

NTT DOCOMO INC
Form 6-K
February 06, 2015
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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 February, 2015

Commission File Number: 001-31221

Total number of pages: 20

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)

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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: February 6, 2015

By: /s/ KATSUYUKI TAKAGI
Katsuyuki Takagi
Head of Investor Relations

Information furnished in this form:

1. Report filed on February 6, 2015 with the Director of the Kanto Local Finance Bureau of Japan pursuant to the Financial Instruments and Exchange Act of Japan

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NTT DOCOMO, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
MARCH 31, 2014 and DECEMBER 31, 2014

| | Millions of yen | |
|---|--------------------|--------------------|
| | March 31, 2014 | December 31, 2014 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | ¥ 526,920 | ¥ 163,370 |
| Short-term investments | 19,561 | 110,130 |
| Accounts receivable | 281,509 | 263,748 |
| Receivables held for sale | 787,459 | 869,438 |
| Credit card receivables | 220,979 | 241,086 |
| Other receivables | 315,962 | 301,789 |
| Allowance for doubtful accounts | (15,078) | (13,976) |
| Inventories | 232,126 | 208,479 |
| Deferred tax assets | 61,592 | 45,392 |
| Prepaid expenses and other current assets | 95,732 | 109,535 |
| Total current assets | 2,526,762 | 2,298,991 |
| Property, plant and equipment: | | |
| Wireless telecommunications equipment | 4,975,826 | 5,019,482 |
| Buildings and structures | 897,759 | 902,068 |
| Tools, furniture and fixtures | 553,497 | 543,540 |
| Land | 201,121 | 200,652 |
| Construction in progress | 158,173 | 146,501 |
| Accumulated depreciation and amortization | (4,228,610) | (4,307,157) |
| Total property, plant and equipment, net | 2,557,766 | 2,505,086 |
| Non-current investments and other assets: | | |
| Investments in affiliates | 424,531 | 426,610 |
| Marketable securities and other investments | 171,875 | 187,137 |
| Intangible assets, net | 665,960 | 635,436 |
| Goodwill | 262,462 | 262,304 |
| Other assets | 629,174 | 605,144 |
| Deferred tax assets | 269,500 | 259,142 |
| Total non-current investments and other assets | 2,423,502 | 2,375,773 |
| Total assets | ¥ 7,508,030 | ¥ 7,179,850 |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Current portion of long-term debt | ¥ 248 | ¥ 211 |
| Short-term borrowings | 9,495 | 106,378 |
| Accounts payable, trade | 798,315 | 712,780 |
| Accrued payroll | 54,294 | 42,768 |
| Accrued income taxes | 175,683 | 41,842 |
| Other current liabilities | 167,951 | 185,939 |

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| | | |
|---|-------------|--------------------|
| Total current liabilities | 1,205,986 | 1,089,918 |
| Long-term liabilities: | | |
| Long-term debt (exclusive of current portion) | 220,603 | 220,470 |
| Accrued liabilities for point programs | 113,001 | 91,385 |
| Liability for employees' retirement benefits | 160,666 | 166,623 |
| Other long-term liabilities | 114,261 | 132,190 |
| Total long-term liabilities | 608,531 | 610,668 |
| Total liabilities | 1,814,517 | 1,700,586 |
| Redeemable noncontrolling interests | 14,869 | 15,096 |
| Equity: | | |
| NTT DOCOMO, INC. shareholders' equity | | |
| Common stock | 949,680 | 949,680 |
| Additional paid-in capital | 732,875 | 732,875 |
| Retained earnings | 4,328,389 | 4,466,880 |
| Accumulated other comprehensive income (loss) | 9,590 | 27,556 |
| Treasury stock | (377,168) | (746,865) |
| Total NTT DOCOMO, INC. shareholders' equity | 5,643,366 | 5,430,126 |
| Noncontrolling interests | 35,278 | 34,042 |
| Total equity | 5,678,644 | 5,464,168 |
| Commitments and contingencies | | |
| Total liabilities and equity | ¥ 7,508,030 | ¥ 7,179,850 |

See accompanying notes to consolidated financial statements (unaudited).

