[Translation]

Quarterly Securities Report

(The Second Quarter of the 28th 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, 2018, which we filed on November 6, 2018 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]

[Document Filed]	Quarterly Securities Report (“Shihanki Hokokusho”)
[Applicable Law]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	November 6, 2018
[Fiscal Year]	The Second Quarter of the 28th Business Term (From July 1, 2018 to September 30, 2018)
[Company Name]	Kabushiki Kaisha NTT DOCOMO
[Company Name in English]	NTT DOCOMO, INC.
[Title and Name of Representative]	Kazuhiro Yoshizawa, Representative Director, President and Chief Executive Officer
[Address of Head Office]	11-1, Nagata-cho 2-chome, Chiyoda-ku, Tokyo
[Phone No.]	+81-3-5156-1111
[Contact Person]	Hideki Maeda, Senior Manager, General Affairs Department
[Contact Address]	11-1, Nagata-cho 2-chome, Chiyoda-ku, Tokyo
[Phone No.]	+81-3-5156-1111
[Contact Person]	Hideki Maeda, Senior Manager, General Affairs Department
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo)

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Item 1. Overview of the company

1. Selected Financial Data

IFRS

		Six Months Ended September 30, 2017	**Six Months Ended September 30, 2018**	**Fiscal year ended March 31, 2018**
Operating revenues [Three months ended September 30, 2017 and 2018, respectively]	Millions of yen	2,294,484 [1,160,792]	2,389,521 [1,212,853]	4,762,269
Profit before taxes	Millions of yen	575,303	621,136	1,141,690
Profit attributable to shareholders of NTT DOCOMO, INC. [Three months ended September 30, 2017 and 2018, respectively]	Millions of yen	392,075 [192,223]	407,057 [188,739]	790,830
Comprehensive income attributable to shareholders of NTT DOCOMO, INC.	Millions of yen	388,316	406,590	802,460
Total equity attributable to shareholders of NTT DOCOMO, INC.	Millions of yen	5,730,791	5,904,073	5,665,107
Total assets	Millions of yen	7,539,318	7,686,376	7,654,938
Basic earnings per share attributable to shareholders of NTT DOCOMO, INC. [Three months ended September 30, 2017 and 2018, respectively]	Yen	105.84 [51.89]	113.29 [52.53]	214.27
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)	%	76.0	76.8	74.0
Net cash provided by operating activities	Millions of yen	741,005	680,725	1,498,600
Net cash used in investing activities	Millions of yen	(359,544)	(6,252)	(705,532)
Net cash provided by (used in) financing activities	Millions of yen	(142,177)	(297,004)	(690,768)
Cash and cash equivalents at end of period	Millions of yen	527,820	768,279	390,468

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, 2018.

There were no material changes with respect to associated companies during the six months ended September 30, 2018.

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, 2018. There was no material change in the risk factors that were described in our Annual Securities Report for the fiscal year ended March 31, 2018.

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 6, 2018, at which it was filed. As the Company started filing based on International Financial Reporting Standards (IFRS) in place of the U.S. Generally Accepted Accounting Principles (U.S. GAAP) from the first quarter of the fiscal year ending March 31, 2019, the consolidated financial results for the six months ended September 30, 2017, and the full year of the previous fiscal year have been restated based on IFRS for the purpose of comparison and analysis.

(1) Business Overview

In Japan's telecommunications market, competition has intensified due to the government's pro-competition policy, increased adoption of low-cost smartphone services offered by the sub-brands of Mobile Network Operators (MNOs)[*1] and Mobile Virtual Network Operators (MVNOs) and the new entry in the MNO market by a player from a different industry. MNOs have employed various measures to reinforce their non-telecommunications business, such as offering a common point program or new payment platforms, in an effort to expand and strengthen their customer base. Competition beyond the conventional boundaries of the telecommunications business is shifting into high gear, as players accelerate collaboration, investment or alliance with other industries in pursuit of future growth through the use of new technologies such as Artificial Intelligence (AI), IoT[*2] and drones, with a view to the transition to 5G.

In this market environment, in April 2017, we developed and unveiled our Medium-Term Strategy 2020 "Declaration beyond" to realize a richer future with 5G.
Toward the delivery of the values presented in "Declaration beyond" to our customers and partners amid the changes in competitive landscape, we announced in October 2018 a new medium-term management strategy to realize the "transformation into a business foundation centered on our membership base" and "5G roll-out and business creation." Under the new management strategy, while we project a decline in profit as a result of the customer return measures aimed for solidifying our customer base, we plan to continue proactive investments to sustain our growth in the years beyond 2020 and achieve revenue expansion by "cultivating revenue opportunities leveraging our ties with members and partners" as well as profit growth through the expansion of smart life, enterprise and 5G-related businesses. Our goal is to deliver ¥5 trillion in operating revenues in the fiscal year ending March 31, 2022, and to recover ¥990 billion in operating profit (a level comparable to the operating profit for the fiscal year ended March 31, 2018) in the fiscal year ending March 31, 2024. As our shareholder return policy under this medium-term management strategy, we will accelerate our efforts to continue dividend increases and expeditious share repurchase.

During the three months ended September 30, 2018, we strived to improve the returns that we offer to customers through various measures, such as increasing the variety of handsets eligible for "docomo with," a billing program designed for customers using one handset for an extended period of time, which led to the expansion of its user base to over 3 million. We also made steady progress in the execution of our Medium-Term Strategy 2020 "Declaration beyond," launching our "Globiot" global IoT solution that offers a one-stop solution for connectivity, operation and consulting in various countries targeting enterprise clients that deploy IoT services on a global scale.

Furthermore, in order to promote initiatives aimed at growing businesses pivoted on our "membership base," we have worked to stimulate the usage and improve the convenience of our "d POINT" program by continually increasing the number of participating stores and through other measures. As a result, the total number of "d POINT CLUB" members grew to 67.63 million and the number of "d POINT CARD" registrants[*3] reached 27.88 million as of September 30, 2018. In addition, the total usage of "d POINTs" for the six months ended September 30, 2018 amounted to 79.4 billion points, which included usage of 35.6 billion points at partnership stores.

*1: Abbreviation for Mobile Network Operator. A mobile telecommunications service provider that provides mobile telecommunications services through wireless stations that it establishes or operates itself.

*2: Abbreviation for Internet of Things. A concept that describes a world in which everything is connected to the Internet, enabling remote control and management of devices, etc.

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

<Actions for Future Growth>

- From July 2018, we started offering “DOCOMO 5G Open Cloud,” which integrates a cloud environment (that directly connects the 5G technical verification facilities with a cloud infrastructure) and DOCOMO’s image recognition, AI agent platform and other technologies, to companies/organizations participating in the “DOCOMO 5G Open Partner Program” (“the program”). Through this, we aim to strengthen our ties with the companies/organizations participating in the program and thereby create new solutions.

- In July 2018, we invested in JapanTaxi Co. Ltd. (“JapanTaxi”) and entered into a capital and business alliance agreement. This will allow the use of our “d Payment” service (which enables payment using bar codes displayed on smartphone screens) and other new payment means on JapanTaxi’s advertisement tablet devices compatible with QR code payment. In addition, we will work on the development of new services that combine our “KINMIRAI-NINZUYOSOKU(Near-future Predictions of Populations)” and other technologies with JapanTaxi’s car dispatch and advertisement platforms.

- In August 2018, we concluded a tournament supplier contract for “Rugby World Cup 2019, Japan.” Based on this agreement, we will work to deliver a new sport viewing experience leveraging 5G and various other technologies.

- In September 2018, our multi-language customer attendance assistance application for enterprise users, “Hanashite Hon’yaku for Biz” (“the application”), was certified as one of the services endorsed by the “retail project team under the multi-language support council for the Olympic and Paralympic Games Tokyo 2020”—a project established to facilitate the promotion by both public and private sectors of multilingual support in the retail industry. To improve the hospitality to foreigners visiting Japan through our assistance on the language front, we will endeavor to expand the adoption of the application among retailers and other players.

For the six months ended September 30, 2018, operating revenues increased by ¥95.0 billion from the same period of the previous fiscal year to ¥2,389.5 billion. This was mainly due to an increase in equipment sales due to an increase in the proportion of advanced smartphones in the number of handsets sold as well as an increase in optical-fiber broadband service revenues due to growth in the number of “docomo Hikari” user.

Operating expenses increased by ¥44.5 billion from the same period of the previous fiscal year to ¥1,779.0 billion. This was mainly due to an increase in the cost of equipment sold associated with an increase in equipment sales and an increase in expenses associated with the expansion of “docomo Hikari” revenues, despite a decrease in depreciation expenses.

As a result, operating profit increased by ¥50.6 billion from the same period of the previous fiscal year to ¥610.5 billion for the six months ended September 30, 2018.

Profit attributable to shareholders of NTT DOCOMO, INC. increased by ¥15.0 billion from the same period of the previous fiscal year to ¥407.1 billion for the six months ended September 30, 2018.

Consolidated results of operations for the six months ended September 30, 2017 and 2018 were as follows:

<Results of operations>

	Six Months Ended September 30, 2017	**Six Months Ended September 30, 2018**	Increase (Decrease)	
	Billions of yen			
Operating revenues	¥ 2,294.5	**¥ 2,389.5**	¥ 95.0	4.1%
Operating expenses	1,734.5	**1,779.0**	44.5	2.6
Operating profit	559.9	**610.5**	50.6	9.0
Finance income	7.8	**4.7**	(3.2)	(40.2)
Finance costs	(2.0)	**(1.4)**	(0.6)	(27.7)
Share of profits (losses) on equity method investments	9.5	**7.4**	(2.2)	(22.6)
Profit before taxes	575.3	**621.1**	45.8	8.0
Income taxes	182.3	**212.9**	30.6	16.8
Profit	393.0	**408.3**	15.3	3.9
Shareholders of NTT DOCOMO, INC.	392.1	**407.1**	15.0	3.8
Noncontrolling interests	¥ 0.9	**¥ 1.2**	¥ 0.3	32.6
EBITDA margin	35.6%	**35.8%**	0.2 point	–
ROE	7.0%	**7.0%**	0.0 point	–

<EBITDA* and EBITDA margin>

	Six Months Ended September 30, 2017	**Six Months Ended September 30, 2018**
	Billions of yen	
a. EBITDA	¥ 817.7	**¥ 854.8**
Depreciation and amortization	(240.4)	**(231.5)**
Loss on sale or disposal of property, plant and equipment	(17.4)	**(12.8)**
Operating profit	559.9	**610.5**
Finance income (loss)	5.8	**3.2**
Share of profits (losses) on equity method investments	9.5	**7.4**
Profit before taxes	575.3	**621.1**
Income taxes	182.3	**212.9**
Profit	393.0	**408.3**
b. Shareholders of NTT DOCOMO, INC.	392.1	**407.1**
Noncontrolling interests	0.9	**1.2**
c. Operating revenues	2,294.5	**2,389.5**
EBITDA margin (=a/c)	35.6%	**35.8%**
Profit margin (=b/c)	17.1%	**17.0%**

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

<ROE>

	Six Months Ended September 30, 2017	**Six Months Ended September 30, 2018**
	Billions of yen	
a. Profit attributable to shareholders of NTT DOCOMO, INC.	¥ 392.1	**¥ 407.1**
b.Total equity attributable to shareholders of NTT DOCOMO, INC.	5,610.7	**5,784.6**
ROE(=a/b)	7.0%	**7.0%**

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, 2018 (or 2017) and September 30, 2018 (or 2017).

<Operating revenues>

	Billions of yen			
	Six Months Ended September 30, 2017	**Six Months Ended September 30, 2018**	Increase (Decrease)	
Telecommunications services	¥ 1,550.1	**¥ 1,571.9**	¥ 21.8	1.4%
Mobile communications services revenues	1,445.7	**1,435.1**	(10.5)	(0.7)
Optical-fiber broadband service and other telecommunications services revenues	104.5	**136.8**	32.3	30.9
Equipment sales	319.0	**390.4**	71.4	22.4
Other operating revenues	425.4	**427.2**	1.8	0.4
Total operating revenues	¥ 2,294.5	**¥ 2,389.5**	¥ 95.0	4.1%

Segment Results

Telecommunications business—

<Results of operations>

	Billions of yen			
	Six Months Ended September 30, 2017	**Six Months Ended September 30, 2018**	Increase (Decrease)	
Operating revenues from telecommunications business	¥ 1,869.6	**¥ 1,960.8**	¥ 91.2	4.9%
Operating profit (loss) from telecommunications business	489.4	**524.5**	35.2	7.2

Operating revenues from the telecommunications business for the six months ended September 30, 2018 increased by ¥91.2 billion, or 4.9%, from ¥1,869.6 billion for the same period of the previous fiscal year to ¥1,960.8 billion.

This was mainly due to an increase in equipment sales due to an increase in the proportion of advanced smartphones in the number of handsets sold as well as an increase in optical-fiber broadband service revenues due to growth in the number of “docomo Hikari” user.

Operating expenses from the telecommunications business increased by ¥56.1 billion, or 4.1%, from ¥1,380.2 billion for the same period of the previous fiscal year to ¥1,436.3 billion. This was mainly due to an increase in cost of equipment sold associated with an increase in equipment sales and an increase in expenses associated with the expansion of “docomo Hikari” revenues, despite a decrease in depreciation expenses.

Consequently, operating profit from the telecommunications business was ¥524.5 billion, an increase of ¥35.2 billion, or 7.2%, from ¥489.4 billion for the same period of the previous fiscal year.

<<Key Topics>>

- Total subscriptions to our “docomo with” billing plan, which was introduced in June 2017 targeting customers who use one handset for an extended period of time, exceeded three million in September 2018 as a result of increasing the variety of handsets models eligible for this plan and other measures.

