprehensive income attributable to NTT	11	311,063	239,212
Comprehensive income attributable to Non-controlling interests	11	91,524	67,059

(3)【Condensed Quarterly Consolidated Statements of Changes in Equity】

【Six Months Ended September 30, 2018】

		Millions of yen							
		NTT Shareholders' Equity							
	Notes	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total	Non-controlling interests	Total equity
March 31, 2018		937,950	2,396,555	6,125,957	(610,742)	200,638	9,050,358	2,515,296	11,565,654
Cumulative effect of adoption of IFRS 9 "Financial Instruments"		–	–	14,033	–	(2,432)	11,601	7,565	19,166
April 1, 2018		937,950	2,396,555	6,139,990	(610,742)	198,206	9,061,959	2,522,861	11,584,820
Comprehensive income									
Profit		–	–	559,726	–	–	559,726	161,468	721,194
Other comprehensive income	11	–	–	–	–	51,522	51,522	27,735	79,257
Total comprehensive income		–	–	559,726	–	51,522	611,248	189,203	800,451
Value of transactions with shareholders etc.									
Dividends of surplus	11	–	–	(147,831)	–	–	(147,831)	(68,056)	(215,887)
Transfer to retained earnings	11	–	–	5,374	–	(5,374)	–	–	–
Transfer to non-financial assets	11	–	–	–	–	3,905	3,905	–	3,905
Purchase and disposal of treasury stock	11	–	1	–	(108,075)	–	(108,074)	–	(108,074)
Cancellation of treasury stock	11	–	(2)	(718,258)	718,260	–	–	–	–
Changes in ownership interest in subsidiaries	11	–	(1,430)	–	–	–	(1,430)	1,781	351
Share-based compensation transactions		–	2,008	–	–	–	2,008	–	2,008
Put options granted to non-controlling interests	11	–	(3,515)	–	–	–	(3,515)	–	(3,515)
Total value of transactions with shareholders etc.		–	(2,938)	(860,715)	610,185	(1,469)	(254,937)	(66,275)	(321,212)
September 30, 2018		937,950	2,393,617	5,839,001	(557)	248,259	9,418,270	2,645,789	12,064,059

【Six Months Ended September 30, 2019】

		Millions of yen							
		NTT Shareholders' Equity							
	Notes	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total	Non-controlling interests	Total equity
March 31 2019		937,950	2,341,206	5,954,305	(150,635)	182,087	9,264,913	2,539,877	11,804,790
Comprehensive income									
Profit		–	–	547,670	–	–	547,670	158,887	706,557
Other comprehensive income	11	–	–	–	–	(62,302)	(62,302)	(16,148)	(78,450)
Total comprehensive income		–	–	547,670	–	(62,302)	485,368	142,739	628,107
Value of transactions with shareholders etc.									
Dividends of surplus	11	–	–	(182,153)	–	–	(182,153)	(74,760)	(256,913)
Transfer to retained earnings	11	–	–	32,148	–	(32,148)	–	–	–
Purchase and disposal of treasury stock	11	–	0	–	(502,633)	–	(502,633)	–	(502,633)
Changes in ownership interest in subsidiaries	11	–	(53,650)	–	–	–	(53,650)	(88,329)	(141,979)
Share-based compensation transactions		–	4,512	–	–	–	4,512	–	4,512
Put options granted to non-controlling interests	11	–	20,956	–	–	–	20,956	(128)	20,828
Other		–	–	(763)	–	–	(763)	–	(763)
Total value of transactions with shareholders etc.		–	(28,182)	(150,768)	(502,633)	(32,148)	(713,731)	(163,217)	(876,948)
September 30, 2019		937,950	2,313,024	6,351,207	(653,268)	87,637	9,036,550	2,519,399	11,555,949

(4)【Condensed Quarterly Consolidated Statement of Cash Flows】

	Notes	Millions of yen	
		Six Months Ended September 30, 2018	Six Months Ended September 30, 2019
Cash flows from operating activities			
Profit		721,194	706,557
Depreciation and amortization		656,479	722,115
Impairment losses		28	4,157
Share of loss (profit) of entities accounted for using equity method		(10,054)	(5,794)
Losses on retirement of fixed assets		24,522	19,458
Gain on sales of fixed assets		(5,733)	(5,771)
Income taxes		357,124	295,302
Decrease (increase) in trade and other receivables	7	85,987	397,365
Decrease (increase) in inventories		2,933	60,414
Decrease (increase) in other current assets		(67,014)	(74,752)
Increase (decrease) in trade and other payables / accrued payroll		(246,845)	(284,939)
Increase (decrease) in other current liabilities		(70,430)	(91,062)
Increase (decrease) in defined benefit liabilities		17,992	17,090
Increase (decrease) in other non-current liabilities		3,464	9,973
Other		15,161	(16,492)
Sub-total		1,484,808	1,753,621
Interest and dividends received		47,994	53,539
Interest paid		(20,032)	(26,183)
Income taxes paid		(304,867)	(246,593)
Net cash provided by (used in) operating activities		1,207,903	1,534,384
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and investment property		(838,735)	(929,640)
Purchase of investments		(28,088)	(72,557)
Proceeds from sale or redemption of investments		39,680	268,025
Expenses due to acquisition of control of subsidiaries		(88,274)	(68,405)
Other		9,164	26,092
Net cash provided by (used in) investing activities		(906,253)	(776,485)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		136,840	409,194
Proceeds from increases in long-term debt	10	179,156	79,049
Repayment of long-term debt	10	(281,876)	(231,897)
Repayment of lease liabilities		-	(88,947)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(6,314)	(176,883)
Dividends paid		(147,831)	(182,153)
Dividends paid to non-controlling interests		(68,002)	(74,689)
Payments for purchase of treasury stock		(108,105)	(501,238)
Other		(14,925)	3,413
Net cash provided by (used in) financing activities		(311,057)	(764,151)
Effect of exchange rate change on cash and cash equivalents		4,047	(11,925)
Net increase (decrease) in cash and cash equivalents		(5,360)	(18,177)
Cash and cash equivalents as of April 1	7	895,003	946,134
Cash and cash equivalents as of September 30	7	889,643	927,957

