

NTT DOCOMO INC  
Form 6-K  
August 04, 2016  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR**  
**15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of August, 2016

Commission File Number: 001-31221

Total number of pages: 19

**NTT DOCOMO, INC.**

(Translation of registrant's name into English)

Sanno Park Tower 11-1, Nagata-cho 2-chome

Chiyoda-ku, Tokyo 100-6150

Japan

(Address of principal executive offices)

## Edgar Filing: NTT DOCOMO INC - Form 6-K

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

**Form 20-F**       **Form 40-F**

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NTT DOCOMO, INC.

Date: August 4, 2016

By: /S/ KATSUYUKI TAKAGI  
**Katsuyuki Takagi**  
**Head of Investor Relations**

Information furnished in this form:

1. Report filed on August 4, 2016 with the Director of the Kanto Local Finance Bureau of Japan pursuant to the Financial Instruments and Exchange Act of Japan

**Table of Contents**

**NTT DOCOMO, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

**MARCH 31, 2016 and JUNE 30, 2016**

|   | Millions of yen    |                    |
|---|--------------------|--------------------|
|   | March 31, 2016     | June 30, 2016      |
| <b>ASSETS</b>   |                    |                    |
| <b>Current assets:</b>                                |                    |                    |
| Cash and cash equivalents                             | ¥ 354,437          | ¥ 198,583          |
| Short-term investments                                | 5,872              | 5,726              |
| Accounts receivable                                   | 237,040            | 157,916            |
| Receivables held for sale                             | 972,851            | 956,863            |
| Credit card receivables                               | 276,492            | 296,226            |
| Other receivables                                     | 381,096            | 383,209            |
| Allowance for doubtful accounts                       | (17,427)           | (19,191)           |
| Inventories   | 153,876            | 171,059            |
| Deferred tax assets                                   | 107,058            | 98,023             |
| Prepaid expenses and other current assets             | 108,898            | 125,794            |
| <b>Total current assets</b>                           | <b>2,580,193</b>   | <b>2,374,208</b>   |
| <b>Property, plant and equipment:</b>                 |                    |                    |
| Wireless telecommunications equipment                 | 5,084,416          | 5,099,923          |
| Buildings and structures                              | 896,815            | 898,212            |
| Tools, furniture and fixtures                         | 468,800            | 470,524            |
| Land  | 199,054            | 199,141            |
| Construction in progress                              | 190,261            | 183,691            |
| Accumulated depreciation and amortization             | (4,398,970)        | (4,423,596)        |
| <b>Total property, plant and equipment, net</b>       | <b>2,440,376</b>   | <b>2,427,895</b>   |
| <b>Non-current investments and other assets:</b>      |                    |                    |
| Investments in affiliates                             | 411,395            | 395,231            |
| Marketable securities and other investments           | 182,905            | 167,881            |
| Intangible assets, net                                | 615,013            | 604,504            |
| Goodwill  | 243,695            | 241,692            |
| Other assets  | 479,103            | 465,138            |
| Deferred tax assets                                   | 261,434            | 256,687            |
| <b>Total non-current investments and other assets</b> | <b>2,193,545</b>   | <b>2,131,133</b>   |
| <b>Total assets</b>                                   | <b>¥ 7,214,114</b> | <b>¥ 6,933,236</b> |
| <b>LIABILITIES AND EQUITY</b>                         |                    |                    |
| <b>Current liabilities:</b>                           |                    |                    |
| Current portion of long-term debt                     | ¥ 200              | ¥ 200              |
| Short-term borrowings                                 | 1,764              | 1,755              |
| Accounts payable, trade                               | 793,084            | 600,810            |
| Accrued payroll                                       | 53,837             | 40,688             |
| Accrued income taxes                                  | 165,332            | 66,573             |

Edgar Filing: NTT DOCOMO INC - Form 6-K

|  |                    |                    |
|--|--------------------|--------------------|
| Other current liabilities                          | 205,602            | 236,160            |
| <b>Total current liabilities</b>                   | <b>1,219,819</b>   | <b>946,186</b>     |
| <b>Long-term liabilities:</b>                      |                    |                    |
| Long-term debt (exclusive of current portion)      | 220,200            | 220,170            |
| Accrued liabilities for point programs             | 75,182             | 67,655             |
| Liability for employees' retirement benefits       | 201,604            | 203,504            |
| Other long-term liabilities                        | 137,983            | 140,209            |
| <b>Total long-term liabilities</b>                 | <b>634,969</b>     | <b>631,538</b>     |
| <b>Total liabilities</b>                           | <b>1,854,788</b>   | <b>1,577,724</b>   |
| <b>Redeemable noncontrolling interests</b>         | <b>16,221</b>      | <b>16,412</b>      |
| <b>Equity:</b>                                     |                    |                    |
| NTT DOCOMO, INC. shareholders' equity              |                    |                    |
| Common stock                                       | 949,680            | 949,680            |
| Additional paid-in capital                         | 330,482            | 329,903            |
| Retained earnings                                  | 4,413,030          | 4,488,262          |
| Accumulated other comprehensive income (loss)      | 14,888             | (4,764)            |
| Treasury stock                                     | (405,832)          | (460,473)          |
| <b>Total NTT DOCOMO, INC. shareholders' equity</b> | <b>5,302,248</b>   | <b>5,302,608</b>   |
| Noncontrolling interests                           | 40,857             | 36,492             |
| <b>Total equity</b>                                | <b>5,343,105</b>   | <b>5,339,100</b>   |
| <b>Commitments and contingencies</b>               |                    |                    |
| <b>Total liabilities and equity</b>                | <b>¥ 7,214,114</b> | <b>¥ 6,933,236</b> |

See accompanying notes to consolidated financial statements (unaudited).