- The total number of our smartphone and tablet users grew to 39.21 million as of September 30, 2018, an increase of 2.12 million from September 30, 2017, due mainly to the continued implementation of various customer return measures.

- In our “docomo Hikari” optical-fiber broadband service, in September 2018, we launched the “docomo Hikari Renewal Loyalty Point” program that grants “docomo Hikari” users with a two-year subscription contract with 3,000 “d POINTs” every time they renew their contract for another two years.

- To promote the construction of a network that provides a comfortable communication environment, we expanded the coverage of our “PREMIUM 4G” service to 1,664 cities and 123,000 base stations across Japan as of September 30, 2018. We also increased the total number of LTE base stations to 193,800 across Japan to further expand the coverage of our LTE service.

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

<Number of subscriptions by services>

	Thousand subscriptions			
	September 30, 2017	**September 30, 2018**	Increase (Decrease)	
Mobile telecommunications services	75,361	**77,050**	1,690	2.2 %
Including: "Kake-hodai & Pake-aeru" billing plan	39,617	**43,877**	4,259	10.8
Mobile telecommunications services (LTE(Xi))	46,908	**52,502**	5,594	11.9
Mobile telecommunications services (FOMA)	28,453	**24,549**	(3,904)	(13.7)
"docomo Hikari" optical broadband service	4,176	**5,325**	1,150	27.5

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

<Number of units sold>

	Thousand units			
	Six Months Ended September 30, 2017	**Six Months Ended September 30, 2018**	Increase (Decrease)	
Number of units sold	12,146	**11,789**	(357)	(2.9)%
Mobile telecommunications services (LTE(Xi))				
New LTE(Xi) subscription*1	4,673	**4,561**	(112)	(2.4)
Change of subscription from FOMA	1,576	**1,422**	(154)	(9.8)
LTE(Xi) handset upgrade by LTE(Xi) subscribers	4,706	**4,999**	292	6.2
Mobile telecommunications services (FOMA)				
New FOMA subscription*1	712	**531**	(181)	(25.4)
Change of subscription from LTE(Xi)	14	**9**	(4)	(32.5)
FOMA handset upgrade by FOMA subscribers	465	**267**	(198)	(42.6)
Churn rate*2	0.64%	**0.54%**	(0.09)point	–
Handset churn rate*3	0.47%	**0.46%**	(0.02)point	–

*1: New 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: Churn rate in Basic Plans (excluding Data Plans and Device Plus 500), Xi/FOMA Billing Plans and Type Limit Value / Type Limit for smartphones and feature phones, etc.

<Trend of ARPU and MOU>

	Yen			
	Six Months Ended September 30, 2017	**Six Months Ended September 30, 2018**	Increase (Decrease)	
Aggregate ARPU	¥ 4,680	¥ **4,810**	¥ 130	2.8%
Mobile ARPU	4,370	**4,390**	20	0.5
"docomo Hikari" ARPU	310	**420**	110	35.5
MOU (minutes)	136	**135**	―	―

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 {Voice related revenues (basic monthly charges, voice communication) + Packet related revenues (basic monthly 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>

	Six Months Ended September 30, 2017	**Six Months Ended September 30, 2018**	Increase (Decrease)	
	Billions of yen			
Operating revenues from smart life business	¥ 222.0	**¥ 222.7**	¥ 0.7	0.3%
Operating profit (loss) from smart life business	31.2	**37.1**	5.9	19.0

Operating revenues from the smart life business for the six months ended September 30, 2018 were ¥222.7 billion, an increase of ¥0.7 billion, or 0.3%, from ¥222.0 billion for the same period of the previous fiscal year. This was mainly due to an increase in revenues from our finance/payment services and other services exceeded the decrease in revenues, driven by the sale of "Radish Boya" which had been a subsidiary of NTT DOCOMO in the previous fiscal year and was sold in February 2018.

Operating expenses from the smart life business were ¥185.6 billion, a decrease of ¥5.2 billion, or 2.7%, from ¥190.8 billion for the same period of the previous fiscal year. This was mainly due to a decrease in expenses attributable to the sale of "Radish Boya." This decrease in expense was greater than 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 ¥37.1 billion, an increase of ¥5.9 billion, or 19.0%, from ¥31.2 billion for the same period of the previous fiscal year.

<<Key Topics>>

- We expanded the number of stores where our point service "d POINT" can be used by adding the "Big Echo" outlets (operated by Daiichikosho Co., Ltd.) and "GLOBAL WORK/niko and…" stores (operated by Adastria Co., Ltd..) As a result these undertakings, the total number of partners participating in the "d POINT" program grew to 316 as of September 30, 2018.

- In September 2018, we enabled the use of "d Payment"—a service which allows users to make payments simply by a show of a bar code/QR code displayed on the smartphone screen—at all stores of "Lawson/Natural Lawson/Lawson Store 100" (operated by Lawson, Inc.). The total members* of our credit card service "d CARD" grew to 19.41 million as of September 30, 2018, up 1.09 million from the number a year ago, driven by the new member acquisition campaign and other initiatives. The total amount of transactions processed through our finance/payment services reached approximately ¥1,828.9 billion for the six months ended September 30, 2018, an increase of ¥342.1 billion from the same period of the previous fiscal year.

*: The total number of members of "d CARD" and "d CARD mini."

- In August 2018, we launched "Shift for docomo," a new game distribution platform that allows users to enjoy gaming applications originally developed for smartphones also on personal computers.

- In September 2018, we commenced "Hikari TV for docomo," a service that allows users to enjoy "dTV Channel" and other specialty channels, "dTV" and other on-demand video services, and terrestrial and digital broadcast satellite TV services both on home TV sets and smartphones/tablets.

Other businesses—

<Results of operations>

	Billions of yen		
	Six Months Ended September 30, 2017	**Six Months Ended September 30, 2018**	Increase (Decrease)	
Operating revenues from other businesses	¥ 213.8	**¥ 218.1**	¥ 4.3	2.0%
Operating profit (loss) from other businesses	39.4	**48.9**	9.5	24.1

Operating revenues from the other businesses for the six months ended September 30, 2018 amounted to ¥218.1 billion, an increase of ¥4.3 billion, or 2.0%, from ¥213.8 billion for the same period of the previous fiscal year, driven mainly by an increase in the number of subscriptions to our “Mobile Device Protection Service.”

Operating expenses from the other businesses were ¥169.2 billion, a decrease of ¥5.2 billion, or 3.0%, from ¥174.4 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 ¥48.9 billion, an increase of ¥9.5 billion, or 24.1%, from ¥39.4 billion for the same period of the previous fiscal year.

<<Key Topics>>

- In July 2018, we started offering our global IoT solution, “Globiot,” a one-stop service that offers connectivity, operation and consulting support for enterprises operating IoT services on a global scale.

- Toward the delivery of a new entertainment experience in live music and sport events, in July 2018, we invested in PARONYM, INC., a developer of “TIG” interactive video technology that allows users to find the information they wish to know just by touching the objects contained in videos that draw their attention. In the same month, we also made investment in Cloudian Holdings Inc. to realize a new image-based IoT solution that take advantage of edge computing technologies that perform high-speed processing for data recognition and analytics of image feeds from security/surveillance cameras.

- The total number of subscriptions to “Anshin Pack,” a package that combines “Mobile Device Protection Service” and various other services to ensure worry-free use of smartphones, grew to 19.79 million as of September 30, 2018.

(2) Actions for Realizing a Sustainable Society

We aspire to help build a society in which everyone can share in a prosperous life of safety, security and comfort, beyond borders and across generations. We believe it is our corporate social responsibility (CSR) to fulfill the two aspects of (i) "Innovative docomo," to solve various social issues in the fields of mobility, healthcare and medicine, education and learning, and climate change through the "co-creation of social values," an initiative that we plan to pursue together with various partners to create new services and businesses, and (ii) "Responsible docomo," to thoroughly ensure fair, transparent and ethical business operations as a foundation for the creation of such values. Accordingly, we will strive to realize a sustainable society while expanding our own businesses.

In September 2018, we were selected as a component of the Dow Jones Sustainability Indices ("DJSI"), one of the world's leading indices for ESG investment*1 for the second year in a row. This time, we were selected for the high scores we earned in the areas of network reliability, environment policies/management system and our initiatives for creating a safe and healthy workplace and human resource development.

Furthermore, we were included in the three indices*2 adopted for ESG investment by the Government Pension Investment Fund (GPIF), as well as the "S&P/JPX Carbon Efficient Index" that was newly adopted by GPIF from September 2018.

*1: An investment method that is named after and focuses on the three elements of "Environment," "Social" and "Governance."
*2: "FTSE Blossom Japan Index," "MSCI Japan ESG Select Leaders Index" and "MSCI Japan Empowering Women Index"

The principal actions we undertook in the three months ended September 30, 2018 are summarized below:

<Innovative docomo>

- In July 2018, we developed an initiative that aims to contribute to the sustained development of Okinawa through the use of 5G and other ICT solutions. Also, toward the goal of promoting local industries in Okinawa and solving various social issues, we promoted the creation of new 5G use cases in collaboration with Okinawa Prefectural Government, IT Innovation Strategy Center Okinawa and Okinawa Open Laboratory. Further, we launched a trial aimed at constructing a cashless payment environment for tourists visiting Miyako Island.

- In July 2018, we concluded a collaboration agreement with Iwate University to promote exchanges in the areas of research, personnel and technical development and human resource development that can be conducive to regional revitalization through the adoption of 5G and various other ICT tools and services.

<Responsible docomo >

- In the aftermath of "July 2018 torrential rain," "Typhoon No. 21 of 2018" and "2018 Hokkaido Eastern Iburi Earthquake," we implemented measures to help customers in the areas covered by the Disaster Relief Act such as free-of-charge provision of battery chargers and other equipment and partial waiver of handset repair fees as part of our assistance to disaster victims. We also launched a charity website to help the people and areas affected by the disasters and collected donations using "docomo Kouza" accounts and "d POINTs." In addition, based on the lessons learned from the "Great East Japan Earthquake" we worked to minimize communication service disruptions by building a system that prevents power outages at base stations, extending the battery life of base stations to 24 hours, operating large-zone base stations in some areas of Kushiro City, and dispatching satellite mobile base station vehicles and mobile power supply vehicles to the affected areas. Furthermore, we provided mobile phone charging services in the affected areas, lent mobile phones to the Self-Defense Forces and local governments, and implemented early restoration of communications services and assistance to the affected areas with a total of 15,000 employees.

- On the occasion of the July 2018 "Telework Days" organized and promoted by the Ministry of Internal Affairs and Communications, Ministry of Economy Trade and Industries, Ministry of Land, Infrastructure and Transport, Cabinet Secretariat and Cabinet Office in cooperation with Tokyo Metropolitan Government and the business community, we promoted workstyle reform within our organization by having some 5,000 employees telework during this period.

- As an initiative under our "Village Social Entrepreneur" program, through which we provide assistance to entrepreneurs tackling social issues, we decided to extend support to the following two organizations for the fiscal year ending March 31, 2019: cocokurasu Inc., a company engaged in the reuse of vacant houses/rooms and other spatial resources under the leadership of property owners and residents to revive communities, enhance the region's asset value and develop economic activities, and eSmiley, Inc., a company that builds and operates communities that accumulate information and insight for people with disabilities/incurable diseases and their families.

- 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 4,200 sessions with cumulative participation of approximately 910,000 people during the six months ended September 30, 2018.

(3) Trend of Capital Expenditures

<Capital expenditures>

	Billions of yen		
	Six Months Ended September 30, 2017	**Six Months Ended September 30, 2018**	Increase (Decrease)
Total capital expenditures	¥ 267.5	¥ **255.4**	¥ (12.1) (4.5) %
Telecommunications business	255.2	**240.7**	(14.6) (5.7)
Smart life business	6.4	**8.1**	1.7 26.4
Other businesses	5.8	**6.6**	0.8 13.9

Notes:
1. Capital expenditures include investments related to the acquisition of intangible assets.
2. Capital expenditures for the six months ended September 30, 2018 do not include investments related to the acquisition of spectrum related assets.
3. The above amounts do not include consumption taxes, etc.

Capital expenditures for the six months ended September 30, 2018 decreased by 4.5% to ¥255.4 billion due to our efforts to make capital expenditures more efficient and lower costs and the construction delay caused by the disasters, 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, 2017	**September 30, 2018**	Increase (Decrease)	(Reference) March 31, 2018
Total assets	¥ 7,539.3	¥ **7,686.4**	¥ 147.1 2.0 %	¥ 7,654.9
Equity attributable to shareholders of NTT DOCOMO, INC.	5,730.8	**5,904.1**	173.3 3.0	5,665.1
Liabilities	1,782.2	**1,754.2**	(28.1) (1.6)	1,962.7
Including: Interest bearing liabilities	221.7	**51.4**	(170.3) (76.8)	161.2
Shareholders’ equity ratio (1) (%)	76.0%	**76.8%**	0.8point -	74.0%
Debt to Equity ratio (2) (multiple)	0.039	**0.009**	(0.030) -	0.028

Notes: (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.

(5) Cash Flow Conditions

	Billions of yen		
	Six Months Ended September 30, 2017	**Six Months Ended September 30, 2018**	Increase (Decrease)
Net cash provided by operating activities	¥ 741.0	¥ **680.7**	¥ (60.3) (8.1)%
Net cash used in investing activities	(359.5)	**(6.3)**	353.3 98.3
Net cash provided by (used in) financing activities	(142.2)	**(297.0)**	(154.8) (108.9)
Free cash flows (1)	381.5	**674.5**	293.0 76.8
Changes in investments for cash management purposes	(9.8)	**299.7**	309.6 ー
Free cash flows excluding changes in investments for cash management purposes (2)	391.3	**374.7**	(16.6) (4.2)

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

For the six months ended September 30, 2018, net cash provided by operating activities was ¥680.7 billion, a decrease of ¥60.3 billion, or 8.1%, from the same period of the previous fiscal year. This was mainly due to an increase in cash outflows for income taxes.

