

[Translation]

Quarterly Securities Report

(The Second Quarter of the 29th Business Term)

NTT DOCOMO, INC.

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[Note]

This document is an English translation of certain items that were disclosed in our Quarterly Securities Report for the six-month period ended September 30, 2019, which we filed on November 5, 2019 with the Financial Services Agency of Japan.

The forward-looking statements and projected figures concerning the future performance of NTT DOCOMO, INC. and its subsidiaries and associates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT DOCOMO, INC. in light of information currently available to it regarding NTT DOCOMO, INC. and its subsidiaries and associates, 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 DOCOMO, INC. and its subsidiaries and associates, 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 our most recent Annual Securities Report.

[Cover]

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*Names of companies, products, etc., contained in this release are the trademarks or registered trademarks of their respective organizations.

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 [Three months ended September 30, 2018 and 2019, respectively]	Millions of yen	2,389,521 [1,212,853]	2,330,003 [1,170,719]	4,840,849
Profit before taxes	Millions of yen	621,136	548,571	1,002,635
Profit attributable to shareholders of NTT DOCOMO, INC. [Three months ended September 30, 2018 and 2019, respectively]	Millions of yen	407,057 [188,739]	372,352 [180,045]	663,629
Comprehensive income attributable to shareholders of NTT DOCOMO, INC.	Millions of yen	406,590	370,195	656,026
Total equity attributable to shareholders of NTT DOCOMO, INC.	Millions of yen	5,904,073	5,439,427	5,371,853
Total assets	Millions of yen	7,686,376	7,487,591	7,340,546
Basic earnings per share attributable to shareholders of NTT DOCOMO, INC. [Three months ended September 30, 2018 and 2019, respectively]	Yen	113.29 [52.53]	112.33 [54.55]	187.79
Diluted earnings per share attributable to shareholders of NTT DOCOMO, INC.	Yen	-	-	-
Equity ratio (Ratio of equity attributable to shareholders of NTT DOCOMO, INC. to total assets)	%	76.8	72.6	73.2
Net cash provided by operating activities	Millions of yen	680,725	628,857	1,216,014
Net cash used in investing activities	Millions of yen	(6,252)	(133,424)	(296,469)
Net cash used in financing activities	Millions of yen	(297,004)	(356,901)	(1,090,052)
Cash and cash equivalents at end of period	Millions of yen	768,279	358,190	219,963

Notes:

- (1) All figures presented above are based on the condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").
- (2) As we prepare quarterly consolidated financial reports, changes in non-consolidated key financial data, among others, are not provided.
- (3) Operating revenues do not include consumption taxes.
- (4) Basic earnings per share attributable to shareholders of NTT DOCOMO, INC. are calculated after subtracting the number of treasury shares from the total number of shares outstanding.
- (5) Diluted earnings per share attributable to shareholders of NTT DOCOMO, INC. are not stated because we did not have potentially dilutive common shares that were outstanding during the period.

2. Description of Business

There were no material changes to the business of NTT DOCOMO, INC. or its associated companies during the six months ended September 30, 2019.

Material changes in associated companies during the six months ended September 30, 2019 were as follows:

Consolidated subsidiary:

<Smart life business>

Nihon Ultmarc INC. was excluded from the subsidiaries within the scope of consolidation beginning with the three months ended June 30, 2019, as a result of the sale of our investments that we had held in the said company.

NTT Plala Inc., previously an associate accounted for using the equity method, as well as its subsidiary I-Cast, Inc. were added as subsidiaries within the scope of consolidation beginning with the three months ended September 30, 2019 as a result of our acquisition of NTT Plala's equity shares.

Associates to which the equity method is not applied:

Sumitomo Mitsui Card Company, Limited and Hutchison Telephone Company Limited were excluded from associates to which the equity method is not applied beginning with the three months ended June 30, 2019, as a result of the sale of our investments that we had held in the said companies.

Item 2. Business Overview

1. Risk Factors

No risks, such as unusual changes in consolidated financial condition, results of operations or cash flow conditions, were newly identified during the six months ended September 30, 2019. There was no material change in the risk factors that were described in our Annual Securities Report for the fiscal year ended March 31, 2019.

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

This report contains certain forward-looking statements that are based on the management's judgments as of November 5, 2019, at which it was filed.

(1) Business Overview

In the environment surrounding the Company, competition continues to intensify due to the government's stepped-up pro-competition policy, the proliferation of low-cost smartphone services offered by sub-brands and MVNOs, new market entry by entrants from other industries and other factors. All these companies are pursuing various initiatives aimed at driving future growth also in non-telecommunications businesses primarily by providing loyalty point programs and enhancing finance/payment businesses. In accordance with the expansion of business domains, competition beyond the conventional boundaries of the telecommunications business is shifting into high gear due to entry of the new competitors from different industries such as e-commerce.

Amid this market environment, to realize a richer future with 5G network, in April 2017 we formulated our Medium-Term Strategy 2020 "Declaration beyond," and in October 2018, we announced specific strategies and quantitative targets as our medium-term management strategy based on "Declaration beyond," setting out our new basic policy that takes a new direction focusing on "transformation into a business foundation pivoted on our membership base" and "5G rollout and business creation."

Under this basic policy, we will strive to reinforce our customer base by providing returns to customers through our new rate plans and at the same time create new revenue opportunities in such areas as smart life business, enterprise business and 5G business by promoting digital marketing leveraging our customer base. Meanwhile, we will also address cost efficiency improvement on an ongoing basis to achieve sustained growth in the 2020s.

Through these measures, we plan to achieve ¥5 trillion in operating revenues in FY2021 and ¥990 billion in operating profit in FY2023—recovering the profit to a level equivalent with FY2017. Our shareholder return policy under the medium-term management strategy is to accelerate shareholder returns through continuous dividend increases and expeditious share purchases.

As of September 30, 2019, our total mobile telecommunications services subscriptions^{*1} stood at 79.20 million, while the number of "docomo Hikari" optical fiber service subscriptions was 6.17 million. Churn rate for the six months ended September 30, 2019 was at 0.57%^{*2} and the handset churn rate was 0.46%^{*2*3}.

The total number of "dPOINT CLUB" members and "d POINT CARD" registrants^{*4} as of September 30, 2019 were 72.34 million and 38.35 million, respectively. The total "d POINTs" used during the six months ended September 30, 2019 amounted to 94.3 billion points, of which usage at partners stores accounted for 53.6 billion points. The total number of locations where our payment and point programs can be used^{*5} reached 1.22 million as of September 30, 2019.

With respect to the key initiatives undertaken in the three months ended September 30, 2019, we commenced 5G pre-commercial service in conjunction with the "Rugby World Cup 2019 Japan" tournament to prepare for the full-scale launch of 5G commercial service scheduled for spring 2020. We also made a functional upgrade to our "d Payment" smartphone payment service by newly adding a wallet capability.

*1: Subscriptions include mobile line subscriptions of MVNOs and Communication Module subscriptions.

*2: Churn rate is calculated excluding the subscriptions and cancellations of subscriptions of MVNOs.

*3: Handset churn rate represents the churn rate of billing plans that offer voice communications service (excluding 2in1 service).

*4: The number of users who can earn and use "d POINTs" at participating stores by registering their personal information.

*5: The total number of locations where "d POINTs", "iD" and "d Payment" can be used.

<Actions for Future Growth>

- In August 2019, we entered into a capital and business collaboration agreement with EDGEMATRIX, Inc. with a goal to develop and commercialize an edge AI*-based platform business. Capitalizing on the low latency and other strong points of 5G and edge AI, we will strive to proliferate a wide range of AI-based IoT services.

*: For faster data analysis using AI, processing at the edge, not on the cloud over the network.

- In September 2019, we entered into a business collaboration agreement with PARONYM INC. (“PARONYM”) with the aim of providing video viewing experiences with 5G network and other technologies. We and PARONYM will promote the provision of new video viewing experiences at concerts and sporting events, etc., by utilizing PARONYM’s interactive video technology “TIG” that allows users to access the information they want to know by touching items in a video that they are interested in.

- In September 2019, we and Symmetry Dimensions Inc. agreed on conducting a joint verification trial in collaboration with HP Japan Inc. toward the realization of a next-generation workstyle for the construction and civil engineering industries, by employing “digital twin*¹” that reproduces a physical world in a cyber space on top of spatial and location data. We will aim to achieve significant operational efficiency improvement in the construction and civil engineering sectors by adopting VR*² and AR*³ for three-dimensional reproduction in life size and similar colors and texture as the original, thereby enabling remote commanding of site operations and future predictions.

*1: “Digital twin” is an exact life-size 3D image produced in cyber space by converting locations, objects or people that exist in physical world into digital data.

*2: Abbreviation for Virtual Reality, a concept or technology that simulates a user’s physical presence in an artificial environment by specialized equipment such as goggles.

*3: Abbreviation for Augmented Reality, a concept or technology that overlays computer-generated digital information with the physical environment perceived by the user.

- In September 2019, we commenced 5G pre-commercial service using the same network equipment and spectrum bands as the ones for the full-scale commercial service scheduled for launch in spring 2020, offering new sport viewing styles such as “multi-angle viewing” and “live viewing” leveraging 5G connectivity at the “Rugby World Cup 2019 Japan” tournament. Prior to the start of 5G pre-commercial service, we also organized other events that leverage 5G including an e-sport* event during “Tokyo Game Show 2019.” Through our 5G pre-commercial service, we will strive to have many people experience the world to be brought about by 5G and further advance 5G communications and services toward its full-scale commercial launch in spring 2020.

*: Entertainment, competitions and sports, etc., performed using electronic devices and equipment.

- In September 2019, in collaboration with FUJITSU LIMITED, NEC Corporation and Nokia Solutions and Networks Oy, we succeeded for the first time in the world in interconnecting 4G and 5G equipment supplied by different vendors that have been built on the specifications defined by O-RAN Alliance, an international standardization body for 5G communications systems, and started operating the equipment in our 5G pre-commercial service. We are committed to continuing the enhancement of base station equipment and studies on communication systems to expand our 5G coverage and deliver stable communication services.

- The total number of partners joining the “docomo 5G Open Partner Program” that we have been promoting toward the goal of creating new solutions for 5G era together with our business partners, offering information relating to 5G technologies and specifications as well as access to our 5G technical verification environment for free, grew to 3,037 as of September 30, 2019. Furthermore, we started providing with our partners participating in the “docomo 5G Open Partner Program” with access to our “docomo Open Innovation Cloud*²” from September 2019, in an effort to further accelerate the creation of 5G solutions.

*: A service that shares the image recognition, AI agent platform and other technologies developed by us as well as the 5G solutions provided by our solution partners via a cloud platform.

For the six months ended September 30, 2019, operating revenues decreased by ¥59.5 billion from the same period of the previous fiscal year to ¥2,330.0 billion. This was mainly due to a decrease in equipment sales as well as a decrease in mobile communication services revenues because of the expansion of customer returns. This decrease in revenues exceeded an increase in optical-fiber broadband service revenues due to growth in the number of “docomo Hikari” users.

Operating expenses increased by ¥10.7 billion from the same period of the previous fiscal year to ¥1,789.7 billion. This was mainly due to an increase in expenses attributable to NTT Plala Inc. which became a subsidiary in July 2019, and an increase in expenses associated with the expansion of “docomo Hikari” revenues. This increase in expenses was greater than a decrease in the cost of equipment sold associated with a decrease in equipment sales.