**Table of Contents**

**NTT DOCOMO, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME AND**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**  
**THREE MONTHS ENDED JUNE 30, 2015 and 2016**

**Consolidated Statements of Income**

|   | Millions of yen                     |                                     |
|---|-------------------------------------|-------------------------------------|
|   | Three Months Ended<br>June 30, 2015 | Three Months Ended<br>June 30, 2016 |
| <b>Operating revenues:</b>  |                                     |                                     |
| Telecommunications services   | ¥ 675,255                           | ¥ 729,708                           |
| Equipment sales   | 201,345                             | 165,753                             |
| Other operating revenues  | 200,264                             | 213,209                             |
| <b>Total operating revenues</b>   | <b>1,076,864</b>                    | <b>1,108,670</b>                    |
| <b>Operating expenses:</b>  |                                     |                                     |
| Cost of services (exclusive of items shown separately below)  | 288,904                             | 304,479                             |
| Cost of equipment sold (exclusive of items shown separately below)                                      | 175,531                             | 154,977                             |
| Depreciation and amortization   | 145,572                             | 109,715                             |
| Selling, general and administrative   | 231,462                             | 240,208                             |
| <b>Total operating expenses</b>   | <b>841,469</b>                      | <b>809,379</b>                      |
| <b>Operating income</b>   | <b>235,395</b>                      | <b>299,291</b>                      |
| <b>Other income (expense):</b>  |                                     |                                     |
| Interest expense  | (312)                               | (240)                               |
| Interest income   | 179                                 | 155                                 |
| Other, net  | 5,349                               | (3,914)                             |
| <b>Total other income (expense)</b>   | <b>5,216</b>                        | <b>(3,999)</b>                      |
| <b>Income before income taxes and equity in net income (losses) of affiliates</b>                       | <b>240,611</b>                      | <b>295,292</b>                      |
| <b>Income taxes:</b>  |                                     |                                     |
| Current   | 70,293                              | 69,256                              |
| Deferred  | 2,328                               | 20,392                              |
| <b>Total income taxes</b>   | <b>72,621</b>                       | <b>89,648</b>                       |
| <b>Income before equity in net income (losses) of affiliates</b>  | <b>167,990</b>                      | <b>205,644</b>                      |
| Equity in net income (losses) of affiliates (including impairment charges of investments in affiliates) | 1,619                               | 992                                 |
| <b>Net income</b>   | <b>169,609</b>                      | <b>206,636</b>                      |

Edgar Filing: NTT DOCOMO INC - Form 6-K

Less: Net (income) loss attributable to noncontrolling interests (825) 218

**Net income attributable to NTT DOCOMO, INC.** ¥ 168,784 ¥ 206,854

**Per share data**

Weighted average common shares outstanding Basic and Diluted 3,881,483,829 3,754,094,845

Basic and Diluted earnings per share attributable to NTT DOCOMO, INC. ¥ 43.48 ¥ 55.10

**Consolidated Statements of Comprehensive Income**

|   | Millions of yen                     |                                     |
|---|-------------------------------------|-------------------------------------|
|   | Three Months Ended<br>June 30, 2015 | Three Months Ended<br>June 30, 2016 |
| <b>Net income</b>   | ¥ 169,609                           | ¥ 206,636                           |
| <b>Other comprehensive income (loss):</b>   |                                     |                                     |
| Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes | 1,730                               | (11,821)                            |
| Unrealized gains (losses) on cash flow hedges, net of applicable taxes                      | (23)                                | (72)                                |
| Foreign currency translation adjustment, net of applicable taxes                            | (6,716)                             | (8,105)                             |
| Pension liability adjustment, net of applicable taxes                                       | (26)                                | 141                                 |
| Total other comprehensive income (loss)   | (5,035)                             | (19,857)                            |
| <b>Comprehensive income</b>   | 164,574                             | 186,779                             |
| Less: Comprehensive (income) loss attributable to noncontrolling interests                  | (856)                               | 423                                 |
| <b>Comprehensive income attributable to NTT DOCOMO, INC.</b>                                | ¥ 163,718                           | ¥ 187,202                           |

See accompanying notes to consolidated financial statements (unaudited).

**Table of Contents****NTT DOCOMO, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)****THREE MONTHS ENDED JUNE 30, 2015 and 2016**

