



## Earnings Release

October 31, 2018

For the Six Months Ended September 30, 2018

[IFRS]

Name of registrant: **NTT DOCOMO, INC.** (URL <https://www.nttdocomo.co.jp/>)  
 Code No.: 9437  
 Stock exchange on which the Company's shares are listed: Tokyo Stock Exchange-First Section  
 Representative: Kazuhiro Yoshizawa, Representative Director, President and Chief Executive Officer  
 Contact: Hideki Maeda, Senior Manager, General Affairs Department / TEL +81-3-5156-1111  
 Scheduled date for filing of quarterly report: November 6, 2018  
 Scheduled date for dividend payment: November 22, 2018  
 Supplemental material on quarterly results: Yes  
 Presentation on quarterly results: Yes (for institutional investors and analysts)

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

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2018 (April 1, 2018 - September 30, 2018)

#### (1) Consolidated Results of Operations

(Millions of yen, except per share amounts)

	Operating revenues		Operating profit		Profit before taxes		Profit		Profit attributable to shareholders of NTT DOCOMO, INC.		Total comprehensive income	
Six months ended September 30, 2018	2,389,521	4.1%	610,524	9.0%	621,136	8.0%	408,260	3.9%	407,057	3.8%	407,744	4.7%
Six months ended September 30, 2017	2,294,484	—%	559,942	—%	575,303	—%	392,983	—%	392,075	—%	389,348	—%

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

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2018	113.29 (yen)	—
Six months ended September 30, 2017	105.84 (yen)	—

#### (2) Consolidated Financial Position

(Millions of yen, except per share amounts)

	Total assets	Total equity	Equity attributable to shareholders of NTT DOCOMO, INC.	Ratio of Equity attributable to shareholders of NTT DOCOMO, INC. to total assets
September 30, 2018	7,686,376	5,932,210	5,904,073	76.8 %
March 31, 2018	7,654,938	5,692,228	5,665,107	74.0 %

### 2. Dividends

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

(Note) Revisions to the forecasts of dividends: No

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

(Millions of yen, except per share amounts)

	Operating revenues		Operating profit		Profit before taxes		Profit attributable to shareholders of NTT DOCOMO, INC.		Basic earnings per share	
Year ending March 31, 2019	4,860,000	2.1 %	990,000	0.3 %	1,005,000 (12.0)%	670,000 (15.3) %	670,000 (15.3) %	189.87		

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

(Note) Revisions to the forecasts of consolidated financial results: Yes

\* Notes:

(1) Changes in significant subsidiaries:		None
(2) Changes in accounting policies and estimate		
i. Changes in accounting policies required by IFRS:		Yes
ii. Other Change in accounting policies:		None
iii. Changes in accounting estimates:		None
(3) Number of issued shares (common stock)		
i. Number of issued shares (inclusive of treasury stock):	As of September 30, 2018:	3,782,299,000 shares
	As of March 31, 2018:	3,782,299,000 shares
ii. Number of treasury stock:	As of September 30, 2018:	189,114,487 shares
	As of March 31, 2018:	189,114,487 shares
iii. Number of weighted average common shares outstanding:	For the six months ended September 30, 2018:	3,593,184,513 shares
	For the six months ended September 30, 2017:	3,704,585,533 shares

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

\* Explanation for forecasts of operations and other notes:

#### First-time adoption of IFRS

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

#### Forecast of results

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

(Resolution of share repurchase up to prescribed maximum limit)

The forecasts of “Basic Earnings per Share” for the fiscal year ending March 31, 2019 are based on the assumption that DOCOMO will repurchase up to 260 million shares for an amount in total not to exceed ¥600,000 million, as resolved at the board of directors’ meeting held on October 31, 2018.

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# 1. Summary Information

## Prospects for the Fiscal Year Ending March 31, 2019

DOCOMO revised its most recent forecast of consolidated financial results for the fiscal year ending March 31, 2019, as follows:

"Operating revenues" are expected to increase by ¥70 billion to ¥4,860 billion, mainly due to an increase in equipment sales associated with higher smartphone prices.

"Operating profit" is expected to be ¥990 billion, the same as recently announced, due to an increase in expenses such as cost of equipment sold.

"Profit before taxes" is expected to decrease by ¥5 billion to ¥1,005 billion.

"Profit attributable to shareholders of NTT DOCOMO, Inc." is expected to decrease by ¥25 billion to ¥670 billion mainly due to an increase in "Income taxes" associated with an agreement for a new business cooperation between DOCOMO and Sumitomo Mitsui Banking Corporation Group, entered into and released on September 28, 2018.