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NTT DOCOMO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
NINE MONTHS ENDED DECEMBER 31, 2013 and 2014

Consolidated Statements of Income

| | Millions of yen | |
|---|---|--|
| | Nine Months Ended December 31, 2013 | Nine Months Ended December 31, 2014 |
| Operating revenues: | | |
| Mobile communications services | ¥ 2,220,208 | ¥ 2,061,187 |
| Equipment sales | 675,765 | 731,184 |
| Other operating revenues | 467,591 | 534,409 |
| Total operating revenues | 3,363,564 | 3,326,780 |
| Operating expenses: | | |
| Cost of services (exclusive of items shown separately below) | 789,440 | 830,646 |
| Cost of equipment sold (exclusive of items shown separately below) | 580,143 | 641,135 |
| Depreciation and amortization | 521,791 | 486,902 |
| Selling, general and administrative | 783,529 | 780,957 |
| Total operating expenses | 2,674,903 | 2,739,640 |
| Operating income | 688,661 | 587,140 |
| Other income (expense): | | |
| Interest expense | (1,275) | (716) |
| Interest income | 1,312 | 1,033 |
| Other, net | 14,857 | 7,519 |
| Total other income (expense) | 14,894 | 7,836 |
| Income before income taxes and equity in net income (losses) of affiliates | 703,555 | 594,976 |
| Income taxes: | | |
| Current | 259,931 | 189,964 |
| Deferred | 5,603 | 19,052 |
| Total income taxes | 265,534 | 209,016 |
| Income before equity in net income (losses) of affiliates | 438,021 | 385,960 |
| Equity in net income (losses) of affiliates | (12,778) | (4,585) |
| Net income | 425,243 | 381,375 |

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| | | | | |
|--|--|-----------|---|----------------|
| Less: Net (income) loss attributable to noncontrolling interests | | 4,932 | | 476 |
| Net income attributable to NTT DOCOMO, INC. | | ¥ 430,175 | ¥ | 381,851 |

Per share data

| | | | | |
|---|--|---------------|---|----------------------|
| Weighted average common shares outstanding Basic and Diluted | | 4,146,760,100 | | 4,080,645,681 |
| Basic and Diluted earnings per share attributable to NTT DOCOMO, INC. | | ¥ 103.74 | ¥ | 93.58 |

Consolidated Statements of Comprehensive Income

| | Millions of yen | |
|---|----------------------|-------------------|
| | Nine Months Ended | Nine Months Ended |
| | December 31, 2013 | December 31, 2014 |
| Net income | ¥ 425,243 | ¥ 381,375 |
| Other comprehensive income (loss): | | |
| Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes | 19,318 | 15,359 |
| Unrealized gains (losses) on cash flow hedges, net of applicable taxes | 49 | 24 |
| Foreign currency translation adjustment, net of applicable taxes | 15,630 | 2,841 |
| Pension liability adjustment, net of applicable taxes | 5,326 | (206) |
| Total other comprehensive income (loss) | 40,323 | 18,018 |
| Comprehensive income | 465,566 | 399,393 |
| Less: Comprehensive (income) loss attributable to noncontrolling interests | 4,830 | 424 |
| Comprehensive income attributable to NTT DOCOMO, INC. | ¥ 470,396 | ¥ 399,817 |

See accompanying notes to consolidated financial statements (unaudited).

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NTT DOCOMO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
THREE MONTHS ENDED DECEMBER 31, 2013 and 2014

Consolidated Statements of Income

| | Millions of yen | |
|---|--|---|
| | Three Months Ended December 31, 2013 | Three Months Ended December 31, 2014 |
| Operating revenues: | | |
| Mobile communications services | ¥ 728,482 | ¥ 673,430 |
| Equipment sales | 276,341 | 289,316 |
| Other operating revenues | 159,770 | 191,059 |
| Total operating revenues | 1,164,593 | 1,153,805 |
| Operating expenses: | | |
| Cost of services (exclusive of items shown separately below) | 272,808 | 275,024 |
| Cost of equipment sold (exclusive of items shown separately below) | 254,177 | 259,298 |
| Depreciation and amortization | 182,695 | 163,471 |
| Selling, general and administrative | 239,406 | 268,459 |
| Total operating expenses | 949,086 | 966,252 |
| Operating income | 215,507 | 187,553 |
| Other income (expense): | | |
| Interest expense | (483) | (210) |
| Interest income | 455 | 313 |
| Other, net | 6,304 | 3,258 |
| Total other income (expense) | 6,276 | 3,361 |
| Income before income taxes and equity in net income (losses) of affiliates | 221,783 | 190,914 |
| Income taxes: | | |
| Current | 79,769 | 59,847 |
| Deferred | 2,194 | 7,269 |
| Total income taxes | 81,963 | 67,116 |
| Income before equity in net income (losses) of affiliates | 139,820 | 123,798 |
| Equity in net income (losses) of affiliates | (11,729) | (903) |
| Net income | 128,091 | 122,895 |

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| | | | | |
|--|---|---------|---|----------------|
| Less: Net (income) loss attributable to noncontrolling interests | | 1,684 | | (567) |
| Net income attributable to NTT DOCOMO, INC. | ¥ | 129,775 | ¥ | 122,328 |