【Notes to Condensed Quarterly Consolidated Financial Statements】

1. Reporting Entity

NIPPON TELEGRAPH AND TELEPHONE CORPORATION ("NTT") is a corporation domiciled in Japan. The address of NTT's registered headquarters is disclosed on its website (https://www.ntt.co.jp/index.html). The condensed quarterly consolidated financial statements comprise NTT and its subsidiaries ("NTT Group" or "the Group").

NTT Group's business segments and material subsidiaries are as follows:

Mobile communications business (mobile phone business and other related business)
- NTT DOCOMO Corporation ("NTT DOCOMO")

Regional communications business (the provision of communications services within prefectures and other incidental business under the Group's domestic telecommunications business)
- NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION ("NTT East")
- NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION ("NTT West")

Long distance and international communications business (the provision of communications services between prefectures under the Group's domestic telecommunications business, the Group's international communications business, solutions business, and other related business)
- NTT Communications Corporation ("NTT Communications")
- NTT Ltd.

Data communications business (systems integration, network systems services, and other business)
- NTT DATA Corporation ("NTT DATA")

2. Basis of Preparation

(1) Matters Regarding Compliance with IFRS

NTT Group meets the requirements of a "Specified Company complying with Designated International Accounting Standards" pursuant to Article 1-2 of the "Order on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements" (Cabinet Office Order No. 64 of 2007) (the "Order on Consolidated Financial Statements"). Consequently, in accordance with Article 93 of the Order on Consolidated Financial Statements, NTT Group prepares condensed quarterly consolidated financial statements pursuant to International Accounting Standard ("IAS") No. 34, "Interim Financial Reporting." The condensed quarterly consolidated financial statements were approved by the Board of Directors on November 5, 2019.
Since they do not include all the information and disclosures required for a complete set of financial statements, they should be read in conjunction with the consolidated financial statements for the year ended March 31, 2019.

(2) Basis for Measurement

The condensed quarterly consolidated financial statements are prepared on the basis of acquisition cost, with the exception of financial instruments measured at fair value, and assets and liabilities recognized in relation to defined benefit plans.

(3) Functional Currency and Presentation Currency

The currency used to present the condensed quarterly consolidated financial statements is the Japanese yen, which is the currency used in the primary economic environment where NTT conducts its business activities (hereinafter referred to as the "functional currency"). Amounts are rounded to the nearest million yen.

3. Significant Accounting Policies

The accounting policies applied on the condensed consolidated financial statements are consistent with those applied on the consolidated financial statements for the year ended March 31, 2019, except for changes in accounting policies stated below.

(1) Leases

NTT Group has applied IFRS 16 "Leases" ("IFRS 16") from the beginning of the current fiscal year.

① Accounting treatment as a lessee

Lease transactions as a lessee were classified as finance leases when the lessor transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, while other lease transactions were classified as operating leases under IAS 17 "Leases" for the year ended March 2019.

As a result of the application of IFRS 16, when NTT Group assesses whether a contract is, or contains, a lease, at the inception of the contract initially recognizes a Right-of-use assets and Lease liabilities in the Condensed Interim Consolidated Statements of Financial Position at the commencement date of the contract without classifying finance leases or operating leases except for leases with a lease term of 12 months or less or when the underlying assets are of low value. NTT Group does not apply IFRS 16 to leases of intangible assets.

(ｉ) Lease liabilities

Lease liabilities are initially measured at the present value of unpaid lease payments at the commencement date of the contract, discounted using NTT Group's incremental borrowing rate*. Lease payments are accounted as payments for interest calculated applying the effective interest method and payments for principal. Payments for interest are presented as finance cost in the condensed consolidated statement of profit or loss and classified as cash flows from operating activities condensed consolidated statement of cash flows. Payments for principal are classified as cash flows from financing activities.

* As interest rate implicit in the lease cannot be readily determined, NTT Group uses incremental borrowing rate as discount rate.

(ii) Right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the amount of the initial measurement of the lease liabilities, adjusted for any initial direct costs incurred and prepaid lease payments, etc. After the initial measurements, Right-of-use assets are depreciated over the useful life or the lease term of the underlying asset, whichever is shorter, from the commencement date of the contract. The estimated useful life of Right-of-use assets is determined as same as owned property, plant and equipment. Right-of-use assets are deducted by impairment if identified and adjusted at remeasurement of the specific lease liabilities.

A part of Right-of-use assets which satisfies the definition of investment property is presented as Investment property in the Condensed Interim Consolidated Statements of Financial Position.

② Accounting treatment as a lessor

For leases in which NTT Group is the lessor, excluding subleases, NTT Group is not required to make any adjustments at the time of the application of IFRS 16.

Regarding the subleases in which NTT Group is intermediate lessor, NTT Group reassessed subleases by referencing Right-to-use assets recognized from head leases in which NTT Group is the lessee rather than the underlying asset that is the subject of a lease then some sublease contracts classified as operating leases in or prior to the previous fiscal year are classified as finance leases. As a result, NTT Group derecognizes Right-of-use assets and recognizes Trade and Other Receivables (Lease receivables) in the Condensed Interim Consolidated Statements of Financial Position.