## **2. Summary Information (notes)**

### **(1) Changes in Significant Subsidiaries**

None

### **(2) Change in Accounting Policies and estimates**

DOCOMO has adopted IFRS 9 “Financial Instruments” (revised in July 2014) (“IFRS 9”) from the beginning of the 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 ended 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.

### 3. Condensed Consolidated Financial Statements

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

	Millions of yen		
	Date of transition to IFRS (April 1, 2017)	March 31, 2018	September 30, 2018
<b>ASSETS</b>			
<b>Current assets:</b>			
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	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	—	—	234,160
Total current assets	2,737,538	3,016,843	3,294,691
<b>Non-current assets:</b>			
Property, plant and equipment	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	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
<b>Total assets</b>	<b>¥ 7,364,218</b>	<b>¥ 7,654,938</b>	<b>¥ 7,686,376</b>

	Millions of yen		
	Date of transition to IFRS (April 1, 2017)	March 31, 2018	September 30, 2018
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	¥ 61,906	¥ 111,230	¥ 1,432
Trade and other payables	876,594	910,958	820,134
Other financial liabilities	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
<b>Non-current liabilities:</b>			
Long-term debt	160,040	50,000	50,000
Other financial liabilities	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
<b>Total liabilities</b>	<b>1,848,041</b>	<b>1,962,710</b>	<b>1,754,166</b>
<b>Equity:</b>			
Equity attributable to shareholders of NTT DOCOMO, INC.			
Common stock	949,680	949,680	949,680
Additional paid-in capital	147,740	153,115	153,115
Retained earnings	4,727,986	4,908,373	5,145,336
Treasury stock	(426,443)	(448,403)	(448,403)
Other components of equity	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
<b>Total liabilities and equity</b>	<b>¥ 7,364,218</b>	<b>¥ 7,654,938</b>	<b>¥ 7,686,376</b>

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

Six months ended September 30, 2017 and 2018

	Millions of yen	
	Six months ended September 30, 2017	Six months ended September 30, 2018
<b>Operating revenues:</b>		
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
<b>Operating expenses:</b>		
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
<b>Operating profit</b>	559,942	610,524
<b>Finance income</b>	7,843	4,691
<b>Finance costs</b>	(1,998)	(1,444)
<b>Share of profits (losses) on equity method investments</b>	9,516	7,364
<b>Profit before taxes</b>	575,303	621,136
<b>Income taxes</b>	182,320	212,875
<b>Profit</b>	¥ 392,983	¥ 408,260
<b>Profit attributable to:</b>		
Shareholders of NTT DOCOMO, INC.	392,075	407,057
Noncontrolling interests	908	1,204
<b>Profit</b>	¥ 392,983	¥ 408,260
<b>Earnings per share attributable to shareholders of NTT DOCOMO, INC.</b>		
<b>Basic earnings per share</b>	¥ 105.84	¥ 113.29



## (3) Condensed Consolidated Statement of Comprehensive Income

Six months ended September 30, 2017 and 2018

	Millions of yen	
	Six months ended September 30, 2017	Six months ended September 30, 2018
<b>Profit</b>	¥ 392,983	¥ 408,260
<b>Other comprehensive income (net of taxes):</b>		
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)
<b>Total of items that will not be reclassified to profit or loss</b>	<b>(62)</b>	<b>9,288</b>
Items that may be reclassified subsequently to profit or loss		
Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes	(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
<b>Total of items that may be reclassified subsequently to profit or loss</b>	<b>(3,572)</b>	<b>(9,804)</b>
<b>Total other comprehensive income (net of taxes)</b>	<b>(3,635)</b>	<b>(516)</b>
<b>Total comprehensive income</b>	<b>¥ 389,348</b>	<b>¥ 407,744</b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of NTT DOCOMO, INC.	388,316	406,590
Noncontrolling interests	1,033	1,154
<b>Total comprehensive income</b>	<b>¥ 389,348</b>	<b>¥ 407,744</b>

(4) Condensed Consolidated Statement of Changes in Equity

Six months ended September 30, 2017

Millions of yen								
Equity attributable to Shareholders of NTT DOCOMO, INC.								
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total	Noncon- trolling interests	Total equity
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			(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)
<b>Balance as of September 30, 2017</b>	¥ 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
	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			(179,659)			(179,659)	(239)	(179,898)
Changes in ownership interests without loss control						—	101	101
Transfer from other components of equity to retained earnings			6,901		(6,901)	—		—
Total transactions with shareholders	—	—	(172,759)	—	(6,901)	(179,659)	(138)	(179,797)
<b>Balance as of September 30, 2018</b>	<b>¥ 949,680</b>	<b>¥ 153,115</b>	<b>¥ 5,145,336</b>	<b>¥ (448,403)</b>	<b>¥ 104,346</b>	<b>¥ 5,904,073</b>	<b>¥ 28,137</b>	<b>¥ 5,932,210</b>