Per share data

| | | | | |
|---|-------------------|---------------|---|----------------------|
| Weighted average common shares outstanding | Basic and Diluted | 4,146,760,100 | | 3,953,081,784 |
| Basic and Diluted earnings per share attributable to NTT DOCOMO, INC. | | ¥ 31.30 | ¥ | 30.94 |

Consolidated Statements of Comprehensive Income

| | Millions of yen | |
|---|--|---|
| | Three Months Ended December 31, 2013 | Three Months Ended December 31, 2014 |
| Net income | ¥ 128,091 | ¥ 122,895 |
| Other comprehensive income (loss): | | |
| Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes | 5,188 | 8,932 |
| Unrealized gains (losses) on cash flow hedges, net of applicable taxes | 58 | (15) |
| Foreign currency translation adjustment, net of applicable taxes | 61 | 11,773 |
| Pension liability adjustment, net of applicable taxes | 4,929 | (128) |
| Total other comprehensive income (loss) | 10,236 | 20,562 |
| Comprehensive income | 138,327 | 143,457 |
| Less: Comprehensive (income) loss attributable to noncontrolling interests | 1,690 | (701) |
| Comprehensive income attributable to NTT DOCOMO, INC. | ¥ 140,017 | ¥ 142,756 |

See accompanying notes to consolidated financial statements (unaudited).

Table of Contents**NTT DOCOMO, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)****NINE MONTHS ENDED DECEMBER 31, 2013 and 2014**

| | Millions of yen | |
|--|---|---|
| | Nine Months Ended December 31, 2013 | Nine Months Ended December 31, 2014 |
| Cash flows from operating activities: | | |
| Net income | ¥ 425,243 | ¥ 381,375 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation and amortization | 521,791 | 486,902 |
| Deferred taxes | 5,603 | 19,052 |
| Loss on sale or disposal of property, plant and equipment | 22,977 | 29,839 |
| Equity in net (income) losses of affiliates | 12,778 | 4,585 |
| Changes in assets and liabilities: | | |
| (Increase) / decrease in accounts receivable | (6,694) | 17,315 |
| (Increase) / decrease in receivables held for sale | (100,016) | (81,979) |
| (Increase) / decrease in credit card receivables | (13,088) | (10,660) |
| (Increase) / decrease in other receivables | 1,340 | 11,962 |
| Increase / (decrease) in allowance for doubtful accounts | (4,336) | 3,047 |
| (Increase) / decrease in inventories | (76,974) | 20,898 |
| (Increase) / decrease in prepaid expenses and other current assets | (31,465) | (13,537) |
| (Increase) / decrease in non-current receivables held for sale | (30,209) | (44,960) |
| Increase / (decrease) in accounts payable, trade | (20,923) | (11,921) |
| Increase / (decrease) in accrued income taxes | (18,053) | (133,789) |
| Increase / (decrease) in other current liabilities | (2,817) | 24,618 |
| Increase / (decrease) in accrued liabilities for point programs | (11,040) | (21,616) |
| Increase / (decrease) in liability for employees' retirement benefits | (5,428) | 5,972 |
| Increase / (decrease) in other long-term liabilities | (8,342) | 16,854 |
| Other, net | 1,772 | (6,549) |
| Net cash provided by operating activities | 662,119 | 697,408 |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (383,602) | (383,390) |
| Purchases of intangible and other assets | (167,654) | (137,582) |
| Purchases of non-current investments | (14,838) | (3,187) |
| Proceeds from sale of non-current investments | 3,398 | 526 |
| Acquisitions of subsidiaries, net of cash acquired | (11,271) | |
| Purchases of short-term investments | (36,661) | (32,591) |
| Redemption of short-term investments | 55,095 | 22,122 |
| Proceeds from redemption of long-term bailment for consumption to a related party | 10,000 | |
| Short-term bailment for consumption to a related party | (70,000) | |
| Proceeds from redemption of short-term bailment for consumption to a related party | 70,000 | |
| Other, net | (1,786) | (4,302) |
| Net cash used in investing activities | (547,319) | (538,404) |
| Cash flows from financing activities: | | |
| Proceeds from long-term debt | 50,000 | |
| Repayment of long-term debt | (74,783) | (169) |
| Proceeds from short-term borrowings | 10,004 | 111,362 |

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| | | |
|---|------------------|------------------|
| Repayment of short-term borrowings | (21,804) | (14,403) |
| Principal payments under capital lease obligations | (1,619) | (1,305) |
| Payments to acquire treasury stock | | (369,697) |
| Dividends paid | (248,597) | (243,196) |
| Other, net | 15,850 | (4,593) |
| Net cash provided by (used in) financing activities | (270,949) | (522,001) |
| Effect of exchange rate changes on cash and cash equivalents | 2,736 | (553) |
| Net increase (decrease) in cash and cash equivalents | (153,413) | (363,550) |
| Cash and cash equivalents as of beginning of period | 493,674 | 526,920 |
| Cash and cash equivalents as of end of period | ¥ 340,261 | ¥ 163,370 |

