

Earnings Release

February 1, 2019

For the Nine Months Ended December 31, 2018

[IFRS]

Name of registrant: **NTT DOCOMO, INC.** (URL <https://www.nttdocomo.co.jp/>)
 Code No.: 9437
 Stock exchange on which the Company's shares are listed: Tokyo Stock Exchange-First Section
 Representative: Kazuhiro Yoshizawa, Representative Director, President and Chief Executive Officer
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 Scheduled date for filing of quarterly report: February 7, 2019
 Scheduled date for dividend payment: -
 Supplemental material on quarterly results: Yes
 Presentation on quarterly results: Yes (for institutional investors and analysts)

(Amounts are rounded off to the nearest 1 million yen.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2018 (April 1, 2018 - December 31, 2018)

(1) Consolidated Results of Operations

(Millions of yen, except per share amounts)

	Operating revenues		Operating profit		Profit before taxes		Profit		Profit attributable to shareholders of NTT DOCOMO, INC.		Total comprehensive income	
Nine months ended December 31, 2018	3,654,116	1.8%	902,023	5.4%	911,635 (10.7)%	609,408 (12.8)%	607,551 (12.9)%	604,258 (15.4)%				
Nine months ended December 31, 2017	3,589,751	—%	856,166	—%	1,020,605	—%	697,661	—%	714,274	—%		

(Percentages above represent changes compared to the corresponding period of the previous year)

	Basic earnings per share	Diluted earnings per share
Nine months ended December 31, 2018	169.08 (yen)	—
Nine months ended December 31, 2017	188.32 (yen)	—

(2) Consolidated Financial Position

(Millions of yen, except per share amounts)

	Total assets	Total equity	Equity attributable to shareholders of NTT DOCOMO, INC.	Ratio of Equity attributable to shareholders of NTT DOCOMO, INC. to total assets
December 31, 2018	7,718,007	5,330,759	5,302,091	68.7 %
March 31, 2018	7,654,938	5,692,228	5,665,107	74.0 %

2. Dividends

	Cash Dividends per Share (yen)				
	End of the First Quarter	End of the Second Quarter	End of the Third Quarter	Year End	Total
Year ended March 31, 2018	—	50.00	—	50.00	100.00
Year ending March 31, 2019	—	55.00	—		
Year ending March 31, 2019 (Forecasts)				55.00	110.00

(Note) Revisions to the forecasts of dividends: No

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(Millions of yen, except per share amounts)

	Operating revenues		Operating profit		Profit before taxes		Profit attributable to shareholders of NTT DOCOMO, INC.		Basic earnings per share	
Year ending March 31, 2019	4,860,000	2.1 %	990,000	0.3 %	1,005,000 (12.0)%	670,000 (15.3) %	189.60			

(The percentage changes from the same period of the previous fiscal year are calculated using the figures based on the International Financial Reporting Standards (IFRS).)

(Note) Revisions to the forecasts of consolidated financial results: No

* Notes:

(1) Changes in significant subsidiaries:		None
(2) Changes in accounting policies and Estimate		
i. Changes in accounting policies required by IFRS:		Yes
ii. Other Change in accounting policies:		None
iii. Changes in accounting estimates:		None
(3) Number of issued shares (common stock)		
i. Number of issued shares (inclusive of treasury stock):	As of December 31, 2018:	3,782,299,000 shares
	As of March 31, 2018:	3,782,299,000 shares
ii. Number of treasury stock:	As of December 31, 2018:	189,114,537 shares
	As of March 31, 2018:	189,114,487 shares
iii. Number of weighted average common shares outstanding:	For the nine months ended December 31, 2018:	3,593,184,510 shares
	For the nine months ended December 31, 2017:	3,704,585,523 shares

* This earnings release is not subject to the quarterly review by independent auditors.

* Explanation for forecasts of operations and other notes:

First-time adoption of IFRS

We have adopted IFRS from the first quarter of the fiscal year ending March 31, 2019. For information about the differences between IFRS and US GAAP, please refer to “3. Condensed Consolidated Financial Statements” on Page 4.

Forecast of results

All forward-looking statements that are not historical facts are based on management’s current plans, expectations, assumptions and estimates based on the information available as of the filing date of this document. Some of the projected numbers in this report were derived using certain assumptions that were indispensable for making such projections in addition to historical facts. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from those contained in or suggested by any forward-looking statement. With regard to various known and unknown risks, uncertainties and other factors, please see our latest Annual reports and Quarterly Securities Reports on our website.

(Purchase of treasury stock)

The forecasts of “Basic Earnings per Share” for the fiscal year ending March 31, 2019 are based on the fact that DOCOMO repurchased 257,953,469 shares at ¥600,000 million on January 7, 2019.

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1. Summary Information

Prospects for the Fiscal Year Ending March 31, 2019

None

2. Summary Information (notes)

(1) Changes in Significant Subsidiaries

None

(2) Change in Accounting Policies and Estimates

DOCOMO has adopted IFRS 9 “Financial Instruments” (revised in July 2014) (“IFRS 9”) from the beginning of the nine months ended December 31, 2018 (April 1, 2018).

With respect to the changes in accounting policies following IFRS 9, comparative information is not restated, in accordance with the exemptions under IFRS 7 “Financial Instruments: Disclosures” (revised in July 2014) (“IFRS 7”) and IFRS 9, which are based on IFRS 1. U.S. Generally Accepted Accounting Principles (“U.S. GAAP”) are applied at the transition date, the end of the previous fiscal year, and the nine months ended December 31 of the previous fiscal year, and the difference between U.S. GAAP-based carrying amounts, and IFRS 9-based carrying amounts at the beginning of the nine months ended December 31, 2018 is accounted for as adjustments to retained earnings, other components of equity.

Although equity securities for which fair values are not readily determinable were measured using the cost method under U.S. GAAP, following the adoption of IFRS 9 at the beginning of the nine months ended December 31, 2018, they were designated as items to be measured at fair value through other comprehensive income, and changes in their fair value are recorded in “Other comprehensive income (net of taxes)” in the condensed consolidated statement of comprehensive income. Otherwise, the impact of adopting IFRS 9 is immaterial.

Cumulative effects of the adoption of IFRS 9 on the condensed consolidated statement of financial position at the beginning of the nine months ended December 31, 2018 are an increase of ¥4,397 million in “Investments accounted for using equity method,” an increase of ¥11,190 million in “Securities and other financial assets,” a decrease of ¥3,435 million in “Deferred tax assets,” an increase of ¥116 million in “Other non-current liabilities,” an increase of ¥2,665 million in “Retained earnings,” and an increase of ¥9,371 million in “Other components of equity.” The impact on “profit” and “basic earnings per share” for the nine months ended December 31, 2018 is immaterial.

3. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

	Millions of yen		
	Date of transition to IFRS (April 1, 2017)	March 31, 2018	December 31, 2018
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 287,910	¥ 390,468	¥ 582,764
Trade and other receivables	1,916,813	1,976,715	2,100,909
Other financial assets	302,253	372,083	70,869
Inventories	154,356	187,432	228,357
Other current assets	76,206	90,145	95,364
Subtotal	2,737,538	3,016,843	3,078,263
Asset held for sale	—	—	234,160
Total current assets	2,737,538	3,016,843	3,312,423
Non-current assets:			
Property, plant and equipment	2,493,188	2,548,216	2,575,833
Goodwill	79,312	72,448	72,097
Intangible assets	606,836	598,124	603,198
Investments accounted for using the equity method	380,342	391,446	177,453
Securities and other financial assets	412,900	435,257	449,181
Contract costs	268,018	276,282	285,561
Deferred tax assets	279,030	206,806	132,173
Other non-current assets	107,054	109,516	110,089
Total non-current assets	4,626,680	4,638,095	4,405,584
Total assets	¥ 7,364,218	¥ 7,654,938	¥ 7,718,007

	Millions of yen		
	Date of transition to IFRS (April 1, 2017)	March 31, 2018	December 31, 2018
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	¥ 61,906	¥ 111,230	¥ 1,427
Trade and other payables	876,594	910,958	902,755
Other financial liabilities	11,230	28,047	626,167
Accrued income taxes	105,809	155,026	116,941
Contract liabilities	189,370	215,480	229,393
Provisions	34,753	37,919	25,454
Other current liabilities	141,385	188,298	154,773
Total current liabilities	1,421,047	1,646,957	2,056,910
Non-current liabilities:			
Long-term debt	160,040	50,000	50,000
Other financial liabilities	30,540	9,453	9,044
Defined benefit liabilities	198,747	206,792	214,259
Contract liabilities	18,955	29,587	36,077
Provisions	8,766	9,075	8,922
Other non-current liabilities	9,946	10,847	12,036
Total non-current liabilities	426,994	315,754	330,339
Total liabilities	1,848,041	1,962,710	2,387,249
Equity:			
Equity attributable to shareholders of NTT DOCOMO, INC.			
Common stock	949,680	949,680	949,680
Additional paid-in capital	147,740	153,115	153,116
Retained earnings	4,727,986	4,908,373	5,148,409
Treasury stock	(426,443)	(448,403)	(448,403)
Other components of equity	91,723	102,342	(500,710)
Total equity attributable to shareholders of NTT DOCOMO, INC.	5,490,685	5,665,107	5,302,091
Noncontrolling interests	25,492	27,121	28,668
Total equity	5,516,177	5,692,228	5,330,759
Total liabilities and equity	¥ 7,364,218	¥ 7,654,938	¥ 7,718,007

(2) Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income

Nine months ended December 31, 2017 and 2018

Condensed Consolidated Statement of Profit or Loss

	Millions of yen	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Operating revenues:		
Telecommunications services	¥ 2,330,686	¥ 2,357,777
Equipment sales	603,695	650,096
Other operating revenues	655,370	646,243
Total operating revenues	3,589,751	3,654,116
Operating expenses:		
Personnel expenses	216,258	217,872
Cost of equipment sold and services, and other expenses	1,821,941	1,826,680
Depreciation and amortization	362,399	348,596
Communication network charges	288,854	321,015
Loss on disposal of property, plant and equipment and intangible assets	44,132	37,930
Total operating expenses	2,733,585	2,752,093
Operating profit	856,166	902,023
Finance income	9,732	5,392
Finance costs	(5,824)	(2,579)
Income from Arbitration Award	147,646	—
Share of profits (losses) on equity method investments	12,883	6,800
Profit before taxes	1,020,605	911,635
Income taxes	321,441	302,228
Profit	¥ 699,164	¥ 609,408
Profit attributable to:		
Shareholders of NTT DOCOMO, INC.	697,661	607,551
Noncontrolling interests	1,503	1,857
Profit	¥ 699,164	¥ 609,408
Earnings per share attributable to shareholders of NTT DOCOMO, INC.		
Basic earnings per share	¥ 188.32	¥ 169.08

Nine months ended December 31, 2017 and 2018

Condensed Consolidated Statement of Comprehensive Income

	Millions of yen	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	¥ 699,164	¥ 609,408
Other comprehensive income (net of taxes):		
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	—	8,003
Share of other comprehensive income of investments accounted for using the equity method	(392)	(3,832)
Total of items that will not be reclassified to profit or loss	(392)	4,171
Items that may be reclassified subsequently to profit or loss		
Unrealized holding gains (losses) on available-for-sale securities	8,502	—
Foreign exchange translation differences	(6,101)	(9,363)
Share of other comprehensive income of investments accounted for using the equity method	13,101	41
Total of items that may be reclassified subsequently to profit or loss	15,502	(9,321)
Total other comprehensive income (net of taxes)	15,110	(5,150)
Total comprehensive income	¥ 714,274	¥ 604,258
Total comprehensive income attributable to:		
Shareholders of NTT DOCOMO, INC.	712,620	602,232
Noncontrolling interests	1,654	2,026
Total comprehensive income	¥ 714,274	¥ 604,258

(3) Condensed Consolidated Statement of Changes in Equity

Nine months ended December 31, 2017

	Millions of yen							
	Equity attributable to Shareholders of NTT DOCOMO, INC.						Noncon- trolling interests	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
Balance as of April 1, 2017	¥ 949,680	¥ 147,740	¥ 4,727,986	¥ (426,443)	¥ 91,723	¥ 5,490,685	¥ 25,492	¥ 5,516,177
Profit			697,661			697,661	1,503	699,164
Other comprehensive income					14,959	14,959	151	15,110
Total comprehensive income	—	—	697,661	—	14,959	712,620	1,654	714,274
Dividends from surplus			(333,413)			(333,413)	(118)	(333,531)
Purchase and retirement of treasury stock				(0)		(0)		(0)
Changes in ownership interests without loss of control		(265)				(265)	(10)	(275)
Transfer from other components of equity to retained earnings			(392)		392	—		—
Total transactions with shareholders	—	(265)	(333,804)	(0)	392	(333,678)	(128)	(333,806)
Balance as of December 31, 2017	¥ 949,680	¥ 147,475	¥ 5,091,842	¥ (426,443)	¥ 107,074	¥ 5,869,627	¥ 27,018	¥ 5,896,645

Nine months ended December 31, 2018

Millions of yen

	Equity attributable to shareholders of NTT DOCOMO, INC.						Noncon- trolling interests	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
Balance as of March 31, 2018	¥ 949,680	¥ 153,115	¥ 4,908,373	¥ (448,403)	¥ 102,342	¥ 5,665,107	¥ 27,121	¥ 5,692,228
Cumulative impact of adopting IFRS 9, “Financial Instruments”			2,665		9,371	12,035		12,035
Balance as of April 1, 2018	949,680	153,115	4,911,038	(448,403)	111,713	5,677,142	27,121	5,704,263
Profit			607,551			607,551	1,857	609,408
Other comprehensive income					(5,319)	(5,319)	169	(5,150)
Total comprehensive income	—	—	607,551	—	(5,319)	602,232	2,026	604,258
Dividends from surplus			(377,284)			(377,284)	(582)	(377,866)
Purchase and retirement of treasury stock				(0)		(0)		(0)
Changes in ownership interests without loss of control		1				1	103	104
Transfer from other components of equity to retained earnings			7,104		(7,104)	—		—
Changes in equity corresponding to treasury stock to be purchased					(600,000)	(600,000)		(600,000)
Total transactions with shareholders	—	1	(370,181)	(0)	(607,103)	(977,284)	(479)	(977,763)
Balance as of December 31, 2018	¥ 949,680	¥ 153,116	¥ 5,148,409	¥ (448,403)	¥ (500,710)	¥ 5,302,091	¥ 28,668	¥ 5,330,759