As a result, operating profit decreased by ¥70.3 billion from the same period of the previous fiscal year to ¥540.3 billion for the six months ended September 30, 2019.

Consolidated results of operations for the six months ended September 30, 2018 and 2019 were as follows:

<Results of operations>

	Billions of yen				
	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	Increase (Decrease)		
Operating revenues	¥ 2,389.5	¥ 2,330.0	¥ (59.5)	(2.5)%	
Operating expenses	1,779.0	1,789.7	10.7	0.6	
Operating profit	610.5	540.3	(70.3)	(11.5)	
Finance income	4.7	9.6	4.9	103.9	
Finance costs	1.4	3.9	2.5	170.8	
Share of profits (losses) on equity method investments	7.4	2.7	(4.7)	(63.9)	
Profit before taxes	621.1	548.6	(72.6)	(11.7)	
Income taxes	212.9	174.9	(37.9)	(17.8)	
Profit	408.3	373.6	(34.6)	(8.5)	
Shareholders of NTT DOCOMO, INC.	407.1	372.4	(34.7)	(8.5)	
Noncontrolling interests	¥ 1.2	¥ 1.3	¥ 0.1	6.6	
EBITDA	854.8	835.0	(19.8)	(2.3)	
EBITDA excluding impact of the application of IFRS 16*	854.8	788.0	(66.8)	(7.8)	
ROE	7.0 %	6.9%	(0.1) point	-	

*This figure excludes the impact of the application of IFRS 16 while the presentation of expenses related to leases changed from "Cost of equipment sold and services, and other expenses" and "Communication network charges" to "Depreciation and amortization" as a result of adoption of IFRS 16 from the beginning of the fiscal year ending March 31, 2020.

<EBITDA>

EBITDA= Operating profit + Depreciation and amortization + Loss on sale or disposal of property, plant and equipment

	Billions of yen			
	Six Months Ended September 30, 2018		Six Months Ended September 30, 2019	
EBITDA	¥	854.8	¥	835.0
Depreciation and amortization		(231.5)		(285.0)
Loss on sale or disposal of property, plant and equipment		(12.8)		(9.8)
Operating profit		610.5		540.3
a. Profit attributable to NTT DOCOMO, INC.		407.1		372.4
b. Operating revenues		2,389.5		2,330.0
Net profit margin (=a/b)		17.0%		16.0%
EBITDA	¥	854.8	¥	835.0
Impact of the application of IFRS16		-		(47.0)
EBITDA excluding impact of the application of IFRS 16		854.8		788.0

<ROE>

ROE=Profit attributable to shareholders of NTT DOCOMO, INC. + Total equity attributable to shareholders of NTT DCOMO, INC.

	Billions of yen			
	Six Months Ended September 30, 2018		Six Months Ended September 30, 2019	
a. Profit attributable to shareholders of NTT DOCOMO, INC.	¥	407.1	¥	372.4
b. Total equity attributable to shareholders of NTT DOCOMO, INC.		5,784.6		5,405.6
ROE (=a/b)		7.0%		6.9%

Note: Total equity attributable to shareholders of NTT DOCOMO, INC. = The average of equity attributable to shareholders of NTT DOCOMO, INC. each as of March 31, 2019 (or 2018) and September 30, 2019 (or 2018).

<Operating revenues>

	Billions of yen			
	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	Increase (Decrease)	
Telecommunications services	¥ 1,571.9	¥ 1,558.7	¥ (13.2)	(0.8)%
Mobile communications services revenues	1,435.1	1,397.3	(37.9)	(2.6)
Optical-fiber broadband service and other telecommunications services revenues	136.8	161.4	24.6	18.0
Equipment sales	390.4	317.8	(72.6)	(18.6)
Other operating revenues	427.2	453.6	26.3	6.2
Total operating revenues	¥ 2,389.5	¥ 2,330.0	¥ (59.5)	(2.5)%

Segment Results

Telecommunications business—

<Results of operations>

	Billions of yen		
	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	Increase (Decrease)
Operating revenues from telecommunications business	¥ 1,960.8	¥ 1,871.1	¥ (89.7) (4.6)%
Operating profit (loss) from telecommunications business	524.5	445.7	(78.8) (15.0)

Operating revenues from the telecommunications business for the six months ended September 30, 2019 decreased by ¥89.7 billion, or 4.6%, from ¥1,960.8 billion for the same period of the previous fiscal year to ¥1,871.1 billion.

This was mainly due to a decrease in equipment sales as well as a decrease in mobile communication services revenues because of the expansion of customer returns. This decrease in revenues exceeded an increase in optical-fiber broadband service revenues due to growth in the number of “docomo Hikari” users.

Operating expenses from the telecommunications business decreased by ¥10.9 billion, or 0.8%, from ¥1,436.3 billion for the same period of the previous fiscal year to ¥1,425.4 billion. This was mainly due to a decrease in the cost of equipment sold associated with a decrease in equipment sales. This decrease in expenses was greater than an increase in expenses associated with the expansion of “docomo Hikari” revenues.

Consequently, operating profit from the telecommunications business was ¥445.7 billion, a decrease of ¥78.8 billion, or 15.0%, from ¥524.5 billion for the same period of the previous fiscal year.

<<Key Topics>>

- As of September 30, 2019, the total number of applications* to “Gigaho” and “Gigalight” which are simple and great value new rate plans, was 7.17 million of which 6.34 million were subscriptions*.

*: The number of applications represents the sum of the numbers of subscriptions and reservations (including the number of cancellations after submitting application) for “Gigaho,” “Gigalight,” “Keitai Plan,” “Kids Keitai Plan,” and “Data Plus.”

- The total number of smartphone/tablet users as of September 30, 2019 increased by 1.93 million from the number a year ago to 41.15 million as a result of continued implementation of various customer return measures.
- To promote the construction of a network that provides a comfortable communication environment, we expanded the coverage of our “PREMIUM 4G” service to 1,687 cities and 155,300 base stations across Japan as of September 30, 2019. We also increased the total number of LTE base stations to 216,300 across Japan to further improve our LTE service.

Number of subscriptions by services and other operating data are as follows:

<Number of subscriptions by services>

	Thousand subscriptions			
	September 30, 2018	September 30, 2019	Increase (Decrease)	
Mobile telecommunications services	77,050	79,203	2,153	2.8 %
Mobile telecommunications services (LTE(Xi))	52,502	58,542	6,040	11.5
Mobile telecommunications services (FOMA)	24,549	20,661	(3,887)	(15.8)
“docomo Hikari” optical broadband service	5,325	6,167	842	15.8

Note: Number of subscriptions to Mobile telecommunications services, Mobile telecommunications services (LTE(Xi)) and Mobile telecommunications services (FOMA) includes mobile line subscriptions of MVNOs and Communication Module services subscriptions.

<Number of units sold>

	Thousand units			
	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	Increase (Decrease)	
Number of units sold	11,789	11,718	(71)	(0.6) %
Mobile telecommunications services (LTE(Xi))				
New LTE(Xi) subscription ^{*1}	4,561	5,031	470	10.3
Change of subscription ^{*1} from FOMA	1,422	1,459	37	2.6
LTE(Xi) handset upgrade ^{*1} by LTE(Xi) subscribers ^{*4}	4,999	4,740	(259)	(5.2)
Mobile telecommunications services (FOMA)				
New FOMA subscription ^{*1}	531	331	(200)	(37.7)
Change of subscription ^{*1} from LTE(Xi)	9	16	7	73.6
FOMA handset upgrade ^{*1} by FOMA subscribers ^{*4}	267	141	(126)	(47.2)
Churn rate ^{*2}	0.54%	0.57%	0.02point	–
Handset churn rate ^{*3}	0.46%	0.46%	0.00point	–

*1: New subscriptions (including mobile line subscriptions of MVNOs and Communication Module subscriptions)
Change of subscription (including Communication Module subscriptions)
Handset upgrade (including Communication Module subscriptions)

*2: Churn rate is calculated excluding the subscriptions and cancellations of subscriptions of MVNOs.

*3: Churn rate of billing plans that offer voice communication service (excluding 2in1 service).

*4: Number of handset upgrade for the six months ended September 30, 2018 does not include “DOCOMO rental service for business.”

<Trend of ARPU and MOU>

	Yen		Increase	
	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	(Decrease)	
Aggregate ARPU	¥ 4,810	¥ 4,750	¥ (60)	(1.2) %
Mobile ARPU	4,390	4,260	(130)	(3.0)
“docomo Hikari” ARPU	420	490	70	16.7
MOU (minutes)	135	132	(3)	(2.2)

Notes:

1. Definition of ARPU and MOU

a. ARPU (Average monthly Revenue Per Unit):

Average monthly revenue per unit, or ARPU, is used to measure the average monthly operating revenues attributable to designated services on a per user basis. ARPU is calculated by dividing telecommunications services revenues (excluding certain revenues) by the number of active users of our wireless services in the relevant periods, as shown below under “ARPU Calculation Method.” We believe that our ARPU figures provide useful information to analyze the average usage per user and the impacts of changes in our billing arrangements.

b. MOU (Minutes of Use):

Average monthly communication time per user

2. ARPU Calculation Methods

Aggregate ARPU = Mobile ARPU + “docomo Hikari” ARPU

- Mobile ARPU : Mobile ARPU Related Revenues (basic monthly charges, voice communication charges, packet communication charges) / Number of active users

- “docomo Hikari” ARPU : “docomo Hikari” ARPU Related Revenues (basic monthly charges, voice communication changes) / Number of active users

3. Active Users Calculation Method

Sum of number of active users for each month ((number of users at the end of previous month + number of users at the end of current month) / 2) during the relevant period

4. The number of “users” used to calculate ARPU and MOU is the total number of subscriptions, excluding the subscriptions listed below:

a. Subscriptions of communication module services, “Phone Number Storage,” “Mail Address Storage,” “docomo Business Transceiver” and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to MVNOs; and

b. Data Plan subscriptions in the case where the customer contracting for such subscription in his/her name also has a subscription for “Xi” or “FOMA” services in his/her name.

Revenues from communication module services, “Phone Number Storage,” “Mail Address Storage,” “docomo Business Transceiver,” wholesale telecommunications services and interconnecting telecommunications facilities that are provided to MVNOs, and revenues related to “d POINT” are not included in the ARPU calculation.

Smart life business—

<Results of operations>

	Billions of yen			
	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	Increase (Decrease)	
Operating revenues from smart life business	¥ 222.4	¥ 253.2	¥ 30.8	13.8 %
Operating profit (loss) from smart life business	37.8	34.7	(3.0)	(8.0)

Operating revenues from the smart life business for the six months ended September 30, 2019 were ¥253.2 billion, an increase of ¥30.8 billion, or 13.8%, from ¥222.4 billion for the same period of the previous fiscal year. This was mainly due to an increase in revenues attributable to NTT Plala Inc. which became a subsidiary of DOCOMO in July 2019, as well as an increase in revenues from our finance/payment services and other services.

Operating expenses from the smart life business were ¥218.4 billion, an increase of ¥33.8 billion, or 18.3%, from ¥184.6 billion for the same period of the previous fiscal year. This was mainly due to an increase in expenses attributable to NTT Plala Inc. which became a subsidiary of DOCOMO in July 2019, as well as an increase in expenses associated with the increase in revenues from our finance/payment services.