Supplemental disclosures of cash flow information:

Cash received during the period for:

| | | | | |
|--------------------|---|-----|---|-------|
| Income tax refunds | ¥ | 886 | ¥ | 1,538 |
|--------------------|---|-----|---|-------|

Cash paid during the period for:

| | | | | |
|-------------------------------------|--|---------|--|---------|
| Interest, net of amount capitalized | | 1,751 | | 836 |
| Income taxes | | 279,942 | | 324,729 |

See accompanying notes to consolidated financial statements (unaudited).

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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) Recently issued accounting standards

Revenue from contracts with customers

On May 28, 2014, the Financial Accounting Standards Board (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. The new standard is effective for DOCOMO on April 1, 2017. Early adoption is not permitted.

DOCOMO is evaluating the effect that the ASU will have on DOCOMO 's quarterly consolidated financial statements and related disclosures. DOCOMO has not yet selected a transition method nor has it determined the effect of the standard on DOCOMO 's ongoing financial reporting.

(b) Change in accounting estimate

Effective July 1, 2014, DOCOMO revised its estimate of the expected useful life of a part of the software for telecommunications network and internal-use software based on the actual utilization of the software to reflect an extended expected useful life of up to 7 years. This modification complies with FASB Accounting Standards Codification Topic 250, Accounting Changes and Error Corrections, and will be applied prospectively as a change in accounting estimate.

The impact from this change in accounting estimate on the consolidated statements of income is increases in Income before income taxes and equity in net income (losses) of affiliates, Net income attributable to NTT DOCOMO, INC. and Basic and Diluted earnings per share attributable to NTT DOCOMO, INC. of ¥35,505 million, ¥22,794 million and ¥5.59, respectively, for the nine months ended December 31, 2014, and increases of ¥17,057 million, ¥10,950 million and ¥2.77, respectively, for the three months ended December 31, 2014.

(c) Reclassifications

Certain reclassifications have been made to the prior period 's consolidated financial statements to conform to the presentation used for the nine months ended December 31, 2014.

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The Corporate Law of Japan 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 at least 10% of decrease in retained earnings by dividends payment be appropriated from retained earnings to a legal reserve up to 25% of capital stock. The legal reserve is available for distribution upon approval of the shareholders. In accordance with the above (ii), the provision that NTT DOCOMO, INC. may, subject to resolution of the Board of Directors, pay interim dividends with its record date as of September 30 of each year, is stipulated in NTT DOCOMO, INC.'s articles of incorporation.

In the general meeting of shareholders held on June 19, 2014, the shareholders approved cash dividends of ¥124,403 million or ¥30 per share, payable to shareholders of record as of March 31, 2014, which were declared by the board of directors on April 25, 2014. The source of dividends was Retained earnings. NTT DOCOMO, INC. started paying the dividends on June 20, 2014.

On October 31, 2014, the board of directors declared interim cash dividends of ¥118,957 million or ¥30 per share, payable to shareholders recorded as of September 30, 2014. The source of interim cash dividends was Retained earnings. NTT DOCOMO, INC. started paying the interim cash dividends on November 20, 2014.

(b) Issued shares and treasury stock

With regard to the acquisition of treasury stock, the Corporate Law of Japan provides that (i) it can be done according to the resolution of the general meeting of shareholders, and (ii) the acquisition of treasury stock through open market transactions can be done according to the resolution of the board of directors if the articles of incorporation contain such a provision. In accordance with (ii), the provision that NTT DOCOMO, INC. may acquire treasury stock through open market transactions by a resolution of the Board of Directors is stipulated in NTT DOCOMO, INC.'s articles of incorporation in order to improve capital efficiency and to implement flexible capital policies in accordance with the business environment.

On April 25, 2014, the board of directors resolved that NTT DOCOMO, INC. may repurchase up to 320 million outstanding shares of its common stock for an amount in total not to exceed ¥500,000 million during the period from April 26, 2014 through March 31, 2015.