(5) Notes to Condensed Consolidated Financial Statements

i. Note to Going Concern Assumption

There is no corresponding item.

ii. Segment Information

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

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

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

Segment operating revenues:

	Millions of yen	
	Six months ended September 30, 2017	Six months ended September 30, 2018
Telecommunications business-		
External customers.....	¥ 1,868,965	¥ <b>1,960,080</b>
Intersegment.....	657	<b>759</b>
Subtotal.....	1,869,622	<b>1,960,840</b>
Smart life business-		
External customers.....	214,852	<b>215,019</b>
Intersegment.....	7,147	<b>7,663</b>
Subtotal.....	221,999	<b>222,682</b>
Other businesses-		
External customers.....	210,667	<b>214,421</b>
Intersegment.....	3,111	<b>3,698</b>
Subtotal.....	213,777	<b>218,120</b>
Segment total.....	2,305,399	<b>2,401,642</b>
Elimination.....	(10,915)	<b>(12,121)</b>
Consolidated.....	¥ <b>2,294,484</b>	¥ <b>2,389,521</b>

Segment operating profit (loss):

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

iii. Events after the reporting period

On October 31, 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.

#### iv. First-time adoption of IFRS

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

##### (1) Exemptions under IFRS 1

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

The exemptions voluntarily applied by DOCOMO are as follows.

- Business combinations

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

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

- Deemed cost

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

- Foreign exchange translation differences

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

- Revenue

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

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

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

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

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

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

(3) Reconciliations

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



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

Consolidated Statements of Financial Position

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
<b>ASSETS</b>						<b>ASSETS</b>
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
<b>LIABILITIES</b>						<b>LIABILITIES</b>
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)	—		
<b>EQUITY</b>						<b>EQUITY</b>
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
<b>ASSETS</b>						<b>ASSETS</b>
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
<b>Total current assets</b>	<b>2,939,019</b>	<b>—</b>	<b>(16,966)</b>	<b>2,922,053</b>		<b>Total current assets</b>
Non-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	—	—		
<b>Total property, plant and equipment, net</b>	<b>2,560,862</b>	<b>(2,560,862)</b>	<b>—</b>	<b>—</b>		
	—	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,B,C, E,F,G	Deferred tax assets
<b>Total non-current investments and other assets</b>	<b>2,141,842</b>	<b>2,560,862</b>	<b>(85,438)</b>	<b>4,617,266</b>		<b>Total non-current assets</b>
<b>Total assets</b>	<b>7,641,723</b>	<b>—</b>	<b>(102,404)</b>	<b>7,539,318</b>		<b>Total assets</b>

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
<b>LIABILITIES</b>						<b>LIABILITIES</b>
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
<b>Total current liabilities</b>	<b>1,338,769</b>	<b>—</b>	<b>117,113</b>	<b>1,455,881</b>		<b>Total current liabilities</b>
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
<b>Total long-term liabilities</b>	<b>488,331</b>	<b>—</b>	<b>(161,966)</b>	<b>326,364</b>		<b>Total non-current liabilities</b>
<b>Total liabilities</b>	<b>1,827,100</b>	<b>—</b>	<b>(44,855)</b>	<b>1,782,245</b>		<b>Total liabilities</b>
Redeemable noncontrolling interests	23,239	—	(23,239)	—		
<b>EQUITY</b>						<b>EQUITY</b>
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
<b>Total NTT DOCOMO, INC. shareholders' equity</b>	<b>5,760,300</b>	<b>—</b>	<b>(29,509)</b>	<b>5,730,791</b>		<b>Total equity attributable to shareholders of NTT DOCOMO, INC.</b>
Noncontrolling interests	31,084	—	(4,803)	26,282		Noncontrolling interests
<b>Total equity</b>	<b>5,791,384</b>	<b>—</b>	<b>(34,312)</b>	<b>5,757,073</b>		<b>Total equity</b>
<b>Total liabilities and equity</b>	<b>7,641,723</b>	<b>—</b>	<b>(102,404)</b>	<b>7,539,318</b>		<b>Total liabilities and equity</b>