|   | Millions of yen                     |                                     |
|---|-------------------------------------|-------------------------------------|
|   | Three Months Ended<br>June 30, 2015 | Three Months Ended<br>June 30, 2016 |
| <b>Cash flows from operating activities:</b>  |                                     |                                     |
| Net income  | ¥ 169,609                           | ¥ 206,636                           |
| Adjustments to reconcile net income to net cash provided by operating activities                        |                                     |                                     |
| Depreciation and amortization   | 145,572                             | 109,715                             |
| Deferred taxes  | 2,328                               | 20,392                              |
| Loss on sale or disposal of property, plant and equipment   | 6,379                               | 3,963                               |
| Inventory write-downs   | 770                                 | 4,076                               |
| Impairment loss on marketable securities and other investments  |                                     | 853                                 |
| Equity in net (income) losses of affiliates (including impairment charges of investments in affiliates) | (1,619)                             | (992)                               |
| Dividends from affiliates   | 4,160                               | 4,837                               |
| Changes in assets and liabilities:  |                                     |                                     |
| (Increase) / decrease in accounts receivable  | 81,894                              | 78,707                              |
| (Increase) / decrease in receivables held for sale  | (5,708)                             | 15,988                              |
| (Increase) / decrease in credit card receivables  | (6,224)                             | (10,778)                            |
| (Increase) / decrease in other receivables  | (7,179)                             | (3,384)                             |
| Increase / (decrease) in allowance for doubtful accounts  | 893                                 | 1,756                               |
| (Increase) / decrease in inventories  | (24,058)                            | (21,333)                            |
| (Increase) / decrease in prepaid expenses and other current assets                                      | (16,365)                            | (17,549)                            |
| (Increase) / decrease in non-current receivables held for sale  | 3,278                               | 21,618                              |
| Increase / (decrease) in accounts payable, trade  | (85,782)                            | (90,114)                            |
| Increase / (decrease) in accrued income taxes   | (307)                               | (98,738)                            |
| Increase / (decrease) in other current liabilities  | 26,887                              | 32,519                              |
| Increase / (decrease) in accrued liabilities for point programs   | (8,169)                             | (7,527)                             |
| Increase / (decrease) in liability for employees' retirement benefits                                   | 1,865                               | 1,905                               |
| Increase / (decrease) in other long-term liabilities  | 679                                 | 3,782                               |
| Other, net  | (15,105)                            | (12,538)                            |
| Net cash provided by operating activities   | 273,798                             | 243,794                             |
| <b>Cash flows from investing activities:</b>  |                                     |                                     |
| Purchases of property, plant and equipment  | (130,531)                           | (125,769)                           |
| Purchases of intangible and other assets  | (72,028)                            | (78,535)                            |
| Purchases of non-current investments  | (1,359)                             | (743)                               |
| Proceeds from sale of non-current investments   | 1,054                               | 1,611                               |
| Purchases of short-term investments   | (1,684)                             | (5,428)                             |
| Redemption of short-term investments  | 1,621                               | 5,546                               |
| Other, net  | (5,518)                             | (5,480)                             |
| Net cash used in investing activities   | (208,445)                           | (208,798)                           |
| <b>Cash flows from financing activities:</b>  |                                     |                                     |
| Proceeds from short-term borrowings   | 143,798                             | 5,754                               |
| Repayment of short-term borrowings  | (50,146)                            | (5,754)                             |
| Principal payments under capital lease obligations  | (379)                               | (311)                               |
| Payments to acquire treasury stock  | (0)                                 | (54,641)                            |

Edgar Filing: NTT DOCOMO INC - Form 6-K

|   |                  |                  |
|---|------------------|------------------|
| Dividends paid  | (134,332)        | (130,524)        |
| Cash distributions to noncontrolling interests                      | (2,310)          | (3,500)          |
| Other, net  | (474)            | (990)            |
| <b>Net cash provided by (used in) financing activities</b>          | <b>(43,843)</b>  | <b>(189,966)</b> |
| <b>Effect of exchange rate changes on cash and cash equivalents</b> | <b>(718)</b>     | <b>(884)</b>     |
| <b>Net increase (decrease) in cash and cash equivalents</b>         | <b>20,792</b>    | <b>(155,854)</b> |
| <b>Cash and cash equivalents as of beginning of period</b>          | <b>105,553</b>   | <b>354,437</b>   |
| <b>Cash and cash equivalents as of end of period</b>                | <b>¥ 126,345</b> | <b>¥ 198,583</b> |
| <b>Supplemental disclosures of cash flow information:</b>           |                  |                  |
| <b>Cash received during the period for:</b>                         |                  |                  |
| Income tax refunds  | ¥ 653            | ¥ 3              |
| <b>Cash paid during the period for:</b>                             |                  |                  |
| Interest, net of amount capitalized                                 | 265              | 213              |
| Income taxes  | 74,492           | 167,075          |

See accompanying notes to consolidated financial statements (unaudited).



---

**Table of Contents**

**NTT DOCOMO, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**1. Basis of presentation:**

The accompanying quarterly consolidated financial statements of NTT DOCOMO, INC. and its subsidiaries ( DOCOMO ) were prepared in accordance with U.S. generally accepted accounting principles ( U.S. GAAP ). Certain disclosures required by U.S. GAAP have been omitted. Since DOCOMO 's American Depositary Shares were listed on the New York Stock Exchange in March 2002, DOCOMO has prepared its consolidated financial statements pursuant to the terminology, forms and preparation methods required in order to issue American Depositary Shares, which are registered with the Securities and Exchange Commission of the United States of America.

**2. Summary of significant accounting and reporting policies:**

**(a) Reclassifications**

Certain reclassifications have been made to the prior period 's consolidated financial statements to conform to the presentation used for the three months ended June 30, 2016.