Net cash used in investing activities was ¥6.3 billion, a decrease of ¥353.3 billion, or 98.3%, from the same period of the previous fiscal year. This was mainly due to a decrease in cash outflows for purchases of short-term investments and an increase in cash inflows for proceeds from redemption of short-term investments.

Net cash used in financing activities was ¥297.0 billion, an increase of ¥154.8 billion, or 108.9%, from the same period of the previous fiscal year. This was mainly due to an increase in cash outflows for payments of long-term debt and an increase in cash outflows in dividends paid.

As a result of the foregoing, the balance of cash and cash equivalents was ¥768.3 billion as of September 30, 2018, an increase of ¥377.8 billion, or 96.8%, from the previous fiscal year end.

(6) Operational and Finance Issues Faced by the Corporate Group

In October 2018, we revised the operating free cash flow* target for the fiscal year ending March 31, 2019 contained in “Item 2. Business Overview, 1. Business Policy, Business Environment, Issues to Address, etc.” of our Annual Securities Report for the 27th Fiscal Year to ¥940 billion as a result of additional disaster response measures and an increase in capital expenditures required for the introduction of 5G system.

Our medium-term management strategy is explained in “Item 2. Business Overview, Management’s Analysis of Consolidated Financial Condition, Results of Operations and Cash Flow Conditions, (1) Business Overview” of this Quarterly Securities Report.

* Operating free cash flow = EBITDA - Capital Expenditures

(7) Research and Development

Our research and development expenses for the six months ended September 30, 2018 were ¥43.2 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, 2018.

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, 2018

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, 2018 (shares)	Number of Shares Issued as of the Filing Date (shares) (November 6, 2018)	Stock Exchange on which the Company is Listed	Description
Common Stock	3,782,299,000	3,782,299,000	Tokyo Stock Exchange (The First Section)	The number of shares per one unit of shares is 100 shares
Total	3,782,299,000	3,782,299,000	—	—

(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, 2018 – September 30, 2018	—	3,782,299,000	—	949,679	—	292,385

(5) Major Shareholders

As of September 30, 2018

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	2,394,485,400	66.64
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	83,748,800	2.33
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	70,202,100	1.95
STATE STREET BANK WEST CLIENT - TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, USA (15-1, Konan 2-chome, Minato-ku, Tokyo)	27,890,237	0.78
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 5)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	27,463,300	0.76
JP Morgan Securities Japan Co.,Ltd.	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	27,154,481	0.76
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 7)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	23,018,600	0.64
JP MORGAN CHASE BANK 380055	270 PARK AVENUE, NEW YORK, NY 10017, USA (15-1, Konan 2-chome, Minato-ku, Tokyo)	22,008,243	0.61
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	20,536,200	0.57
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 1)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	19,962,300	0.56
Total	—	2,716,469,661	75.60

Notes: (1) Treasury stocks (189,114,487 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 5, TRUST ACCOUNT 7, TRUST ACCOUNT 9, TRUST ACCOUNT 1, respectively) are managed on behalf of trustors and are not owned by the above trustees. Breakdown of these shares are as follows: Investment trust (80,753,600shares), pension trust (15,489,900shares), others (148,687,800shares).

(3) STATE STREET BANK WEST CLIENT - TREATY 505234 and JP MORGAN CHASE BANK 380055 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, 2018

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) 189,114,400 shares of common stock	—	—
Shares with Full Voting Rights (others)	3,593,114,200 shares of common stock	35,931,142	—
Shares Representing Less than One Unit	70,400 shares of common stock	—	—
Number of Issued Shares	3,782,299,000 shares of common stock	—	—
Total Number of Voting Rights	—	35,931,142	—

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, 2018

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	189,114,400	—	189,114,400	5.00%
Total	—	189,114,400	—	189,114,400	5.00%

2. Changes in Directors and Senior Management

The change in directors and audit & supervisory board members during the period from the filing date of the Securities Report for the fiscal year ended March 31, 2018 to the filing date of this Quarterly Securities Report is as follows:

Change in Positions and Responsibilities

Name	Position	New Responsibilities	Former Responsibilities	Effective Date
Hiroyasu Asami	Senior Executive Vice President, Representative Member of the Board of Directors	Responsible for Technology, Devices, Information Strategy and Membership Base	Responsible for Technology, Devices and Information Strategy	July 1, 2018
Hiroshi Tsujigami	Senior Executive Vice President, Representative Member of the Board of Directors	Executive General Manager of Sales and Marketing Division, Responsible for Global business and Corporate	Executive General Manager of Sales and Marketing Division, Responsible for Global business, Corporate and Broadband Business	July 1, 2018

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. DOCOMO has prepared its condensed consolidated financial statements based on IFRS from the first quarter ended June 30, 2018.

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, 2018 (from July 1, 2018 to September 30, 2018) and the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018) 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		
		Date of transition to IFRS (April 1, 2017)	March 31, 2018	September 30, 2018
ASSETS				
Current assets:				
Cash and cash equivalents		¥ 287,910	¥ 390,468	**¥ 768,279**
Trade and other receivables		1,916,813	1,976,715	**1,973,062**
Other financial assets	※12	302,253	372,083	**71,421**
Inventories		154,356	187,432	**162,771**
Other current assets		76,206	90,145	**84,998**
Subtotal		2,737,538	3,016,843	**3,060,531**
Asset held for sale	※7	—	—	**234,160**
Total current assets		2,737,538	3,016,843	**3,294,691**
Non-current assets:				
Property, plant and equipment	※8	2,493,188	2,548,216	**2,557,961**
Goodwill		79,312	72,448	**72,910**
Intangible assets		606,836	598,124	**607,188**
Investments accounted for using the equity method		380,342	391,446	**170,192**
Securities and other financial assets	※12	412,900	435,257	**450,956**
Contract costs		268,018	276,282	**281,198**
Deferred tax assets		279,030	206,806	**140,518**
Other non-current assets		107,054	109,516	**110,763**
Total non-current assets		4,626,680	4,638,095	**4,391,686**
Total assets		¥ 7,364,218	¥ 7,654,938	**¥ 7,686,376**

	Notes	Date of transition to IFRS (April 1, 2017)	March 31, 2018	September 30, 2018
		Millions of yen		
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings		¥ 61,906	¥ 111,230	**¥ 1,432**
Trade and other payables		876,594	910,958	**820,134**
Other financial liabilities	※12	11,230	28,047	**25,930**
Accrued income taxes		105,809	155,026	**168,492**
Contract liabilities		189,370	215,480	**224,982**
Provisions		34,753	37,919	**26,770**
Other current liabilities		141,385	188,298	**161,656**
Total current liabilities		1,421,047	1,646,957	**1,429,395**
Non-current liabilities:				
Long-term debt		160,040	50,000	**50,000**
Other financial liabilities	※12	30,540	9,453	**9,007**
Defined benefit liabilities		198,747	206,792	**211,318**
Contract liabilities		18,955	29,587	**32,989**
Provisions		8,766	9,075	**8,908**
Other non-current liabilities		9,946	10,847	**12,549**
Total non-current liabilities		426,994	315,754	**324,771**
Total liabilities		1,848,041	1,962,710	**1,754,166**
Equity:				
Equity attributable to shareholders of NTT DOCOMO, INC.				
Common stock	※9	949,680	949,680	**949,680**
Additional paid-in capital	※9	147,740	153,115	**153,115**
Retained earnings	※9	4,727,986	4,908,373	**5,145,336**
Treasury stock	※9	(426,443)	(448,403)	**(448,403)**
Other components of equity	※9	91,723	102,342	**104,346**
Total equity attributable to shareholders of NTT DOCOMO, INC.		5,490,685	5,665,107	**5,904,073**
Noncontrolling interests		25,492	27,121	**28,137**
Total equity		5,516,177	5,692,228	**5,932,210**
Total liabilities and equity		¥ 7,364,218	¥ 7,654,938	**¥ 7,686,376**

(2) Condensed Consolidated Statement of Profit or Loss (UNAUDITED)

Six months ended September 30, 2017 and 2018

	Notes	Millions of yen	
		Six months ended September 30, 2017	Six months ended September 30, 2018
Operating revenues:	※11		
Telecommunications services		¥ 1,550,111	¥ **1,571,901**
Equipment sales		318,986	**390,392**
Other operating revenues		425,387	**427,228**
Total operating revenues		2,294,484	**2,389,521**
Operating expenses:			
Personnel expenses		144,020	**145,258**
Cost of equipment sold and services, and other expenses		1,133,610	**1,168,492**
Depreciation and amortization		240,446	**231,538**
Communication network charges		187,879	**210,073**
Loss on disposal of property, plant and equipment and intangible assets		28,586	**23,636**
Total operating expenses		1,734,541	**1,778,997**
Operating profit		559,942	**610,524**
Finance income		7,843	**4,691**
Finance costs		(1,998)	**(1,444)**
Share of profits (losses) on equity method investments		9,516	**7,364**
Profit before taxes		575,303	**621,136**
Income taxes		182,320	**212,875**
Profit		¥ 392,983	¥ **408,260**
Profit attributable to:			
Shareholders of NTT DOCOMO, INC.		392,075	**407,057**
Noncontrolling interests		908	**1,204**
Profit		¥ 392,983	¥ **408,260**
Earnings per share attributable to shareholders of NTT DOCOMO, INC.			
Basic earnings per share		¥ 105.84	¥ **113.29**

Three months ended September 30, 2017 and 2018

	Notes	Millions of yen	
		Three months ended September 30, 2017	Three months ended September 30, 2018
Operating revenues:	※11		
Telecommunications services		¥ 784,054	¥ **786,490**
Equipment sales		162,022	**211,772**
Other operating revenues		214,716	**214,590**
Total operating revenues		1,160,792	**1,212,853**
Operating expenses:			
Personnel expenses		71,414	**72,272**
Cost of equipment sold and services, and other expenses		577,266	**602,097**
Depreciation and amortization		121,312	**117,693**
Communication network charges		96,888	**106,919**
Loss on disposal of property, plant and equipment and intangible assets		16,069	**13,271**
Total operating expenses		882,949	**912,253**
Operating profit		277,843	**300,599**
Finance income		3,344	**652**
Finance costs		(895)	**(170)**
Share of profits (losses) on equity method investments		5,190	**2,992**
Profit before taxes		285,483	**304,073**
Income taxes		92,698	**114,884**
Profit		¥ 192,784	¥ **189,189**
Profit attributable to:			
Shareholders of NTT DOCOMO, INC.		192,223	**188,739**
Noncontrolling interests		562	**450**
Profit		¥ 192,784	¥ **189,189**
Earnings per share attributable to shareholders of NTT DOCOMO, INC.			
Basic earnings per share		¥ 51.89	¥ 52.53

(3) Condensed Consolidated Statement of Comprehensive Income (UNAUDITED)

Six months ended September 30, 2017 and 2018

	Millions of yen	
	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	¥ 392,983	¥ **408,260**
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**
Share of other comprehensive income of investments accounted for using the equity method	(62)	**(4,126)**
Total of items that will not be reclassified to profit or loss	(62)	**9,288**
Items that may be reclassified subsequently to profit or loss		
Unrealized holding gains (losses) on available-for-sale securities	(5,289)	**—**
Foreign exchange translation differences	(6,329)	**(9,834)**
Share of other comprehensive income of investments accounted for using the equity method	8,045	**30**
Total of items that may be reclassified subsequently to profit or loss	(3,572)	**(9,804)**
Total other comprehensive income (net of taxes)	(3,635)	**(516)**
Total comprehensive income	¥ 389,348	¥ **407,744**
Total comprehensive income attributable to:		
Shareholders of NTT DOCOMO, INC.	388,316	**406,590**
Noncontrolling interests	1,033	**1,154**
Total comprehensive income	¥ 389,348	¥ **407,744**

Three months ended September 30, 2017 and 2018

	Millions of yen	
	Three months ended September 30, 2017	Three months ended September 30, 2018
Profit	¥ 192,784	¥ **189,189**
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**
Share of other comprehensive income of investments accounted for using the equity method	(402)	**(11,511)**
Total of items that will not be reclassified to profit or loss	(402)	**(4,947)**
Items that may be reclassified subsequently to profit or loss		
Unrealized holding gains (losses) on available-for-sale securities	(6,827)	—
Foreign exchange translation differences	45	**2,193**
Share of other comprehensive income of investments accounted for using the equity method	6,249	**(14)**
Total of items that may be reclassified subsequently to profit or loss	(533)	**2,180**
Total other comprehensive income (net of taxes)	(935)	**(2,768)**
Total comprehensive income	¥ 191,849	¥ **186,421**
Total comprehensive income attributable to:		
Shareholders of NTT DOCOMO, INC.	191,133	**186,026**
Noncontrolling interests	716	**396**
Total comprehensive income	¥ 191,849	¥ **186,421**