As a result, operating profit from the smart life business was ¥34.7 billion, a decrease of ¥3.0 billion, or 8.0%, from ¥37.8 billion for the same period of the previous fiscal year.

<<Key Topics>>

- In July 2019, the number of “+ Message” users, a service providing by our company, KDDI CORPORATION and Softbank Corp. that allows users to send and receive messages using only their mobile phone numbers, exceeded 10 million.
- In August 2019, we launched the “DOCOMO Lending Platform,” a new mechanism for financial institutions to provide loan services to the users of DOCOMO’s mobile services.
- In July 2019, we opened the membership of “d POINT CLUB” to foreigners visiting Japan and overseas residents. We also expanded the network of shops participating in our “d POINT” loyalty point program, adding the “Ueshima Coffee House” cafes operated by UCC Foodservice Systems, Inc. and “Sukiya” restaurants operated by Zensho Holdings Co., Ltd. As a result of these undertakings, the total number of partners participating in the “d POINT” program grew to 582 as of September 30, 2019.
- The total members^{*1} of our credit card service “d CARD” grew to 20.39 million as of September 30, 2019, up 0.98 million from the number a year ago. Of these, the total members of “d CARD GOLD” grew to 5.98 million as of September 30, 2019, posting an increase of 1.4 million in the last twelve months. The total amount of transactions processed through our finance/payment services reached approximately ¥2,388.2 billion for the six months ended September 30, 2019, an increase of ¥559.2 billion from the same period of the previous fiscal year. Of these, the total amount of transactions^{*2} processed of “d CARD” reached ¥1,908 billion for the six months ended September 30, 2019, recording an increase of ¥419.5 billion from the same period of the previous fiscal year.
 - *1: The total number of members of “d CARD” and “d CARD mini.”
 - *2: The total amount of transactions handled with “d CARD” and “d CARD mini.”
- In September 2019, we newly added a wallet function to our smartphone payment service, “d Payment,” enabling charging and remittance of money as well as transfer of “d POINT.” In addition, “d Payment” was introduced at the “KAPPA SUSHI” restaurants operated by Kappa Create Co. Ltd., and the “cocokara fine” drug stores operated by cocokara fine, Inc. The total number of “d Payment” app downloads grew to 9.7 million as of September 30, 2019. The total amount of transactions processed through “d Payment” reached approximately ¥121.5 billion for the six months ended September 30, 2019, an increase of ¥93.7 billion from the same period of the previous fiscal year.

Other businesses—

<Results of operations>

	Billions of yen					
	Six Months Ended September 30, 2018		Six Months Ended September 30, 2019		Increase (Decrease)	
Operating revenues from other businesses	¥	218.4	¥	220.1	¥ 1.7	0.8%
Operating profit (loss) from other businesses		48.2		59.8	11.6	24.0

Operating revenues from the other businesses for the six months ended September 30, 2019 amounted to ¥220.1 billion, an increase of ¥1.7 billion, or 0.8%, from ¥218.4 billion for the same period of the previous fiscal year, driven mainly by an increase in revenues relating to enterprise IoT services.

Operating expenses from the other businesses were ¥160.3 billion, a decrease of ¥9.9 billion, or 5.8%, from ¥170.2 billion for the same period of the previous fiscal year, mainly due to a decrease in expenses as a result of pursuing further cost efficiency.

Consequently, operating profit from the other businesses was ¥59.8 billion, an increase of ¥11.6 billion, or 24.0%, from ¥48.2 billion for the same period of the previous fiscal year.

<<Key Topics>>

- The total number of subscriptions to “Anshin Pack Mobile^{*}” which provides various services such as “Mobile Device Protection Service” in packages so that customers can use smartphones safely and securely, reached 20.92 million as of September 30, 2019.

^{*}: In July 2019, we renamed “Anshin Pack” into “Anshin Pack Mobile.” Accordingly, “Anshin Pack” is the name of the service that includes not only “Anshin Pack Mobile” but also “Anshin Pack Home” which is a new service that supports digital device in the home.

(2) Actions for Realizing a Sustainable Society

We are promoting ESG^{*1}management and contributing to sustained social development through our twin pillars: (i)“Innovative docomo” to solve various social issues through the provision of “new value”, and (ii) “Responsible docomo” to create a corporate constitution that satisfies our corporate social responsibility and earns the trust of customers. We are also aiming to contribute to SDGs.^{*2}

We have set the CSR Medium-Term Target as our concrete goals for FY2020 to realize “a society in which people can live with security, safety, comfort and affluence” as aspired in DOCOMO’s CSR policy, identifying eight priority areas that we need to address to fulfill our social responsibility and defining concrete medium-terms objectives and KPIs for each area.

In September 2019, we were selected for Dow Jones Sustainability Indices—one of the world’s leading indices for ESG investment, for the third consecutive year. This time, we were selected for the high evaluations granted to our network reliability, environmental efficiency of our business operations and our actions for human resource development, etc.

*1: Factors used to analyze companies in non-financial terms, standing for “Environment,” “Social” and “Governance.”

*2: Abbreviation for Sustainable Development Goals. The international goal from 2016 to 2030 adopted by the United Nations General Assembly in 2015.

The principal actions we undertook for the six months ended September 30, 2019 are summarized below:

- In August 2019, we published “NTT DOCOMO Personal Data Charter” (“the Charter”). In order to endeavor to earn the trust of customers consistently and to handle personal data* responsibly, we established the charter to regulate ourselves based on six behavioral principles by clarifying our valuable philosophy, which contribute to create innovation. We will continue our endeavors to “provide new value to customers and society through the utilization of data” and realize “optimal privacy protection for customers.”
*: This includes not only “personal information” as defined in the Personal Data Protection Act, but also “personal data that can be identified by device, browser ID, etc.”
- We implemented various measures to customers living in the areas where the Disaster Relief Act was applied in relation to the “August 2019 torrential rain caused by a rain front” and “Typhoon No. 15 of 2019,” including the free provision of battery chargers and other devices and partial waiver of repair fees to support the disaster victims. As for “Typhoon No. 15 of 2019,” we established a charity web site to support the people and communities affected by the disaster and collected donations using the “docomo kouza” accounts and “d POINTs.” In addition to furnishing our base stations with uninterruptible power supply and 24-hour batteries as part of our disaster preparedness measures which we have been implementing since peacetime, we dispatched satellite mobile base station vehicles and mobile power supply vehicles to the disaster-stricken areas to minimize the impact on our communication services. Furthermore, we offered mobile phone charging service in affected areas using the storage batteries, which we completed installing in all docomo Shops across Japan in June 2019, and rented out mobile devices to Self Defense Forces and local governments. We mobilized a maximum of approximately 2,000 people per day to realize early recovery of our communication services and to assist the stricken areas.
- Through our “Smartphone and Mobile Phone Safety Classes,” we teach participants the rules and manners of using smartphones and mobile phones, as well as how to respond to troubles that may arise with their use. We held a total of approximately 4,300 sessions with a cumulative participation of approximately 940,000 people during the six months ended September 30, 2019.

(3) Trend of Capital Expenditures

<Capital expenditures>

	Billions of yen				
	Six Months Ended September 30, 2018		Six Months Ended September 30, 2019		Increase (Decrease)
Total capital expenditures	¥	255.4	¥	218.4	¥ (37.0) (14.5)%
Telecommunications business		240.7		201.3	(39.4) (16.4)
Smart life business		8.1		11.6	3.4 42.1
Other businesses		6.6		5.6	(1.0) (15.5)

Notes:

- Capital expenditures include investments related to the acquisition of intangible assets.
- The above amounts do not include consumption taxes, etc.

Capital expenditures for the six months ended September 30, 2019 decreased by 14.5% to ¥218.4 billion. This was due to our efforts to make capital expenditures more efficient and lower costs for existing services, such as 3G and LTE, in preparation for the launch of 5G commercial services, while we constructed a more convenient mobile telecommunications network by expanding the area coverage of our “PREMIUM 4G” service and increased capital expenditure for the growth of our businesses.

(4) Financial Position

	Billions of yen				
	September 30, 2018	September 30, 2019	Increase (Decrease)		(Reference) March 31, 2019
Total assets	¥ 7,686.4	¥ 7,487.6	¥ (198.8)	(2.6)%	¥ 7,340.5
Equity attributable to shareholders of NTT DOCOMO, INC.	5,904.1	5,439.4	(464.6)	(7.9)	5,371.9
Liabilities	1,754.2	2,025.3	271.2	15.5	1,946.4
Including: Interest bearing liabilities	51.4	50.0	(1.4)	(2.8)	50.0
Shareholders' equity ratio (1) (%)	76.8%	72.6%	(4.2)point	-	73.2%
Debt to Equity ratio (2) (multiple)	0.009	0.009	0.000	-	0.009

Notes1: (1) Shareholders' equity ratio = Equity attributable to shareholders of NTT DOCOMO, INC. / Total assets.

(2) Debt to Equity ratio = Interest bearing liabilities / Equity attributable to shareholders of NTT DOCOMO, INC.

Notes2: The change in Equity attributable to shareholders of NTT DOCOMO, INC is mainly related to the purchase of treasury stock on January 7, 2019. Related information is disclosed in “Item 4. Financial Information 1. Condensed Consolidated Financial Statement Note 8 Equity.”

(5) Cash Flow Conditions

	Billions of yen				
	Six Months Ended September 30, 2018		Six Months Ended September 30, 2019		Increase (Decrease)
Net cash provided by operating activities	¥	680.7	¥	628.9	¥ (51.9) (7.6)%
Net cash used in investing activities		(6.3)		(133.4)	(127.2) -
Net cash used in financing activities		(297.0)		(356.9)	(59.9) (20.2)
Free cash flows (1)		674.5		495.4	(179.0) (26.5)
Changes in investments for cash management purposes		299.7		9.5	(290.2) (96.8)
Free cash flows excluding changes in investments for cash management purposes (2)		374.7		485.9	111.2 29.7
Free cash flows excluding impact of the application of IFRS 16 (3)		374.7		439.1	64.4 17.2

Notes: (1) Free cash flows = Net cash provided by operating activities + Net cash used in investing activities

(2) Changes in investments for cash management purposes = Changes by purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months

(3) This figure excludes the impact of the application of IFRS 16 while the presentation of expenses related to leases changed from “Cost of equipment sold and services, and other expenses” and “Communication network charges” to “Depreciation and amortization” as a result of adoption of IFRS 16 from the beginning of the fiscal year ending March 31, 2020.

For the six months ended September 30, 2019, net cash provided by operating activities was ¥628.9 billion, a decrease of ¥51.9 billion, or 7.6%, from the same period of the previous fiscal year. This was mainly due to a decrease in cash inflows for profit and a decrease in trade and other payables.

Net cash used in investing activities was ¥133.4 billion, an increase of ¥127.2 billion, or (-%), from the same period of the previous fiscal year. This was mainly due to a decrease in cash inflows for proceeds from redemption of short term investments. This decrease in cash inflows exceeded a decrease in cash outflows for purchases of short term investments and an increase in cash inflows for proceeds from sales of non-current investments including the transfer of shares of Sumitomo Mitsui Card Company, Limited.

Net cash used in financing activities was ¥356.9 billion, an increase of ¥59.9 billion, or 20.2%, from the same period of the previous fiscal year. This was mainly due to an increase in cash outflows in purchase of treasury stock and an increase in cash outflows for payment of lease liabilities. This increase in cash outflows exceeded a decrease in cash outflows for repayment of long-term debt.