**(b) Change in Accounting Procedures for Consolidated Quarterly Financial Results**

**Change in depreciation method**

Previously, DOCOMO principally used the declining-balance method for calculating depreciation of property, plant, and equipment. Effective April 1, 2016, DOCOMO adopted the straight-line method of depreciation. Data traffic has recently grown due to increased use of smartphones. As a way of addressing the rising data traffic, DOCOMO provides LTE-Advanced services, using the carrier aggregation technology which enables higher speeds and capacities for the LTE services. With the introduction of the carrier aggregation technology, DOCOMO is able to use its frequencies more efficiently, bringing stability to DOCOMO 's operation of its wireless telecommunications equipment. As a result, DOCOMO believes that the straight-line depreciation method better reflects the pattern of consumption of the future benefits to be derived from those assets being depreciated. The effect of the change in the depreciation method is recognized prospectively as a change in the accounting estimate pursuant to the Financial Accounting Standards Board ( FASB ) Accounting Standards Codification 250, Accounting Changes and Error Corrections.

The change in depreciation method caused a decrease in Depreciation and amortization by ¥33,381 million for the three months ended June 30, 2016. Net income attributable to NTT DOCOMO, INC. and Basic and Diluted earnings per share attributable to NTT DOCOMO, INC. increased by ¥22,833 million and ¥6.08, respectively, for the three months ended June 30, 2016.

**(c) Recently issued accounting standards**

**Revenue from Contracts with Customers**

On May 28, 2014, the FASB issued Accounting Standards Update ( ASU ) 2014-09 Revenue from Contracts with Customers (Topic 606), which requires an entity to recognize the amount to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective.

---

**Table of Contents**

**NTT DOCOMO, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (Continued)**

The FASB also issued ASU 2016-08 Principal versus Agent Considerations (Reporting Revenue Gross versus Net), ASU2016-10 Identifying Performance Obligations and Licensing, ASU2016-12 Narrow-Scope Improvements and Practical Expedients, in March, April and May 2016, respectively, to partially amend ASU 2014-09.

On August 12, 2015, the FASB issued ASU 2015-14 Revenue from Contracts with Customers: Deferral of the Effective Date, and deferred the effective date of ASU 2014-09 by one year. Consequently, the standard is expected to take effect for DOCOMO on April 1, 2018. Early adoption of the standard as of April 1, 2017 would also be permitted.

DOCOMO has not yet selected a transition method and is currently evaluating the effect that the ASU will have on DOCOMO's consolidated financial statements and related disclosures.

**Recognition and Measurement of Financial Assets and Financial Liabilities**

On January 5, 2016, the FASB issued ASU 2016-01 Recognition and Measurement of Financial Assets and Financial Liabilities, which significantly changes the income statement impact of equity investments held by an entity, and the recognition of changes in fair value of financial liabilities when the fair value option is elected. The new standard is effective for DOCOMO on April 1, 2018. DOCOMO is currently evaluating the effect of adopting the ASU.

**Lease**

On February 25, 2016, the FASB issued ASU 2016-02 Lease, which requires all lessees to recognize the right-of-use asset and lease liability, principally. The new standard is effective for DOCOMO on April 1, 2019. DOCOMO is currently evaluating the effect of adopting the ASU.

**3. Investments in affiliates:**

**Tata Teleservices Limited**

Tata Teleservices Limited ( TTSL ) is a telecommunication operator in India and a privately held company.

As of March 31, 2016 and June 30, 2016, DOCOMO held approximately 26.5% of the outstanding common shares of TTSL.

Under the shareholders agreement (the Agreement ) entered into among TTSL, Tata Sons Limited ( Tata Sons ) and DOCOMO, when DOCOMO entered into a business alliance with TTSL in March 2009, DOCOMO shall have certain shareholder rights including the right to require Tata Sons to find a suitable buyer for DOCOMO's entire stake (1,248,974,378 shares, or approximately 26.5% of outstanding shares) in TTSL for 50% of the DOCOMO's acquisition price, which amounts to 72.5 billion Indian rupees (or ¥110.9 billion) or at fair value, whichever is higher, in the event that TTSL fails to achieve certain specified performance targets by March 31, 2014. The right became exercisable on May 30, 2014, and DOCOMO exercised the right on July 7, 2014.

The obligation of Tata Sons under the Agreement was not fulfilled, although DOCOMO repeatedly held discussions with Tata Sons in regards to the sale of its entire stake in TTSL, pursuant to the Agreement. Accordingly, DOCOMO submitted its request for arbitration to the London Court of International Arbitration ( LCIA ) on January 3, 2015.

---

**Table of Contents**

**NTT DOCOMO, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (Continued)**

DOCOMO received a binding arbitration award from the LCIA on June 23, 2016. The award orders that Tata Sons pay damages to DOCOMO in the amount of approximately \$1,172 million (or ¥120.6 billion\*<sup>2</sup>) for Tata Sons' breach of the shareholders agreement, upon DOCOMO's tender of its entire stake in TTSL to Tata Sons or its designee. However, Tata Sons has not fulfilled its obligation in accordance with the binding arbitration award.

As Tata Sons has not fulfilled its obligation, DOCOMO has not accounted for the transaction. DOCOMO continued to account for the investment in TTSL under the equity method as DOCOMO continues to hold approximately 26.5% of the outstanding voting shares of TTSL and have the representation on the Board of Directors of TTSL, even after receiving the binding arbitration award from the LCIA. However, during the three months ended June 30, 2016, DOCOMO discontinued applying the equity method to account for the investment in TTSL as the carrying amount of the investment was reduced to zero due primarily to the cumulative losses incurred at TTSL. DOCOMO will resume application of the equity method when the DOCOMO's share of unrecognized net income exceeds DOCOMO's share of unrecognized net losses during the period the equity method has been suspended. The financial effect of the binding arbitration award cannot be estimated at this time due to the aforementioned uncertainties surrounding this investment. DOCOMO may recognize a gain or loss upon disposition of its TTSL shares or in the event that the transaction as described above will not be carried out.