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

Six months ended September 30, 2017

	Notes	Millions of yen							
		Equity attributable to Shareholders of NTT DOCOMO, INC.						Noncon-trolling interests	Total equity
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
Balance as of April 1, 2017		¥ 949,680	¥ 147,740	¥ 4,727,986	¥ (426,443)	¥ 91,723	¥ 5,490,685	¥ 25,492	¥ 5,516,177
Profit				392,075			392,075	908	392,983
Other comprehensive income						(3,759)	(3,759)	124	(3,635)
Total comprehensive income		―	―	392,075	―	(3,759)	388,316	1,033	389,348
Dividends from surplus	※10			(148,183)			(148,183)	(118)	(148,302)
Changes in ownership interests with loss of control			(26)				(26)	(125)	(150)
Transfer from other components of equity to retained earnings				(62)		62	―		―
Total transactions with shareholders		―	(26)	(148,246)	―	62	(148,209)	(243)	(148,452)
Balance as of September 30, 2017		**¥ 949,680**	**¥ 147,714**	**¥ 4,971,814**	**¥ (426,443)**	**¥ 88,026**	**¥ 5,730,791**	**¥ 26,282**	**¥ 5,757,073**

Six months ended September 30, 2018

		Millions of yen							
		Equity attributable to shareholders of NTT DOCOMO, INC.						Noncon-trolling interests	Total equity
	Notes	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
Balance as of March 31, 2018		¥ 949,680	¥ 153,115	¥ 4,908,373	¥ (448,403)	¥ 102,342	¥ 5,665,107	¥ 27,121	¥ 5,692,228
Cumulative impact of adopting IFRS 9, “Financial Instruments”				2,665		9,371	12,035		12,035
Balance as of April 1, 2018		949,680	153,115	4,911,038	(448,403)	111,713	5,677,142	27,121	5,704,263
Profit				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 from surplus	※10			(179,659)			(179,659)	(239)	(179,898)
Changes in ownership interests without loss of control							—	101	101
Transfer from other components of equity to retained earnings				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**

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

	Millions of yen Six months ended September 30, 2017	 Six months ended September 30, 2018
Cash flows from operating activities:		
Profit	¥ 392,983	¥ **408,260**
Reconciliation of profit and net cash provided by operating activities:		
Depreciation and amortization	240,446	**231,538**
Finance income	(7,843)	**(4,691)**
Finance costs	1,998	**1,444**
Share of (profits) losses on equity method investments	(9,516)	**(7,364)**
Income taxes	182,320	**212,875**
(Increase) decrease in inventories	8,756	**22,910**
(Increase) decrease in trade and other receivables	66,954	**3,640**
Increase (decrease) in trade and other payables	(88,393)	**(47,068)**
Increase (decrease) in defined benefit liabilities	4,786	**4,525**
Other, net	49,951	**6,794**
Subtotal	842,443	**832,864**
Dividends received	16,185	**13,532**
Interests received	339	**278**
Interests paid	(1,628)	**(1,337)**
Income taxes paid and refund	(116,333)	**(164,611)**
Net cash provided by operating activities	741,005	**680,725**
Cash flows from investing activities:		
Purchases of property, plant and equipment	(230,097)	**(194,428)**
Purchases of intangible and other assets	(111,048)	**(120,283)**
Purchases of non-current investments	(9,993)	**(6,488)**
Proceeds from sales of investments	1,008	**14,517**
Purchases of short term investments	(440,874)	**(270,640)**
Proceeds from redemption of short term investments	431,029	**570,375**
Other, net	432	**696**
Net cash used in investing activities	(359,544)	**(6,252)**
Cash flows from financing activities:		
Repayments of long-term debt	(157)	**(110,000)**
Proceeds of short term borrowing	(71)	**200**
Repayments of finance lease liabilities	(666)	**(571)**
Cash dividends paid	(148,222)	**(179,633)**
Cash dividends paid to noncontrolling interests	(118)	**(239)**
Other, net	7,057	**(6,762)**
Net cash provided by (used in) financing activities	(142,177)	**(297,004)**
Effect of exchange rate changes on cash and cash equivalents	627	**342**
Net increase (decrease) in cash and cash equivalents	239,910	**377,811**
Cash and cash equivalents as of beginning of year	287,910	**390,468**
Cash and cash equivalents as of end of period	¥ 527,820	¥ **768,279**

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 quarter ended September 30, 2018 were approved on October 31, 2018 by the Board of Directors.

2. Basis of preparation

(1) Compliance with IFRS and matters related to first-time adoption thereof

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.

DOCOMO adopted IFRS for the first time in the first quarter ended June 30, 2018 (from April 1, 2018 to June 30, 2018), and the date of transition to IFRS (the "transition date") is April 1, 2017. As for the impact of the transition to IFRS on DOCOMO's financial condition, results of operations and cash flow conditions, please refer to Note 14 "First-time adoption (disclosure regarding the transition to IFRS)."

The accounting policies of DOCOMO are based on IFRS effective as of September 30, 2018, excluding the provisions of IFRS that are not early adopted and the exemptions permitted under IFRS 1 "First-time Adoption of International Financial Reporting Standards" (revised in November 2008) ("IFRS 1").

(2) Basis of measurement

As stated in Note 3 "Significant accounting policies," 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) Changes in accounting policies

DOCOMO has adopted IFRS 9 "Financial Instruments" (revised in July 2014) ("IFRS 9") from the beginning of the six months ended September 30, 2018 (April 1, 2018).

With respect to the changes in accounting policies following IFRS 9, comparative information is not restated, in accordance with the exemptions under IFRS 7 "Financial Instruments: Disclosures" (revised in July 2014) ("IFRS 7") and IFRS 9, which are based on IFRS 1. U.S. Generally Accepted Accounting Principles ("U.S. GAAP") are applied at the transition date, the end of the previous fiscal year, and the six months ended September 30 of the previous fiscal year, and the difference between U.S. GAAP-based carrying amounts, and IFRS 9-based carrying amounts at the beginning of the six months ended September 30, 2018 is accounted for as adjustments to retained earnings, other components of equity.

Although equity securities for which fair values are not readily determinable were measured using the cost method under U.S. GAAP, following the adoption of IFRS 9 at the beginning of the six months September 30, 2018, they were designated as items to be measured at fair value through other comprehensive income, and changes in their fair value are recorded in "Other comprehensive income (net of taxes)" in the condensed consolidated statement of comprehensive income. Otherwise, the impact of adopting IFRS 9 is immaterial.

Cumulative effects of the adoption of IFRS 9 on the condensed consolidated statement of financial position at the beginning of the six months ended September 30, 2018 are an increase of ¥4,397 million in "Investments accounted for using equity method," an increase of ¥11,190 million in "Securities and other financial assets," a decrease of ¥3,435 million in "Deferred tax assets," an increase of ¥116 million in "Other non-current liabilities," an increase of ¥2,665 million in "Retained earnings," and an increase of ¥9,371 million in "Other components of equity." The impact on "profit" and "basic earnings per share" for the six months ended September 30, 2018 is immaterial.

Significant accounting policies based on U.S. GAAP at the transition date, the end of the previous fiscal year and in the six months ended September 30 of the previous fiscal year, as well as significant accounting policies in the fiscal year ending March 31, 2019 are stated in Note 3 "Significant accounting policies (3) Financial instruments."

3. Significant accounting policies

DOCOMO's significant accounting policies are as follows. Unless otherwise stated, they are applicable during all periods presented in the condensed consolidated financial statements (including the consolidated statement of financial position at the date of transition to IFRS).

The exemptions under IFRS 1 adopted by DOCOMO in transitioning from U.S. GAAP to IFRS are described in Note 14 "First-time adoption (disclosure regarding the transition to IFRS)."

(1) Basis of consolidation

DOCOMO's consolidated financial statements include the financial statements of the Company and its subsidiaries and equity interests of its associates.

1) Subsidiaries

Subsidiaries are companies over which DOCOMO has control. Control is achieved if DOCOMO has power over the investee, or has exposure or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the day DOCOMO gains control to the date of loss of control. Any changes in DOCOMO's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, and the difference between the adjustment to noncontrolling interests and the fair value of the consideration is directly recognized as equity attributable to the shareholders of the Company. In the event of loss of control, gains or losses arising from the loss of control are recognized in profit or loss. The balance of bonds and debts and transactions within DOCOMO as well as unrealized gains or losses arising from transactions within DOCOMO are eliminated in preparing the consolidated financial statements.

2) Associates

Associates are companies over which DOCOMO has significant influence over financial and operating policies but does not have control or joint control. Investments in associates are accounted for using the equity method.

Investments in associates are recognized at initial cost, including transaction costs. Furthermore, DOCOMO's interests in profit or loss and other comprehensive income of associates from the date DOCOMO gains significant influence to the date of loss of such significant influence are recorded in "share of profits (losses) on equity method investments" in the condensed consolidated statement of profit or loss and "other comprehensive income (net of taxes)" in the condensed consolidated statement of comprehensive income as a change in the amount of investment in associates.

The accounting policies of the companies to which the equity method is applied are revised as necessary in order to make them consistent with the accounting policies applied by DOCOMO.

The consolidated financial statements include investments accounted for using the equity method with different reporting dates, as it is impractical to set them on the same date as the Company's reporting date due to relationships with other shareholders and other factors. Most of the reporting dates of the companies to which the equity method is applied are December 31. Adjustments have been made to the impact of significant transactions or events that occurred between the Company's reporting date and the reporting dates of the companies to which the equity method is applied.

DOCOMO's investments in associates include goodwill recognized at the time of acquisition. As such, goodwill is not recognized separately from the entire investment and is therefore not separately tested for impairment. Instead, the entire investments accounted for using the equity method are tested for impairment by considering investments in associates as a single asset.

If DOCOMO's share in losses exceeds the investments accounted for using the equity method, such that the carrying amount of the investments is reduced to zero, any further loss is not recognized unless DOCOMO bears obligations on behalf of the investees.

(2) Foreign currency translation

1) Transactions in foreign currency

Transactions denominated in foreign currencies, especially, transactions in currencies other than the functional currency of each company, are translated into functional currencies based on exchange rates at the transaction date. Foreign currency-denominated monetary assets and liabilities are translated into functional currency at the exchange rate at the end of the reporting period, and foreign currency denominated non-monetary assets and liabilities measured at fair value are translated into functional currency at the exchange rate as of the fair value measurement date. Translation differences are recognized as profit or loss. However, for equity financial assets, whose fair value changes after acquisition are recorded in other comprehensive income, the translation differences are recorded in other comprehensive income.

In addition, non-monetary items denominated in foreign currencies measured at cost are translated using the exchange rate at the transaction date.

2) Foreign operations

Assets and liabilities of a foreign operation are translated into the presentation currency using the exchange rate at the end of the reporting period, while profit and loss and cash flows are translated into the presentation currency using the exchange rate at the transaction date or the average exchange rate for the period that approximates the exchange rate at the transaction date. The resulting translation differences are recorded in "foreign exchange translation differences" in the condensed consolidated statement of comprehensive income and "effect of exchange rate changes on cash and cash equivalents" in the condensed consolidated statement of cash flows.

In the event of a disposal of the entire interests in a foreign operation or a disposal of part of interests accompanying a loss of control or significant influence, the cumulative translation differences are transferred from other comprehensive income to profit or loss.

(3) Financial instruments

For the transition date, the end of the previous fiscal year and the six months ended September 30 of the previous fiscal year, the Company adopted the previous accounting principles (U.S. GAAP) pursuant to the exemptions from applying IFRS 7 and IFRS 9 based on IFRS 1. IFRS 7 and IFRS 9 were applied during the six months ended September 30, 2018. The accounting policies are as follows.

1) Accounting policies that were applied before April 1, 2018

Receivables held for sale—

Accounts receivable for DOCOMO's telecommunications services, installment receivables for customers' equipment purchases and other receivables ("receivables for telecommunications services") that DOCOMO has decided to sell are included in "trade and other receivables" and "securities and other financial assets" in the condensed consolidated statement of financial position.

Receivables held for sale are measured at the lower of cost and fair value, and the portion of the cost exceeding the fair value is recorded as a valuation allowance in "trade and other receivables" and "securities and other financial assets" in the condensed consolidated statement of financial position.

In addition, the aggregate amount of losses on sales of receivables for telecommunications services and adjustments to the fair value of receivables held for sale are recorded as "operating expenses" in the condensed consolidated statement of profit or loss.

Marketable securities and other investments—

Marketable securities comprise debt and equity securities. DOCOMO determines the appropriate classification of these securities at the time of acquisition. Regarding marketable securities, DOCOMO periodically reviews the need for impairment in case where there is an other-than-temporary decline in the carrying amount. If this evaluation indicates that a decline in value is other than temporary, the security is written down to its fair value. Valuation loss is recognized in profit or loss and the amount after recognizing the valuation loss becomes the new cost. To determine whether a decline in value is other than temporary, DOCOMO considers whether it has the ability and intent to hold the investment until the fair value recovers or whether the reasons indicating that the cost of the investment is recoverable outweighs the reasons to the contrary. The factors considered in this assessment include the reasons for the decline in value, the degree and duration of the decline, changes in value subsequent to year-end, forecast earnings performance of the investee and the general market condition in the geographical area or industry in which the investee operates.

Equity securities held by DOCOMO, whose fair values are readily determinable, are classified as available-for-sale securities. Available-for-sale equity securities are measured at fair value with unrealized holding gains or losses, net of applicable taxes, included in "other components of equity" in the condensed consolidated statement of financial position. Realized gains and losses are determined using the average cost method and are recognized in profit or loss when realized.

Equity securities whose fair values are not readily determinable are accounted for by the cost method and included in "securities and other financial assets." Valuation loss is recognized if there is an other-than-temporary decline in value. Realized gains and losses are determined using the average cost method and are recognized in profit or loss when realized.

Allowance for doubtful accounts—

Allowance for doubtful accounts is computed based on the historical bad debt experience and the estimated uncollectible amount based on the analysis of certain individual accounts, including claims in bankruptcy.