As a result of the foregoing, the balance of cash and cash equivalents was ¥358.2 billion as of September 30, 2019, an increase of ¥138.2 billion, or 62.8%, from the previous fiscal year end.

(6) Operational and Finance Issues Faced by 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.

(7) Research and Development

Our research and development expenses for the six months ended September 30, 2019 were ¥44.0 billion.

3. Material Contracts

There were no material contracts relating to our operations that were agreed upon or entered into during the second quarter ended September 30, 2019.

Item 3. Information related to NTT DOCOMO

1. Information related to NTT DOCOMO's Shares

(1) Total Number of Shares and Issued Shares

(a) Total Number of Shares

As of September 30, 2019

Class	Total Number of Shares Authorized to be Issued (Shares)
Common stock	17,460,000,000
Total	17,460,000,000

(b) Issued Shares

Class	Number of Shares Issued as of September 30, 2019 (shares)	Number of Shares Issued as of the Filing Date (shares) (November 5, 2019)	Stock Exchange on which the Company is Listed	Description
Common Stock	3,335,231,094	3,335,231,094	Tokyo Stock Exchange (The First Section)	The number of shares per one unit of shares is 100 shares
Total	3,335,231,094	3,335,231,094	—	—

(2) Information on the Stock Acquisition Rights and other items

(a) Change of Stock Option Plan

Not applicable.

(b) Status of Other Stock Acquisition Rights

Not applicable.

(3) Information on Moving Strike Convertible Bonds and other items

Not applicable.

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

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	—	3,335,231,094	—	949,679	—	292,385

(5) Major Shareholders

As of September 30, 2019

Name of Shareholder	Address	Number of Shares Held (shares)	Ownership Percentage to the Total Number of Issued Shares
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	2,137,733,200	65.03
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	88,099,400	2.68
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	65,489,300	1.99
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 7)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	28,856,900	0.88
STATE STREET BANK WEST CLIENT - TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	28,605,452	0.87
JP MORGAN CHASE BANK 380055	270 PARK AVENUE, NEW YORK, NY 10017, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	28,201,083	0.86
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 5)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	26,385,000	0.80
STATE STREET BANK AND TRUST COMPANY 505103	P.O BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	20,884,240	0.64
JP Morgan Securities Japan Co.,Ltd.	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	20,398,836	0.62
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	19,649,000	0.60
Total	—	2,464,302,411	74.96

Notes: (1) Treasury stocks (47,712,038 shares) are not included in the above list.

(2) All shares owned by THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT), JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT, TRUST ACCOUNT 7, TRUST ACCOUNT 5, TRUST ACCOUNT 9, respectively) are managed on behalf of trustors and are not owned by the above trustees.

Breakdown of these shares are as follows: Investment trust (81,369,400shares),
pension trust (13,639,800shares),
others (133,470,400shares).

(3) STATE STREET BANK WEST CLIENT - TREATY 505234, JP MORGAN CHASE BANK 380055 and STATE STREET BANK AND TRUST COMPANY 505103 are listed as major shareholders mainly due to their role as custodian banks for overseas institutional investors.

(6) Information on Voting Rights

(a) 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 and other stock)	—	—	—
Shares with Restricted Voting Rights (others)	—	—	—
Shares with Full Voting Rights (treasury stock and other stock)	(Treasury Stock) 47,712,000 shares of common stock	—	—
Shares with Full Voting Rights (others)	3,287,428,500 shares of common stock	32,874,285	—
Shares Representing Less than One Unit	90,594 shares of common stock	—	—
Number of Issued Shares	3,335,231,094 shares of common stock	—	—
Total Number of Voting Rights	—	32,874,285	—

Note: The total number of shares in “Shares with Full Voting Rights (others)” includes 38,800 shares held in the name of the Japan Securities Depository Center. “Number of Voting Rights” includes 388 voting rights associated with “Shares with Full Voting Rights” held in the name of the Japan Securities Depository Center.

(b) 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
NTT DOCOMO, INC.	11-1, Nagatacho 2-chome, Chiyoda-ku, Tokyo	47,712,000	—	47,712,000	1.43%
Total	—	47,712,000	—	47,712,000	1.43%

2. Changes in Directors and Senior Management

Not applicable.

Item 4. Financial Information

1. Preparation method of the condensed consolidated financial statements

The condensed consolidated financial statements of DOCOMO have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” pursuant to Article 93 of the “Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements, etc.” (Cabinet Office Ordinance No. 64 of 2007).

International Financial Reporting Standards (“IFRS”) was permitted as the designated international accounting standards for preparing consolidated financial statements following the amendments (Cabinet Office Ordinance No. 73 of December 11, 2009) to the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976), etc.

Figures in the condensed consolidated financial statements have been rounded to the nearest million yen.

2. Independent Auditor’s Report on Quarterly Review

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, the condensed consolidated financial statements for the second quarter ended September 30, 2019 (from July 1, 2019 to September 30, 2019) and the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019) have been reviewed by KPMG AZSA LLC.

3. Particular efforts to secure the appropriateness of the consolidated financial statements based on IFRS

(1) DOCOMO is a member of the Financial Accounting Standards Foundation.

(2) DOCOMO obtains appropriately the press release issued by the International Accounting Standards Board and official pronouncements. In addition, DOCOMO has formulated the Group Accounting and Finance Rules pursuant to IFRS and prepared the consolidated financial statements based on those rules.

1. Condensed Consolidated Financial Statements (UNAUDITED)

(1) Condensed Consolidated Statement of Financial Position (UNAUDITED)

	Notes	Millions of yen	
		March 31, 2019	September 30, 2019
ASSETS			
Current assets:			
Cash and cash equivalents		¥ 219,963	¥ 358,190
Trade and other receivables		2,128,156	2,142,245
Other financial assets	11	70,933	61,361
Inventories		178,340	110,993
Other current assets		91,308	77,874
Subtotal		2,688,699	2,750,664
Asset held for sale	6	234,160	—
Total current assets		2,922,859	2,750,664
Non-current assets:			
Property, plant and equipment	7	2,623,789	2,609,370
Right-of-use assets	3	—	272,100
Goodwill		33,177	32,410
Intangible assets		608,513	617,498
Investments accounted for using the equity method		151,741	142,375
Securities and other financial assets	11	439,742	465,669
Contract costs		297,733	305,746
Deferred tax assets		150,725	169,672
Other non-current assets		112,267	122,087
Total non-current assets		4,417,687	4,736,927
Total assets		¥ 7,340,546	¥ 7,487,591

Notes	Millions of yen	
	March 31, 2019	September 30, 2019
LIABILITIES AND EQUITY		
Current liabilities:		
Trade and other payables	1,058,007	865,155
Lease liabilities 3	—	69,884
Other financial liabilities 11	10,495	10,215
Accrued income taxes	166,503	191,392
Contract liabilities	211,752	218,754
Provisions	29,086	23,335
Other current liabilities	150,805	121,225
Total current liabilities	1,626,647	1,499,960
Non-current liabilities:		
Long-term debt	50,000	50,000
Lease liabilities 3	—	191,389
Other financial liabilities 11	9,310	—
Defined benefit liabilities	207,425	214,747
Contract liabilities	37,054	35,724
Provisions	7,845	7,918
Other non-current liabilities	8,140	25,608
Total non-current liabilities	319,775	525,386
Total liabilities	1,946,422	2,025,346
Equity:		
Equity attributable to shareholders of NTT DOCOMO, INC.		
Common stock 8	949,680	949,680
Additional paid-in capital 8	169,083	155,641
Retained earnings 8	4,160,495	4,412,096
Treasury stock 8	(0)	(122,762)
Other components of equity 8	92,595	44,772
Total equity attributable to shareholders of NTT DOCOMO, INC.	5,371,853	5,439,427
Noncontrolling interests	22,271	22,818
Total equity	5,394,124	5,462,245
Total liabilities and equity	¥ 7,340,546	¥ 7,487,591

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

Six months ended September 30, 2018 and 2019

Condensed Consolidated Statement of Profit or Loss

	Notes	Millions of yen	
		Six months ended September 30, 2018	Six months ended September 30, 2019
Operating revenues:	10		
Telecommunications services		¥ 1,571,901	¥ 1,558,672
Equipment sales		390,392	317,765
Other operating revenues		427,228	453,566
Total operating revenues		2,389,521	2,330,003
Operating expenses:			
Personnel expenses		145,258	144,984
Cost of equipment sold and services, and other expenses		1,168,492	1,127,313
Depreciation and amortization		231,538	284,986
Communication network charges		210,073	212,577
Loss on disposal of property, plant and equipment and intangible assets		23,636	19,885
Total operating expenses		1,778,997	1,789,744
Operating profit		610,524	540,259
Finance income		4,691	9,567
Finance costs		1,444	3,911
Share of profits (losses) on equity method investments		7,364	2,656
Profit before taxes		621,136	548,571
Income taxes		212,875	174,937
Profit		¥ 408,260	¥ 373,635
Profit attributable to:			
Shareholders of NTT DOCOMO, INC.		407,057	372,352
Noncontrolling interests		1,204	1,283
Profit		¥ 408,260	¥ 373,635
Earnings per share attributable to shareholders of NTT DOCOMO, INC.			
Basic earnings per share		¥ 113.29	¥ 112.33

Six months ended September 30, 2018 and 2019

Condensed Consolidated Statement of Comprehensive Income

	Millions of yen	
	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	¥ 408,260	¥ 373,635
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	13,414	(1,137)
Share of other comprehensive income of investments accounted for using the equity method	(4,126)	(580)
Total of items that will not be reclassified to profit or loss	9,288	(1,717)
Items that may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	(9,834)	(332)
Share of other comprehensive income of investments accounted for using the equity method	30	(80)
Total of items that may be reclassified subsequently to profit or loss	(9,804)	(412)
Total other comprehensive income (net of taxes)	(516)	(2,128)
Total comprehensive income	¥ 407,744	¥ 371,506
Total comprehensive income attributable to:		
Shareholders of NTT DOCOMO, INC.	406,590	370,195
Noncontrolling interests	1,154	1,311
Total comprehensive income	¥ 407,744	¥ 371,506

Three months ended September 30, 2018 and 2019

Condensed Consolidated Statement of Profit or Loss

	Notes	Millions of yen	
		Three months ended September 30, 2018	Three months ended September 30, 2019
Operating revenues:	10		
Telecommunications services		¥ 786,490	¥ 780,033
Equipment sales		211,772	150,107
Other operating revenues		214,590	240,579
Total operating revenues		1,212,853	1,170,719
Operating expenses:			
Personnel expenses		72,272	72,731
Cost of equipment sold and services, and other expenses		602,097	573,259
Depreciation and amortization		117,693	143,465
Communication network charges		106,919	108,540
Loss on disposal of property, plant and equipment and intangible assets		13,271	11,181
Total operating expenses		912,253	909,177
Operating profit		300,599	261,542
Finance income		652	593
Finance costs		170	593
Share of profits (losses) on equity method investments		2,992	1,650
Profit before taxes		304,073	263,191
Income taxes		114,884	82,249
Profit		¥ 189,189	¥ 180,942
Profit attributable to:			
Shareholders of NTT DOCOMO, INC.		188,739	180,045
Noncontrolling interests		450	898
Profit		¥ 189,189	¥ 180,942
Earnings per share attributable to shareholders of NTT DOCOMO, INC.			
Basic earnings per share		¥ 52.53	¥ 54.55