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 issued shares | Number of treasury stock |
|---|----------------------------|-----------------------------|
| As of March 31, 2013 | 4,365,000,000 | 218,239,900 |
| As of December 31, 2013 | 4,365,000,000 | 218,239,900 |
| As of March 31, 2014 | 4,365,000,000 | 218,239,900 |
| Acquisition of treasury stock based on the resolution of the board of directors | | 215,276,121 |
| Acquisition of treasury stock through purchase of less-than-one-unit shares | | 74 |

As of December 31, 2014

4,365,000,000

433,516,095

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As mentioned above, the meeting of the board of directors approved share repurchase plans as follows:

| Date of the meeting of the board of directors | Term of repurchase | Shares | Millions of yen |
|--|------------------------------------|--|---|
| | | Approved maximum number of treasury stock to be repurchased | Approved maximum budget for share repurchase |
| August 6, 2014 | August 7, 2014 - September 3, 2014 | 206,489,675 | ¥ 350,000 |
| October 31, 2014 | November 1, 2014 - March 31, 2015 | 138,469,879 | 192,306 |

Aggregate number and price of shares repurchased are summarized as follows:

| | Shares/Millions of yen | |
|--|--|---|
| | Nine months ended December 31, 2014 | Three months ended December 31, 2014 |
| Aggregate number of shares repurchased | 215,276,195 | 33,746,074 |
| Aggregate price of shares repurchased | ¥ 369,697 | ¥ 62,003 |

Aggregate number and price of shares repurchased from our parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), are 176,991,100 shares and ¥300,000 million for the nine months ended December 31, 2014, and are none for the three months ended December 31, 2014.

Aggregate number and price of shares repurchased during January 2015 are 13,300,000 shares and ¥25,312 million.

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Changes in accumulated other comprehensive income (loss), net of applicable taxes, for the nine months ended December 31, 2013 and 2014 were as follows:

| | Millions of yen | | | | | |
|--|--|---|---|------------------------------|-------|------------|
| | Nine months ended December 31, 2013 | | | | | |
| | Unrealized holding gains (losses) on available-for-sale securities | Unrealized gains (losses) on cash flow hedges | Foreign currency translation adjustment | Pension liability adjustment | Total | |
| Balance as of March 31, 2013 | ¥ 36,372 | ¥ (80) | ¥ (49,907) | ¥ (35,497) | ¥ | ¥ (49,112) |
| Other comprehensive income (loss) before reclassifications | 18,895 | 12 | 10,106 | 8,179 | | 37,192 |
| Amounts reclassified from accumulated other comprehensive income (loss) | 423 | 37 | 5,524 | (2,853) | | 3,131 |
| Other comprehensive income (loss) | 19,318 | 49 | 15,630 | 5,326 | | 40,323 |
| Less: other comprehensive (income) loss attributable to noncontrolling interests | (0) | | (102) | | | (102) |
| Balance as of December 31, 2013 | ¥ 55,690 | ¥ (31) | ¥ (34,379) | ¥ (30,171) | ¥ | ¥ (8,891) |

| | Millions of yen | | | | | |
|---|--|---|---|------------------------------|-------|---------|
| | Nine months ended December 31, 2014 | | | | | |
| | Unrealized holding gains (losses) on available-for-sale securities | Unrealized gains (losses) on cash flow hedges | Foreign currency translation adjustment | Pension liability adjustment | Total | |
| Balance as of March 31, 2014 | ¥ 45,038 | ¥ (97) | ¥ (12,437) | ¥ (22,914) | ¥ | ¥ 9,590 |
| Other comprehensive income (loss) before reclassifications | 15,238 | 38 | 2,841 | (193) | | 17,924 |
| Amounts reclassified from accumulated other comprehensive income (loss) | 121 | (14) | | (13) | | 94 |

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| | | | | | |
|--|-----------------|---------------|------------------|-------------------|-----------------|
| Other comprehensive income (loss) | 15,359 | 24 | 2,841 | (206) | 18,018 |
| Less: other comprehensive (income) loss attributable to noncontrolling interests | (0) | | (52) | | (52) |
| Balance as of December 31, 2014 | ¥ 60,397 | ¥ (73) | ¥ (9,648) | ¥ (23,120) | ¥ 27,556 |

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

Changes in accumulated other comprehensive income (loss), net of applicable taxes, for the three months ended December 31, 2013 and 2014 were as follows:

| | Millions of yen | | | | | Total |
|--|--|---|---|------------------------------|---|----------|
| | Three months ended December 31, 2013 | | | | | |
| | 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 September 30, 2013 | ¥ 50,502 | ¥ (89) | ¥ (34,446) | ¥ (35,100) | ¥ | (19,133) |
| Other comprehensive income (loss) before reclassifications | 4,489 | 48 | (5,383) | 8,179 | | 7,333 |
| Amounts reclassified from accumulated other comprehensive income (loss) | 699 | 10 | 5,444 | (3,250) | | 2,903 |
| Other comprehensive income (loss) | 5,188 | 58 | 61 | 4,929 | | 10,236 |
| Less: other comprehensive (income) loss attributable to noncontrolling interests | (0) | | 6 | | | 6 |
| Balance as of December 31, 2013 | ¥ 55,690 | ¥ (31) | ¥ (34,379) | ¥ (30,171) | ¥ | (8,891) |