2) Accounting policies that were applied on and after April 1, 2018

Financial assets are classified at initial recognition as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. DOCOMO initially recognizes trade receivables and other receivables measured at amortized cost on the date of occurrence and other financial assets on the transaction date.

Financial assets are derecognized if a contractual right to cash flows of a financial asset expires or if a contractual right to receive cash flows from a financial asset is transferred and substantially all of the risks and rewards of ownership of the financial asset are transferred.

Financial assets measured at amortized cost—

Financial assets that meet both of the following conditions are categorized as financial assets measured at amortized cost.

- The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As of financial assets measured at amortized cost, trade receivables from contracts with customers are measured at transaction price while all the others are measured at fair value plus the transaction costs directly attributable to the acquisition at the initial recognition. After the initial recognition, they are measured at amortized cost after subtracting the loss allowance from the total carrying amount calculated based on the effective interest rate method.

No financial assets are held within a business model whose objective is both to collect contractual cash flows and sell financial assets.

Equity financial instruments measured at fair value through other comprehensive income—

Investments in equity financial instruments that are not held for trading purposes may be designated irrevocably to present the subsequent changes in fair value in other comprehensive income, and DOCOMO makes this designation for each financial instrument.

Equity financial instruments measured at fair value through other comprehensive income are measured at initial recognition at fair value plus the transaction cost directly attributable to the acquisition. After the initial recognition, these are measured at fair value and subsequent changes are recognized in other comprehensive income. When the amount recognized as other comprehensive income is derecognized, the cumulative amounts are transferred to retained earnings and are not transferred to profit or loss. Dividends are recognized in profit or loss.

Financial assets measured at fair value through profit or loss—

Financial assets other than the above are classified as financial assets measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are measured at fair value at the time of their initial recognition, and transaction costs directly attributable to the acquisition are recognized in profit or loss when incurred. After the initial recognition, these are measured at fair value and the subsequent changes are recognized as profit or loss.

Impairment of financial assets—

As for financial assets measured at amortized cost, DOCOMO records loss allowance of financial assets based on expected credit losses.

If the credit risk on the financial instrument has not significantly increased since the initial recognition at the end of the period, the amount of the loss allowance is calculated using expected credit losses (12-month expected credit losses) arising from all default events that are possible within 12 months from the reporting date. If at the end of the period, the credit risk on the financial instruments has significantly increased since the initial recognition, the amount of loss allowance is calculated using expected credit losses arising from all possible default events over the expected life of the financial instruments (expected credit losses for the entire period).

However, regardless of the above, for trade receivables and other receivables that do not contain material financial factors and other financial assets (lease receivables), the amount of valuation loss allowance is always calculated using the expected credit losses of the entire period.

Financial liabilities—

Financial liabilities are classified at the time of initial recognition as financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost. Debt financial instruments issued by DOCOMO are initially recognized at the issue date, and other financial liabilities are initially recognized at the transaction date.

Financial liabilities are derecognized when the financial liabilities are extinguished, i.e. when the obligation in the contract is discharged or cancelled or expires.

Financial liabilities measured at amortized cost—

Financial liabilities other than financial liabilities measured at fair value through profit or loss are classified as financial liabilities measured at amortized cost. Financial liabilities measured at amortized cost are measured at the time of initial recognition at fair value minus transaction costs directly attributable to the liability. After the initial recognition, these are measured at amortized cost based on the effective interest rate method.

(4) Put options granted to noncontrolling interests

For the written put option of the subsidiaries' shares granted to the owner of noncontrolling interests by DOCOMO, in principle, DOCOMO initially recognizes the present value of the redemption amount as other financial liabilities, and the same amount is subtracted from additional paid-in capital. After the initial recognition, it is measured at amortized cost based on the effective interest rate method, and subsequent changes are recognized as additional paid-in capital.

(5) Cash and cash equivalents

Cash and cash equivalents include bank deposits and short-term highly liquid investments with original maturities of three months or less.

(6) Inventories

Inventories mainly comprise handsets and accessories and are measured at the lower of cost or net realizable value. Costs include purchase costs and all other costs incurred until the inventory has reached the current location and condition. Net realizable value is calculated by subtracting the estimated cost required for sale from the estimated selling price in the ordinary course of business. The first-in, first-out method is adopted as the method of calculating the cost of handsets.

(7) Property, plant and equipment

1) Recognition and measurement

Property, plant and equipment are measured at costs less any accumulated depreciation and accumulated impairment losses.

Acquisition cost includes costs directly related to the acquisition of the assets, dismantling and removal costs of the assets, estimates of restoration costs, and borrowing costs that satisfy the requirements for capitalization. If the useful lives of the components of property, plant and equipment are different for each component, the components are depreciated separately.

2) Expenditures after acquisition

Of the expenditures incurred after acquiring an item of property, plant and equipment, expenditures for regular repairs and maintenance are recognized as expenses when incurred, and expenditures for major replacement and improvement are capitalized only when it is probable that any associated future economic benefits would flow to DOCOMO.

3) Depreciation and amortization

Property, plant and equipment other than land and construction in progress are depreciated using the straight-line method over their estimated useful lives starting from the time they become available for use. The estimated useful lives are determined at the time assets are acquired based on the expected period of use, estimated useful lives of similar assets used in the past and anticipated technological or other changes. If technological or other changes occur more or less rapidly or in a different form than anticipated or the intended use changes, the useful lives assigned to these assets are adjusted as appropriate. The estimated useful lives of major property, plant and equipment are as follows.

Major wireless telecommunications equipment	9 to 16 years
Steel towers and poles for antenna equipment	30 to 40 years
Reinforced concrete buildings	42 to 56 years
Tools, furniture and fixtures	4 to 15 years

The depreciation method, residual values and useful lives are reviewed annually and adjusted as necessary.

When depreciable telecommunications equipment is retired or abandoned in the normal course of business, the amounts of such telecommunications equipment and its accumulated depreciation are deducted from the respective accounts. Any remaining balance is charged to expense immediately.

(8) Goodwill and intangible assets

1) Goodwill

In a business combination, if the total amount of fair value of consideration paid, the amount of noncontrolling interests of the acquiree, and, in case of a step acquisition, fair value of the existing interest at the acquisition date exceeds the net value of identifiable assets and liabilities assumed at the acquisition date, the excess is recognized as goodwill. If the total amount of consideration is lower than the net value of identifiable assets and liabilities, the difference is recognized as a gain in profit or loss.

Goodwill is not amortized but allocated to a cash-generating unit or a group of cash-generating units based on the area and type of business. An impairment test is performed at the same time every year or whenever there is any indication that it may be impaired. Impairment loss on goodwill is recognized in profit or loss, and is not reversed.

After the initial recognition, goodwill is presented as costs less accumulated impairment losses.

2) Intangible assets

Intangible assets are measured at costs less any accumulated amortization and accumulated impairment losses.

Individually acquired intangible assets are measured at cost, and the cost of intangible assets acquired in a business combination is measured at fair value as of the date of the business combination.

DOCOMO capitalizes expenditure on development activities only when there is a technical and commercial feasibility of completing the development, DOCOMO has intention, ability and sufficient resources to use the outcome of the development, it is probable that the outcome will generate a future economic benefit, and the cost can be measured reliably. The total amount of expenditure incurred from the day when all of the above recognition conditions are satisfied for the first time to the completion of development is recorded as intangible assets.

Costs for acquisition and development of software for internal use are recorded as intangible assets if future economic benefits are expected to flow to DOCOMO.

Intangible assets for which useful lives can be determined mainly comprise software for the telecommunications network, software for internal-use, software acquired for manufacturing handsets and the rights to use telecommunications facilities of wireline operators, and these are amortized using the straight-line method over their estimated useful lives. The estimated useful lives of major intangible assets are as follows:

- Software: 7 years maximum
- Rights to use telecommunications facilities of wireline operators: 20 years

Intangible assets with indefinite useful lives or intangible assets not yet available for use (mainly spectrum related assets) are not amortized, and an impairment test is performed at the same time every year or whenever there is any indication that these may be impaired.

The depreciation method, residual values and useful lives are reviewed annually and adjusted as necessary.

(9) Impairment of property, plant and equipment, goodwill and intangible assets

DOCOMO assesses whether there is any indication of impairment of property, plant and equipment, goodwill or intangible assets.

An impairment test is performed whenever there is any indication that an asset may be impaired, and the recoverable amount for each individual asset or a cash-generating unit is measured. In addition, goodwill, intangible assets for which useful lives cannot be determined, and intangible assets that are not yet usable are not amortized, and an impairment test is performed at the same time every year or whenever there is any indication that the intangible assets may be impaired.

As the corporate assets of DOCOMO do not generate independent cash inflows, these are allocated to relevant cash-generation units. Whenever there is any indication that a corporate asset allocated to each cash-generating unit may be impaired, the recoverable amount of the cash-generating unit to which DOCOMO's assets belong is estimated.

The recoverable amount is the higher of the fair value less costs of disposal or value in use measured by evaluating future cash flows expected to be generated from the continuing use and from the ultimate disposal of the asset discounted at an appropriate discount rate.

If the carrying amount of an individual asset or a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized in profit or loss and the carrying amount of the asset or the cash-generating unit is reduced to the recoverable amount. The impairment loss recognized in connection with the cash-generating unit is allocated first so as to reduce the carrying amount of the goodwill allocated to that unit, and then the carrying amount of the other assets within the cash-generating unit is reduced proportionally.

Impairment loss on goodwill is not reversed. As for impairment loss on non-financial assets other than goodwill, the recoverable amount of the asset is estimated if there is any indication that an impairment loss may no longer exist or may have decreased. Impairment loss is reversed, if the recoverable amount exceeds the carrying amount after impairment. The reversal of impairment loss is recognized in profit or loss to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognized in the past.

(10) Employee benefits

DOCOMO has adopted a defined benefit plan and a defined contribution plan as post-employment benefit plans for its employees.

1) Defined benefit plan

The present value of defined benefit obligations and related current and past service costs are calculated using the projected unit credit method.

Discount rates are determined in accordance with the market yield of high quality corporate bonds as of the end of the period for the estimated term of the obligation.

Net defined benefit asset or liability is the present value of defined benefit obligations less the fair value of plan asset. Service costs and net interest on the net defined benefit liability (asset) are recognized in profit or loss.

Changes arising from remeasurement of defined benefit plans are recognized in other comprehensive income in its entirety in the period of occurrence and are immediately transferred to retained earnings. All past service costs are recognized in profit or loss when incurred.

2) Defined contribution plan

With regard to defined contribution plans, the amount to be paid for the plan is recognized as an expense when an employee renders related services.

(11) Provisions

Provisions are recognized when DOCOMO has a present legal obligation or constructive obligation as a result of past events, it is probable that an outflow of resources with economic benefits in order to settle the obligation, and it is possible to reliably estimate the amount of the resource outflow.

DOCOMO mainly records provisions for point programs (details are stated in (13) Point program).

(12) 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 6 “Segment reporting” for reportable segments, and Note 11 “Revenue from contracts with customers” for details of products and services.

Furthermore, DOCOMO provides point programs to customers (details are stated in (13) Point program).

1) Telecommunications services

i) Mobile communications services

The main service in telecommunications services is mobile communications services. Mobile communications service is sold to 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 in 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 which 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, namely, 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.

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, and 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, and 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 a contract with customers and costs to fulfill contracts, and presents them as “contract costs” in the condensed consolidated statement of financial position. Incremental costs of obtaining a contract with a customer refer to the costs that DOCOMO incurs in order to obtain a contract 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 generate or enhance resources of the DOCOMO that will be used in satisfying (or in continuing to satisfy) performance obligation in the future.

DOCOMO capitalized the incremental costs of obtaining a contract 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 when revenues from related services are recognized. However, the costs incurred are recorded as an expense if the amortization period of the costs is one year or less.

DOCOMO assesses, on a quarterly basis, the recoverability of the asset which is generated from contract costs. DOCOMO records impairment loss in profit or loss when the remaining amount of consideration that DOCOMO expects to receive in exchange for the goods or services to which the asset relates is less than the total of the carrying amount of relevant contract assets and the amount of the costs that relates directly to providing those goods or services and that have not been recognized as an expense.

(13) 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 have 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.”

(14) Finance income and finance costs

Finance income comprises interest income, dividend income, foreign exchange gains, and other items. Interest income is recognized using the effective interest rate method when incurred. Dividend income is recognized when the right of DOCOMO to receive payment is established.

Finance costs comprise interest expense, foreign exchange losses, derivative losses, and other items. Interest expense is recognized using the effective interest rate method when incurred.

(15) Income taxes

Income taxes are presented as the total of current tax and deferred tax.

Current tax is calculated using the tax rate that has been enacted, or has substantially been enacted, as of the end of the period, as an amount expected to be paid to or refunded by the tax authorities. These taxes are recognized as profit or loss for the period, excluding items related to business combinations, items recognized in other comprehensive income and items recognized directly in equity.

Deferred tax is recognized for the temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their respective tax bases, and the estimated tax effects in the future resulting from the carryforward of unused tax losses and tax credits. Deferred tax assets and liabilities are measured using the effective tax rates expected to be applied at the time the temporary differences are expected to be reversed. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in profit or loss for the period in which the new tax rate is enacted or substantially enacted, excluding deferred tax assets related to items previously recognized outside profit or loss and liabilities arising out of other components of equity. Deferred tax assets are recognized for deductible temporary differences, and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, the unused tax losses and unused tax credits can be utilized.

Deferred tax assets or liabilities are not recognized with regard to temporary differences arising not from business combination but from the initial recognition in a transaction that does not affect either accounting profit or taxable income when the transaction is conducted. Furthermore, deferred tax liabilities are not recognized with regard to taxable temporary differences resulting from the initial recognition of goodwill.