Three months ended September 30, 2018 and 2019

Condensed Consolidated Statement of Comprehensive Income

	Millions of yen	
	Three months ended September 30, 2018	Three months ended September 30, 2019
Profit	¥ 189,189	¥ 180,942
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	6,563	(1,196)
Share of other comprehensive income of investments accounted for using the equity method	(11,511)	(123)
Total of items that will not be reclassified to profit or loss	(4,947)	(1,319)
Items that may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	2,193	(437)
Share of other comprehensive income of investments accounted for using the equity method	(14)	(70)
Total of items that may be reclassified subsequently to profit or loss	2,180	(507)
Total other comprehensive income (net of taxes)	(2,768)	(1,826)
Total comprehensive income	¥ 186,421	¥ 179,116
Total comprehensive income attributable to:		
Shareholders of NTT DOCOMO, INC.	186,026	178,186
Noncontrolling interests	396	930
Total comprehensive income	¥ 186,421	¥ 179,116

(3) Condensed Consolidated Statement of Changes in Equity (UNAUDITED)

Six months ended September 30, 2018

Millions of yen									
Equity attributable to shareholders of NTT DOCOMO, INC.									
	Notes	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total	Noncon- trolling interests	Total equity
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				407,057			407,057	1,204	408,260
Other comprehensive income						(466)	(466)	(50)	(516)
Total comprehensive income		—	—	407,057	—	(466)	406,590	1,154	407,744
Dividends	9			(179,659)			(179,659)	(239)	(179,898)
Changes in ownership interests without loss control							—	101	101
Transfer from other components of equity to retained earnings	8			6,901		(6,901)	—		—
Total transactions with shareholders		—	—	(172,759)	—	(6,901)	(179,659)	(138)	(179,797)
Balance as of September 30, 2018		¥ 949,680	¥ 153,115	¥ 5,145,336	¥ (448,403)	¥ 104,346	¥ 5,904,073	¥ 28,137	¥ 5,932,210

Six months ended September 30, 2019

		Millions of yen							
		Equity attributable to shareholders of NTT DOCOMO, INC.						Noncon-	Total
Notes	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total	trolling interests	equity	
	Balance as of March 31, 2019	949,680	169,083	4,160,495	(0)	92,595	5,371,853	22,271	5,394,124
	Profit			372,352			372,352	1,283	373,635
	Other comprehensive income					(2,157)	(2,157)	29	(2,128)
	Total comprehensive income	—	—	372,352	—	(2,157)	370,195	1,311	371,506
	Dividends	9		(183,438)			(183,438)	(837)	(184,275)
	Purchase of treasury stock	8			(122,762)		(122,762)		(122,762)
	Changes due to business combinations under common control		(13,441)	17,154		(132)	3,580		3,580
	Changes in ownership interests without loss of control		(1)				(1)	99	97
	Changes in ownership interests with loss of control						—	(26)	(26)
	Transfer from other components of equity to retained earnings	8		45,533		(45,533)	—		—
	Total transactions with shareholders	—	(13,442)	(120,751)	(122,762)	(45,666)	(302,621)	(765)	(303,385)
	Balance as of September 30, 2019	¥ 949,680	¥ 155,641	¥ 4,412,096	¥ (122,762)	¥ 44,772	¥ 5,439,427	¥ 22,818	¥ 5,462,245

(Note) Business combinations under common control are accounted for using book values. Regarding “Changes due to business combinations under common control”, the changes in “Additional paid-in capital” and “Retained earnings” represent the differences between the amount paid by NTT DOCOMO, INC. for a subsidiary that was acquired under common control and NIPPON TELEGRAPH AND TELEPHONE CORPORATION’s carrying amount of the investment in the subsidiary measured at the date of acquisition.

(4) Condensed Consolidated Statement of Cash Flows (UNAUDITED)

	Millions of yen	
	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities:		
Profit	¥ 408,260	¥ 373,635
Reconciliation of profit and net cash provided by operating activities:		
Depreciation and amortization	231,538	284,986
Finance income	(4,691)	(9,567)
Finance costs	1,444	3,911
Interest income included in operating revenues	(10,956)	(12,880)
Share of (profits) losses on equity method investments	(7,364)	(2,656)
Income taxes	212,875	174,937
(Increase) decrease in inventories	22,910	68,674
(Increase) decrease in trade and other receivables	3,640	3,924
Increase (decrease) in trade and other payables	(47,068)	(113,385)
Increase (decrease) in contract liabilities	12,904	5,338
Increase (decrease) in defined benefit liabilities	4,525	6,735
Other, net	(5,738)	(8,882)
Subtotal	822,280	774,768
Dividends received	13,532	10,640
Interests received	10,861	13,246
Interests paid	(1,337)	(884)
Income taxes paid and refund	(164,611)	(168,914)
Net cash provided by operating activities	680,725	628,857
Cash flows from investing activities:		
Purchases of property, plant and equipment	(194,428)	(205,036)
Purchases of intangible and other assets	(120,283)	(132,613)
Purchases of non-current investments	(6,488)	(38,214)
Proceeds from sales of non-current investments	14,517	243,350
Purchases of short term investments	(270,640)	(60,772)
Proceeds from redemption of short term investments	570,375	70,315
Acquisitions of control over subsidiaries	—	(17,099)
Other, net	696	6,646
Net cash used in investing activities	(6,252)	(133,424)
Cash flows from financing activities:		
Repayments of long-term debt	(110,000)	(2,800)
Proceeds of short term borrowing	200	(1,985)
Payments of lease liabilities (2018: Repayments of finance lease liabilities)	(571)	(47,736)
Payments to acquire treasury stock	—	(122,762)
Cash dividends paid	(179,633)	(183,432)
Cash dividends paid to noncontrolling interests	(239)	(837)
Other, net	(6,762)	2,651
Net cash used in financing activities	(297,004)	(356,901)
Effect of exchange rate changes on cash and cash equivalents	342	(305)
Net increase (decrease) in cash and cash equivalents	377,811	138,227
Cash and cash equivalents as of beginning of year	390,468	219,963
Cash and cash equivalents as of end of period	¥ 768,279	¥ 358,190

2. Notes to Condensed Consolidated Financial Statements (UNAUDITED)

1. Reporting entity

NTT DOCOMO, INC. (the “Company”) is a company located in Japan. The addresses of its registered headquarters and main business offices are disclosed on its website (<https://www.nttdocomo.co.jp/english>).

The Company primarily engages in mobile telecommunications services as a member of the NTT group, with NIPPON TELEGRAPH AND TELEPHONE CORPORATION (“NTT”) as the holding company. The Company and its subsidiaries constitute the NTT DOCOMO group (“DOCOMO”) and operate its business.

The condensed consolidated financial statements of DOCOMO for the second quarter ended September 30, 2019 were approved on October 29, 2019 by the Board of Directors.

2. Basis of preparation

(1) Compliance with IFRS

The condensed consolidated financial statements of DOCOMO meet the requirements of the “Specified Companies Complying with Designated International Accounting Standards” under Article 1-2 of the “Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64 of 2007), and thus were prepared in accordance with IAS 34 “Interim Financial Reporting,” pursuant to the provisions of Article 93 of the aforementioned Ordinance. The condensed interim consolidated financial statements, which do not contain all the information required in annual consolidated financial statements, should be read in conjunction with the annual consolidated financial statements for the previous fiscal year ended March 31, 2019.

(2) Basis of measurement

The condensed consolidated financial statements are prepared on a historical cost basis, except for financial instruments measured at fair value as well as assets and liabilities associated with post-employment benefit plans, etc.

(3) Function and presentation currency

The condensed consolidated financial statements are presented in Japanese yen, the currency prevailing in the main economic domain in which the Company conducts its business activities (“functional currency”), and figures less than a million yen are rounded to the nearest million yen.

(4) Change in presentation

Regarding the condensed consolidated statement of cash flows for the six months ended September 30, 2019, interests received as to credit card services in operating revenues, which had been included in subtotal in cash flows from operating activities have been represented in “Interests received” since its amount became significant. In order to reflect the change in presentation, regarding the condensed consolidated statement of cash flows for the six months ended September 30, 2018, the amount which had been included in subtotal in cash flows from operating activities have been reclassified as “Interests received” of ¥10,584 million in cash flows from operating activities and “Interest income included in operating revenues” of ¥(10,956) million.

3. Significant accounting policies

The significant accounting policies applied to the condensed consolidated financial statements for the six months ended September 30, 2019 are the same as those applied to the consolidated financial statements for the fiscal year ended March 31, 2019 except below. Meanwhile, income taxes for the six months ended September 30, 2019 are calculated based on the estimated annual effective tax rate.

(1) Lease

DOCOMO has adopted IFRS 16 “Lease” (“IFRS 16”) from the beginning of the fiscal year ending March 31, 2020.

1) Accounting treatment of lease as lessee

In accordance with IAS 17 “Leases,” we classified lease transactions as finance leases when the leases transfer substantially all the risks and rewards incidental to ownership, while classifying all other lease transactions as operating leases in the consolidated financial statements for the fiscal year ended March 31, 2019.

After the adoption of IFRS 16, when it is determined that a contract is, or contains, a lease at inception of the contract, we recognize lease liabilities and right-of-use assets in condensed consolidated financial statements at the commencement date. However, we recognize lease payments as an expense on a straight-line basis over the lease term when they are associated with a lease term of 12 months or less or for which the underlying asset is of low value except the case that another systematic basis is more representative of the pattern of the lessee’s benefit.

i) Lease liabilities

Lease liabilities are initially measured at the present value of lease payments, which have not been paid at the commencement date using DOCOMO’s incremental borrowing rate. After the commencement date, they are measured subsequently by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. In condensed consolidated statements of profit or loss, the interests on the lease liability are included in “Finance costs.” In the condensed consolidated statements of cash flows, the paid interests on the lease liability are presented in “Cash flows from operating activities”, while repayments for the principal portion of the lease liability are presented in “Cash flows from financing activities.”

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 added with initial direct costs and lease payments made at or before the commencement date and others. After the initial measurement, the right-of-use assets are determined by a cost model. If the ownership of the underlying asset is transferred to the lessee by the end of the lease term or if the lessee is reasonably certain to exercise a purchase option, they are depreciated using the straight-line method over their estimated useful lives of the underlying asset. Otherwise, DOCOMO depreciate over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The carrying amount of right-of-use assets is reduced by recognition of impairment loss if there is any indication that they may be impaired.

2) Transitional Measure

For the adoption of IFRS 16, we have not presented any restatement of comparative information, which is permitted as a transitional measure, but instead adopted a method to recognize the cumulative impact from the adoption of IFRS 16 as opening balance of retained earnings upon the date of initial application (retrospective restatement approach). For past contracts that had been concluded in or before the prior fiscal year, we have applied a practical approach to carry over the conventional method to make a determination on whether the transaction in question is a lease or not.