(4) Notes to Condensed Consolidated Financial Statements

i. Note to Going Concern Assumption

There is no corresponding item.

ii. Changes in NTT DOCOMO, INC. Shareholders' Equity

Since payment for treasury stock had not been completed on December 31, 2018, the obligation to purchase the treasury stock is recognized in "Other financial liabilities" with a corresponding debit to equity in "Other components of equity (debit)."

iii. Segment Information

DOCOMO's chief operating decision maker (the "CODM") is its Board of Directors. The CODM evaluates the performance and makes resource allocations of its segments based on the information provided by DOCOMO's internal management reports.

DOCOMO has three operating segments, which consist of telecommunications business, smart life business and other businesses.

The telecommunications business includes mobile phone services (LTE(Xi) services and FOMA services), optical-fiber broadband service, satellite mobile communications services, international services and the equipment sales related to these services. The smart life business includes distribution services such as video, music and electronic books as well as finance/payment services, shopping services and various other services to support our customers' daily lives. The other businesses primarily include "Mobile Device Protection Service," as well as development, sales and maintenance of IT systems.

Segment operating revenues:

	Millions of yen	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Telecommunications business-		
External customers.....	¥ 2,942,561	¥ 3,004,148
Intersegment.....	1,113	1,100
Subtotal.....	2,943,674	3,005,248
Smart life business-		
External customers.....	325,389	326,291
Intersegment.....	11,188	11,725
Subtotal.....	336,577	338,016
Other businesses-		
External customers.....	321,801	323,676
Intersegment.....	4,720	4,833
Subtotal.....	326,522	328,510
Segment total.....	3,606,772	3,671,773
Elimination.....	(17,021)	(17,658)
Consolidated.....	¥ 3,589,751	¥ 3,654,116

Segment operating profit (loss):

	Millions of yen	
	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Telecommunications business.....	¥ 747,899	¥ 767,244
Smart life business.....	49,576	58,726
Other businesses.....	58,692	76,053
Operating profit.....	856,166	902,023
Finance income.....	9,732	5,392
Finance costs.....	(5,824)	(2,579)
Income from arbitration award.....	147,646	—
Share of profits (losses) on equity method investments	12,883	6,800
Profit before taxes.....	¥ 1,020,605	¥ 911,635

iv. Events after the reporting period

(Purchase of treasury stock)

On January 7, 2019, NTT DOCOMO, INC repurchased 257,953,469 shares of its common stock at ¥600,000 million by way of tender offer.

v. First-time adoption of IFRS

DOCOMO has prepared its condensed consolidated financial statements in accordance with IFRS from the first quarter ended June 30, 2018. The most recent consolidated financial statements prepared in accordance with U.S. GAAP covered the fiscal year ended March 31, 2018, and the date of transition to IFRS from U.S. GAAP was April 1, 2017.

(1) Exemptions under IFRS 1

A first-time adopter of IFRS is, in principle, required to retrospectively apply each IFRS standard effective at the end of its first IFRS reporting period. However, IFRS 1 provides two types of exceptions to this principle, those subject to mandatory application of the exemptions and those subject to voluntary application. The effects of applying these exemptions are adjusted to retained earnings or other components of equity on the transition date.

The exemptions voluntarily applied by DOCOMO are as follows.

- Business combinations

Under IFRS 1, an entity may elect not to apply IFRS 3 “Business Combinations” retrospectively to business combinations that occurred before the transition date.

DOCOMO has elected not to apply IFRS 3 retrospectively to the business combinations that occurred prior to April 1, 2002. Thus, the amount of goodwill associated with the business combinations that occurred prior to April 1, 2002 was recognized at the carrying amount based on U.S. GAAP. Such goodwill is tested for impairment on the transition date, regardless of whether there is any indication of impairment.

- Deemed cost

Under IFRS 1, an entity may elect to use the fair value of an item of property, plant and equipment at the transition date as the deemed cost on that date. Thus, with respect to some items of property, plant and equipment, DOCOMO uses their fair value at the transition date as their deemed cost on that date.

- Foreign exchange translation differences

Under IFRS 1, an entity may elect to deem the cumulative translation differences to be zero at the transition date. DOCOMO has elected to deem the cumulative translation differences to be zero at the transition date, which are recognized in retained earnings.

- Revenue

Under IFRS 1, an entity may apply the transitional provisions under paragraph C5 of IFRS 15 “Revenue from Contracts with Customers.” DOCOMO has retrospectively applied IFRS 15 through the practical expedient set out in (d) under paragraph C5 of IFRS 15, and thus has not disclosed the amount of consideration allocated to the remaining performance obligations or the timing when DOCOMO expects to recognize such amount as revenue, for all reporting periods prior to the beginning of the first IFRS reporting period.

- Exemption from restatement of comparative information by the application of IFRS 9

If a first-time adopter’s first IFRS reporting period begins before January 1, 2019 and the first-time adopter applies IFRS 9 (2014 version), IFRS 1 permits the entity to apply previously adopted accounting standards, instead of restating comparative information concerning the items within the scope of IFRS 9 as required under IFRS 7 and IFRS 9.

DOCOMO recognizes and measures the items within the scope of IFRS 9 in the consolidated financial statements of the comparative periods in accordance with U.S. GAAP.

(2) Mandatory exceptions to the retroactive application under IFRS 1

IFRS 1 prohibits retroactive applications of IFRS to some items including “estimates,” “derecognition of financial assets and financial liabilities,” “hedge accounting,” “noncontrolling interests” and “classification and measurement of financial assets.” DOCOMO applies these items prospectively from the transition date (from April 1, 2018 as to the items included in the scope of IFRS 9).

(3) Reconciliations

Reconciliations based on IFRS 1 are as follows. In these reconciliations, the amounts under “Reclassification” include adjustments that affect neither retained earnings nor comprehensive income, while the amounts under “Difference in recognition and measurement” include adjustments that affect retained earnings and comprehensive income.