| | Millions of yen | | | | | Total |
|--|--|---|---|------------------------------|---|--------|
| | Three months ended December 31, 2014 | | | | | |
| | 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 September 30, 2014 | ¥ 51,465 | ¥ (58) | ¥ (21,286) | ¥ (22,992) | ¥ | 7,129 |
| Other comprehensive income (loss) before reclassifications | 8,811 | (23) | 11,773 | (124) | | 20,437 |
| Amounts reclassified from accumulated other comprehensive income (loss) | 121 | 8 | | (4) | | 125 |
| Other comprehensive income (loss) | 8,932 | (15) | 11,773 | (128) | | 20,562 |
| Less: other comprehensive (income) loss attributable to noncontrolling interests | 0 | | (135) | | | (135) |
| Balance as of December 31, 2014 | ¥ 60,397 | ¥ (73) | ¥ (9,648) | ¥ (23,120) | ¥ | 27,556 |

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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 nine months ended December 31, 2013 and 2014 were as follows:

| | Millions of yen | | |
|--|--|--|---|
| | Amounts reclassified out of accumulated other comprehensive income (loss) (*1) | | |
| | Nine months ended December 31, 2013 | Nine months ended December 31, 2014 | Affected line items in the consolidated statements of income |
| Unrealized holding gains (losses) on available-for-sale securities | ¥ (633) | ¥ 9 (198) | Other, net of Other income (expense) Equity in net income (losses) of affiliates |
| | (633) | (189) | Pre-tax amount |
| | 210 | 68 | Tax benefit (expense) |
| | (423) | (121) | Net-of-tax amount |
| Unrealized gains (losses) on cash flow hedges | (57) | 22 | Equity in net income (losses) of affiliates |
| | (57) | 22 | Pre-tax amount |
| | 20 | (8) | Tax benefit (expense) |
| | (37) | 14 | Net-of-tax amount |
| Foreign currency translation adjustment | (7) (8,725) | | Other, net of Other income (expense) Equity in net income (losses) of affiliates |
| | (8,732) | | Pre-tax amount |
| | 3,208 | | Tax benefit (expense) |
| | (5,524) | | Net-of-tax amount |
| Pension liability adjustment | 4,443 | 20 | (*2) |
| | 4,443 | 20 | Pre-tax amount |
| | (1,590) | (7) | Tax benefit (expense) |
| | 2,853 | 13 | Net-of-tax amount |
| Total reclassified amounts | ¥ (3,131) | ¥ (94) | Net-of-tax amount |

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- (*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.

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NTT DOCOMO, INC. AND SUBSIDIARIES

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

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 December 31, 2013 and 2014 were as follows:

| | Millions of yen | | |
|--|--|---|---|
| | Amounts reclassified out of accumulated other comprehensive income (loss) (*1) | | |
| | Three months ended December 31, 2013 | Three months ended December 31, 2014 | Affected line items in the consolidated statements of income |
| Unrealized holding gains (losses) on available-for-sale securities | ¥ (1,089) | ¥ 9 | Other, net of Other income (expense) Equity in net income (losses) of affiliates |
| | (1,089) | (189) | Pre-tax amount |
| | 390 | 68 | Tax benefit (expense) |
| | (699) | (121) | Net-of-tax amount |
| Unrealized gains (losses) on cash flow hedges | (15) | (12) | Equity in net income (losses) of affiliates |
| | (15) | (12) | Pre-tax amount |
| | 5 | 4 | Tax benefit (expense) |
| | (10) | (8) | Net-of-tax amount |
| Foreign currency translation adjustment | (8,725) | | Equity in net income (losses) of affiliates |
| | (8,725) | | Pre-tax amount |
| | 3,281 | | Tax benefit (expense) |
| | (5,444) | | Net-of-tax amount |
| Pension liability adjustment | 5,062 | 6 | (*2) |
| | 5,062 | 6 | Pre-tax amount |
| | (1,812) | (2) | Tax benefit (expense) |
| | 3,250 | 4 | Net-of-tax amount |
| Total reclassified amounts | ¥ (2,903) | ¥ (125) | 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.

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NTT DOCOMO, INC. AND SUBSIDIARIES

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

4. Segment information:

DOCOMO's chief operating decision maker (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 realigned its conventional five operating segments, which consist of mobile phone business, credit services business, home shopping services business, internet connection services business for hotel facilities, and miscellaneous businesses into three operating segments, which consist of mobile communications business, smart life business and other businesses from the first quarter of this fiscal year in order to clearly define its business management of the mobile communications fields where DOCOMO is taking steps to reinforce its competitiveness, and the new business fields where DOCOMO is striving for its further expansion of revenue sources by making "Smart Life" a reality toward the establishment of a new path to grow.