\*1 1 rupee = ¥1.53 as of June 30, 2016

\*2 \$1 = ¥102.91 as of June 30, 2016

**Table of Contents**

**NTT DOCOMO, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (Continued)**

**4. Equity:**

**(a) Dividends**

The Companies Act of Japan (the Companies Act ) provides that (i) dividends of earnings require approval at a general meeting of shareholders, (ii) interim cash dividends can be distributed upon the approval of the Board of Directors, if the articles of incorporation provide for such interim cash dividends and (iii) an amount equal to 10% of the decrease in retained earnings, as a result of a dividend payment, shall be contributed to a legal reserve that can be funded up to an amount equal to 25% of capital stock. The legal reserve is available for distribution upon approval of the shareholders.

In the general meeting of shareholders held on June 16, 2016, the shareholders approved cash dividends of ¥131,622 million or ¥35 per share, payable to shareholders of record as of March 31, 2016, which were declared by the Board of Directors on April 28, 2016. The source of such dividends was Retained earnings. NTT DOCOMO, INC. started paying the dividends on June 17, 2016.

**(b) Issued shares and treasury stock**

With regard to the acquisition of treasury stock, Companies Act provides that (i) it can be executed according to a resolution of the general meeting of shareholders, and (ii) the acquisition of treasury stock through open market transactions can be done according to a resolution of the Board of Directors, if the articles of incorporation contain such a provision. In accordance with (ii) above, a provision in NTT DOCOMO, INC. s articles of incorporation stipulates that NTT DOCOMO, INC. may repurchase treasury stock through open market transactions, by a resolution of the Board of Directors, for the purpose of improving capital efficiency and implementing flexible capital policies in accordance with the business environment.

On January 29, 2016, the Board of Directors resolved that NTT DOCOMO, INC. may repurchase up to 220,000,000 outstanding shares of its common stock for an amount in total not exceeding ¥500,000 million from February 1, 2016 through December 31, 2016.

Table of Contents

## NTT DOCOMO, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (Continued)

The changes in the number of issued shares and treasury stock were as follows. NTT DOCOMO, INC. has not issued shares other than shares of its common stock.

|   | Number of<br>issued shares | Number of<br>treasury stock |
|---|----------------------------|-----------------------------|
| As of March 31, 2015  | 4,085,772,000              | 204,288,145                 |
| Acquisition of treasury stock through purchase of less-than-one-unit shares     |                            | 43                          |
| As of June 30, 2015   | 4,085,772,000              | 204,288,188                 |
| Acquisition of treasury stock based on the resolution of the Board of Directors |                            | 120,867,062                 |
| Retirement of treasury stock  | (127,229,000)              | (127,229,000)               |
| As of March 31, 2016  | 3,958,543,000              | 197,926,250                 |
| Acquisition of treasury stock based on the resolution of the Board of Directors |                            | <b>20,088,600</b>           |
| As of June 30, 2016   | <b>3,958,543,000</b>       | <b>218,014,850</b>          |

On February 5, 2016, the Board of Directors resolved that NTT DOCOMO, INC. may acquire up to 137,578,616 outstanding shares of its common stock by way of tender offer at an amount in total not exceeding ¥350,000 million from February 8, 2016 through March 7, 2016. Based on this resolution, NTT DOCOMO, INC. repurchased 120,867,062 shares of its common stock for a total purchase price of ¥307,486 million between February 2016 and March 2016.

On April 28, 2016, the Board of Directors resolved that NTT DOCOMO, INC. may acquire up to 99,132,938 outstanding shares of its common stock by way of the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System ( ToSTNeT-3 ) and market purchases in accordance with the discretionary dealing contract, at an amount in total not exceeding ¥192,514 million from May 2, 2016 through December 31, 2016.

Based on this resolution, NTT DOCOMO, INC. repurchased 9,021,000 shares of its common stock at ¥24,433 million using the ToSTNeT-3 on May 18, 2016, and has also repurchased 11,067,600 shares of its common stock for a total purchase price of ¥30,208 million by way of market purchases in accordance with the discretionary dealing contract as of June 30, 2016. NTT DOCOMO, INC. also repurchased 3,462,200 shares of its common stock for a total purchase price of ¥9,865 million by way of market purchases in accordance with the discretionary dealing contract during July 2016.

The aggregate number of shares repurchased from our parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION, was 117,924,500 shares and the amounts in total were ¥300,000 million for the fiscal years ended March 31, 2016.

On March 25, 2016, the Board of Directors resolved that NTT DOCOMO, INC. would retire 127,229,000 shares held as treasury stock on March 31, 2016 and the share retirement on March 31, 2016 resulted in decreases of Retained earnings by ¥260,872 million.