Reconciliation of equity on the transition date (April 1, 2017)

Consolidated Statements of Financial Position

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
ASSETS						ASSETS
Current assets:						Current assets
Cash and cash equivalents	289,610	—	(1,701)	287,910		Cash and cash equivalents
Short-term investments	301,070	74	1,109	302,253		Other financial assets
Accounts receivable	239,137	1,676,944	732	1,916,813		Trade and other receivables
Receivables held for sale	936,748	(936,748)	—	—		
Credit card receivables	347,557	(347,557)	—	—		
Other receivables	398,842	(398,842)	—	—		
Less: Allowance for doubtful accounts	(19,517)	19,517	—	—		
Inventories	153,388	—	968	154,356		Inventories
Prepaid expenses and other current assets	108,412	(13,388)	(18,817)	76,206	E,F	Other current assets
Total current assets	2,755,247	—	(17,709)	2,737,538		Total current asset
Property, plant and equipment:						Non-current assets
Wireless telecommunications equipment	5,084,923	(5,084,923)	—	—		
Buildings and structures	906,177	(906,177)	—	—		
Tools, furniture and fixtures	441,513	(441,513)	—	—		
Land	198,980	(198,980)	—	—		
Construction in progress	204,413	(204,413)	—	—		
Sub-total	6,836,006	(6,836,006)	—	—		
Accumulated depreciation and amortization	(4,295,111)	4,295,111	—	—		
Total property, plant and equipment, net	2,540,895	(2,540,895)	—	—		
	—	2,540,895	(47,706)	2,493,188	B	Property, plant and equipment
Non-current investments and other assets:						
Investments in affiliates	373,758	—	6,584	380,342	A,G	Investments accounted for using the equity method
Marketable securities and other investments	198,650	214,274	(24)	412,900		Securities and other financial assets
Intangible assets, net	608,776	—	(1,940)	606,836	B	Intangible assets
Goodwill	230,971	—	(151,659)	79,312	A	Goodwill
	—	—	268,018	268,018	E	Contract costs
Other assets	434,312	(214,274)	(112,984)	107,054	C,E	Other non-current assets
Deferred tax assets	310,465	—	(31,435)	279,030	A,B,C,E,F,G	Deferred tax assets
Total non-current investments and other assets	2,156,933	2,540,895	(71,147)	4,626,680		Total non-current assets
Total assets	7,453,074	—	(88,856)	7,364,218		Total assets

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
LIABILITIES						LIABILITIES
Current liabilities:						Current liabilities
Current portion of long-term debt	60,217	1,623	67	61,906		Short-term borrowings
Short-term borrowings	1,623	(1,623)	—	—		
Accounts payable, trade	853,538	22,531	525	876,594		Trade and other payables
Accrued payroll	59,187	(59,187)	—	—		
	—	11,323	(93)	11,230		Other financial liabilities
Accrued income taxes	105,997	—	(188)	105,809		Accrued income taxes
	—	79,685	109,685	189,370	E	Contract liabilities
	—	1,116	33,636	34,753	E	Provisions
Other current liabilities	194,438	(55,468)	2,414	141,385	E,F	Other current liabilities
Total current liabilities	1,275,001	—	146,046	1,421,047		Total current liabilities
Long-term liabilities:						Non-current liabilities
Long-term debt (exclusive of current portion)	160,040	—	—	160,040		Long-term debt
	—	1,609	28,931	30,540		Other financial liabilities
Accrued liabilities for point programs	94,639	11,243	(97,115)	8,766	E	Provisions
Liability for employees' retirement benefits	193,985	—	4,762	198,747	C	Defined benefit liabilities
	—	—	18,955	18,955	E	Contract liabilities
Other long-term liabilities	145,321	(12,851)	(122,523)	9,946	E	Other non-current liabilities
Total long-term liabilities	593,985	—	(166,991)	426,994		Total non-current liabilities
Total liabilities	1,868,986	—	(20,945)	1,848,041		Total liabilities
Redeemable noncontrolling interests	22,942	—	(22,942)	—		
EQUITY						EQUITY
NTT DOCOMO, INC. shareholders' equity						Equity attributable to shareholders of NTT DOCOMO, INC.
Common stock, without a stated value	949,680	—	—	949,680		Common stock
Additional paid-in capital	326,621	—	(178,881)	147,740	A	Additional paid-in capital
Retained earnings	4,656,139	—	71,847	4,727,986	A,B, C,D, E,F,G	Retained earnings
Accumulated other comprehensive income (loss)	24,631	—	67,091	91,723	A,C, D,G	Other components of equity
Treasury stock	(426,442)	—	(1)	(426,443)		Treasury stock
Total NTT DOCOMO, INC. shareholders' equity	5,530,629	—	(39,945)	5,490,685		Total equity attributable to shareholders of NTT DOCOMO, INC.
Noncontrolling interests	30,517	—	(5,024)	25,492		Noncontrolling interests
Total equity	5,561,146	—	(44,969)	5,516,177		Total equity
Total liabilities and equity	7,453,074	—	(88,856)	7,364,218		Total liabilities and equity

Reconciliation of equity on December 31, 2017
Condensed Consolidated Statements of Financial Position

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
ASSETS						ASSETS
Current assets:						Current assets
Cash and cash equivalents	531,451	—	(1,640)	529,812		Cash and cash equivalents
Short-term investments	380,604	49	1,697	382,350		Other financial assets
Accounts receivable	249,039	1,728,733	2,169	1,979,941		Trade and other receivables
Receivables held for sale	900,876	(900,876)	—	—		
Credit card receivables	429,061	(429,061)	—	—		
Other receivables	408,140	(408,140)	—	—		
Less: Allowance for doubtful accounts	(23,705)	23,705	—	—		
Inventories	198,556	—	6	198,563		Inventories
Prepaid expenses and other current assets	134,174	(14,411)	(22,497)	97,267	E,F	Other current assets
Total current assets	3,208,196	—	(20,264)	3,187,933		Total current assets
Non-current assets:						Non-current assets
Property, plant and equipment:						
Wireless telecommunications equipment	5,116,206	(5,116,206)	—	—		
Buildings and structures	912,145	(912,145)	—	—		
Tools, furniture and fixtures	448,843	(448,843)	—	—		
Land	199,274	(199,274)	—	—		
Construction in progress	235,465	(235,465)	—	—		
Sub-total	6,911,933	(6,911,933)	—	—		
Accumulated depreciation and amortization	(4,338,393)	4,338,393	—	—		
Total property, plant and equipment, net	2,573,540	(2,573,540)	—	—		
	—	2,573,540	(46,392)	2,527,147	B	Property, plant and equipment
Non-current investments and other assets:						
Investments in affiliates	390,369	—	6,140	396,509	A,G	Investments accounted for using the equity method
Marketable securities and other investments	208,036	223,438	179	431,654		Securities and other financial assets
Intangible assets, net	589,845	—	(884)	588,961	B	Intangible assets
Goodwill	232,764	—	(150,306)	82,458	A	Goodwill
	—	—	267,327	267,327	E	Contract costs
Other assets	459,629	(223,438)	(129,392)	106,798	C,E	Other non-current assets
Deferred tax assets	220,136	—	(35,390)	184,746	A,B,C, E,F,G	Deferred tax assets
Total non-current investments and other assets	2,100,779	2,573,540	(88,717)	4,585,601		Total non-current assets
Total assets	7,882,515	—	(108,981)	7,773,533		Total assets