The mobile communications business includes mobile phone services (Xi services and FOMA services), 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 life-related services. The other businesses primarily includes "Mobile Phone Protection" services, as well as development, sales and maintenance of IT systems.

In connection with this realignment, segment information for the nine months ended December 31, 2013 and the three months ended December 31, 2013 has been restated to conform to the presentation for the nine months ended December 31, 2014 and the three months ended December 31, 2014.

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 | |
|---------------------------------|---|--|
| | Nine months ended December 31, 2013 | Nine months ended December 31, 2014 |
| Mobile communications business- | | |
| External customers | ¥ 2,892,029 | ¥ 2,790,350 |
| Intersegment | 1,316 | 855 |
| Subtotal | 2,893,345 | 2,791,205 |
| Smart life business- | | |
| External customers | 257,365 | 309,582 |
| Intersegment | 8,418 | 9,818 |
| Subtotal | 265,783 | 319,400 |
| Other businesses- | | |
| External customers | 214,170 | 226,848 |
| Intersegment | 8,978 | 8,576 |
| Subtotal | 223,148 | 235,424 |
| Total | 3,382,276 | 3,346,029 |
| Elimination | (18,712) | (19,249) |
| Consolidated | ¥ 3,363,564 | ¥ 3,326,780 |

| | Millions of yen | |
|---------------------------------|--|---|
| | Three months ended December 31, 2013 | Three months ended December 31, 2014 |
| Mobile communications business- | | |
| External customers | ¥ 1,003,572 | ¥ 966,920 |
| Intersegment | 406 | 295 |
| Subtotal | 1,003,978 | 967,215 |
| Smart life business- | | |
| External customers | 89,145 | 112,299 |
| Intersegment | 2,778 | 2,123 |
| Subtotal | 91,923 | 114,422 |
| Other businesses- | | |
| External customers | 71,876 | 74,586 |
| Intersegment | 3,121 | 2,703 |
| Subtotal | 74,997 | 77,289 |

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| | | |
|--------------|-------------|--------------------|
| Total | 1,170,898 | 1,158,926 |
| Elimination | (6,305) | (5,121) |
| Consolidated | ¥ 1,164,593 | ¥ 1,153,805 |

Segment operating income (loss):

| | Millions of yen | |
|--------------------------------|---|--|
| | Nine months ended December 31, 2013 | Nine months ended December 31, 2014 |
| Mobile communications business | ¥ 677,395 | ¥ 561,437 |
| Smart life business | 12,541 | 20,403 |
| Other businesses | (1,275) | 5,300 |
| Total | 688,661 | 587,140 |
| Elimination | | |
| Consolidated | ¥ 688,661 | ¥ 587,140 |

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NTT DOCOMO, INC. AND SUBSIDIARIES

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

| | Millions of yen | |
|--------------------------------|-------------------------------|---|
| | Three months | |
| | ended December 31, 2013 | Three months ended December 31, 2014 |
| Mobile communications business | ¥ 210,707 | ¥ 176,863 |
| Smart life business | 4,765 | 8,070 |
| Other businesses | 35 | 2,620 |
| Total | 215,507 | 187,553 |
| Elimination | | |
| Consolidated | ¥ 215,507 | ¥ 187,553 |

As indicated in Note2. (b) Change in accounting estimate, effective July 1, 2014, DOCOMO has revised its estimate of the useful life of a part of the software for telecommunications network and internal-use software based on the actual utilization of the software to reflect an extended expected useful life. As a result, compared with the method used prior to July 1, 2014, operating income for the Mobile communications business segment, Smart life business segment, and Other businesses segment increased by ¥32,475 million, ¥851 million, and ¥2,179 million, respectively, for the nine months ended December 31, 2014, and increased by ¥14,845 million, ¥378 million, and ¥1,834 million, respectively, for the three months ended December 31, 2014.

Operating income is operating revenues less operating expenses.

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

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NTT DOCOMO, INC. AND SUBSIDIARIES

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

5. 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)****6. 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, 2014 and December 31, 2014 were as follows:

| | Millions of yen March 31, 2014 | | | |
|-------------------------------------|-----------------------------------|-----------|---------|---------|
| | Total | Level 1 | Level 2 | Level 3 |
| Assets: | | | | |
| Available-for-sale securities | | | | |
| Equity securities (domestic) | ¥ 81,598 | ¥ 81,598 | ¥ | ¥ |
| Equity securities (foreign) | 77,172 | 77,172 | | |
| Debt securities (foreign) | 5 | 5 | | |
| Total available-for-sale securities | 158,775 | 158,775 | | |
| Derivatives | | | | |
| Interest rate swap agreements | ¥ 25 | ¥ | ¥ 25 | ¥ |
| Foreign currency option contracts | 272 | | 272 | |
| Total derivatives | 297 | | 297 | |
| Total | ¥ 159,072 | ¥ 158,775 | ¥ 297 | ¥ |
| Liabilities: | | | | |
| Derivatives | | | | |
| Foreign exchange forward contracts | ¥ 2 | ¥ | ¥ 2 | ¥ |