Deferred tax liabilities are recognized with regard to taxable temporary differences related to investments in subsidiaries and associates. However, deferred tax liabilities are not recognized if it is possible to control the timing of the reversal of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, with regard to deductible temporary differences related to investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and future taxable profit will be available.

Deferred tax assets and deferred tax liabilities are offset when DOCOMO has a legally enforceable right to offset current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority on the same taxable entity.

(16) Earnings per share

Basic earnings per share are computed by dividing profit available to common shareholders by the weighted average number of shares of common stock outstanding for each period, without considering the dilution effect. Diluted earnings per share assume the dilution that could occur if stock options are exercised, common shares are issued by converting convertible bonds or through other means.

DOCOMO did not issue potentially dilutive common shares during the fiscal year ended March 31, 2018 and the six months ended September 30, 2018, and therefore there is no difference between basic earnings per share and diluted earnings per share.

4. Significant accounting estimates and judgments requiring 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, 2018, as well as the reported amounts of revenues and expenses during the six months ended September 30, 2018. 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, internal use software and other intangible assets; impairment of property, plant and equipment, goodwill, intangible assets, and contract costs; point programs; defined benefit liability; and revenue recognition.

5. New standards not yet adopted

Of the standards and interpretations newly issued or revised in the period up to the date of approval of the condensed consolidated financial statements, those that have not been early adopted by the Company, but are likely, if materialized, to have certain impact on the Company are as follows:

Standards	Title	Date of mandatory adoption (fiscal year of mandatory IFRS adoption)	Fiscal year of scheduled adoption by the Company	Summary of newly introduced/revised standards and interpretations	Potential impact on consolidated financial statements
IFRS 16	Leases	January 1, 2019	Fiscal year ending March 31, 2020	IFRS 16 replaces hitherto adopted IAS 17, with the main revisions as follows. -Applying control model to identification of leases - Revision of the accounting treatment of lessees	While the lessee’s assets and liabilities associated with the operating leases in particular are expected to increase as a result of these changes, the precise impact of the adoption on the Company’s accounting is currently being estimated.

6. 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.

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," 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	2017 (Millions of yen)	2018 (Millions of yen)
Telecommunications business-		
External customers	¥ 1,868,965	¥ **1,960,080**
Intersegment	657	**759**
Subtotal	1,869,622	**1,960,840**
Smart life business-		
External customers	214,852	**215,019**
Intersegment	7,147	**7,663**
Subtotal	221,999	**222,682**
Other businesses-		
External customers	210,667	**214,421**
Intersegment	3,111	**3,698**
Subtotal	213,777	**218,120**
Segment total	2,305,399	**2,401,642**
Elimination	(10,915)	**(12,121)**
Consolidated	¥ 2,294,484	¥ **2,389,521**

Three Months Ended September 30	2017 (Millions of yen)	2018 (Millions of yen)
Telecommunications business-		
External customers	¥ 945,960	¥ **996,848**
Intersegment	375	**421**
Subtotal	946,335	**997,269**
Smart life business-		
External customers	108,550	**109,073**
Intersegment	3,702	**3,958**
Subtotal	112,252	**113,031**
Other businesses-		
External customers	106,282	**106,931**
Intersegment	1,568	**2,119**
Subtotal	107,850	**109,050**
Segment total	1,166,437	**1,219,350**
Elimination	(5,645)	**(6,497)**
Consolidated	¥ 1,160,792	¥ **1,212,853**

Segment operating profit (loss):

Six Months Ended September 30	2017 (Millions of yen)	2018 (Millions of yen)
Segment operating profit (loss)-		
Telecommunications business	¥ 489,388	¥ **524,543**
Smart life business	31,166	**37,089**
Other businesses	39,388	**48,891**
Operating profit	559,942	**610,524**
Finance income	7,843	**4,691**
Finance costs	(1,998)	**(1,444)**
Share of profits (losses) on equity method investments	9,516	**7,364**
Profit before taxes	¥ 575,303	¥ **621,136**

	Millions of yen			
Three Months Ended September 30	2017		2018	
Segment operating profit (loss)-				
Telecommunications business	¥	244,313	**¥**	**257,902**
Smart life business		14,731		**17,954**
Other businesses		18,800		**24,743**
Operating profit		277,843		**300,599**
Finance income		3,344		**652**
Finance costs		(895)		**(170)**
Share of profits (losses) on equity method investments		5,190		**2,992**
Profit before taxes	¥	285,483	**¥**	**304,073**

(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 11 “Revenue from contracts with customers.”

7. Asset held for sale

As of April 1, 2017, March 31, 2018 and September 30, 2018, 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 “Osaifu-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." As a result, the application of the equity method was discontinued and the asset was measured at its carrying amount at that time when the asset was reclassified.

Asset classified as "Asset held for sale" as of September 30, 2018 was as follows:

	Millions of yen	
	September 30, 2018	
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 condensed consolidated statements of financial position as of September 30, 2018. All of this amount will not be recognized in profit or loss but will be directly reclassified to "Retained earnings" when the asset is sold.

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 expects to recover the carrying amount of its asset by sale.

The impacts from this change on our profit and comprehensive income for the six months ended September 30, 2018 were as follows:

“Income taxes” in the condensed consolidated statements of profit or loss 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 condensed consolidated statements of comprehensive income decreased by ¥21,863 million, respectively.

8. Property, plant and equipment

The breakdown of property, plant and equipment at the transition date, the end of the previous fiscal year, and the end of the second quarter ended September 30, 2018 are as follows:

	Millions of yen		
	Date of transition to IFRS (April 1, 2017)	March 31, 2018	September 30, 2018
Wireless telecommunications equipment	¥ 5,069,008	¥ 5,115,564	¥ **5,147,243**
Buildings and structures	909,894	919,796	**920,888**
Tools, furniture and fixtures	454,072	458,319	**467,559**
Land	155,701	155,921	**156,127**
Construction in progress	205,300	203,146	**214,948**
Sub-total	6,793,974	6,852,746	**6,906,765**
Accumulated depreciation and amortization and accumulated impairment losses	(4,300,786)	(4,304,529)	**(4,348,804)**
Total property, plant and equipment, net	¥ 2,493,188	¥ 2,548,216	¥ **2,557,961**

9. Equity and other equity items

(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 April 1, 2017	17,460,000,000	3,899,563,000
Changes during the period (Note 2)	—	—
Balance as of September 30, 2017	17,460,000,000	3,899,563,000
Changes during the period (Note 2)	—	(117,264,000)
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

(Note 1) Issued shares at the transition date, the end of the previous fiscal year, and the six months ended September 30, 2018, 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 April 1, 2017	194,977,467
Purchase	―
Retirement	―
Balance as of September 30, 2017	194,977,467
Purchase (Note 3)	111,401,020
Retirement	(117,264,000)
Balance as of March 31, 2018	189,114,487
Purchase	―
Retirement	―
Balance as of September 30, 2018	189,114,487

(Note 3)

On October 26, 2017, the Board of Directors resolved that NTT DOCOMO, INC. may repurchase up to 120 million outstanding shares of its common stock for an amount in total not exceeding ¥300,000 million during the period from October 27, 2017 through March 31, 2018

On December 11, 2017, the Board of Directors resolved that NTT DOCOMO, INC. may acquire up to 93,248,787 outstanding shares of its common stock by way of tender offer at an amount in total not exceeding ¥250,000 million from December 12, 2017 through January 15, 2018 and repurchased 75,678,037 shares of its common stock at ¥202,893 million. In addition, the Board of Directors also resolved that NTT DOCOMO, INC may acquire the shares of its common stock by way of repurchases on the Tokyo Stock Exchange for an amount in total not exceeding the amount from the next business day of following the expiration of the tender offer through March 31, 2018. NTT DOCOMO, INC. acquired 35,722,900 shares of its common stock at ¥97,107 million by way of repurchases on the market.

The aggregate number of shares acquired from our parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION, was 74,599,000 shares and the amount in total was ¥200,000 million for the fiscal year ended March 31, 2018.

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.

NTT DOCOMO, INC. also 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, 2017 (April 1, 2017 to September 30, 2017)

(Millions of yen)

	Unrealized holding gains (losses) of available-for-sale securities	Unrealized gains (losses) on cash flow hedges	Foreign currency translation adjustment	Pension liability adjustment	Total
Balance as of April 1, 2017	92,017	(294)	—	—	91,723
Amount arising during the period	2,677	(67)	(6,318)	(62)	(3,771)
Reclassification adjustment to condensed consolidated statement of profit or loss	(21)	33	—	—	12
Reclassification to retained earnings	—	—	—	62	62
Balance as of September 30, 2017	94,672	(328)	(6,318)	—	88,026

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

Three months ended September 30, 2017 (July 1, 2017 to September 30, 2017)

(Millions of yen)

	Unrealized holding gains (losses) of available-for-sale securities	Unrealized gains (losses) on cash flow hedges	Foreign currency translation adjustment	Pension liability adjustment	Total
Balance as of June 30, 2017	95,394	(329)	(6,351)	―	88,714
Amount arising during the period	(434)	(16)	33	(402)	(819)
Reclassification adjustment to condensed consolidated statement of profit or loss	(287)	16	―	―	(270)
Reclassification to retained earnings	―	―	―	402	402
Balance as of September 30, 2017	94,672	(328)	(6,318)	―	88,026

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

(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 includes amounts related to "Asset held for sale" under IFRS 5. For details, please refer to Note 7 "Asset held for sale."

10. Dividends

Cash dividends paid

Cash dividends paid during the six months ended September 30, 2017 and 2018

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 20, 2017	Shares of common stock of the Company	148,183	40	March 31, 2017	June 21, 2017
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

11. 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.

Six months ended September 30, 2017 (April 1, 2017 – September 30, 2017) (Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	1,525,389	3,278	21,443	—	1,550,111
Mobile communications services revenues	1,422,320	3,278	20,053	—	1,445,651
Optical-fiber broadband service and other telecommunications services revenues	103,069	—	1,390	—	104,460
Equipment sales	317,794	34	1,158	—	318,986
Other operating revenues	26,440	218,686	191,177	(10,915)	425,387
Total	1,869,622	221,999	213,777	(10,915)	2,294,484

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 revenue	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	220,349	193,361	(12,121)	427,228
Total	1,960,840	222,682	218,120	(12,121)	2,389,521

Three months ended September 30, 2017 (July 1, 2017 – September 30, 2017) (Millions of yen)

	Telecommunications business	Smart life business	Other businesses	Elimination	Total
Telecommunications services	771,219	1,847	10,988	―	784,054
Mobile communications services revenues	717,195	1,847	10,110	―	729,152
Optical-fiber broadband service and other telecommunications services revenues	54,024	―	878	―	54,902
Equipment sales	161,369	18	635	―	162,022
Other operating revenues	13,747	110,387	96,227	(5,645)	214,716
Total	946,335	112,252	107,850	(5,645)	1,160,792

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 revenue	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	111,888	96,349	(6,497)	214,590
Total	997,269	113,031	109,050	(6,497)	1,212,853

Telecommunications services revenues consist of revenue from mobile communications services, optical-fiber broadband service and other telecommunications services.

- Revenue from mobile communications service primarily consist of basic monthly charges, airtime charges and fees for activation.
- Revenue from optical-fiber broadband services and other telecommunications services include revenues from optical-fiber broadband service, satellite mobile communications services, overseas cable television services and other telecommunications services.

Equipment sales revenue includes revenues from the distribution of handsets mainly to agent resellers for sale to our customers. DOCOMO purchases from handset manufacturers, the handsets compatible with its mobile communications services. The cost of equipment sold stood at ¥336,376 million for the six months ended September 30, 2017 and ¥383,833 million for the six months ended September 30, 2018, ¥173,792 million for the three months ended September 30, 2017 and 203,317 million for the three months ended September 30, 2018 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.

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 among 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.

Other operating revenues comprise primarily revenues from our smart life business and other businesses, including “Mobile Device Protection Service,” “dmarket” and credit services.

12. 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.

Regarding the information as at the transition date and the end of the previous fiscal year, financial assets and liabilities applicable under IFRS 9 are stated in accordance with U.S. GAAP, based on the exemptions under IFRS 7 and IFRS 9 based on IFRS 1.

The carrying amounts and fair values of financial instruments, and their associated levels of fair value hierarchy, as of April 1, 2017, March 31, 2018 and September 30, 2018 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.