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
LIABILITIES						LIABILITIES
Current liabilities:						Current liabilities
Current portion of long-term debt	170,070	1,633	(0)	171,703		Short-term borrowings
Short-term borrowings	1,633	(1,633)	—	—		
Accounts payable, trade	863,840	20,445	2,373	886,657		Trade and other payables
Accrued payroll	48,542	(48,542)	—	—		
	—	15,592	(100)	15,492		Other financial liabilities
Accrued income taxes	107,821	—	(628)	107,193		Accrued income taxes
	—	87,829	120,799	208,628	E	Contract liabilities
	—	1,028	31,617	32,646	E	Provisions
Other current liabilities	240,558	(76,352)	(42,577)	121,630	E,F	Other current liabilities
Total current liabilities	1,432,464	—	111,485	1,543,949		Total current liabilities
Long-term liabilities:						Non-current liabilities
Long-term debt (exclusive of current portion)	50,000	—	—	50,000		Long-term debt
	—	1,473	29,445	30,918		Other financial liabilities
Accrued liabilities for point programs	94,169	10,177	(95,936)	8,410	E	Provisions
Liability for employees' retirement benefits	201,317	—	5,134	206,451	C	Defined benefit liabilities
	—	—	27,847	27,847	E	Contract liabilities
Other long-term liabilities	158,386	(11,649)	(137,423)	9,313	E	Other non-current liabilities
Total long-term liabilities	503,872	—	(170,933)	332,940		Total non-current liabilities
Total liabilities	1,936,336	—	(59,448)	1,876,888		Total liabilities
Redeemable noncontrolling interests	23,352	—	(23,352)	—		
EQUITY						EQUITY
NTT DOCOMO, INC. shareholders' equity						Equity attributable to shareholders of NTT DOCOMO, INC.
Common stock, without a stated value	949,680	—	—	949,680		Common stock
Additional paid-in capital	326,356	—	(178,881)	147,475	A	Additional paid-in capital
Retained earnings	4,977,014	—	114,828	5,091,842	A,B,C,D,E,F,G	Retained earnings
Accumulated other comprehensive income (loss)	64,495	—	42,578	107,074	A,C,D,G	Other components of equity
Treasury stock	(426,442)	—	(1)	(426,443)		Treasury stock
Total NTT DOCOMO, INC. shareholders' equity	5,891,103	—	(21,477)	5,869,627		Total equity attributable to shareholders of NTT DOCOMO, INC.
Noncontrolling interests	31,724	—	(4,705)	27,018		Noncontrolling interests
Total equity	5,922,827	—	(26,182)	5,896,645		Total equity
Total liabilities and equity	7,882,515	—	(108,981)	7,773,533		Total liabilities and equity

Reconciliation of equity on March 31, 2018

Consolidated Statements of Financial Position

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
ASSETS						ASSETS
Current assets:						Current assets
Cash and cash equivalents	392,749	—	(2,281)	390,468		Cash and cash equivalents
Short-term investments	370,627	55	1,401	372,083		Other financial assets
Accounts receivable	243,684	1,733,178	(147)	1,976,715		Trade and other receivables
Receivables held for sale	901,483	(901,483)	—	—		
Credit card receivables	432,082	(432,082)	—	—		
Other receivables	408,400	(408,400)	—	—		
Less: Allowance for doubtful accounts	(24,899)	24,899	—	—		
Inventories	187,402	—	30	187,432		Inventories
Prepaid expenses and other current assets	125,618	(16,168)	(19,305)	90,145	E,F	Other current assets
Total current assets	3,037,146	—	(20,303)	3,016,843		Total current assets
Property, plant and equipment:						Non-current assets
Wireless telecommunications equipment	5,133,128	(5,133,128)	—	—		
Buildings and structures	917,216	(917,216)	—	—		
Tools, furniture and fixtures	448,760	(448,760)	—	—		
Land	199,202	(199,202)	—	—		
Construction in progress	202,963	(202,963)	—	—		
Sub-total	6,901,269	(6,901,269)	—	—		
Accumulated depreciation and amortization	(4,305,239)	4,305,239	—	—		
Total property, plant and equipment, net	2,596,030	(2,596,030)	—	—		
	—	2,596,030	(47,813)	2,548,216	B	Property, plant and equipment
Non-current investments and other assets:						
Investments in affiliates	384,890	—	6,556	391,446	A,G	Investments accounted for using the equity method
Marketable securities and other investments	199,478	235,863	(83)	435,257		Securities and other financial assets
Intangible assets, net	599,147	—	(1,023)	598,124	B	Intangible assets
Goodwill	224,264	—	(151,817)	72,448	A	Goodwill
Other assets	—	—	276,282	276,282	E	Contract costs
Other assets	478,503	(235,863)	(133,123)	109,516	C,E	Other non-current assets
Deferred tax assets	228,832	—	(22,026)	206,806	A,B, C,E, F,G	Deferred tax assets
Total non-current investments and other assets	2,115,114	2,596,030	(73,048)	4,638,095		Total non-current assets
Total assets	7,748,290	—	(93,351)	7,654,938		Total assets

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
LIABILITIES						LIABILITIES
Current liabilities:						Current liabilities
Current portion of long-term debt	110,000	1,632	(403)	111,230		Short-term borrowings
Short-term borrowings	1,632	(1,632)	—	—		
Accounts payable, trade	888,722	21,984	252	910,958		Trade and other payables
Accrued payroll	60,574	(60,574)	—	—		
Accrued income taxes	—	12,238	15,809	28,047		Other financial liabilities
Accrued income taxes	155,037	—	(11)	155,026		Accrued income taxes
	—	90,344	125,136	215,480	E	Contract liabilities
	—	1,426	36,492	37,919	E	Provisions
Other current liabilities	278,193	(65,418)	(24,477)	188,298	E,F	Other current liabilities
Total current liabilities	1,494,158	—	152,799	1,646,957		Total current liabilities
Long-term liabilities:						Non-current liabilities
Long-term debt (exclusive of current portion)	50,000	—	—	50,000		Long-term debt
	—	1,530	7,923	9,453		Other financial liabilities
Accrued liabilities for point programs	99,305	10,452	(100,682)	9,075	E	Provisions
Liability for employees' retirement benefits	202,663	—	4,129	206,792	C	Defined benefit liabilities
	—	—	29,587	29,587	E	Contract liabilities
Other long-term liabilities	166,584	(11,982)	(143,755)	10,847	E	Other non-current liabilities
Total long-term liabilities	518,552	—	(202,798)	315,754		Total non-current liabilities
Total liabilities	2,012,710	—	(50,000)	1,962,710		Total liabilities
Redeemable noncontrolling interests	23,436	—	(23,436)	—		
EQUITY						EQUITY
NTT DOCOMO, INC. shareholders' equity						Equity attributable to shareholders of NTT DOCOMO, INC.
Common stock, without a stated value	949,680	—	—	949,680		Common stock
Additional paid-in capital	326,356	—	(173,241)	153,115	A	Additional paid-in capital
Retained earnings	4,789,229	—	119,143	4,908,373	A,B,C,D,E,F,G	Retained earnings
Accumulated other comprehensive income (loss)	63,547	—	38,795	102,342	A,C,D,G	Other components of equity
Treasury stock	(448,403)	—	—	(448,403)		Treasury stock
Total NTT DOCOMO, INC. shareholders' equity	5,680,409	—	(15,303)	5,665,107		Total equity attributable to shareholders of NTT DOCOMO, INC.
Noncontrolling interests	31,735	—	(4,614)	27,121		Noncontrolling interests
Total equity	5,712,144	—	(19,916)	5,692,228		Total equity
Total liabilities and equity	7,748,290	—	(93,351)	7,654,938		Total liabilities and equity