③ Transitional Measures

NTT Group applies IFRS 16 using the modified retrospective approach, under which recognizing the cumulative effect of applying the standard as an adjustment to the beginning balance of retained earnings at the date of initial application with no restatement of the comparative period. For the assessment of whether a contract that was concluded in or prior to the previous fiscal year is, or contains a lease, the NTT Group has applied the practical expedient of maintaining its previous assessment.

④ The impact of the application of IFRS 16

The impact of the application of IFRS 16 is described below.

The amounts newly recognized as the Right-of use assets and Lease liabilities regarding the lease transactions classified as operating leases in the previous fiscal year

(Millions of yen)

	The beginning balance based on IFRS 16 (April 1, 2019)
(Condensed Consolidated Statement of Financial Position)	
Assets	
Right-of-use assets	434,216
Trade and Other Receivables (Lease receivables)	54,594
Investment property	35,572
Liabilities	
Lease liabilities (Current and Non-current)	517,384

There were no material impacts on retained earnings at the beginning of the current fiscal year.

The amounts of depreciation and amortization newly recognized from Right-of-use assets and Investment property

(Millions of yen)

	Six Months Ended September 30, 2019 (April 1, 2019 - September 30, 2019)	Three Months Ended September 30, 2019 (July 1, 2019 - September 30, 2019)
(Condensed Consolidated statement of profit or loss)		
Depreciation and amortization	72,591	36,488

Despite Depreciation and amortization is newly recognized, on the other hand, lease payment recognized as Expenses for purchase of goods and services and other expenses for the previous fiscal year is not recognized, the impact in Condensed Consolidated Statement of Comprehensive Income for the six and three months ended September 30, 2019 are immaterial.

The impact in cash flow statement due to change in classification for principal payment of lease liabilities recognized

(Millions of yen)

	The impact for the six months ended September 30, 2019
(Condensed Consolidated statement of cash flows)	
Net cash provided by (used in) operating activities	81,355
Net cash provided by (used in) financing activities	(81,355)

The impact above is mainly due to the change of classification for lease payments equivalent to principal payment from Net cash provided by (used in) operating activities in previous fiscal year to Net cash provided by (used in) financing activities as principal payment of lease liabilities.

(2)Revenue

Sales of telecommunications terminal equipment

NTT Group offers a program in which we give a waiver of up to 12 months of installment payments to customers who choose the installment payment plan in 36 months on the sale of handset, on condition of returning the handset to NTT Group after use in the Mobile communications business segment from the three months ended June 30, 2019. The estimated amount of consideration received for which we do not expect to be entitled is recognized as refund liabilities upon the sale of handset, and the same amount is deducted from revenues. The liability is included in “Other non-current liabilities” in the condensed consolidated statement of financial position. The above estimations are made for each type of product based on our past experience and other factors, and included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. On the other hand, the right of collection of handset from customers in exchange for settlement of the refund liability is recorded in “Other current assets” and “Other non-current assets” respectively in the condensed consolidated statement of financial position. These assets are measured at the amount equal to carrying amount of the product less any expected costs to recover those handsets (including potential decreases in the value to the entity of returned handsets) when they are sold.

4. Significant Accounting Estimates and Judgments Involving Estimates

In preparing the condensed quarterly consolidated financial statements, management makes judgments, estimates and assumptions that affect the application of accounting policies as well as the amounts reported for assets, liabilities, revenue and expenses. These estimates and assumptions involve past experience and the collection of available data, and they are based on management's best judgment in consideration of various factors considered reasonable as of the reporting date. However, due to the nature of such judgments, future results may vary from these estimates and assumptions.

Estimates and their underlying assumptions are continuously reviewed. The effect of revisions to accounting estimates is recognized in the consolidated accounting period during which the estimates were reviewed and in future consolidated accounting periods.

The significant accounting judgements, estimates, and assumptions made in preparing the condensed consolidated financial statements are consistent with those made in preparing the consolidated financial statements for the year ended March 31, 2019, except for changes in accounting estimates stated below.

Estimates of useful lives and estimates for impairment of Right-of-use assets

Description is presented in "Note 3. Significant Accounting Policies (1) Leases".

Estimates of useful lives of property, plant and equipment

NTT Group revised its estimate of the expected useful lives of optical cables (a part of Cables in Telecommunications service lines) and extended expected useful life based on current actual utilization. This change in estimate has been accounted for prospectively. Regarding the impact from this change in accounting estimate in Condensed Consolidated Statement of Profit or Loss for the six and three months ended September 30, 2019, "Depreciation and amortization" were decreased by ¥21,818 and ¥10,959 million, "Profit attributable to NTT" were increased by ¥15,031 and ¥7,585, "Basic earnings per share" were increased by ¥7.99 and ¥4.08, respectively.

Regarding the impact in segment profit were presented in "Note 6. Segment Information".

5. New Standards Not Yet Applied

Standards and interpretations that were newly issued or revised prior to the date these condensed quarterly consolidated financial statements were approved that NTT Group has not adopted earlier, and whose adoption may impact NTT Group, are not applicable.