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| | | | | | |
|-------------------|---|---|---|---|-----|
| Total derivatives | | 2 | | | 2 |
| Total | ¥ | 2 | ¥ | ¥ | 2 ¥ |

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 December 31, 2014 | | | |
|-------------------------------------|--------------------------------------|-----------|---------|---------|
| | Total | Level 1 | Level 2 | Level 3 |
| Assets: | | | | |
| Available-for-sale securities | | | | |
| Equity securities (domestic) | ¥ 79,055 | ¥ 79,055 | | ¥ |
| Equity securities (foreign) | 94,512 | 94,512 | | |
| Debt securities (foreign) | 6 | 6 | | |
| Total available-for-sale securities | 173,573 | 173,573 | | |
| Derivatives | | | | |
| Interest rate swap agreements | ¥ 8 | | ¥ 8 | ¥ |
| Foreign exchange forward contracts | 11 | | 11 | |
| Foreign currency option contracts | 742 | | 742 | |
| Total derivatives | 761 | | 761 | |
| Total | ¥ 174,334 | ¥ 173,573 | ¥ 761 | ¥ |
| Liabilities: | | | | |
| Derivatives | | | | |
| Foreign currency option contracts | ¥ 2 | | ¥ 2 | ¥ |
| Total derivatives | 2 | | 2 | |
| Total | ¥ 2 | | ¥ 2 | ¥ |

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 interest rate swap agreements, foreign exchange forward contracts and foreign currency option 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 nine months ended December 31, 2013 and 2014 were as follows:

| Millions of yen Nine months ended December 31, 2013 | | | | | | Gains (losses) (before taxes) |
|--|-----------|---------|-----------|---------|---|----------------------------------|
| | Total | Level 1 | Level 2 | Level 3 | | |
| Assets: | | | | | | |
| Receivables held for sale | ¥ 689,275 | ¥ | ¥ 689,275 | ¥ | ¥ | (8,538) |

| Millions of yen Nine months ended December 31, 2014 | | | | | | Gains (losses) (before taxes) |
|--|-----------|---------|-----------|---------|---|----------------------------------|
| | Total | Level 1 | Level 2 | Level 3 | | |
| Assets: | | | | | | |
| Receivables held for sale | ¥ 797,610 | ¥ | ¥ 797,610 | ¥ | ¥ | (7,178) |

DOCOMO's assets that were measured at fair value on a nonrecurring basis for the three months ended December 31, 2013 and 2014 were as follows:

| Millions of yen Three months ended December 31, 2013 | | | | | | Gains (losses) (before taxes) |
|---|-----------|---------|-----------|---------|---|----------------------------------|
| | Total | Level 1 | Level 2 | Level 3 | | |
| Assets: | | | | | | |
| Receivables held for sale | ¥ 460,294 | ¥ | ¥ 460,294 | ¥ | ¥ | (6,878) |

| Millions of yen Three months ended December 31, 2014 | | | |
|---|---------|---------|---------|
| Total | Level 1 | Level 2 | Level 3 |
| | | | |

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| | | | | | | | Gains (losses) (before taxes) |
|---------------------------|---|---------|---|---|---------|---|----------------------------------|
| Assets: | | | | | | | |
| Receivables held for sale | ¥ | 487,653 | ¥ | ¥ | 487,653 | ¥ | (6,290) |

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NTT DOCOMO, INC. AND SUBSIDIARIES

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

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.

7. Subsequent event:

(a) Share Repurchases

During January 2015, NTT DOCOMO, INC. repurchased its common stock. Related information is disclosed in Note 3 Equity.

(b) Tata Teleservices Limited

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

As of December 31, 2013 and 2014, DOCOMO held approximately 26.5% of the outstanding common shares of TTSL and has accounted for the investment under the equity method.

Under the shareholders agreement (the Agreement) entered into among TTSL, Tata Sons Limited (Tata Sons), the parent company of TTSL, 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 ¥138.5 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 on January 3, 2015.

The sale of investment in TTSL has not been completed as Tata Sons has not fulfilled its obligation, and thus DOCOMO has not accounted for the sales transaction for the year ending March 31, 2015. DOCOMO continues 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 submitting the request for arbitration. The financial effect of this matter 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 it becomes probable that the likelihood of the transaction as described above will not be carried out.

* 1 rupee = ¥1.91 as of December 30, 2014