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
<b>ASSETS</b>						<b>ASSETS</b>
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
<b>Total current assets</b>	<b>3,037,146</b>	<b>—</b>	<b>(20,303)</b>	<b>3,016,843</b>		<b>Total current assets</b>
Property, plant and equipment:						Non-current assets
Wireless telecommunications equipment	5,133,128	(5,133,128)	—	—		
Buildings and structures	917,216	(917,216)	—	—		
Tools, furniture and fixtures	448,760	(448,760)	—	—		
Land	199,202	(199,202)	—	—		
Construction in progress	202,963	(202,963)	—	—		
Sub-total	6,901,269	(6,901,269)	—	—		
Accumulated depreciation and amortization	(4,305,239)	4,305,239	—	—		
<b>Total property, plant and equipment, net</b>	<b>2,596,030</b>	<b>(2,596,030)</b>	<b>—</b>	<b>—</b>		
	—	2,596,030	(47,813)	2,548,216	B	Property, plant and equipment
Non-current investments and other assets:						
Investments in affiliates	384,890	—	6,556	391,446	A,G	Investments accounted for using the equity method
Marketable securities and other investments	199,478	235,863	(83)	435,257		Securities and other financial assets
Intangible assets, net	599,147	—	(1,023)	598,124	B	Intangible assets
Goodwill	224,264	—	(151,817)	72,448	A	Goodwill
Other assets	—	—	276,282	276,282	E	Contract costs
Other assets	478,503	(235,863)	(133,123)	109,516	C,E	Other non-current assets
Deferred tax assets	228,832	—	(22,026)	206,806	A,B,C, E,F,G	Deferred tax assets
<b>Total non-current investments and other assets</b>	<b>2,115,114</b>	<b>2,596,030</b>	<b>(73,048)</b>	<b>4,638,095</b>		<b>Total non-current assets</b>
<b>Total assets</b>	<b>7,748,290</b>	<b>—</b>	<b>(93,351)</b>	<b>7,654,938</b>		<b>Total assets</b>

(Millions of yen)

Items presented under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Items presented under IFRS
<b>LIABILITIES</b>						<b>LIABILITIES</b>
Current liabilities:						Current liabilities
Current portion of long-term debt	110,000	1,632	(403)	111,230		Short-term borrowings
Short-term borrowings	1,632	(1,632)	—	—		
Accounts payable, trade	888,722	21,984	252	910,958		Trade and other payables
Accrued payroll	60,574	(60,574)	—	—		
Accrued income taxes	155,037	12,238	15,809	28,047		Other financial liabilities
	—	—	(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
Accrued liabilities for point programs	—	1,530	7,923	9,453		Other financial liabilities
Liability for employees' retirement benefits	99,305	10,452	(100,682)	9,075	E	Provisions
Other long-term liabilities	202,663	—	4,129	206,792	C	Defined benefit liabilities
	—	—	29,587	29,587	E	Contract 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)	—		
<b>EQUITY</b>						<b>EQUITY</b>
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	Telecommunications 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	Communication 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,FG	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 fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)  
Consolidated Statement of Profit or Loss

(Millions of yen)

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

## Consolidated Statement of Comprehensive Income

(Millions of yen)

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

(4) Notes on reclassification

a. Separate presentation of financial assets and financial liabilities

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

b. Presentation of operating expenses

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

(5) Notes on difference in recognition and measurement

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

	Millions of yen		
	Transition date (April 1, 2017)	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)	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
Income before income taxes under U.S. GAAP	¥ 548,487	¥ 1,084,397
A. Business combinations and equity method investments	—	—
B. Property, plant and equipment, and intangible assets	736	718
C. Employee benefits	691	1,382
D. Cumulative translation differences	15,383	45,224
E. Revenue	(4,776)	9,152
F. Levies	15,030	1,046
G. Associates	152	1,253
Other	(400)	(1,481)
Total difference in recognition and measurement	26,816	57,294
Profit before taxes under IFRS	¥ 575,303	¥ 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)	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	¥ 2,468
Depreciation and amortization	460	873
Loss on disposal of property, plant and equipment and intangible assets	(3)	(70)
Finance costs	(1,172)	(2,553)
Adjustment to profit before tax	¥ 736	¥ 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)	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
(Consolidated statement of profit or loss)		
Personnel expenses	¥ 691	¥ 1,382
Adjustment to profit before taxes	¥ 691	¥ 1,382

#### D. Cumulative translation differences

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

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

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

## E. Revenue

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

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

The impact of this change is as follows.

	Millions of yen		
	Transition date (April 1, 2017)	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)	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
(Consolidated statement of profit or loss)		
Operating revenues	¥ (8,701)	¥ (20,476)
Cost of equipment sold and services, and other expenses	5,119	32,368
Depreciation and amortization	(715)	(1,655)
Communication network charges	(349)	(828)
Loss on disposal of property, plant and equipment and intangible assets	(130)	(257)
Adjustment to profit before taxes	¥ (4,776)	¥ 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)	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	¥ 1,046
Adjustment to profit before taxes	¥ 15,030	¥ 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)	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	¥ 1,253
Adjustment to profit before taxes	¥ 152	¥ 1,253