3) Impact from change of accounting policies

Upon the application of IFRS 16, leases that were previously classified as operating leases are recognized as right-of-use assets and lease liabilities. These items also include finance leases that were previously recognized as “Property, plant, and equipment” and “Other financial liabilities.” The change in the accounting policy mainly resulted in an increase of “Right-of-use assets” by ¥295,379 million and “Lease liabilities” by ¥286,503 million, while in a decrease of “Property, plant, and equipment” by ¥3,936 million, “Other current assets” (prepaid lease payments) by ¥8,775 million and “Other financial liabilities” by ¥4,057 million, respectively at the beginning of the fiscal year ending March 31, 2020. The principal items recorded as right-of use assets include the fees for use of office, the rent for the land and building required for the installation of telecommunications facilities and the fees for use of transmission lines. The impact on the opening balance of retained earnings is little. In addition, the change in the accounting policy also mainly resulted in an increase of “Depreciation and amortization” by ¥46,994 million, while in a decrease of “Cost of equipment sold and services, and other expenses” by ¥34,953 million and “Communication network charges” by ¥12,065 million, respectively for the six months ended September 30, 2019. Similarly, due to the classification of repayment of lease liabilities as cash flows from financing activities, cash flows from operating activities increased by ¥46,769 million, while cash flows from financing activities decreased by ¥46,769 million for the six months ended September 30, 2019.

(2) Revenue from contracts with customers

Revenue is measured based on the amount of consideration to which it expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. DOCOMO recognizes revenue when the performance obligation of a product or service is satisfied by transferring the control over the promised goods or service to a customer.

DOCOMO offers telecommunications services, equipment sales and other services in three reportable segments, namely the Telecommunications business, Smart life business and Other businesses. Details are stated in “Note 5. Segment reporting” for reportable segments, and “Note 10. Revenue from contracts with customers” for products and services.

Furthermore, DOCOMO provides point programs to customers.

1) Telecommunications services

i) Mobile communications services

The main service in telecommunications services is mobile communications services. Mobile communications service is sold to a subscriber directly or through third-party resellers who act as agents.

DOCOMO sets its mobile communications services rates in accordance with the Japanese Telecommunications Business Act and government guidelines, which currently allow wireless telecommunications operators to set their own tariffs without government approval. The performance obligation of mobile communications services is identified as the provision of communication lines and voice calls and packet communications using the lines to customers in accordance with contracts. Mobile communications services revenues primarily consist of basic monthly charges, airtime charges and fees for activation.

DOCOMO deems the performance obligation to be satisfied according to the usage of voice communications and packet communications, and records basic monthly charges and airtime charges as revenue each month accordingly. The amounts recorded as revenue are charged on a monthly basis and collected within a short period. Some of DOCOMO’s billing plans generally include a certain amount of allowances (free minutes and/or packets) determined as up to fixed charge of each billing plan, and the amount of unused allowances are automatically carried over to the following month. In these services, DOCOMO records the amount of unused allowances that is expected to be used in the following or subsequent months by subscribers as a “contract liability” and recognizes it as revenue when DOCOMO satisfies the performance obligation, the amount of unused allowance is used by subscribers.

Fees for activation on which DOCOMO grants customers with material rights on renewal are deferred as a “contract liability” in the condensed consolidated statement of financial position and are recognized as revenue over a period during which DOCOMO provides customers with material rights.

ii) Optical-fiber broadband service and other telecommunications services

DOCOMO provides an optical-fiber broadband service by utilizing the wholesale optical-fiber access service of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (“NTT EAST”) and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (“NTT WEST”), subsidiaries of NTT. To provide the optical-fiber broadband service is identified as the performance obligation to subscribers in accordance with contracts. The performance obligation is deemed to be satisfied according to the usage of the optical-fiber broadband service.

Furthermore, DOCOMO sells optical-fiber broadband service and packet communications plan service offered in a bundled arrangement, as well as separately, which enables subscribers to receive discount charges. Therefore, each service has a respective stand-alone selling price. The total consideration of a bundle contract is allocated to their respective performance obligations based on the ratio of their stand-alone selling prices, and recognized as revenue in “optical-fiber broadband service and other telecommunications services revenues” and “mobile communications services revenues” at the time each performance obligation is deemed to be satisfied.

Construction fees and fees for activation for the optical-fiber broadband service, on which DOCOMO grants customers with material rights on renewal are deferred as a “contract liability” in the condensed consolidated statement of financial position and are recognized as revenue over a period during which DOCOMO provides customers with material rights.

2) Equipment sales

DOCOMO purchases from handset manufacturers, the types of handsets compatible with its mobile communications services, which are then distributed mainly to agent resellers for sale to our customers. Regarding equipment sales, the performance obligation is deemed to be satisfied when the equipment is transferred to agent resellers and revenues are recognized accordingly. Certain commissions paid to agent resellers and incentives offered to customers are recognized as a reduction of revenue upon delivery of the equipment to such agent resellers.

When a subscriber purchases a handset from agent resellers, the option to pay in installments is made available to the subscriber. If a subscriber chooses to pay in installments, under the agreement entered into by the subscriber, the agent resellers and us, we provide funds by paying for the purchased handset to the agent resellers and include the installment charge for the purchased handset in the monthly bill for network usage for the installment payment term. Uncollected cash payment is recorded within “Trade and other receivables” if it is due for collection in one year or less and within “Securities and other financial assets” if it is due for collection after one year, in the condensed consolidated statement of financial position.

We also offer 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 DOCOMO after use. 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 liabilities” and “Other non-current liabilities” 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.

3) Others

As for other services, DOCOMO provides a variety of services, including distribution of video, music, and electronic books, finance/payment services, shopping services, various other services to support our customers' daily lives, and mobile device protection service.

DOCOMO deems the performance obligation to be satisfied when the transfer of services is completed or the goods are accepted by a customer, and recognizes revenue accordingly.

(Presentation as a gross amount or net amount)

DOCOMO evaluates whether it is appropriate to record the gross amount of the revenues and the costs of sales for transferred goods and services by considering factors including, but not limited to, whether DOCOMO is primarily responsible for fulfilling the contract, has the inventory risk, or has discretion in establishing prices. When DOCOMO has the inventory risk, has discretion in establishing prices, or is primarily responsible for fulfilling the contract, related revenues are presented on a gross basis.

Meanwhile, in certain transactions when DOCOMO is not considered to be primarily responsible for fulfilling the contract, does not take or takes little inventory risk, or has no or little discretion in establishing prices, DOCOMO is considered an agent for such transactions and related revenues are presented on a net basis.

(Contract costs)

DOCOMO capitalizes the recoverable portion of the incremental costs of obtaining contracts with customers and costs to fulfill contracts, and presents them as "contract costs" in the condensed consolidated statements of financial position. Incremental costs of obtaining contracts with a customer refer to the costs that DOCOMO incurs in order to obtain contracts with a customer, which would not otherwise have been incurred if DOCOMO had not obtained the contract. Costs to fulfill contracts refer to the costs to generate or enhance resources of the DOCOMO that will be used in satisfying (or in continuing to satisfy) performance obligation in the future.

DOCOMO capitalizes the incremental costs of obtaining contracts which consist mainly of commissions paid to agent resellers for acquiring customers. Costs to fulfill contracts consist primarily of costs pertaining to Subscriber Identity Module (SIM) cards for the mobile communications services and construction fees of the "docomo Hikari" service, both of which are incurred at the inception of contracts. The contract costs are amortized over the period of providing related goods or services to customers.

However, applying the practical expedient in paragraph 94 of IFRS 15, the incremental costs of obtaining contracts are recorded as expense if the amortization period of the assets to be recognized is one year or less.

(Point program)

DOCOMO offers “d POINT Service,” which provides individual customers with points that may be earned through, among others, mobile phone usage, making payments with “d CARD” or “DCMX” credit cards, or purchasing goods or services at our partner stores. These points may be exchanged for payments on DOCOMO’s products and mobile phone charges, and payments at DOCOMO’s partner stores. Individual customers may continue using “d POINTS” subsequent to the cancellation of DOCOMO’s mobile communications services contract.

In addition, DOCOMO offers “docomo Points Service,” which provides corporate customers with points according to usage of DOCOMO’s mobile phones and other services. Points that customers received can be appropriated for payment on DOCOMO’s products.

DOCOMO recognizes the points expected to be used by customers in the future out of “docomo Points” and “d POINTS” that it has promised to provide to customers in contracts concluded with them as the performance obligation, and records them as “contract liability” in the condensed consolidated statement of financial position. DOCOMO allocates the transaction price to the performance obligation related to these points and the performance obligation associated with goods or services to which points are earned, based on the ratio of respective stand-alone selling prices. Transaction prices allocated to the performance obligation of points and recorded in “contract liability” are recognized as revenue according to the usage of points.

Meanwhile, points that do not impose any performance obligation in contracts are recognized and presented as “provisions.”

4. Significant accounting estimates and judgements involving estimates

The preparation of DOCOMO's condensed consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions, which should affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the end of the second quarter ended September 30, 2019, as well as the reported amounts of revenues and expenses during the six months ended September 30, 2019. The actual results may differ from those estimates. DOCOMO has identified the following areas where it believes the estimates and assumptions are particularly critical to the condensed consolidated financial statements. These are depreciation and amortization of property, plant and equipment, right-of-use assets, internal use software and other intangible assets; impairment of property, plant and equipment, right-of-use assets, goodwill, intangible assets, and contract costs; point programs; defined benefit liability; and revenue recognition.

5. Segment reporting

(1) Outline of reportable segments

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 business segments, which consist of telecommunications business, smart life business, and other businesses.

Certain services that had been included in the smart life business were reclassified to other businesses from the second quarter of the fiscal year ending March 31, 2020 to reflect the change in its internal organizational structure effective as of July 1, 2019. In connection with this realignment, segment information for the six months ended September 30, 2018 and the three months ended September 30, 2018 has been restated to conform, respectively, to the presentation for the six months ended September 30, 2019 and the three months ended September 30, 2019.

The telecommunications business segment includes mobile phone services (LTE(Xi) services and FOMA services), optical-fiber broadband services, satellite mobile communications services, international services and the equipment sales related to these services. The smart life business segment 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 segment primarily includes "Mobile Device Protection Service," and enterprise IoT solutions as well as development, sales and maintenance of IT systems.

(2) Information on operating revenue, income or loss for each reportable segment

DOCOMO's segment information is as follows.

Segment operating revenues:

Six Months Ended September 30	Millions of yen	
	2018	2019
Telecommunications business-		
External customers.....	¥ 1,960,080	¥ 1,870,140
Intersegment.....	759	984
Subtotal.....	1,960,840	1,871,124
Smart life business-		
External customers.....	214,700	243,288
Intersegment.....	7,663	9,868
Subtotal.....	222,363	253,157
Other businesses-		
External customers.....	214,741	216,575
Intersegment.....	3,698	3,539
Subtotal.....	218,439	220,114
Segment total.....	2,401,642	2,344,395
Elimination.....	(12,121)	(14,391)
Consolidated.....	¥ 2,389,521	¥ 2,330,003

Three Months Ended September 30	Millions of yen	
	2018	2019
Telecommunications business-		
External customers.....	¥ 996,848	¥ 925,404
Intersegment.....	421	580
Subtotal.....	997,269	925,984
Smart life business-		
External customers.....	108,828	136,473
Intersegment.....	3,958	5,406
Subtotal.....	112,786	141,879
Other businesses-		
External customers.....	107,176	108,842
Intersegment.....	2,119	1,794
Subtotal.....	109,295	110,636
Segment total.....	1,219,350	1,178,498
Elimination.....	(6,497)	(7,780)
Consolidated.....	¥ 1,212,853	¥ 1,170,719

Segment operating profit (loss):

Six Months Ended September 30	Millions of yen	
	2018	2019
Segment operating profit (loss)-		
Telecommunications business.....	¥ 524,543	¥ 445,736
Smart life business.....	37,752	34,722
Other businesses.....	48,229	59,801
Operating profit.....	610,524	540,259
Finance income.....	4,691	9,567
Finance costs.....	1,444	3,911
Share of profits (losses) on equity method investments	7,364	2,656
Profit before taxes.....	¥ 621,136	¥ 548,571

Three Months Ended September 30	Millions of yen	
	2018	2019
Segment operating profit (loss)-		
Telecommunications business.....	¥ 257,902	¥ 214,531
Smart life business.....	18,457	15,876
Other businesses.....	24,240	31,135
Operating profit.....	300,599	261,542
Finance income.....	652	593
Finance costs.....	170	593
Share of profits (losses) on equity method investments	2,992	1,650
Profit before taxes.....	¥ 304,073	¥ 263,191

(3) Information on products and services

For information concerning operating revenue from each service item as well as from equipment sales, please refer to “Note 10. Revenue from contracts with customers.”