Transition date (April 1, 2017)

	Millions of yen				
	Carrying Amount	Fair Value			
		Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:					
Receivables held for sale	¥ 875,429	¥ 875,429	¥ —	¥ 875,429	¥ —
Available-for-sale securities					
Equity securities(domestic)	83,974	83,974	83,974	—	—
Equity securities (foreign)	95,680	95,680	95,680	—	—
Debt securities(foreign)	5	5	5	—	—
Total available-for-sale securities	179,659	179,659	179,659	—	—
Derivatives					
Foreign exchange forward contracts	0	0	—	0	—
Total derivatives	0	0	—	0	—
Total	¥ 1,055,088	¥ 1,055,088	¥ 179,659	¥ 875,429	¥ —
Financial liabilities measured at fair value:					
Derivatives					
Foreign currency option contracts	¥ 1,336	¥ 1,336	¥ —	¥ 1,336	¥ —
Foreign exchange forward contracts	11	11	—	11	—
Total derivatives	1,347	1,347	—	1,347	—
Total	¥ 1,347	¥ 1,347	¥ —	¥ 1,347	¥ —

March 31, 2018

	Millions of yen				
	Carrying Amount	Fair Value			
		Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:					
Receivables held for sale	¥ 916,945	¥ 916,945	¥ —	¥ 916,945	¥ —
Available-for-sale securities					
Equity securities (domestic)	94,433	94,433	94,433	—	—
Equity securities (foreign)	84,297	84,297	84,297	—	—
Debt securities (foreign)	4	4	4	—	—
Total available-for-sale securities	178,734	178,734	178,734	—	—
Derivatives					
Foreign exchange forward contracts	0	0	—	0	—
Total derivatives	0	0	—	0	—
Total	¥ 1,095,679	¥ 1,095,679	¥ 178,734	¥ 916,945	¥ —
Financial liabilities measured at fair value :					
Derivatives					
Foreign currency option contracts	¥ 843	¥ 843	¥ —	¥ 843	¥ —
Foreign exchange forward contracts	2	2	—	2	—
Total derivatives	845	845	—	845	—
Total	¥ 845	¥ 845	¥ —	¥ 845	¥ —

1. No significant transfer between levels occurred during the fiscal year ended March 31, 2018.

September 30, 2018

	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..................	¥ 1,128,971	¥ 1,128,971	¥ —	¥ 1,128,971	¥ —
Derivatives...					
Foreign exchange forward contracts.	21	21	—	21	—
Total derivatives..............................	21	21	—	21	—
Investment trust....................................	515	515	—	515	—
Financial assets measured at fair value through other comprehensive income					
Shares and contributions.......................	219,705	219,705	179,769	—	39,935
Total..	¥ 1,349,212	¥ 1,349,212	¥ 179,769	¥ 1,129,507	¥ 39,935
Financial liabilities measured at fair value:					
Financial liabilities measured at fair value through profit or loss					
Derivatives...					
Foreign currency option contracts....	¥ 224	¥ 224	¥ —	¥ 224	¥ —
Foreign exchange forward contracts	5	5	—	5	—
Total derivatives..................................	229	229	—	229	—
Total..	¥ 229	¥ 229	¥ —	¥ 229	¥ —

1. No significant transfer between levels occurred during the six months ended September 30, 2018.
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 during the six months ended September 30, 2018.

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”

The carrying amounts of these items approximate their fair values.

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.

For unlisted common shares without quoted market prices, fair value is not estimated at the transition date or the end of the previous fiscal year. In the six months ended September 30, 2018, however, 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 interest rate swap agreements, foreign currency option contracts and 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.

With respect to other financial assets with relatively short maturities except for the above, carrying amounts are approximately same as their fair values.

“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 interest rate swaps, 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.

As for other financial liabilities with relatively short maturities except for the above, carrying amounts are approximately same as their fair values. 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 second quarter ended September 30, 2018 regarding the assets measured at fair value using significant unobservable inputs, on a recurring basis, is as follows. The amounts of the assets categorized within Level 3 are not material at the transition date and the end of the previous fiscal year.

September 30, 2018

Classification	Fair value (Millions of yen)	Valuation technique	Significant unobservable input	Input value
Securities and other financial assets (Unlisted shares)	39,935	Peer comparison method	EV/EBITDA ratio	6 to 8
			Price-to-book ratio	1 to 3

Significant unobservable inputs used for measuring fair value of unlisted shares are mainly discount rate and EV/EBITDA 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.

13. Events after the reporting period

On October 31 and November 6, 2018, the Board of Directors resolved that NTT DOCOMO, INC. may repurchase shares of its common stock. Related information is disclosed in Note 9 “Equity and other equity item.”

14. First-time adoption (disclosure regarding the transition to IFRS)

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

(1) Exemptions under IFRS 1

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

The exemptions voluntarily applied by DOCOMO are as follows.

• Business combinations

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

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

• Deemed cost

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

• Foreign exchange translation differences

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

• Revenue

Under IFRS 1, an entity may apply the transitional provisions under paragraph C5 of IFRS 15 “Revenue from Contracts with Customers.” DOCOMO has retrospectively applied IFRS 15 through the practical expedient set out in (d) under paragraph C5 of IFRS 15, and thus has not disclosed the amount of consideration allocated to the remaining performance obligations or the timing when DOCOMO expects to recognize such amount as revenue, for all reporting periods prior to the beginning of the first IFRS reporting period (the first quarter ended June 30, 2018).

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

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

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

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

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

(3) Reconciliations

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

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

Consolidated Statements of Financial Position

(Millions of yen)

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

(Millions of yen)

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

Reconciliation of equity on September 30, 2017

Condensed Consolidated Statements of Financial Position

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
ASSETS						ASSETS
Current assets:						Current assets
Cash and cash equivalents	527,546	–	274	527,820		Cash and cash equivalents
Short-term investments	310,757	53	1,737	312,547		Other financial assets
Accounts receivable	191,012	1,662,342	(3,228)	1,850,126		Trade and other receivables
Receivables held for sale	888,377	(888,377)	–	–		
Credit card receivables	384,051	(384,051)	–	–		
Other receivables	395,571	(395,571)	–	–		
Less: Allowance for doubtful accounts	(20,157)	20,157	–	–		
Inventories	142,847	–	(120)	142,727		Inventories
Prepaid expenses and other current assets	119,015	(14,553)	(15,630)	88,832	E,F	Other current assets
Total current assets	2,939,019	–	(16,966)	2,922,053		Total current assets
						Non-current assets
Property, plant and equipment:						
Wireless telecommunications equipment	5,120,594	(5,120,594)	–	–		
Buildings and structures	910,603	(910,603)	–	–		
Tools, furniture and fixtures	449,560	(449,560)	–	–		
Land	199,088	(199,088)	–	–		
Construction in progress	224,720	(224,720)	–	–		
Sub-total	6,904,565	(6,904,565)	–	–		
Accumulated depreciation and amortization	(4,343,703)	4,343,703	–	–		
Total property, plant and equipment, net	2,560,862	(2,560,862)	–	–		
	–	2,560,862	(47,773)	2,513,089	B	Property, plant and equipment
Non-current investments and other assets:						
Investments in affiliates	382,549	–	6,374	388,923	A,G	Investments accounted for using the equity method
Marketable securities and other investments	189,711	191,489	273	381,474		Securities and other financial assets
Intangible assets, net	597,307	–	(504)	596,803	B	Intangible assets
Goodwill	231,637	–	(149,639)	81,998	A	Goodwill
	–	–	265,912	265,912	E	Contract costs
Other assets	424,612	(191,489)	(125,474)	107,647	C,E	Other non-current assets
Deferred tax assets	316,026	–	(34,606)	281,419	A,BC, E,F,G	Deferred tax assets
Total non-current investments and other assets	2,141,842	2,560,862	(85,438)	4,617,266		Total non-current assets
Total assets	7,641,723	–	(102,404)	7,539,318		Total assets

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
LIABILITIES						LIABILITIES
Current liabilities:						Current liabilities
Current portion of long-term debt	170,100	1,628	5	171,733		Short-term borrowings
Short-term borrowings	1,628	(1,628)	―	―		
Accounts payable, trade	708,589	25,901	(1,887)	732,603		Trade and other payables
Accrued payroll	60,558	(60,558)	―	―		
	―	12,098	168	12,266		Other financial liabilities
Accrued income taxes	172,551	―	96	172,647		Accrued income taxes
	―	84,552	116,126	200,677	E	Contract liabilities
	―	1,065	30,988	32,053	E	Provisions
Other current liabilities	225,343	(63,058)	(28,384)	133,902	E,F	Other current liabilities
Total current liabilities	1,338,769	―	117,113	1,455,881		Total current liabilities
Long-term liabilities:						Non-current liabilities
Long-term debt (exclusive of current portion)	50,000	―	―	50,000		Long-term debt
	―	1,461	28,335	29,795		Other financial liabilities
Accrued liabilities for point programs	86,879	10,130	(88,206)	8,804	E	Provisions
Liability for employees' retirement benefits	198,500	―	5,051	203,551	C	Defined benefit liabilities
	―	―	24,329	24,329	E	Contract liabilities
Other long-term liabilities	152,952	(11,591)	(131,475)	9,884	E	Other non-current liabilities
Total long-term liabilities	488,331	―	(161,966)	326,364		Total non-current liabilities
Total liabilities	1,827,100	―	(44,855)	1,782,245		Total liabilities
Redeemable noncontrolling interests	23,239	―	(23,239)	―		
EQUITY						EQUITY
NTT DOCOMO, INC. shareholders' equity						Equity attributable to shareholders of NTT DOCOMO, INC.
Common stock, without a stated value	949,680	―	―	949,680		Common stock
Additional paid-in capital	326,595	―	(178,881)	147,714	A	Additional paid-in capital
Retained earnings	4,881,867		89,946	4,971,814	A,B,C,D,E,F,G	Retained earnings
Accumulated other comprehensive income (loss)	28,600	―	59,426	88,026	A,C,D,G	Other components of equity
Treasury stock	(426,442)	―	(1)	(426,443)		Treasury stock
Total NTT DOCOMO, INC. shareholders' equity	5,760,300	―	(29,509)	5,730,791		Total equity attributable to shareholders of NTT DOCOMO, INC.
Noncontrolling interests	31,084	―	(4,803)	26,282		Noncontrolling interests
Total equity	5,791,384	―	(34,312)	5,757,073		Total equity
Total liabilities and equity	7,641,723	―	(102,404)	7,539,318		Total liabilities and equity

Reconciliation of equity on March 31, 2018

Consolidated Statements of Financial Position

(Millions of yen)

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

(Millions of yen)

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

Reconciliation of comprehensive income for the six months ended September 30, 2017 (April 1, 2017 – September 30, 2017)

Condensed Consolidated Statement of Profit or Loss

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
Operating revenues:						Operating revenues
Telecommunications services	1,568,774	－	(18,663)	1,550,111	E	Telecommuni- cations services
Equipment sales	303,520	－	15,466	318,986	E	Equipment sales
Other operating revenues	427,837	2,154	(4,604)	425,387	E	Other operating revenues
Total operating revenues	2,300,131	2,154	(7,801)	2,294,484		Total operating revenues
Operating expenses:						Operating expenses
Cost of services	656,431	(656,431)	－	－		
Cost of equipment sold	336,420	(336,420)	－	－		
Depreciation and amortization	240,023	(240,023)	－	－		
Selling, general and administrative	518,481	(518,481)	－	－		
	－	144,462	(442)	144,020	C	Personnel expenses
	－	1,152,817	(19,207)	1,133,610	B,E,F	Cost of equipment sold and services, and other expenses
	－	240,023	422	240,446	B,E	Depreciation and amortization
	－	187,521	358	187,879	E	Communica- tion network charges
	－	28,481	105	28,586	B,E	Loss on disposal of property, plant and equipment and intangible assets
Total operating expenses	1,751,355	1,949	(18,763)	1,734,541		Total operating expenses
Operating income	548,776	204	10,962	559,942		Operating profit
Other income (expense):						
Interest expense	(135)	(511)	(1,352)	(1,998)	B	Finance costs
Interest income	270	5,901	1,672	7,843		Finance income
Other, net	5,595	(5,595)	－	－		
	－	(6,019)	15,535	9,516	D,G	Share of profits (losses) on equity method investments
	－	548,487	26,816	575,303	B,C,D ,E, F,G	Profit before taxes
Income before income taxes and equity in net income (losses) of affiliates	554,506	(554,506)	－	－		
Income taxes:						
Current	182,774	(182,774)	－	－		
Deferred	(9,368)	9,368	－	－		
Total income taxes	173,406	(173,406)	－	－		
	－	173,406	8,915	182,320		Income taxes
Equity in net income (losses) of affiliates (including impairment charges of investments in affiliates)	(6,019)	6,019	－	－		
Net income	375,081	－	17,902	392,983		Profit
						Profit attributable to:
Net income attributable to NTT DOCOMO, INC	373,911	－	18,163	392,075		Shareholders of NTT DOCOMO, INC
Net income attributable to noncontrolling interests	1,170	－	(262)	908		Noncontrolling interests

Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
Net income	375,081	―	17,902	392,983		Profit
Other comprehensive income (loss):						Other comprehensive income (net of taxes)
						Items that will not to be reclassified to profit or loss
	―	―	(62)	(62)	G	Share of other comprehensive income of investments accounted for using the equity method
	―	―	(62)	(62)		Total of items that will not to be reclassified to profit or loss
						Items that may be reclassified subsequently to profit or loss
Unrealized holding gains (losses) on available―for―sale securities, net of applicable taxes	561	―	(5,849)	(5,289)		Unrealized holding gains (losses) on available-for-sale securities
Unrealized gains (losses) on cash flow hedges, net of applicable taxes	(25)	―	25	―		
Foreign currency translation adjustment, net of applicable taxes	2,958	―	(9,287)	(6,329)	D	Foreign exchange translation differences
Pension liability adjustment, net of applicable taxes	599	―	(599)	―		
	―	―	8,045	8,045	G	Share of other comprehensive income of investments accounted for using the equity method
	―	―	(3,572)	(3,572)		Total of items that may be reclassified subsequently to profit or loss
Total other comprehensive income (loss)	4,093	―	(7,727)	(3,635)		Total other comprehensive income (net of taxes)
Total comprehensive income(loss)	379,174	―	10,175	389,348		Total comprehensive income

Reconciliation of comprehensive income for the three months ended September 30, 2017 (July 1, 2017 – September 30, 2017)
Condensed Consolidated Statement of Profit or Loss