6. Segment Information

NTT Group's business segments are as below, for which discrete financial information is available and whose operating results are utilized by NTT Group's management to make decisions about the allocation of resources and to assess business performance.
Services included in each segment are as follows:

Mobile communications business segment
Mobile voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, and other services

Regional communications business segment
Fixed voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, system integration services, and other services

Long distance and international communications business segment
Fixed voice-related services, IP/packet communications services, sales of telecommunications terminal equipment, system integration services, and other services

Data communications business segment
System integration services

Other business segment
Principally building maintenance, real estate rentals, systems development, leasing, and other services related to research and development

Operating Revenues

Six Months Ended September 30,

(Millions of yen)

	Six Months Ended September 30, 2018 (April 1, 2018 - September 30, 2018)	Six Months Ended September 30, 2019 (April 1, 2019 - September 30, 2019)	Effect of inter-segment transfers of certain subsidiaries *
Mobile Communications Business			
Transactions with external customers	2,357,196	2,299,140	24,194
Inter-segment transactions	32,325	30,863	(111)
Sub-total	2,389,521	2,330,003	24,083
Regional Communications Business			
Transactions with external customers	1,209,605	1,172,131	(1,355)
Inter-segment transactions	334,810	337,631	(814)
Sub-total	1,544,415	1,509,762	(2,169)
Long Distance and International Communications Business			
Transactions with external customers	1,061,691	1,065,549	(24,194)
Inter-segment transactions	51,441	52,321	165
Sub-total	1,113,132	1,117,870	(24,029)
Data Communications Business			
Transactions with external customers	966,021	1,017,721	–
Inter-segment transactions	56,701	60,098	–
Sub-total	1,022,722	1,077,819	–
Other Business			
Transactions with external customers	198,686	335,010	1,355
Inter-segment transactions	366,283	385,870	14,549
Sub-total	564,969	720,880	15,904
Elimination of inter-segment transactions	(841,560)	(866,783)	(13,789)
Total	5,793,199	5,889,551	–

* Certain subsidiaries included in reporting segments "Regional communications business" or "Long distance and international communications" were transferred during the three months ended September 30, 2019 and they are included in "Other Businesses" or "Mobile communications business", respectively. After this period operating revenues of these subsidiaries were recognized in the destination segments. The increased or decreased amounts of operating revenue compared to the status without these inter-segment transferrings during the six months ended September 30, 2019 are presented as “Effect of inter-segment transfers of certain subsidiaries” in the table above.

Three Months Ended September 30,

(Millions of yen)

	Three Months Ended September 30, 2018 (July 1, 2018 - September 30, 2018)	Three Months Ended September 30, 2019 (July 1, 2019 -September 30, 2019)	Effect of inter-segment transfers of certain subsidiaries *
Mobile Communications Business			
Transactions with external customers	1,196,956	1,155,680	24,194
Inter-segment transactions	15,896	15,037	(111)
Sub-total	1,212,852	1,170,717	24,083
Regional Communications Business			
Transactions with external customers	602,563	590,998	(1,355)
Inter-segment transactions	172,928	172,273	(814)
Sub-total	775,491	763,271	(2,169)
Long Distance and International Communications Business			
Transactions with external customers	545,135	535,280	(24,194)
Inter-segment transactions	26,832	26,698	165
Sub-total	571,967	561,978	(24,029)
Data Communications Business			
Transactions with external customers	487,562	516,965	–
Inter-segment transactions	29,920	33,578	–
Sub-total	517,482	550,543	–
Other Business			
Transactions with external customers	108,251	175,190	1,355
Inter-segment transactions	189,517	207,158	14,549
Sub-total	297,768	382,348	15,904
Elimination of inter-segment transactions	(435,093)	(454,744)	(13,789)
Total	2,940,467	2,974,113	–

* Certain subsidiaries included in reporting segments "Regional communications business" or "Long distance and international communications" were transferred during the three months ended September 30, 2019 and they are included in "Other Businesses" or "Mobile communications business", respectively. After this period operating revenues of these subsidiaries were recognized in the destination segments. The increased or decreased amounts of operating revenue compared to the status without these inter-segment transferrings during the three months ended September 30, 2019 are presented as “Effect of inter-segment transfers of certain subsidiaries” in the table above.

Segment profit or loss

Six Months Ended September 30,

(Millions of yen)

	Six Months Ended September 30, 2018 (April 1, 2018 - September 30, 2018)	Six Months Ended September 30, 2019 (April 1, 2019 - September 30, 2019)	Effect of inter-segment transfers of certain subsidiaries *
Segment profit			
Mobile Communications Business	610,520	540,260	914
Regional Communications Business	276,304	270,725	163
Long Distance and International Communications Business	71,452	59,298	(914)
Data Communications Business	60,332	63,757	–
Other Business	57,347	55,969	(165)
Total	1,075,955	990,009	(2)
Elimination of inter-segment transactions	(5,203)	(7,204)	2
Operating profit	1,070,752	982,805	–
Finance income	12,988	35,814	–
Finance costs	15,476	22,554	–
Share of profit of entities accounted for using equity method	10,054	5,794	–
Profit before tax	1,078,318	1,001,859	–

Regarding the impact from change of the expected useful lives of optical cables, segment profit for the six months ended September 30, 2019, were increased by ¥21,215 million for “Regional communications business”, ¥603 million for “Long distance and international communications business” and ¥21,818 million in total. Description of this change is presented in “Note 4. Significant Accounting Estimates and Judgments Involving Estimates”.

* Certain subsidiaries included in reporting segments "Regional communications business" or "Long distance and international communications" were transferred during the three months ended September 30, 2019 and they are included in "Other Businesses" or "Mobile communications business", respectively. After this period operating profits of these subsidiaries were recognized in the destination segments. The increased or decreased amounts of operating profits compared to the status without these inter-segment transferrings during the six months ended September 30, 2019 are presented as “Effect of inter-segment transfers of certain subsidiaries” in the table above.