6. Asset held for sale

As of March 31, 2019, DOCOMO 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, DOCOMO 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 “Osai-fu-Keitai” (mobile wallet) service. The investment we made in Sumitomo Mitsui Card in accordance with this agreement had been accounted for using the equity method.

In September 2018, we entered into an agreement for new business cooperation with Sumitomo Mitsui Card and SMFG, under which DOCOMO and SMFG would pursue joint business development to further expand our “iD” electronic money service leveraging the customer base and know-how of the two companies and thereby facilitate cashless payments, and look into the possibility of new ways of collaboration in the area of FinTech, etc. As a result of this arrangement, we agreed to sell all Sumitomo Mitsui Card shares in our possession to SMFG in April 2019.

Therefore, in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations,” DOCOMO reclassified its investment in Sumitomo Mitsui Card from “Investment accounted for using the equity method” to “Asset held for sale.” In addition, the application of the equity method was discontinued and the asset was subsequently measured at the lower of its carrying amount and fair value less costs to sell. As a result, the asset is recorded at carrying amount at the time when the equity method was discontinued as of March 31, 2019.

Asset classified as “Asset held for sale” as of March 31, 2019 was as follows:

	Millions of yen	
	March 31, 2019	
Asset held for sale		
Investment in associate which had been accounted for by using equity method	¥	234,160
Total	¥	234,160

Cumulative other comprehensive income (net of taxes) related to “Asset held for sale” amounted to ¥47,765 million (credit) and was included in “Other components of equity” in the consolidated statements of financial position as of March 31, 2019. All of this amount were recognized as change in the fair value of financial assets measured at fair value through other comprehensive income.

In addition, “Deferred tax assets” decreased by ¥42,530 million due to change of tax rate applicable to temporary differences in the asset to reflect the tax consequences that DOCOMO recovered the carrying amount of its asset by sale. As a result of this, “Income taxes” in the consolidated statements of profit or loss for the fiscal year ended March 31, 2019 increased by ¥20,667 million, and “Share of other comprehensive income of investments accounted for using the equity method (Items that will not be reclassified to profit or loss)” (credit) in the consolidated statements of comprehensive income for the fiscal year ended March 31, 2019 decreased by ¥21,863 million, respectively.

As of April 1, 2019, DOCOMO sold all Sumitomo Mitsui Card shares in our possession to SMFG. The cumulative other comprehensive income (net of taxes) of ¥47,765 million (credit) relating to “Asset held for sale” that was previously included in “Other components of equity” was not recognized in profit or loss but was directly reclassified to “Retained earnings” at that time. This sale had no material effect on the condensed consolidated statements of profit or loss. The amount of proceeds from the sale is included in “Proceeds from sales of non-current investments” in the condensed consolidated statement of cash flows.

7. Property, plant and equipment

The breakdown of property, plant and equipment at the end of the previous fiscal year, and the end of the second quarter ended September 30, 2019 are as follows:

	Millions of yen	
	March 31, 2019	September 30, 2019
Wireless telecommunications equipment	¥ 5,203,932	¥ 5,234,806
Buildings and structures	919,674	923,975
Tools, furniture and fixtures	466,045	480,322
Land	153,989	154,059
Construction in progress	194,935	189,615
Sub-total	6,938,574	6,982,777
Accumulated depreciation and amortization and accumulated impairment losses	(4,314,785)	(4,373,407)
Total property, plant and equipment, net	¥ <u>2,623,789</u>	¥ <u>2,609,370</u>

8. Equity

(1) Number of outstanding shares

The total number of outstanding shares is as follows.

	(Shares)	
	Number of authorized shares (common shares with no par value)	Number of issued shares (Note 1) (common shares with no par value)
Balance as of March 31, 2018	17,460,000,000	3,782,299,000
Changes during the period (Note 2)	—	—
Balance as of September 30, 2018	17,460,000,000	3,782,299,000
Changes during the period (Note 2)	—	(447,067,906)
Balance as of March 31, 2019	17,460,000,000	3,335,231,094
Changes during the period (Note 2)	—	—
Balance as of September 30, 2019	17,460,000,000	3,335,231,094

(Note 1) Issued shares at the end of the previous fiscal year, and the six months ended September 30, 2019, are all fully paid in.

(Note 2) Changes in the number of issued shares represent decreases due to the cancellation of treasury stock.

(2) Treasury stock

The number of treasury stock is as follows.

	(Shares)
	Number of treasury stock
Balance as of March 31, 2018	189,114,487
Purchase	—
Retirement	—
Balance as of September 30, 2018	189,114,487
Purchase (Note 1)	257,953,552
Retirement	(447,067,906)
Balance as of March 31, 2019	133
Purchase (Note 1)	47,711,905
Retirement	—
Balance as of September 30, 2019	47,712,038

(Note 1)

On October 31, 2018, the Board of Directors resolved that NTT DOCOMO, INC. may repurchase up to 260 million shares of its common stock for an amount in total not exceeding ¥ 600,000 million during the period from November 1, 2018 through March 31, 2019.

On November 6, 2018, the Board of Directors resolved that NTT DOCOMO, INC. may acquire up to 257,953,468 shares of its common stock for an amount in total not exceeding ¥600,000 million by way of tender offer from November 7, 2018 through December 7, 2018 and repurchased 257,953,469 shares of its common stock at ¥600,000 million on January 7, 2019.

The aggregate number of shares acquired from our parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION, was 256,752,200 shares and the amount in total was ¥597,206 million for the fiscal year ended March 31, 2019.

On April 26, 2019, the Board of Directors resolved that NTT DOCOMO, INC. may repurchase up to 128,300,000 outstanding shares of its common stock by way of market purchases for an amount in total not exceeding ¥300,000 million during the period from May 7, 2019 through April 30, 2020 and repurchased 47,711,900 shares of its common stock at ¥122,762 million until September 30, 2019. NTT DOCOMO, INC. also repurchased 9,166,900 shares of its common stock for a total purchase price of ¥26,058 million during October 2019.

In addition, NTT DOCOMO, INC. carried out the compulsory acquisition of less-than-one-unit shares upon request.

(3) Other components of equity

Changes in other components of equity (after tax effect adjustment) are as follows:

Six months ended September 30, 2018 (April 1, 2018 to September 30, 2018)

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income (Note1,2)	Cash flow hedges	Foreign exchange translation differences	Remeasurements of defined benefit plans	Total
Balance as of March 31, 2018	106,732	(348)	(4,042)	—	102,342
Cumulative impact of adopting IFRS 9 “Financial Instruments”	9,309	62	—	—	9,371
Balance as of April 1, 2018	116,041	(286)	(4,042)	—	111,713
Amount arising during the period	9,032	(29)	(9,647)	177	(466)
Reclassification to retained earnings	(6,724)	—	—	(177)	(6,901)
Balance as of September 30, 2018	118,349	(314)	(13,689)	—	104,346

Six months ended September 30, 2019 (April 1, 2019 to September 30, 2019)

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income (Note2)	Cash flow hedges	Foreign exchange translation differences	Remeasurements of defined benefit plans	Total
Balance as of March 31, 2019	105,445	(359)	(12,491)	—	92,595
Amount arising during the period	(1,542)	(59)	(1,221)	(251)	(3,073)
Reclassification to profit or loss	—	—	916	—	916
Changes due to business combinations under common control	(132)	—	—	—	(132)
Reclassification to retained earnings	(45,784)	—	—	251	(45,533)
Balance as of September 30, 2019	57,986	(418)	(12,796)	—	44,772

Three months ended September 30, 2018 (July 1, 2018 to September 30, 2018)

(Millions of yen)

	Change in the fair value of financial assets measured at fair value through other comprehensive income (Note2)	Cash flow hedges	Foreign exchange translation differences	Remeasurements of defined benefit plans	Total
Balance as of June 30, 2018	129,731	(277)	(15,977)	—	113,476
Amount arising during the period	(4,686)	(37)	2,288	(278)	(2,713)
Reclassification to retained earnings	(6,695)	—	—	278	(6,417)
Balance as of September 30, 2018	118,349	(314)	(13,689)	—	104,346

Three months ended September 30, 2019 (July 1, 2019 to 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	Foreign exchange translation differences	Remeasurements of defined benefit plans	Total
Balance as of June 30, 2019	59,495	(381)	(12,376)	—	46,738
Amount arising during the period	(1,284)	(37)	(420)	(118)	(1,859)
Changes due to business combinations under common control	(132)	—	—	—	(132)
Reclassification to retained earnings	(93)	—	—	118	26
Balance as of September 30, 2019	57,986	(418)	(12,796)	—	44,772

(Note 1) The balance of “Unrealized holding gains (losses) of available-for-sale securities” is reclassified as of March 31, 2018 of “Change in the fair value of financial assets measured at fair value through other comprehensive income,” pursuant to the exemptions under IFRS 7 and IFRS 9, which are based on IFRS 1.

(Note 2) The balance of “Change in the fair value of financial assets measured at fair value through other comprehensive income” on September 30, 2018 and March 31, 2019 include amounts related to “Asset held for sale” under IFRS 5. For details, please refer to “Note 6. Asset held for sale.”

9. Dividends

Cash dividends paid

Cash dividends paid during the six months ended September 30, 2018 and 2019

Resolution	Class of shares	Total cash dividends paid (Millions of yen)	Cash dividends per share (Yen)	Date of record	Date of payment
The general meeting of shareholders on June 19, 2018	Shares of common stock of the Company	179,659	50	March 31, 2018	June 20, 2018
The general meeting of shareholders on June 18, 2019	Shares of common stock of the Company	183,438	55	March 31, 2019	June 19, 2019

10. Revenue from contracts with customers

Disaggregation of revenue

The following tables show revenue disaggregated by type of goods and services. These tables also include reconciliation of DOCOMO's three reportable segments.

The detail of each item in table below is disclosed in "Note 3. Significant accounting policies (2) Revenue from contracts with customers."

The figures for the six months ended September 30, 2018 and the three months ended September 30, 2018 have been restated to conform, respectively, to the presentation for the six months ended September 30, 2019 and the three months ended September 30, 2019. The detail is disclosed in "Note 5. Segment reporting."