---

**Table of Contents****NTT DOCOMO, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (Continued)**

The aggregate number and price of shares repurchased for the three months ended June 30, 2015 and 2016 were as follows:

|  | Share/Millions of yen               |                                     |
|--|-------------------------------------|-------------------------------------|
|  | Three months ended<br>June 30, 2015 | Three months ended<br>June 30, 2016 |
| Aggregate number of shares repurchased | 43                                  | 20,088,600                          |
| Aggregate price of shares repurchased  | ¥ 0                                 | ¥ 54,641                            |

**Table of Contents****NTT DOCOMO, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (Continued)****(c) Accumulated other comprehensive income (loss)****Changes in accumulated other comprehensive income (loss)**

Changes in accumulated other comprehensive income (loss), net of applicable taxes, for the three months ended June 30, 2015 and 2016 were as follows:

|  | Millions of yen  |   |   |                              |   | Total   |
|--|--|---|---|------------------------------|---|---------|
|  | Three months ended June 30, 2015                                   |   |   |                              |   |         |
|  | Unrealized holding gains (losses) on available-for-sale securities | Unrealized gains (losses) on cash flow hedges | Foreign currency translation adjustment | Pension liability adjustment |   |         |
| Balance as of March 31, 2015   | ¥ 67,620   | ¥ (101)                                       | ¥ 16,871                                | ¥ (31,791)                   | ¥ | 52,599  |
| Other comprehensive income (loss) before reclassifications                       | 2,038  | (33)  | (6,716)                                 | (200)                        |   | (4,911) |
| Amounts reclassified from accumulated other comprehensive income (loss)          | (308)  | 10  |   | 174                          |   | (124)   |
| Other comprehensive income (loss)  | 1,730  | (23)  | (6,716)                                 | (26)                         |   | (5,035) |
| Less: other comprehensive (income) loss attributable to noncontrolling interests | (0)  |   | (31)                                    |                              |   | (31)    |
| Balance as of June 30, 2015  | ¥ 69,350   | ¥ (124)                                       | ¥ 10,124                                | ¥ (31,817)                   | ¥ | 47,533  |

|  | Millions of yen  |   |   |                              |   | Total    |
|--|--|---|---|------------------------------|---|----------|
|  | Three months ended June 30, 2016                                   |   |   |                              |   |          |
|  | Unrealized holding gains (losses) on available-for-sale securities | Unrealized gains (losses) on cash flow hedges | Foreign currency translation adjustment | Pension liability adjustment |   |          |
| Balance as of March 31, 2016   | ¥ 61,624   | ¥ (218)                                       | ¥ 6,281                                 | ¥ (52,799)                   | ¥ | 14,888   |
| Other comprehensive income (loss) before reclassifications                       | (10,839)   | (84)  | (8,105)                                 | (443)                        |   | (19,471) |
| Amounts reclassified from accumulated other comprehensive income (loss)          | (982)  | 12  |   | 584                          |   | (386)    |
| Other comprehensive income (loss)  | (11,821)   | (72)  | (8,105)                                 | 141                          |   | (19,857) |
| Less: other comprehensive (income) loss attributable to noncontrolling interests | 3  |   | 202                                     |                              |   | 205      |

Edgar Filing: NTT DOCOMO INC - Form 6-K

|                             |   |        |   |       |   |         |   |          |   |         |
|-----------------------------|---|--------|---|-------|---|---------|---|----------|---|---------|
| Balance as of June 30, 2016 | ¥ | 49,806 | ¥ | (290) | ¥ | (1,622) | ¥ | (52,658) | ¥ | (4,764) |
|-----------------------------|---|--------|---|-------|---|---------|---|----------|---|---------|



Table of Contents

## NTT DOCOMO, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (Continued)

## Reclassifications out of accumulated other comprehensive income (loss) to net income

Amounts reclassified out of accumulated other comprehensive income (loss) to net income and affected line items in the consolidated statements of income for the three months ended June 30, 2015 and 2016 were as follows:

|  | Amounts reclassified out of accumulated other comprehensive income (loss) (*1) |                                  | Millions of yen |  | Affected line items in the consolidated statements of income                     |
|--|--|----------------------------------|-----------------|--|--|
|  | Three months ended June 30, 2015   | Three months ended June 30, 2016 |                 |  |  |
| Unrealized holding gains (losses) on available-for-sale securities | ¥ 219  | ¥ 1,373                          |                 |  | Other, net of Other income (expense) Equity in net income (losses) of affiliates |
|  | 249  | 60                               |                 |  |  |
|  | 468  | 1,433                            |                 |  | Pre-tax amount   |
|  | (160)  | (451)                            |                 |  | Tax benefit (expense)  |
|  | 308  | 982                              |                 |  | Net-of-tax amount  |
| Unrealized gains (losses) on cash flow hedges                      | (14)   | (17)                             |                 |  | Equity in net income (losses) of affiliates                                      |
|  | (14)   | (17)                             |                 |  | Pre-tax amount   |
|  | 4  | 5                                |                 |  | Tax benefit (expense)  |
|  | (10)   | (12)                             |                 |  | Net-of-tax amount  |
| Pension liability adjustment                                       | (259)  | (852)                            |                 |  | (*2)   |
|  | (259)  | (852)                            |                 |  | Pre-tax amount   |
|  | 85   | 268                              |                 |  | Tax benefit (expense)  |
|  | (174)  | (584)                            |                 |  | Net-of-tax amount  |
| Total reclassified amounts   | ¥ 124  | ¥ 386                            |                 |  | Net-of-tax amount  |

(\*1) Amounts in parentheses indicate decreased effects on net income.

(\*2) Amounts reclassified out of pension liability adjustment are included in the computation of net periodic pension cost.