Three Months Ended September 30,

(Millions of yen)

	Three Months Ended September 30, 2018 (July 1, 2018 - September 30, 2018)	Three Months Ended September 30, 2019 (July 1, 2019 - September 30, 2019)	Effect of inter-segment transfers of certain subsidiaries *
Segment profit			
Mobile Communications Business	300,598	261,544	914
Regional Communications Business	134,280	126,130	163
Long Distance and International Communications Business	39,417	30,244	(914)
Data Communications Business	31,076	33,919	–
Other Business	31,357	27,109	(165)
Total	536,728	478,946	(2)
Elimination of inter-segment transactions	(3,202)	(1,335)	2
Operating profit	533,526	477,611	–
Finance income	5,274	4,431	–
Finance costs	7,051	10,264	–
Share of profit of entities accounted for using equity method	3,918	3,298	–
Profit before tax	535,667	475,076	–

Regarding the impact from change of the expected useful lives of optical cables, segment profit for the three months ended September 30, 2019, were increased by ¥10,656 million for “Regional communications business”, ¥303 million for “Long distance and international communications business” and ¥10,959 million in total. Description of this change is presented in “Note 4. Significant Accounting Estimates and Judgments Involving Estimates”.

During the first six months of the previous fiscal year and the first six months of the current fiscal year, there are no operating revenues recorded from transactions with a single external customer that account for 10% or more of total revenue.

* Certain subsidiaries included in reporting segments "Regional communications business" or "Long distance and international communications" were transferred during the three months ended September 30, 2019 and they are included in "Other Businesses" or "Mobile communications business", respectively. After this period operating profits of these subsidiaries were recognized in the destination segments. The increased or decreased amounts of operating profits compared to the status without these inter-segment transferrings during the three months ended September 30, 2019 are presented as “Effect of inter-segment transfers of certain subsidiaries” in the table above.

7. Impact on the condensed quarterly consolidated financial statements due to the non-business day for the fiscal year ended March 31, 2019 and 2018.

The last days of the fiscal year ended March 31, 2018, Six Months Ended September 30, 2018 and the fiscal year ended March 31, 2019 fell on non-business days, resulting in the due date of certain bills, including telecommunication service bills, being set to the first business day of the following month. Consequently, the impact on the condensed quarterly consolidated financial statements is as follows.

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
(Condensed Quarterly Consolidated Statement of Financial Position)		
Cash and cash equivalents	(223,672)	–
Trade and other receivables	223,672	–

(Millions of yen)

	Six Months Ended September 30, 2018 (April 1, 2018 - September 30, 2018)	Six Months Ended September 30, 2019 (April 1, 2019 - September 30, 2019)
(Condensed Quarterly Consolidated Statement of Cash Flows)		
Decrease (increase) in trade and other receivables	(1,920)	223,672
Cash and cash equivalents as of April 1	(231,929)	(223,672)
Cash and cash equivalents as of September 30	(233,849)	–

8. Assets Held for Sale

Sumitomo Mitsui Card Company, Limited

Overview

As of the end of the fiscal year ended March 31, 2019, NTT Group held 34% of the outstanding common shares of Sumitomo Mitsui Card Company, Limited ("Sumitomo Mitsui Card"). Sumitomo Mitsui Card is a credit card operator in Japan and a privately held company.

In July 2005, NTT DOCOMO, a subsidiary of NTT, entered into an agreement with Sumitomo Mitsui Card, Sumitomo Mitsui Financial Group, Inc. (SMFG), and Sumitomo Mitsui Banking Corporation to jointly promote credit transaction services which use mobile phones compatible with the "Osaifu-Keitai" (mobile wallet) service. The investment NTT DOCOMO made in Sumitomo Mitsui Card in accordance with this agreement had been accounted for using the equity method.

In September 2018, NTT DOCOMO concluded an agreement for new business cooperation with Sumitomo Mitsui Card and SMFG. NTT DOCOMO group and SMFG will jointly develop a business to facilitate cashless payments by leveraging each of their customer bases and know-how and further expanding their "iD" electronic money service, while looking into the possibility of a new collaboration in areas such as FinTech. As a result of this arrangement, NTT DOCOMO agreed to sell all Sumitomo Mitsui Card shares to SMFG in April 2019.

On April 1, 2019, NTT DOCOMO sold all of its Sumitomo Mitsui Card shares to SMFG.

Impact on accounting treatment and on the consolidated financial statements

For the fiscal year ended March 31, 2019, in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations," NTT Group reclassified its investment in Sumitomo Mitsui Card from "Investment accounted for using the equity method" to "Assets held for sale". As a result, the subsequent application of the equity method was discontinued and the amount of the asset was measured at its carrying amount at that time. Assets held for sale comprise ¥234,160 million of investments in associates attributable to Mobile communications business, which had been accounted for using the equity method.

Accumulated other comprehensive income (net of taxes) related to "Assets held for sale" amounted to ¥30,620 million (credit side) and was included in "Other components of equity" in the Condensed Consolidated Statement of Financial Position as of March 31, 2019. This total amount represents the changes in the fair value of financial assets measured at fair value through other comprehensive income.

Due to the decision to recover this investment by sale, deferred tax liabilities arising from the temporary differences on this investment increased by ¥42,530 million and were offset against deferred tax assets on the Consolidated Statement of Financial Position. As a result, "Income taxes" on the Condensed Consolidated Statements of Profit or Loss for the three months ended September 30, 2018, increased by ¥20,667 million, and "Share of other comprehensive income of entities accounted for using the equity method (items that will not be reclassified to profit or loss)" (credit side) on the consolidated statement of comprehensive income decreased by ¥21,863 million.

For the three months ended September 30, 2019, Accumulated other comprehensive income (net of taxes) related to "Assets held for sale" amounted to ¥30,620 million (credit side) was not recognized in profit or loss, but will be directly reclassified to retained earnings when the asset is sold because NTT DOCOMO sold all of its Sumitomo Mitsui Card shares. The impact of this sales to Consolidated Statement of Profit or Loss was not material. The amount of proceeds from the sale is included in "Proceeds from sale or redemption of investments" in the Condensed Consolidated Statement of Cash Flows.