Six months ended September 30, 2018 (April 1, 2018 – September 30, 2018)

(Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	1,545,666	2,304	23,931	—	1,571,901
Mobile communications services revenues	1,410,501	2,304	22,322	—	1,435,127
Optical-fiber broadband service and other telecommunications services revenues	135,164	—	1,609	—	136,774
Equipment sales	389,534	30	828	—	390,392
Other operating revenues	25,640	220,030	193,680	(12,121)	427,228
Total	1,960,840	222,363	218,439	(12,121)	2,389,521

Six months ended September 30, 2019 (April 1, 2019 – September 30, 2019)

(Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	1,528,024	3,979	26,670	—	1,558,672
Mobile communications services revenues	1,370,621	1,905	24,745	—	1,397,272
Optical-fiber broadband service and other telecommunications services revenues	157,403	2,073	1,925	—	161,401
Equipment sales	316,613	58	1,094	—	317,765
Other operating revenues	26,487	249,120	192,350	(14,391)	453,566
Total	1,871,124	253,157	220,114	(14,391)	2,330,003

Three months ended September 30, 2018 (July 1, 2018 – September 30, 2018)

(Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	773,272	1,128	12,090	—	786,490
Mobile communications services revenues	704,422	1,128	11,274	—	716,825
Optical-fiber broadband service and other telecommunications services revenues	68,850	—	815	—	69,666
Equipment sales	211,146	15	611	—	211,772
Other operating revenues	12,850	111,643	96,594	(6,497)	214,590
Total	997,269	112,786	109,295	(6,497)	1,212,853

Three months ended September 30, 2019 (July 1, 2019 – September 30, 2019)

(Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	763,105	2,959	13,969	—	780,033
Mobile communications services revenues	683,697	886	12,995	—	697,578
Optical-fiber broadband service and other telecommunications services revenues	79,408	2,073	975	—	82,456
Equipment sales	149,392	29	686	—	150,107
Other operating revenues	13,487	138,891	95,980	(7,780)	240,579
Total	925,984	141,879	110,636	(7,780)	1,170,719

The cost of equipment sold stood at ¥383,833 million for the six months ended September 30, 2018 and ¥324,810 million for the six months ended September 30, 2019, ¥203,317 million for the three months ended September 30, 2018 and ¥152,358 million for the three months ended September 30, 2019 respectively, which are included within “Cost of equipment sold and services, and other expenses” under operating expenses in the condensed consolidated statement of profit or loss.

11. Fair value measurement

Fair values of financial instruments are determined based on market information such as quoted market prices, and valuation techniques including the market approach, income approach and cost approach. Inputs used for the fair value measurement are classified into the following three levels.

- Level 1: quoted prices in active markets
- Level 2: inputs other than quoted prices included in Level 1 that are observable either directly or indirectly
- Level 3: unobservable inputs

Transfers between the levels of fair value hierarchy are recognized to have occurred at each quarter end.

The carrying amounts and fair values of financial instruments, and their associated levels of fair value hierarchy, as of March 31, 2019 and September 30, 2019 are as follows. If the carrying amounts of financial assets or financial liabilities not measured at fair value are a reliable approximation of their fair values, information concerning the fair values of such items is not included in the following tables.

March 31, 2019

	Millions of yen				
	Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:					
Financial assets measured at fair value through profit or loss					
Trade and other receivables.....	¥ 1,178,186	¥ 1,178,186	¥ —	¥ 1,178,186	¥ —
Derivatives.....					
Foreign exchange forward contracts	1	1	—	1	—
Total derivatives.....	1	1	—	1	—
Investment trust.....	942	942	—	942	—
Financial assets measured at fair value through other comprehensive income					
Shares and contributions.....	200,984	200,984	160,064	1,675	39,244
Total.....	¥ 1,380,113	¥ 1,380,113	¥ 160,064	¥ 1,180,804	¥ 39,244
Financial liabilities measured at fair value:					
Financial liabilities measured at fair value through profit or loss					
Derivatives.....					
Foreign currency option contracts....	¥ 26	¥ 26	¥ —	¥ 26	¥ —
Foreign exchange forward contracts	0	0	—	0	—
Total derivatives.....	26	26	—	26	—
Total.....	¥ 26	¥ 26	¥ —	¥ 26	¥ —

September 30, 2019

	Millions of yen				
	Carrying Amount	Fair Value			
		Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:					
Financial assets measured at fair value through profit or loss					
Trade and other receivables.....	¥ 1,122,994	¥ 1,122,994	¥ —	¥ 1,122,994	¥ —
Investment trust.....	1,184	1,184	—	1,184	—
Financial assets measured at fair value through other comprehensive income					
Shares and contributions.....	234,349	234,349	198,301	—	36,048
Total.....	¥ 1,358,528	¥ 1,358,528	¥ 198,301	¥ 1,124,179	¥ 36,048
Financial liabilities measured at fair value:					
Financial liabilities measured at fair value through profit or loss					
Derivatives.....					
Foreign exchange forward contracts	¥ 11	¥ 11	¥ —	¥ 11	¥ —
Total derivatives.....	11	11	—	11	—
Total.....	¥ 11	¥ 11	¥ —	¥ 11	¥ —

1. No significant transfer between levels occurred during the fiscal year ended March 31, 2019 and the six months ended September 30, 2019.
2. With respect to financial instruments categorized within Level 3, no significant changes in fair value are expected when any of the unobservable inputs used in the measurement are changed to reasonably possible alternative assumptions.
3. With respect to financial instruments categorized within Level 3, no reconciliation is stated since there was no significant change in the financial instruments.

The fair values of financial assets and financial liabilities are determined by the following method. In estimating the fair values of financial instruments, market prices are used where available. If market prices are not available, the fair values of financial instruments are estimated by discounting their future cash flows, or by other appropriate methods.

“Cash and cash equivalents,” “trade and other receivables,” and “trade and other payables”

Short-term receivables held for sale and trade receivables measured at fair value are categorized within Level 2, and their fair values are determined by discounting, using a LIBOR-based discount rate, their future cash flows estimated taking into account factors such as the probability of default and loss rates of similar receivables.

“Other financial assets (current)” and “securities and other financial assets (non-current)”

Other financial assets include marketable securities and investments in shares of common stock and bonds issued by unlisted non-equity-method associates.

The fair values of marketable securities are measured at the quoted market prices of identical assets in active markets.

Unlisted common shares are measured at fair value, using the evaluation model based on discounted future cash flows, revenues, profitability and net assets, along with the evaluation methods including the peer comparison method.

Derivative instruments comprise foreign exchange forward contracts, and their fair values are evaluated based on observable market data. The valuation of these derivatives is periodically verified using observable market data, such as exchange rates.

Long-term receivables held for sale and trade receivables measured at fair value are categorized within Level 2, and their fair values are determined by discounting, using a LIBOR-based discount rate, their future cash flows estimated taking into account factors such as the probability of default and loss rates of similar receivables.

“Short-term borrowings” and “long-term debt including current portion”

The fair values of short-term borrowings and long-term debt including current portion are estimated based on discounted future cash flows calculated using an interest rate that will be applicable when similar debt is obtained.

Their fair values are evaluated and verified based on observable market data, and categorized within Level 2.

“Other financial liabilities (current)” and “other financial liabilities (non-current)”

Derivative instruments comprise foreign currency option contracts and foreign exchange forward contracts. Their fair values are evaluated based on observable market data and categorized within Level 2. The valuation of such derivatives is periodically verified using observable market data, such as exchange rates.

The fair values of other financial liabilities that do not mature within a short period are determined by discounting their estimated future cash flows, using an interest rate that will be applicable when debt with the same residual period under the same terms is obtained by a consolidated company.

Quantitative information regarding assets categorized within Level 3

Quantitative information at the end of the year ended March 31, 2019 and at the end of the second quarter ended September 30, 2019 regarding the assets measured at fair value using significant unobservable inputs, on a recurring basis, is as follows.

March 31, 2019

Classification	Fair value (Millions of yen)	Valuation technique	Significant unobservable input	Input value
Securities and other financial assets (Unlisted shares)	39,244	Peer comparison method	EV/EBITDA ratio	7 to 9
			Price-to-book ratio	0 to 2

September 30, 2019

Classification	Fair value (Millions of yen)	Valuation technique	Significant unobservable input	Input value
Securities and other financial assets (Unlisted shares)	36,048	Peer comparison method	EV/EBITDA ratio	7 to 9
			Price-to-book ratio	0 to 1

Significant unobservable inputs used for measuring fair value of unlisted shares are mainly EV/EBITDA ratio and Price-to-book ratio.

The personnel responsible in the Accounts and Finance Group of the Company conducts, subject to internal regulations, the fair value measurement, using valuation techniques and inputs that can most appropriately reflect the nature, characteristics and risks of the financial instruments subject to the fair value measurement. For financial instruments requiring the fair value measurement that involves high-level knowledge and experience, and whose monetary values are material, external experts for valuation are hired for the purpose of the fair value measurement. The analysis of changes in the fair value is reviewed and approved by the manager of the responsible department, after which the results of the fair value measurement of financial instruments, including results of the evaluation by the external experts, are reported to the Board of Directors of the Company.

12. Events after the reporting period

During October 2019, NTT DOCOMO, INC. repurchased its common stock. Related information is disclosed in “Note 8. Equity.”

2. Others

On October 29, 2019, the Board of Directors declared interim cash dividends of ¥197,251 million or ¥60 per share, payable to shareholders of record as of September 30, 2019 as below.

Total interim cash dividends (millions of yen)	197,251
Cash interim dividends per share (yen)	60
Date of payment	November 26, 2019

Independent Auditor's Report on Review of Condensed Quarterly Consolidated Financial Statements

November 5, 2019

To the Board of Directors of NTT DOCOMO, INC.

KPMG AZSA LLC

Kensuke Sodekawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroataka Nakata (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masafumi Nakane (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have reviewed the accompanying condensed consolidated financial statements of NTT DOCOMO, INC. and its consolidated subsidiaries provided in the "Financial Information" section in the Company's Quarterly Securities Report, which comprise the condensed consolidated statement of financial position as at September 30, 2019, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three and six-month periods then ended, and notes to the condensed consolidated financial statements, in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

Management's Responsibility for the Condensed Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these condensed consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting" pursuant to the Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements, and for such internal control as management determines is necessary to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to independently express a conclusion on these condensed consolidated financial statements based on our review. We conducted our review in accordance with quarterly review standards generally accepted in Japan.

A review of condensed quarterly consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements do not present fairly, in all material respects, the financial position of NTT DOCOMO, INC. and its consolidated subsidiaries as at September 30, 2019, their financial performance for the three and six-month periods then ended and cash flows for the six-month period then ended, in accordance with IAS 34 “Interim Financial Reporting”.

Emphasis of Matter

We draw attention to Note 3. Significant accounting policies (1) Lease to the condensed consolidated financial statements, which describes that the Company has adopted IFRS 16 “Lease” from the beginning of the fiscal year ending March 31, 2020. Our conclusion is not modified in respect of this matter.

Other Matter

We have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor’s Report on Review of Condensed Quarterly Consolidated Financial Statements:

The Independent Auditor’s Report on Review of Condensed Quarterly Consolidated Financial Statements herein is the English translation of the Independent Auditor’s Report on Review of Condensed Quarterly Consolidated Financial Statements as required by the Financial Instruments and Exchange Act of Japan.