**Table of Contents**

**NTT DOCOMO, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (Continued)**

**5. 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 video and music distribution, electronic books and other services offered through DOCOMO's dmarket portal, as well as finance/payment services, shopping services and various other services to support our customers' daily lives. The other businesses primarily includes Mobile Device Protection Service, as well as development, sales and maintenance of IT systems.

Certain Machine-to-Machine (M2M) services for consumers that had been included in other businesses were reclassified to the smart life business from the second quarter of the fiscal year ended March 31, 2016 to reflect the change in its internal organizational structure effective as of July 1, 2015.

In connection with this realignment, segment information for the three months ended June 30, 2015 has been restated to conform, to the presentation for the three months ended June 30, 2016.

Accounting policies used to determine segment operating revenues and operating income (loss) are consistent with those used to prepare the consolidated financial statements in accordance with U.S. GAAP.

**Table of Contents****NTT DOCOMO, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (Continued)****Segment operating revenues:**

|                              | Millions of yen                     |                                     |
|------------------------------|-------------------------------------|-------------------------------------|
|                              | Three months ended<br>June 30, 2015 | Three months ended<br>June 30, 2016 |
| Telecommunications business- |                                     |                                     |
| External customers           | ¥ 878,374                           | ¥ 894,659                           |
| Intersegment                 | 250                                 | 265                                 |
| Subtotal                     | 878,624                             | 894,924                             |
| Smart life business-         |                                     |                                     |
| External customers           | 115,515                             | 122,161                             |
| Intersegment                 | 2,872                               | 3,088                               |
| Subtotal                     | 118,387                             | 125,249                             |
| Other businesses-            |                                     |                                     |
| External customers           | 82,975                              | 91,850                              |
| Intersegment                 | 2,901                               | 2,961                               |
| Subtotal                     | 85,876                              | 94,811                              |
| Segment total                | 1,082,887                           | 1,114,984                           |
| Elimination                  | (6,023)                             | (6,314)                             |
| Consolidated                 | ¥ 1,076,864                         | ¥ 1,108,670                         |

**Segment operating income (loss):**

|                             | Millions of yen                     |                                     |
|-----------------------------|-------------------------------------|-------------------------------------|
|                             | Three months ended<br>June 30, 2015 | Three months ended<br>June 30, 2016 |
| Telecommunications business | ¥ 212,420                           | ¥ 270,410                           |
| Smart life business         | 16,876                              | 17,203                              |
| Other businesses            | 6,099                               | 11,678                              |
| Consolidated                | ¥ 235,395                           | ¥ 299,291                           |

Segment operating income (loss) is segment operating revenues less segment operating expenses.

As indicated in Note 2. (b) Changes in Accounting Procedures for Consolidated Quarterly Financial Results, previously, DOCOMO principally used the declining-balance method for calculating depreciation of property, plant, and equipment. Effective April 1, 2016, DOCOMO adopted the straight-line method of depreciation. As a result, compared with the depreciation method used prior to April 1, 2016, operating income for

## Edgar Filing: NTT DOCOMO INC - Form 6-K

the Telecommunications business segment, Smart life business segment, and Other businesses segment for the three months ended June 30, 2016 increased by ¥33,350 million, ¥12 million and ¥19 million, respectively.

DOCOMO does not disclose geographical information because the amounts of operating revenues generated outside Japan are immaterial.

**Table of Contents**

**NTT DOCOMO, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (Continued)**

**6. Contingencies:**

**(a) Litigation**

DOCOMO is involved in litigation and claims arising in the ordinary course of business. DOCOMO believes that none of the litigation or claims outstanding, pending or threatened against DOCOMO would have a materially adverse effect on DOCOMO's results of operations, financial position or cash flows.

**(b) Guarantees**

DOCOMO enters into agreements in the normal course of business that provide guarantees for counterparties. These counterparties include subscribers, related parties, foreign wireless telecommunications service providers and other business partners.

DOCOMO provides subscribers with guarantees for product defects of cellular phone handsets sold by DOCOMO, but DOCOMO is provided with similar guarantees by the handset vendors and no liabilities were recognized for these guarantees.

Though the guarantees or indemnifications provided in transactions other than those with the subscribers are different in each contract, the likelihood of almost all of the performance of these guarantees or indemnifications are remote and amount of payments DOCOMO could be claimed for is not specified in almost all of the contracts. Historically, DOCOMO has not made any significant guarantee or indemnification payments under such agreements. DOCOMO estimates the fair value of the obligations related to these agreements is not significant. Accordingly, no liabilities were recognized for these obligations.

**Table of Contents****NTT DOCOMO, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (Continued)****7. Fair value measurements:**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value according to observability. The inputs are described as follows:

Level 1 quoted prices in active markets for identical assets or liabilities

Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability

Level 3 unobservable inputs for the asset or liability

DOCOMO also distinguishes assets and liabilities measured at fair value every period on a recurring basis from those measured on a nonrecurring basis in certain circumstances.

**(a) Assets and liabilities measured at fair value on a recurring basis**

DOCOMO's assets and liabilities measured at fair value on a recurring basis include available-for-sale securities and derivatives.

