

(7) Change in Significant Matters Serving as a Basis for the Preparation of Consolidated Financial Statements

Change of accounting policy

As of April 1, 2015, certain of NTT's consolidated subsidiaries changed their fiscal year ends from December 31 to March 31, thereby eliminating a three-month discrepancy between their fiscal year ends and NTT's fiscal year end in NTT's consolidated financial statements. The elimination of this discrepancy was applied as a change in accounting policy. NTT did not make any retrospective adjustments to its financial statements as these changes did not have a material impact on the consolidated financial statements for the fiscal year ended March 31, 2015. As a result of this change, NTT's retained earnings have increased by ¥700 million, and its accumulated other comprehensive income (loss), noncontrolling interests and redeemable noncontrolling interests have decreased by ¥9,702 million, ¥595 million and ¥419 million, respectively, in each case as of the beginning of the current fiscal year. In addition, the change in cash and cash equivalents resulting from this change in fiscal year end is presented in the consolidated statements of cash flows under "Increase (decrease) in cash and cash equivalents due to change in fiscal year end of consolidated subsidiaries."

Change in accounting estimate

Effective July 1, 2014, NTT Group revised its estimate of the expected useful life of a part of the software for telecommunications network and internal-use software based on the actual utilization of the software to reflect an extended expected useful life of up to 7 years. This change in estimate has been accounted for prospectively.

The financial impact from this change in accounting estimate on the fiscal year ended March 31, 2015 to "Income before income taxes and equity in earnings (losses) of affiliated companies," "Net income attributable to NTT" and "Per share of common stock" of "Net income attributable to NTT" is ¥51,307 million, ¥21,754 million, and ¥19.89, respectively.