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
Operating revenues:						Operating revenues
Telecommunications services	793,862	－	(9,808)	784,054	E	Telecommunications services
Equipment sales	152,920	－	9,103	162,022	E	Equipment sales
Other operating revenues	216,653	755	(2,692)	214,716	E	Other operating revenues
Total operating revenues	1,163,435	755	(3,398)	1,160,792		Total operating revenues
Operating expenses:						Operating expenses
Cost of services	335,211	(335,211)	－	－		
Cost of equipment sold	173,878	(173,878)	－	－		
Depreciation and amortization	120,995	(120,995)	－	－		
Selling, general and administrative	262,874	(262,874)	－	－		
	－	71,603	(188)	71,414	C	Personnel expenses
	－	587,701	(10,435)	577,266	B,E,F	Cost of equipment sold and services, and other expenses
	－	120,995	317	121,312	B,E	Depreciation and amortization
	－	96,649	239	96,888	E	Communication network charges
	－	16,042	27	16,069	B,E	Loss on disposal of property, plant and equipment and intangible assets
Total operating expenses	892,958	32	(10,040)	882,949		Total operating expenses
Operating income	270,477	724	6,642	277,843		Operating profit
Other income (expense):						
Interest expense	(38)	(243)	(615)	(895)	B	Finance costs
Interest income	77	1,662	1,605	3,344		Finance income
Other, net	2,144	(2,144)	－	－		
	－	644	4,546	5,190	D,G	Share of profits (losses) on equity method investments
	－	273,303	12,180	285,483	B,C,D,E,F,G	Profit before taxes
Income before income taxes and equity in net income (losses) of affiliates	272,660	(272,660)	－	－		
Income taxes:						
Current	97,194	(97,194)	－	－		
Deferred	(8,431)	8,431	－	－		
Total income taxes	88,763	(88,763)	－	－		
	－	88,763	3,935	92,698		Income taxes
Equity in net income (losses) of affiliates (including impairment charges of investments in affiliates)	643	(643)	－	－		
Net income	184,540	－	8,244	192,784		Profit
						Profit attributable to :
Net income attributable to NTT DOCOMO, INC	183,972	－	8,250	192,223		Shareholders of NTT DOCOMO, INC
Net income attributable to noncontrolling interests	568	－	(7)	562		Noncontrolling interests

Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
Net income	184,540	－	8,244	192,784		Profit
Other comprehensive income (loss):						Other comprehensive income (net of taxes)
						Items that will not to be reclassified to profit or loss
	－	－	(402)	(402)	G	Share of other comprehensive income of investments accounted for using the equity method
	－	－	(402)	(402)		Total of items that will not to be reclassified to profit or loss
						Items that may be reclassified subsequently to profit or loss
Unrealized holding gains (losses) on available－for－sale securities, net of applicable taxes	(2,234)	－	(4,594)	(6,827)		Unrealized holding gains (losses) on available-for-sale securities
Unrealized gains (losses) on cash flow hedges, net of applicable taxes	0	－	(0)	－		
Foreign currency translation adjustment, net of applicable taxes	4,217	－	(4,171)	45	D	Foreign exchange translation differences
Pension liability adjustment, net of applicable taxes	163	－	(163)	－		
	－	－	6,249	6,249	G	Share of other comprehensive income of investments accounted for using the equity method
	－	－	(533)	(533)		Total of items that may be reclassified subsequently to profit or loss
Total other comprehensive income (loss)	2,146	－	(3,080)	(935)		Total other comprehensive income (net of taxes)
Total comprehensive income(loss)	186,686	－	5,164	191,849		Total comprehensive income

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

(Millions of yen)

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

Consolidated Statement of Comprehensive Income

(Millions of yen)

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

(4) Notes on reclassification

a. Separate presentation of financial assets and financial liabilities

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

b. Presentation of operating expenses

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

(5) Notes on difference in recognition and measurement

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

	Millions of yen		
	Transition date (April 1, 2017)	September 30, 2017	March 31, 2018
Retained earnings under U.S. GAAP	¥ 4,656,139	¥ 4,881,867	¥ 4,789,229
A. Business combinations and equity method investments	11,555	11,555	11,555
B. Property, plant and equipment, and intangible assets	(33,847)	(33,343)	(33,355)
C. Employee benefits	(41,215)	(40,750)	(39,040)
D. Cumulative translation differences	(14,031)	(3,710)	12,875
E. Revenue	154,083	150,545	160,114
F. Levies	(20,608)	(10,297)	(19,951)
G. Associates	17,682	17,958	29,817
Other	(1,771)	(2,010)	(2,872)
Total difference in recognition and measurement	71,847	89,946	119,143
Retained earnings under IFRS	¥ 4,727,986	¥ 4,971,814	¥ 4,908,373

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

	Millions of yen		
	Six months ended September 30, 2017 (April 1, 2017 – September 30, 2017)	Three months ended September 30, 2017 (July 1, 2017 – September 30, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
Income before income taxes under U.S. GAAP	¥ 548,487	¥ 273,303	¥ 1,084,397
A. Business combinations and equity method investments	–	–	–
B. Property, plant and equipment, and intangible assets	736	540	718
C. Employee benefits	691	304	1,382
D. Cumulative translation differences	15,383	4,457	45,224
E. Revenue	(4,776)	(788)	9,152
F. Levies	15,030	7,533	1,046
G. Associates	152	90	1,253
Other	(400)	45	(1,481)
Total difference in recognition and measurement	26,816	12,180	57,294
Profit before taxes under IFRS	¥ 575,303	¥ 285,483	¥ 1,141,690

A. Business combinations and equity method investments

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

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

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

The impact of this change is as follows.

	Millions of yen		
	Transition date (April 1, 2017)	September 30, 2017	March 31, 2018
(Consolidated statement of financial position)			
Goodwill	¥ (127,883)	¥ (127,883)	¥ (127,883)
Investments accounted for using the equity method	2,250	2,250	2,250
Deferred tax assets	(18,238)	(18,238)	(18,238)
Additional paid-in capital	156,523	156,523	156,523
Other components of equity	(1,097)	(1,097)	(1,097)
Adjustment to retained earnings	¥ 11,555	¥ 11,555	¥ 11,555

B. Property, plant and equipment, and intangible assets

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

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

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

The impact of this change is as follows.

	Millions of yen					
	Transition date (April 1, 2017)		September 30, 2017		March 31, 2018	
(Consolidated statement of financial position)						
Property, plant and equipment	¥	(48,068)	¥	(47,831)	¥	(48,237)
Intangible assets		(1,272)		(774)		(386)
Deferred tax assets		15,493		15,262		15,268
Adjustment to retained earnings	¥	(33,847)	¥	(33,343)	¥	(33,355)

	Millions of yen					
	Six months ended September 30, 2017 (April 1, 2017 – September 30, 2017)		Three months ended September 30, 2017 (July 1, 2017 – September 30, 2017)		Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	
(Consolidated statement of profit or loss)						
Cost of equipment sold and services, and other expenses	¥	1,451	¥	935	¥	2,468
Depreciation and amortization		460		218		873
Loss on disposal of property, plant and equipment and intangible assets		(3)		(3)		(70)
Finance costs		(1,172)		(610)		(2,553)
Adjustment to profit before tax	¥	736	¥	540	¥	718

C. Employee benefits

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

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

The impact of this change is as follows.

	Millions of yen		
	Transition date (April 1, 2017)	September 30, 2017	March 31, 2018
(Consolidated statement of financial position)			
Deferred tax assets	¥ 1,496	¥ 1,627	¥ 1,306
Other non-current assets	―	(136)	―
Defined benefit liabilities	(4,765)	(5,046)	(4,161)
Other components of equity	(37,946)	(37,195)	(36,186)
Adjustment to retained earnings	¥ (41,215)	¥ (40,750)	¥ (39,040)

	Millions of yen		
	Six months ended September 30, 2017 (April 1, 2017 – September 30, 2017)	Three months ended September 30, 2017 (July 1, 2017 – September 30, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
(Consolidated statement of profit or loss)			
Personnel expenses	¥ 691	¥ 304	¥ 1,382
Adjustment to profit before taxes	¥ 691	¥ 304	¥ 1,382

D. Cumulative translation differences

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

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

In addition, DOCOMO received an arbitration award from Tata Sons Limited ("Tata Sons") on October 31, 2017, while transferring, at the same time, all of the shares in Tata Teleservices Limited ("TTSL") held by DOCOMO to Tata Sons as well as a company designated by Tata Sons. Upon the aforementioned share transfer, DOCOMO discontinued applying the equity method. DOCOMO recorded, pursuant to U.S. GAAP, equity in net losses of affiliates of ¥15,383 million, ¥4,457 million and 15,383 million in the consolidated statements of income for the six months ended September 30, 2017, for the three months ended September 30, 2017 and for the fiscal year ended March 31, 2018, respectively, prior to the share transfer, and loss on the transfer of investment in an affiliate of ¥29,841 million associated with the reclassification adjustments of foreign currency translation adjustment in other income (expense) included in "Other, net" on the consolidated statements of income for the fiscal year ended March 31, 2018. Under IFRS, however, since DOCOMO has elected to deem the cumulative translation differences to be zero at the transition date, no share of profit (loss) on equity method investments and the loss on the transfer of investment in TTSL has arisen under equity method accounting.

E. Revenue

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

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

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The impact of this change is as follows.

	Millions of yen		
	Transition date (April 1, 2017)	September 30, 2017	March 31, 2018
(Consolidated statement of financial position)			
Other current assets	¥ (15,533)	¥ (16,300)	¥ (17,981)
Contract costs	268,018	265,912	276,282
Deferred tax assets	(70,015)	(68,790)	(73,167)
Other non-current assets	(107,406)	(113,332)	(117,566)
Contract liabilities (current)	(109,685)	(116,126)	(125,136)
Provisions (current)	(32,461)	(29,555)	(34,955)
Other current liabilities	18,102	21,841	25,618
Contract liabilities (non-current)	(18,955)	(24,329)	(29,587)
Provisions (non-current)	108,068	107,776	121,450
Other non-current liabilities	113,950	123,450	135,156
Adjustment to retained earnings	¥ 154,083	¥ 150,545	¥ 160,114

	Millions of yen		
	Six months ended September 30, 2017 (April 1, 2017 – September 30, 2017)	Three months ended September 30, 2017 (July 1, 2017 – September 30, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
(Consolidated statement of profit or loss)			
Operating revenues	¥ (8,701)	¥ (3,874)	¥ (20,476)
Cost of equipment sold and services, and other expenses	5,119	3,816	32,368
Depreciation and amortization	(715)	(453)	(1,655)
Communication network charges	(349)	(227)	(828)
Loss on disposal of property, plant and equipment and intangible assets	(130)	(49)	(257)
Adjustment to profit before taxes	¥ (4,776)	¥ (788)	¥ 9,152

F. Levies

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

The impact of this change is as follows.

	Millions of yen		
	Transition date (April 1, 2017)	September 30, 2017	March 31, 2018
(Consolidated statement of financial position)			
Other current assets	¥ —	¥ (14,940)	¥ —
Other current liabilities	(30,129)	(159)	(29,083)
Deferred tax assets	9,521	4,801	9,132
Adjustment to retained earnings	¥ (20,608)	¥ (10,297)	¥ (19,951)

	Millions of yen		
	Six months ended September 30, 2017 (April 1, 2017 – September 30, 2017)	Three months ended September 30, 2017 (July 1, 2017 – September 30, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
(Consolidated statement of profit or loss)			
Cost of equipment sold and services, and other expenses	¥ 15,030	¥ 7,533	¥ 1,046
Adjustment to profit before taxes	¥ 15,030	¥ 7,533	¥ 1,046

G. Associates

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

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

The impact of this change is as follows.

	Millions of yen		
	Transition date (April 1, 2017)	September 30, 2017	March 31, 2018
(Consolidated statement of financial position)			
Investments accounted for using the equity method	¥ 4,369	¥ 4,127	¥ 4,368
Deferred tax assets	28,320	28,967	42,570
Other components of equity	(15,007)	(15,136)	(17,121)
Adjustment to retained earnings	¥ 17,682	¥ 17,958	¥ 29,817

	Millions of yen		
	Six months ended September 30, 2017 (April 1, 2017 – September 30, 2017)	Three months ended September 30, 2017 (July 1, 2017 – September 30, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
(Consolidated statement of profit or loss)			
Share of profits (losses) on equity method investments	¥ 152	¥ 90	¥ 1,253
Adjustment to profit before taxes	¥ 152	¥ 90	¥ 1,253

(6) Significant adjustment to the consolidated statement of cash flows

1) Six months ended September 30, 2017

Under IFRS, net cash provided by operating activities decreased by ¥21,918 million, net cash used in investing activities decreased by ¥14,117 million, and net cash used in financing activities decreased by ¥9,249 million compared with the condensed consolidated statements of cash flows prepared under U.S. GAAP.

These changes were mainly due to the change in classification of receivables associated with finance services. Under IFRS, these receivables are classified in operating activities while were classified in investing activities under U.S. GAAP.

2) Fiscal year ended March 31, 2018

Under IFRS, net cash provided by operating activities decreased by ¥12,940 million, net cash used in investing activities decreased by ¥12,840 million, and net cash used in financing activities increased by ¥362 million compared with the consolidated statements of cash flows prepared under U.S. GAAP.

These changes were mainly due to the same reason as six months ended September 30, 2017.

2. Others

On October 31, 2018, the Board of Directors declared interim cash dividends of ¥197,625 million or ¥55 per share, payable to shareholders of record as of September 30, 2018 as below.

Total interim cash dividends (millions of yen)	197,625
Cash interim dividends per share (yen)	55
Date of payment	November 22, 2018

<u>Independent Auditor's Report on Review of Condensed Quarterly Consolidated Financial Statements</u>

<u>November 6, 2018</u>

To the Board of Directors of NTT DOCOMO, INC.

KPMG AZSA LLC

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

Hirotaka 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, 2018, 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, Paragraph1 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, 2018, 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”.

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.