DOCOMO's assets and liabilities that were measured at fair value on a recurring basis at March 31, 2016 and June 30, 2016 were as follows:

|                                     | Millions of yen<br>March 31, 2016 |           |         |         |
|-------------------------------------|-----------------------------------|-----------|---------|---------|
|                                     | Total                             | Level 1   | Level 2 | Level 3 |
| <b>Assets:</b>                      |                                   |           |         |         |
| Available-for-sale securities       |                                   |           |         |         |
| Equity securities (domestic)        | ¥ 86,530                          | ¥ 86,530  | ¥       | ¥       |
| Equity securities (foreign)         | 83,947                            | 83,947    |         |         |
| Debt securities (foreign)           | 5                                 | 5         |         |         |
| Total available-for-sale securities | 170,482                           | 170,482   |         |         |
| <b>Derivatives</b>                  |                                   |           |         |         |
| Foreign exchange forward contracts  | 16                                |           | 16      |         |
| Total derivatives                   | 16                                |           | 16      |         |
| Total                               | ¥ 170,498                         | ¥ 170,482 | ¥ 16    | ¥       |
| <b>Liabilities:</b>                 |                                   |           |         |         |
| <b>Derivatives</b>                  |                                   |           |         |         |
| Foreign currency option contracts   | ¥ 2,415                           | ¥         | ¥ 2,415 | ¥       |
| Foreign exchange forward contracts  | 5                                 |           | 5       |         |
| Total derivatives                   | 2,420                             |           | 2,420   |         |

Edgar Filing: NTT DOCOMO INC - Form 6-K

Total ¥ 2,420 ¥ ¥ 2,420 ¥

There were no transfers between Level 1 and Level 2.

**Table of Contents****NTT DOCOMO, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (Continued)**

|  | Millions of yen<br>June 30, 2016 |                  |                |          |
|--|----------------------------------|------------------|----------------|----------|
|  | Total                            | Level 1          | Level 2        | Level 3  |
| <b>Assets:</b>                             |                                  |                  |                |          |
| Available-for-sale securities              |                                  |                  |                |          |
| Equity securities (domestic)               | ¥ 74,776                         | ¥ 74,776         |                | ¥        |
| Equity securities (foreign)                | 80,814                           | 80,814           |                |          |
| Debt securities (foreign)                  | 4                                | 4                |                |          |
| <b>Total available-for-sale securities</b> | <b>155,594</b>                   | <b>155,594</b>   |                |          |
| <b>Derivatives</b>                         |                                  |                  |                |          |
| Foreign exchange forward contracts         | 1                                |                  | 1              |          |
| <b>Total derivatives</b>                   | <b>1</b>                         |                  | <b>1</b>       |          |
| <b>Total</b>                               | <b>¥ 155,595</b>                 | <b>¥ 155,594</b> | <b>¥ 1</b>     | <b>¥</b> |
| <b>Liabilities:</b>                        |                                  |                  |                |          |
| <b>Derivatives</b>                         |                                  |                  |                |          |
| Foreign currency option contracts          | ¥ 5,090                          |                  | ¥ 5,090        | ¥        |
| Foreign exchange forward contracts         | 0                                |                  | 0              |          |
| <b>Total derivatives</b>                   | <b>5,090</b>                     |                  | <b>5,090</b>   |          |
| <b>Total</b>                               | <b>¥ 5,090</b>                   |                  | <b>¥ 5,090</b> | <b>¥</b> |

There were no transfers between Level 1 and Level 2.

#### Available-for-sale securities

Available-for-sale securities include marketable equity securities and debt securities, which are valued using quoted prices in active markets for identical assets. Therefore, these securities are classified as Level 1.

#### Derivatives

Derivative instruments are foreign currency option contracts and foreign exchange forward contracts, which are valued based on observable market data. Therefore, these derivatives are classified as Level 2.



Table of Contents

## NTT DOCOMO, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (Continued)

**(b) Assets and liabilities measured at fair value on a nonrecurring basis**

Certain assets and liabilities are measured at fair value on a nonrecurring basis in certain circumstances.

DOCOMO may be required to measure fair value of receivables held for sale, long-lived assets, equity securities whose fair values are not readily determinable, and other assets or liabilities on a nonrecurring basis.

DOCOMO's assets that were measured at fair value on a nonrecurring basis for the three months ended June 30, 2015 and 2016 were as follows:

|                           | Millions of yen<br>Three months ended June 30, 2015 |         |           |         | Gains (losses)<br>(before taxes) |
|---------------------------|---|---------|-----------|---------|----------------------------------|
|                           | Total   | Level 1 | Level 2   | Level 3 |                                  |
| Assets:                   |   |         |           |         |                                  |
| Receivables held for sale | ¥ 465,521   | ¥       | ¥ 465,521 | ¥       | ¥ (6,093)                        |

|                           | Millions of yen<br>Three months ended June 30, 2016 |         |           |         | Gains (losses)<br>(before taxes) |
|---------------------------|---|---------|-----------|---------|----------------------------------|
|                           | Total   | Level 1 | Level 2   | Level 3 |                                  |
| Assets:                   |   |         |           |         |                                  |
| Receivables held for sale | ¥ 461,912   | ¥       | ¥ 461,912 | ¥       | ¥ (6,297)                        |

Receivables held for sale

Receivables held for sale are measured at the lower of cost or fair value.

Receivables held for sale are classified as Level 2. DOCOMO measures the fair value of the receivables held for sale by discounting, at LIBOR-based discount rates, estimated future cash flows while taking into account factors such as default probabilities and loss severity of similar trade receivables.

**Table of Contents**

**NTT DOCOMO, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (Continued)**

**8. Subsequent event:**

During July 2016, NTT DOCOMO, INC. repurchased its common stock. Related information is disclosed in Note 4 Equity.