9. Property, Plant and Equipment

Component of Property, plant and equipment

	Millions of yen	
	As of March 31, 2019	As of September 30, 2019
Telecommunications equipment	10,929,456	10,954,733
Telecommunications service lines	16,353,389	16,416,878
Buildings and structures	5,543,499	5,552,899
Machinery, vessels and tools	2,415,775	2,380,780
Land	699,178	687,512
Construction in progress	429,996	451,821
Sub-total	36,371,293	36,444,623
Accumulated depreciation and impairment losses	(27,358,346)	(27,504,877)
Property, plant and equipment - total	9,012,947	8,939,746

10. Corporate Bonds

Details of corporate bonds transactions

Six Months Ended September 30, 2018 (April 1, 2018 to September 30, 2018)						
Transaction	Entity	Description	Principal Amount	Interest rate	Issuance date	Maturity date
Redemption	NTT DOCOMO	15th series of corporate bonds	¥80,000 million	1.96%	June 11, 2008	June 20, 2018
Redemption	NTT DOCOMO	17th series of corporate bonds	¥30,000 million	1.77%	December 3, 2008	September 20, 2018
Redemption	NTT Finance Corporation	42th series of corporate bonds	¥20,000 million	0.50%	May 28, 2013	June 20, 2018
Issuance	NTT Finance Corporation	11th series of Euro-denominated bonds	€ 60 million	1.27%	May 22, 2018	May 22, 2028
Issuance	NTT Finance Corporation	12th series of Euro-denominated bonds	€ 60 million	0.63%	August 9, 2018	August 9, 2023

Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)						
Transaction	Entity	Description	Principal Amount	Interest rate	Issuance date	Maturity date
Redemption	Nippon Telegraph and Telephone Corporation	59th series of NTT bonds	¥100,000 million	1.69%	June 10, 2009	June 20, 2019
Redemption	NTT Finance Corporation	46th series of bonds	¥20,000 million	0.25%	May 27, 2014	June 20, 2019
Redemption	NTT Urban Development Corporation	9th series of bonds	¥10,000 million	1.50%	September 17, 2009	September 20, 2019
Redemption	NTT Urban Development Corporation	16th series of bonds	¥10,000 million	0.21%	October 31, 2014	September 20, 2019
Issuance	NTT Finance Corporation	13th series of Euro-denominated bonds	€ 100 million	0.26%	June 25, 2019	June 26, 2023
Issuance	NTT Finance Corporation	14th series of Euro-denominated bonds	€ 25 million	0.33%	June 25, 2019	June 25, 2024

11. Equity and Other Components of Equity

(1) Issued Shares and Treasury Stock

Reconciliation of the number of issued shares and treasury stock

(shares)

	Issued Shares	Treasury Stock
April 1, 2018	2,096,394,470	125,318,558
Purchase of treasury stock under resolution of the board of directors	–	53,646,000
Repurchase of treasury stock based on less-than-one-unit share purchase demand	–	37,070
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	–	(3,882)
Cancellation of treasury stock	(146,000,000)	(146,000,000)
March 31, 2019	1,950,394,470	32,997,746
Purchase of treasury stock under resolution of the board of directors	–	99,763,016
Repurchase of shares based on less-than-one-unit share purchase demand	–	18,050
Disposal of treasury stock based on additional less-than-one-unit share purchase demand	–	(622)
September 30, 2019	1,950,394,470	132,788,190

On September 18, 2018, the Board of Directors resolved that NTT would cancel 146 million of its shares on September 26, 2018, and as a result of NTT cancelling such shares on September 26, 2018, additional paid-in capital decreased by ¥2 million and retained earnings decreased by ¥718,258 million.

The resolution of repurchasing its outstanding common stock by NTT's Board of Directors and status

The date of resolution	Plan			Result			
	Period of repurchases	Total number of shares to be repurchased (million shares)	Aggregate repurchase amount (million yen)	Period for repurchases	Total number of shares repurchased (shares)	Aggregate repurchased amount (million yen)	Status of repurchase
February 21, 2018	From February 22, 2018 to June 30 2018	31	150,000	From March 2018 to May 2018	29,178,000	150,000	Concluded
November 6, 2018	From November 7, 2018 to March 29 2019	36	150,000	From November 2018 to January 2019	32,868,000	150,000	Concluded
May 10, 2019	From May 13, 2019 to July 31 2019	53	250,000	From May 2019 to July 2019	50,480,100	250,000	Concluded
August 6, 2019	From August 7, 2019 to September 30 2019	53	300,000	September 2019	48,980,000	251,071	Concluded

(2) Put Options Granted to Non-Controlling Interests

With regard to written put options for subsidiary shares granted by NTT Group to the owners of non-controlling interests, the amounts deducted from additional paid-in capital were ¥27,802 million and ¥7,437 million, respectively, at the end of the fiscal year ended March 31, 2019, and the three months ended September 30, 2019.

(3) Other Components of Equity

The details and changes in other components of equity

Six Months Ended September 30, 2018

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income*1*2	Cash Flow Hedge	Remeasurements of Defined Benefit Plans	Foreign Currency Translation Adjustment	Total
March 31, 2018	146,013	(3,718)	–	58,343	200,638
Cumulative effect of adoption of IFRS 9 "Financial Instruments"	507	(2,939)	–	–	(2,432)
April 1, 2018	146,520	(6,657)	–	58,343	198,206
Other comprehensive income	21,705	(940)	(485)	31,242	51,522
Transfer to retained earnings	(5,859)	–	485	–	(5,374)
Transfer to non-financial assets, etc.	–	3,905	–	–	3,905
September 30, 2018	162,366	(3,692)	–	89,585	248,259

*1. For March 31, 2018, the amount of unrealized gains or losses on securities are shown as calculated in accordance with U.S. GAAP.