Reconciliation of comprehensive income for the nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)
Condensed Consolidated Statement of Profit or Loss

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
Operating revenues:						Operating revenues
Telecommunications services	2,362,180	—	(31,494)	2,330,686	E	Telecommunications services
Equipment sales	577,615	—	26,080	603,695	E	Equipment sales
Other operating revenues	655,884	2,602	(3,117)	655,370	E	Other operating revenues
Total operating revenues	3,595,679	2,602	(8,531)	3,589,751		Total operating revenues
Operating expenses:						Operating expenses
Cost of services	991,105	(991,105)	—	—		
Cost of equipment sold	613,218	(613,218)	—	—		
Depreciation and amortization	361,538	(361,538)	—	—		
Selling, general and administrative	794,472	(794,472)	—	—		
	—	216,922	(663)	216,258	C	Personnel expenses
	—	1,852,035	(30,094)	1,821,941	B,E,F	Cost of equipment sold and services, and other expenses
	—	361,538	861	362,399	B,E	Depreciation and amortization
	—	288,276	578	288,854	E	Communication network charges
	—	43,870	262	44,132	B,E	Loss on disposal of property, plant and equipment and intangible assets
Total operating expenses	2,760,333	2,307	(29,056)	2,733,585		Total operating expenses
Operating income	835,346	296	20,525	856,166		Operating profit
Other income (expense):						
Interest expense	(145)	(33,265)	27,586	(5,824)	B	Finance costs
Interest income	366	7,750	1,617	9,732		Finance income
Income from arbitration award	147,646	—	—	147,646		Income from arbitration award
Other, net	(25,219)	25,219	—	—		
	—	(3,238)	16,121	12,883	D,G	Share of profits (losses) on equity method investments
	—	954,756	65,849	1,020,605	B,C,D,E,FG	Profit before taxes
Income before income taxes and equity in net income (losses) of affiliates	957,994	(957,994)	—	—		
Income taxes:						
Current	232,843	(232,843)	—	—		
Deferred	65,663	(65,663)	—	—		
Total income taxes	298,506	(298,506)	—	—		
	—	298,506	22,934	321,441		Income taxes
Equity in net income (losses) of affiliates (including impairment charges of investments in affiliates)	(3,238)	3,238	—	—		
Net income	656,250	—	42,914	699,164		Profit
						Profit attributable to:
Net income attributable to NTT DOCOMO, INC	654,288	—	43,373	697,661		Shareholders of NTT DOCOMO, INC
Net income attributable to noncontrolling interests	1,962	—	(459)	1,503		Noncontrolling interests

Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
Net income	656,250	—	42,914	699,164		Profit
Other comprehensive income (loss):						Other comprehensive income (net of taxes)
						Items that will not to be reclassified to profit or loss
	—	—	(392)	(392)	G	Share of other comprehensive income of investments accounted for using the equity method
	—	—	(392)	(392)		Total of items that will not to be reclassified to profit or loss
						Items that may be reclassified subsequently to profit or loss
Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes	17,695	—	(9,193)	8,502		Unrealized holding gains (losses) on available-for-sale securities
Unrealized gains (losses) on cash flow hedges, net of applicable taxes	(51)	—	51	—		
Foreign currency translation adjustment, net of applicable taxes	21,091	—	(27,192)	(6,101)	D	Foreign exchange translation differences
Pension liability adjustment, net of applicable taxes	1,280	—	(1,280)	—		
	—	—	13,101	13,101	G	Share of other comprehensive income of investments accounted for using the equity method
	—	—	15,502	15,502		Total of items that may be reclassified subsequently to profit or loss
Total other comprehensive income (loss)	40,015	—	(24,904)	15,110		Total other comprehensive income (net of taxes)
Total comprehensive income(loss)	696,265	—	18,009	714,274		Total comprehensive income

Reconciliation of comprehensive income for the fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
Consolidated Statement of Profit or Loss

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
Operating revenues:						Operating revenues
Telecommunications services	3,137,870	—	(45,131)	3,092,739	E	Telecommunications services
Equipment sales	755,138	—	34,707	789,845	E	Equipment sales
Other operating revenues	876,401	5,397	(2,113)	879,685	E	Other operating revenues
Total operating revenues	4,769,409	5,397	(12,537)	4,762,269		Total operating revenues
Operating expenses:						Operating expenses
Cost of services	1,348,100	(1,348,100)	—	—		
Cost of equipment sold	833,714	(833,714)	—	—		
Depreciation and amortization	485,502	(485,502)	—	—		
Impairment loss	12,088	(12,088)	—	—		
Selling, general and administrative	1,116,741	(1,116,741)	—	—		
	—	289,142	(1,027)	288,115	C	Personnel expenses
	—	2,556,889	(25,632)	2,531,257	B,E,F	Cost of equipment sold and services, and other expenses
	—	485,502	1,048	486,550	B,E	Depreciation and amortization
	—	12,088	(256)	11,833		Impairment loss
	—	389,586	804	390,390	E	Communication network charges
	—	66,833	331	67,163	B,E	Loss on disposal of property, plant and equipment and intangible assets
Total operating expenses	3,796,145	3,895	(24,732)	3,775,309		Total operating expenses
Operating income	973,264	1,502	12,194	986,960		Operating profit
Other income (expense):						
Interest expense	(63)	(33,342)	26,848	(6,557)	B	Finance costs
Interest income	499	7,120	1,577	9,196		Finance income
Income from arbitration award	147,646	—	—	147,646		Income from arbitration award
Other, net	(24,721)	24,721	—	—		
	—	(12,229)	16,675	4,446	D,G	Share of profits (losses) on equity method investments
	—	1,084,397	57,294	1,141,690	B,C,D,E,F,G	Profit before taxes
Income before income taxes and equity in net income (losses) of affiliates	1,096,625	(1,096,625)	—	—		
Income taxes:						
Current	282,055	(282,055)	—	—		
Deferred	55,720	(55,720)	—	—		
Total income taxes	337,775	(337,775)	—	—		
		337,775	11,458	349,234		Income taxes
Equity in net income (losses) of affiliates (including impairment charges of investments in affiliates)	(12,229)	12,229	—	—		
Net income	746,621	—	45,836	792,456		Profit
						Profit attributable to:
Net income attributable to NTT DOCOMO, INC	744,542	—	46,288	790,830		Shareholders of NTT DOCOMO, INC
Net income attributable to noncontrolling interests	2,079	—	(452)	1,626		Noncontrolling interests