*2. The balance of "Change in the fair value of financial assets measured at fair value through other comprehensive income" on September 30, 2018 includes amounts related to "Asset held for sale" under IFRS 5. For details, please refer to "Note 8. Assets Held for Sale" for additional details.

Six Months Ended September 30, 2019

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income	Cash Flow Hedges	Remeasurements of Defined Benefit Plans	Foreign Currency Translation Adjustments	Total
March 31, 2019	138,290	(5,115)	–	48,912	182,087
Other comprehensive income	(807)	(143)	(1,035)	(60,317)	(62,302)
Transfer to retained earnings	(33,183)	–	1,035	–	(32,148)
Transfer to non-financial assets, etc.	–	–	–	–	–
September 30, 2019	104,300	(5,528)	–	(11,405)	87,637

(4) Dividends

The amount of dividends paid out in the six months ended September 30, 2018 and 2019

Resolution	Class of Shares	Source of Dividends	Total Dividend (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
June 26, 2018 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	147,831	75	March 31, 2018	June 27, 2018
June 25, 2019 Ordinary General Meeting of Shareholders	Common shares	Retained earnings	182,153	95	March 31, 2019	June 26, 2019

Amount of dividends declared with a record date during the six months ended September 30, 2019 and an effective date after the six months ended September 30, 2019

Resolution	Class of Shares	Source of Dividends	Total Dividend (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
November 5, 2019 Board of Directors	Common shares	Retained earnings	172,674	95	September 30, 2019	December 5, 2019

(5) Equity Transactions with Non-controlling Interests

On April 26, 2019, the Board of Directors of NTT DOCOMO resolved that NTT DOCOMO would repurchase up to 128.3 million outstanding shares of its common stock for ¥300,000 million during May 7, 2019 through April 30, 2020. Based on this resolution, NTT DOCOMO repurchased 47,711,900 shares of its common stock for ¥122,762 million from May 2019 through September 2019. As a result, NTT's ownership interest in NTT DOCOMO increased from 64.1% to 65.0% and "Additional paid-in capital" decreased by ¥29,097 million in the Condensed Consolidated Statement of Financial Position as of September 30, 2019.

And NTT DOCOMO repurchased 9,166,900 shares of its common stock for ¥26,058 million in October 2019.

(6) Other

According to the NTT Act, NTT must obtain authorization from the Minister of Internal Affairs and Communications for certain financial matters, including the issuance of new shares, bonds with a right to subscribe for new shares, and disposal of surplus.

12. Operating Revenues

Relationship between Components of Revenues and Segment Revenues

For the Six Months Ended September 30 (Millions of yen)

		Six Months Ended September 30, 2018 (April 1, 2018 to September 30, 2018)					
		Segment					
		Mobile Communications Business	Regional Communications Business	Long Distance and International Communications Business	Data Communications Business	Other Business	Total
Main Services	Fixed voice related services	–	442,232	96,063	–	–	538,295
	Mobile voice related services	473,062	–	–	–	–	473,062
	IP/packet communications services	1,075,644	581,997	208,600	–	2,191	1,868,432
	Sales of telecommunications equipment	390,155	36,532	5,832	–	–	432,519
	System integration services	–	46,695	688,907	966,021	13,235	1,714,858
	Other services	418,335	102,149	62,289	–	183,260	766,033
	Total	2,357,196	1,209,605	1,061,691	966,021	198,686	5,793,199

(Millions of yen)

		Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)					
		Segment					
		Mobile Communications Business	Regional Communications Business	Long Distance and International Communications Business	Data Communications Business	Other Business	Total
Main Services	Fixed voice related services	–	410,495	87,364	–	–	497,859
	Mobile voice related services	466,492	–	–	–	–	466,492
	IP/packet communications services	1,068,778	561,316	208,924	–	2,489	1,841,507
	Sales of telecommunications equipment	317,512	39,050	4,022	–	–	360,584
	System integration services	–	60,663	715,964	1,017,721	13,067	1,807,415
	Other services*	446,358	100,607	49,275	–	319,454	915,694
	Total	2,299,140	1,172,131	1,065,549	1,017,721	335,010	5,889,551

* Certain subsidiaries included in "Regional communications business" or "Long distance and international communications" were transferred during the three months ended September 30, 2019 and they are included in "Other Businesses" or "Mobile communications business", respectively. After this period operating revenues of these subsidiaries were recognized in the destination segments. The effects are presented in "Note 6. Segment Information" and mainly included in "Other services".