Consolidated Statement of Comprehensive Income

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
Net income	746,621	—	45,836	792,456		Profit
Other comprehensive income (loss):						Other comprehensive income (net of taxes)
						Items that will not to be reclassified to profit or loss
	—	—	1,227	1,227		Remeasurements of defined benefit plans
	—	—	(216)	(216)	G	Share of other comprehensive income of investments accounted for using the equity method
	—	—	1,011	1,011		Total of items that will not to be reclassified to profit or loss
						Items that may be reclassified subsequently to profit or loss
Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes	11,319	—	(9,414)	1,904		Unrealized holding gains (losses) on available-for-sale securities
Unrealized gains (losses) on cash flow hedges, net of applicable taxes	(36)	—	36	—		
Foreign currency translation adjustment, net of applicable taxes	25,455	—	(29,458)	(4,003)	D	Foreign exchange translation differences
Pension liability adjustment, net of applicable taxes	2,309	—	(2,309)	—		
	—	—	12,850	12,850	G	Share of other comprehensive income of investments accounted for using the equity method
	—	—	10,751	10,751		Total of items that may be reclassified subsequently to profit or loss
Total other comprehensive income (loss)	39,047	—	(27,285)	11,762		Total other comprehensive income (net of taxes)
Comprehensive income	785,668	—	18,551	804,218		Comprehensive income

(4) Notes on reclassification

a. Separate presentation of financial assets and financial liabilities

Under IFRS, other financial assets and other financial liabilities are presented separately pursuant to its presentation rules.

b. Presentation of operating expenses

Whereas “operating expenses” were presented based on the cost function method under U.S. GAAP, they are presented based on the nature of expense method under IFRS.

(5) Notes on difference in recognition and measurement

Major items involved in reconciliation of retained earnings are as follows.

	Millions of yen		
	Transition date (April 1, 2017)	December 31, 2017	March 31, 2018
Retained earnings under U.S. GAAP	¥ 4,656,139	¥ 4,977,014	¥ 4,789,229
A. Business combinations and equity method investments	11,555	11,555	11,555
B. Property, plant and equipment, and intangible assets	(33,847)	(33,335)	(33,355)
C. Employee benefits	(41,215)	(40,486)	(39,040)
D. Cumulative translation differences	(14,031)	12,875	12,875
E. Revenue	154,083	151,661	160,114
F. Levies	(20,608)	(5,081)	(19,951)
G. Associates	17,682	18,971	29,817
Other	(1,771)	(1,332)	(2,872)
Total difference in recognition and measurement	71,847	114,828	119,143
Retained earnings under IFRS	¥ 4,727,986	¥ 5,091,842	¥ 4,908,373

Major items involved in reconciliation of income before income taxes are as follows.

	Millions of yen	
	Nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
Income before income taxes under U.S. GAAP	¥ 954,756	¥ 1,084,397
A. Business combinations and equity method investments	—	—
B. Property, plant and equipment, and intangible assets	747	718
C. Employee benefits	1,078	1,382
D. Cumulative translation differences	45,224	45,224
E. Revenue	(3,165)	9,152
F. Levies	22,700	1,046
G. Associates	738	1,253
Other	(1,474)	(1,481)
Total difference in recognition and measurement	65,849	57,294
Profit before taxes under IFRS	¥ 1,020,605	¥ 1,141,690

A. Business combinations and equity method investments

Additional acquisition of noncontrolling equity interests in a subsidiary that occurred prior to March 31, 2009 was accounted for using the acquisition method under U.S. GAAP. Under the acquisition method, the acquisition cost was allocated to identifiable assets acquired and liabilities assumed, which were measured based on the estimated fair value, with the excess of the acquisition cost over the net assets acquired recognized as goodwill. Under IFRS, changes in a parent's ownership interest in a subsidiary that do not result in a loss of the parent's control over the subsidiary are accounted for as capital transactions.

In addition, under U.S. GAAP, when an investment became an equity-accounted investee in stages, the previously held interest was accounted for using the equity method retroactively. Under IFRS, when an investment became an equity-accounted investee in stages, it was initially measured as the sum of the consideration paid for the additional interest and the fair value of the previously held interest. The equity method did not apply retrospectively to the previous interests.

Moreover, under U.S. GAAP, noncontrolling interests in an acquiree are measured at fair value at the time of business combination. Under IFRS, DOCOMO can select on a transaction-by-transaction basis to measure the noncontrolling interests in an acquiree either at fair value, or at the proportionate share in the identifiable net assets of the acquiree.

The impact of this change is as follows.

	Millions of yen		
	Transition date (April 1, 2017)	December 31, 2017	March 31, 2018
(Consolidated statement of financial position)			
Goodwill	¥ (127,883)	¥ (127,883)	¥ (127,883)
Investments accounted for using the equity method	2,250	2,250	2,250
Deferred tax assets	(18,238)	(18,238)	(18,238)
Additional paid-in capital	156,523	156,523	156,523
Other components of equity	(1,097)	(1,097)	(1,097)
Adjustment to retained earnings	¥ 11,555	¥ 11,555	¥ 11,555

B. Property, plant and equipment, and intangible assets

With respect to some items of property, plant and equipment, DOCOMO applies the voluntary exemption that allows the use of the assets' fair values as of the date of transition to IFRS, as the deemed costs. As of the date of transition to IFRS, the previous carrying amount of those property, plant and equipment measured at deemed costs was ¥87,577 million, while the fair value of those assets was ¥42,518 million.

Borrowing costs directly attributable to the acquisition, construction or production of property, plant and equipment and intangible assets were capitalized as assets under U.S. GAAP. Only those of which, that are associated with those assets that meet qualifying assets under IFRS were capitalized.

Furthermore, part of research and development expenditures that were expensed under U.S. GAAP are recognized as assets in the condensed consolidated statement of financial position as they meet the criteria for capitalization under IFRS, and amortized by the straight line method over their estimated useful lives.

The impact of this change is as follows.

	Millions of yen		
	Transition date (April 1, 2017)	December 31, 2017	March 31, 2018
(Consolidated statement of financial position)			
Property, plant and equipment	¥ (48,068)	¥ (48,002)	¥ (48,237)
Intangible assets	(1,272)	(591)	(386)
Deferred tax assets	15,493	15,258	15,268
Adjustment to retained earnings	¥ (33,847)	¥ (33,335)	¥ (33,355)

	Millions of yen	
	Nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
(Consolidated statement of profit or loss)		
Cost of equipment sold and services, and other expenses	¥ 1,987	¥ 2,468
Depreciation and amortization	662	873
Loss on disposal of property, plant and equipment and intangible assets	(37)	(70)
Finance costs	(1,865)	(2,553)
Adjustment to profit before tax	¥ 747	¥ 718

C. Employee benefits

Under U.S. GAAP, service cost, interest cost and expected return on plan assets associated with post-retirement benefits under the defined benefit plans were recognized as profit or loss. Actuarial gain or loss and past service cost arising from the defined benefit plans were recognized in other comprehensive income, and then they were recognized in profit or loss as components of net periodic pension cost over a certain future period.