For the Three Months Ended September 30 (Millions of yen)

		Three Months Ended September 30, 2018 (July 1, 2018 to September 30, 2018)					
		Segment					
		Mobile Communications Business	Regional Communications Business	Long Distance and International Communications Business	Data Communications Business	Other Business	Total
Main Services	Fixed voice related services	–	217,761	48,372	–	–	266,133
	Mobile voice related services	238,523	–	–	–	–	238,523
	IP/packet communications services	536,420	288,682	104,254	–	1,098	930,454
	Sales of telecommunications equipment	211,624	18,532	4,342	–	–	234,498
	System integration services	–	26,814	355,617	487,562	7,157	877,150
	Other services	210,389	50,774	32,550	–	99,996	393,709
	Total	1,196,956	602,563	545,135	487,562	108,251	2,940,467

(Millions of yen)

		Three Months Ended September 30, 2019 (July 1, 2019 to September 30, 2019)					
		Segment					
		Mobile Communications Business	Regional Communications Business	Long Distance and International Communications Business	Data Communications Business	Other Business	Total
Main Services	Fixed voice related services	–	201,164	44,363	–	–	245,527
	Mobile voice related services	235,229	–	–	–	–	235,229
	IP/packet communications services	533,087	279,600	104,246	–	1,273	918,206
	Sales of telecommunications equipment	149,975	21,446	1,541	–	–	172,962
	System integration services	–	37,677	369,694	516,965	6,504	930,840
	Other services*	237,389	51,111	15,436	–	167,413	471,349
	Total	1,155,680	590,998	535,280	516,965	175,190	2,974,113

* Certain subsidiaries included in "Regional communications business" or "Long distance and international communications" were transferred during the three months ended September 30, 2019 and they are included in "Other Businesses" or "Mobile communications business", respectively. After this period operating revenues of these subsidiaries were recognized in the destination segments. The effects are presented in "Note 6. Segment Information" and mainly included in "Other services".

In its five business segments of Mobile Communications Business, Regional Communications Business, Long Distance and International Communications Business, Data Communications Business, and Other Business, NTT Group provides the following six services: fixed voice related services, mobile voice related services, IP/packet communications services, sales of telecommunications equipment, system integration service, and other services.

13. Fair Value of Financial Instruments

(1) Carrying Amount and Fair Value of Financial Instruments Not Measured at Fair Value

(Millions of yen)

	As of March 31, 2019		As of September 30, 2019	
	Carrying amount	Carrying amount	Carrying amount	Fair value
Long-term debt (including current portion or balance due for repayment)	3,371,759	3,436,096	3,181,392	3,248,333

With regard to the above-mentioned items, the assumptions (inputs) used to measure fair value are classified as Level 2. With the exception of the above-mentioned items, the financial instruments not measured at fair value are not included in the table, because their carrying amounts approximate their fair values. No changes have been made to the measurement method of fair value after the end of previous fiscal year.

(2) Fair Value Measurement

Assets and liabilities measured at fair value

Fiscal Year Ended March 31, 2019

(Millions of yen)

Classification	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit or loss				
Debt securities	–	97,129	–	97,129
Investments in capital	–	942	33,525	34,467
Loans receivables	–	157,126	–	157,126
Derivatives financial assets				
Applied hedge accounting	–	14,935	–	14,935
Not applied hedge accounting	–	2,860	–	2,860
Financial assets measured at fair value through other comprehensive income				
Equity securities	338,748	1,675	70,194	410,617
Total	338,748	274,667	103,719	717,134
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives financial liabilities				
Applied hedge accounting	–	18,460	–	18,460
Not applied hedge accounting	–	1,164	–	1,164
Total	–	19,624	–	19,624

As of September 30, 2019 (Millions of yen)

Classification	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit/loss				
Debt securities	–	101,656	–	101,656
Investments in capital	–	1,184	33,669	34,853
Loans receivable	–	148,356	–	148,356
Derivatives financial assets				
Applied hedge accounting	–	10,715	–	10,715
Not applied hedge accounting	–	4,850	–	4,850
Financial assets measured at fair value through other comprehensive income				
Equity securities	368,184	–	69,120	437,304
Total	368,184	266,761	102,789	737,734
Financial liabilities:				
Financial liabilities measured at fair value through profit/loss				
Derivatives financial liabilities				
Applied hedge accounting	–	25,141	–	25,141
Not applied hedge accounting	–	906	–	906
Total	–	26,047	–	26,047

1. In the six months ended September 30, 2019, there was no material switching between levels.
2. Level 3 reconciliation is not disclosed, as there was no material fluctuation among financial instruments classified as Level 3 in the six months ended September 30, 2019.

The valuation techniques to measure fair value of financial instruments are consistent with those applied on the consolidated financial statements for the year ended March 31, 2019.

14. Subsequent Events

Stock Split

As further described below, NTT authorized a stock split of its common stock at a meeting of its board of directors held on November 5, 2019.

1. Purpose of the Stock Split

The objective of the stock split is to lower the minimum investment price per unit of NTT, thereby facilitating an environment where it is easier to invest in NTT's shares and expanding NTT's investor base.

2. Outline of the Stock Split

(1) Stock Split Method

The record date of the stock split will be December 31, 2019. Each share of NTT common stock held by shareholders as of the record date will be split into two shares.

(2) Increase in Number of Shares as a Result of the Stock Split

Number of shares outstanding prior to the stock split: 1,950,394,470 shares

Increase in total number of outstanding shares as a result of this stock split: 1,950,394,470 shares

Number of shares outstanding after the stock split: 3,900,788,940 shares

Number of shares authorized to be issued after the stock split: 6,192,920,900 shares

(3) Stock Split Schedule

Date of public notice of the record date: December 16, 2019

Record date: December 31, 2019 (effectively, December 30)

Effective date: January 1, 2020

3. Effect per Share of Common Stock

There will be no substantive changes to dividend amounts as a result of the stock split. Assuming the stock split had been conducted at the beginning of the fiscal year ended March 31, 2019, basic earnings per share attributable to NTT would have been as follows.

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019
Basic earnings per share attributable to NTT	¥143.25 [¥69.22]	¥145.53 [¥71.84]

Note: The figures in square brackets are those for the three months ended September 30, 2018 and 2019, respectively.

The subsidiaries' purchase of treasury stock

The acquisition of NTT DOCOMO's treasury stock is described in "Note 11. Equity and Other Components of Equity (5) Equity Transactions with Non-controlling Interests."