Under IFRS, on the other hand, current service cost and past service cost under the defined benefit plans are recognized as profit or loss, while net interest cost is recognized in profit or loss at an amount calculated by multiplying the net defined benefit liabilities (assets) by discount rates. Remeasurement of the net defined benefit liabilities (assets) is recognized as other comprehensive income, which, upon its occurrence, is transferred directly from other components of equity to retained earnings, without going through profit or loss. Remeasurement comprises actuarial gains (losses) associated with the defined benefit obligations and returns associated with plan assets (excluding interest incomes associated with plan assets).

The impact of this change is as follows.

	Millions of yen		
	Transition date (April 1, 2017)	December 31, 2017	March 31, 2018
(Consolidated statement of financial position)			
Deferred tax assets	¥ 1,496	¥ 1,680	¥ 1,306
Other non-current assets	—	(214)	—
Defined benefit liabilities	(4,765)	(5,135)	(4,161)
Other components of equity	(37,946)	(36,817)	(36,186)
Adjustment to retained earnings	¥ (41,215)	¥ (40,486)	¥ (39,040)

	Millions of yen	
	Nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
(Consolidated statement of profit or loss)		
Personnel expenses	¥ 1,078	¥ 1,382
Adjustment to profit before taxes	¥ 1,078	¥ 1,382

D. Cumulative translation differences

On the application of IFRS, DOCOMO has applied the exemption under IFRS 1 regarding the cumulative translation differences, and thereby elected to deem the cumulative translation differences to be zero at the transition date and, are recognized in retained earnings.

As a result, the cumulative foreign currency translation differences of ¥18,148 million as part of other components of equity at the transition date were wholly transferred to “retained earnings.”

In addition, DOCOMO received an arbitration award from Tata Sons Limited (“Tata Sons”) on October 31, 2017, while transferring, at the same time, all of the shares in Tata Teleservices Limited (“TTSL”) held by DOCOMO to Tata Sons as well as a company designated by Tata Sons. Upon the aforementioned share transfer, DOCOMO discontinued applying the equity method. DOCOMO recorded, pursuant to U.S. GAAP, equity in net losses of affiliates of ¥15,383 million in the consolidated statements of income for nine months ended December 31, 2017 and for the ended March 31, 2018, respectively, prior to the share transfer, and loss on the transfer of investment in an affiliate of ¥29,841 million associated with the reclassification adjustments of foreign currency translation adjustment in other income (expense) included in “Other, net” on the consolidated statements of income for the fiscal year ended March 31, 2018. Under IFRS, however, since DOCOMO has elected to deem the cumulative translation differences to be zero at the transition date, no share of profit (loss) on equity method investments and the loss on the transfer of investment in TTSL has arisen under equity method accounting.

E. Revenue

Under U.S. GAAP, costs to obtain and fulfill a contract in the telecommunications business were capitalized to the extent of the related non-recurring upfront activation fees incurred and amortized over the average expected period of subscription. Under IFRS, however, such costs are capitalized with no limit to the extent that meets the criteria for capitalization. As a result, some sales commission and other charges, which were expensed under U.S. GAAP, are additionally capitalized. The points that are granted to customers commensurate with the usage of services provided by DOCOMO, were recognized as provisions under U.S. GAAP. Under IFRS, however, part of the consideration for the services is recognized as contract liabilities when the points are granted to customers, and the revenue is recognized at the time when the points are used.

Non-recurring upfront activation fee in the telecommunications business was deferred, and was recognized as revenue by type of service over the average expected period of subscription under U.S. GAAP. Under IFRS, non-recurring upfront activation fee received in return for material rights renewals is deferred as a “contract liability” in the condensed consolidated statement of financial position and is recognized as revenue over a period during which DOCOMO provides customers with material rights.

The impact of this change is as follows.

	Millions of yen		
	Transition date (April 1, 2017)	December 31, 2017	March 31, 2018
(Consolidated statement of financial position)			
Other current assets	¥ (15,533)	¥ (17,011)	¥ (17,981)
Contract costs	268,018	267,327	276,282
Deferred tax assets	(70,015)	(69,299)	(73,167)
Other non-current assets	(107,406)	(116,782)	(117,566)
Contract liabilities (current)	(109,685)	(120,799)	(125,136)
Provisions (current)	(32,461)	(30,426)	(34,955)
Other current liabilities	18,102	23,974	25,618
Contract liabilities (non-current)	(18,955)	(27,847)	(29,587)
Provisions (non-current)	108,068	114,382	121,450
Other non-current liabilities	113,950	128,142	135,156
Adjustment to retained earnings	¥ 154,083	¥ 151,661	¥ 160,114

	Millions of yen	
	Nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
(Consolidated statement of profit or loss)		
Operating revenues	¥ (14,609)	¥ (20,476)
Cost of equipment sold and services, and other expenses	13,358	32,368
Depreciation and amortization	(1,152)	(1,655)
Communication network charges	(570)	(828)
Loss on disposal of property, plant and equipment and intangible assets	(190)	(257)
Adjustment to profit before taxes	¥ (3,165)	¥ 9,152

F. Levies

Under U.S. GAAP, expenditure of levies such as real estate tax was expensed over the relevant accounting period. Under IFRS, however, the amount of the expenditure is recognized as an expense in full at the time when payment obligation arises.

The impact of this change is as follows.

	Millions of yen		
	Transition date (April 1, 2017)	December 31, 2017	March 31, 2018
(Consolidated statement of financial position)			
Other current assets	¥ —	¥ (7,429)	¥ —
Other current liabilities	(30,129)	—	(29,083)
Deferred tax assets	9,521	2,347	9,132
Adjustment to retained earnings	¥ (20,608)	¥ (5,081)	¥ (19,951)

	Millions of yen	
	Nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
(Consolidated statement of profit or loss)		
Cost of equipment sold and services, and other expenses	¥ 22,700	¥ 1,046
Adjustment to profit before taxes	¥ 22,700	¥ 1,046

G. Associates

Under U.S. GAAP, deferred tax liabilities recognized for taxable temporary differences associated with investment in associates were measured based on the future reversal of the taxable temporary differences resulting from the sale of investments, whereas under IFRS, those are measured based on the most likely manner of future reversal, such as the distribution of dividends.

In addition, as the equity-accounted associates adopted IFRS 15, the equity of those associates is modified as a result.

The impact of this change is as follows.

	Millions of yen		
	Transition date (April 1, 2017)	December 31, 2017	March 31, 2018
(Consolidated statement of financial position)			
Investments accounted for using the equity method	¥ 4,369	¥ 3,888	¥ 4,368
Deferred tax assets	28,320	31,308	42,570
Other components of equity	(15,007)	(16,226)	(17,121)
Adjustment to retained earnings	¥ 17,682	¥ 18,971	¥ 29,817

	Millions of yen	
	Nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
(Consolidated statement of profit or loss)		
Share of profits (losses) on equity method investments	¥ 738	¥ 1,253
Adjustment to profit before taxes	¥ 738	¥ 1,253