

NTT DOCOMO INC
Form 6-K
December 01, 2005
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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 December, 2005.

Commission File Number: 001-31221

Total number of pages: 25

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

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(Address of principal executive offices)

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):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

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):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes **No**

If **Yes** is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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Information furnished in this form:

1. Semi-Annual Report filed on December 1, 2005 with the Director of the Kanto Local Finance Bureau of Japan pursuant to the Securities and Exchange Law of Japan

On December 1, 2005, the registrant filed its Semi-Annual Report with the Director of the Kanto Local Finance Bureau of Japan and provided it to the Tokyo Stock Exchange. This Semi-Annual Report was filed pursuant to the Securities and Exchange Law of Japan and contains, among other things, semi-annual consolidated financial statements for the six months ended September 30, 2005 prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The material contents of the report, other than the semi-annual consolidated financial statements, have already been reported by the registrant in its press release dated October 28, 2005, a copy of which was submitted under cover of Form 6-K on November 1, 2005 by the registrant.

Attached is an English translation of the registrant's semi-annual consolidated financial statements for the six months ended September 30, 2005 prepared in accordance with U.S. GAAP.

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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: December 1, 2005

By:

/s/ YOSHIKIYO SAKAI

Yoshikiyo Sakai

Head of Investor Relations

Table of Contents**NTT DoCoMo, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

SEPTEMBER 30, 2005 and 2004 and MARCH 31, 2005

| Classification | Note | Millions of yen | | | | | |
|--|-------|-----------------|------|-------------|------|-------------|------|
| | | (UNAUDITED) | | | | | |
| | | September 30, | | March 31, | | | |
| | | 2005 | 2004 | 2005 | | | |
| | | Amount | % | Amount | % | Amount | % |
| ASSETS | | | | | | | |
| I Current assets: | | | | | | | |
| 1 Cash and cash equivalents | | ¥ 693,503 | | ¥ 480,286 | | ¥ 769,952 | |
| 2 Short-term investments | | 300,010 | | | | 250,017 | |
| 3 Accounts receivable, net | | 586,819 | | 586,072 | | 612,397 | |
| 4 Inventories | | 156,352 | | 127,063 | | 156,426 | |
| 5 Deferred tax assets | | 91,288 | | 86,932 | | 145,395 | |
| 6 Tax refunds receivable | | | | | | 92,869 | |
| 7 Prepaid expenses and other current assets | | 111,942 | | 126,502 | | 114,638 | |
| Total current assets | | 1,939,914 | 31.7 | 1,406,855 | 23.8 | 2,141,694 | 34.9 |
| II Property, plant and equipment: | | | | | | | |
| 1 Wireless telecommunications equipment | | 4,556,618 | | 4,301,597 | | 4,392,477 | |
| 2 Buildings and structures | | 705,347 | | 676,674 | | 696,002 | |
| 3 Tools, furniture and fixtures | | 598,395 | | 588,016 | | 589,302 | |
| 4 Land | | 196,827 | | 194,493 | | 196,062 | |
| 5 Construction in progress | | 180,162 | | 173,280 | | 103,648 | |
| Sub-total | | 6,237,349 | | 5,934,060 | | 5,977,491 | |
| Accumulated depreciation | | (3,495,061) | | (3,171,134) | | (3,295,062) | |
| Total property, plant and equipment, net | | 2,742,288 | 44.8 | 2,762,926 | 46.8 | 2,682,429 | 43.7 |
| III Non-current investments and other assets: | | | | | | | |
| 1 Investments in affiliates | 4 | 146,541 | | 318,663 | | 48,040 | |
| 2 Marketable securities and other investments | 5 | 224,035 | | 54,715 | | 243,062 | |
| 3 Intangible assets, net | 6 | 534,289 | | 524,141 | | 535,795 | |
| 4 Goodwill | | 140,348 | | 133,354 | | 140,097 | |
| 5 Other assets | 7, 11 | 215,530 | | 162,888 | | 164,323 | |
| 6 Deferred tax assets | | 177,325 | | 543,380 | | 181,081 | |

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| | | | | | | | |
|--|-------|--------------------|--------------|-------------|-------|-------------|-------|
| Total non-current investments and other assets | | 1,438,068 | 23.5 | 1,737,141 | 29.4 | 1,312,398 | 21.4 |
| Total assets | | ¥ 6,120,270 | 100.0 | ¥ 5,906,922 | 100.0 | ¥ 6,136,521 | 100.0 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | | | | | | |
| I Current liabilities: | | | | | | | |
| 1 Current portion of long-term debt | 11 | ¥ 276,785 | | ¥ 22,145 | | ¥ 150,304 | |
| 2 Accounts payable, trade | | 559,318 | | 583,084 | | 706,088 | |
| 3 Accrued payroll | | 38,221 | | 38,909 | | 41,851 | |
| 4 Accrued interest | | 1,617 | | 1,735 | | 1,510 | |
| 5 Accrued taxes on income | | 151,783 | | 195,825 | | 57,443 | |
| 6 Other current liabilities | 11 | 153,359 | | 162,814 | | 136,901 | |
| Total current liabilities | | 1,181,083 | 19.3 | 1,004,512 | 17.0 | 1,094,097 | 17.8 |
| II Long-term liabilities: | | | | | | | |
| 1 Long-term debt | 11 | 655,008 | | 941,447 | | 798,219 | |
| 2 Employee benefits | | 142,809 | | 139,222 | | 138,674 | |
| 3 Other long-term liabilities | 11 | 192,237 | | 170,893 | | 197,478 | |
| Total long-term liabilities | | 990,054 | 16.2 | 1,251,562 | 21.2 | 1,134,371 | 18.5 |
| Total liabilities | | 2,171,137 | 35.5 | 2,256,074 | 38.2 | 2,228,468 | 36.3 |
| III Minority interests in consolidated subsidiaries | | 949 | 0.0 | 89 | 0.0 | 121 | 0.0 |
| IV Commitments and contingencies | 10 | | | | | | |
| V Shareholders equity: | 8 | | | | | | |
| 1 Common stock | | 949,680 | | 949,680 | | 949,680 | |
| 2 Additional paid-in capital | | 1,311,013 | | 1,311,013 | | 1,311,013 | |
| 3 Retained earnings | | 2,439,410 | | 2,046,141 | | 2,100,407 | |
| 4 Accumulated other comprehensive income | 5, 11 | 34,936 | | 81,514 | | 57,609 | |
| 5 Treasury stock, at cost | | (786,855) | | (737,589) | | (510,777) | |
| Total shareholders equity | | 3,948,184 | 64.5 | 3,650,759 | 61.8 | 3,907,932 | 63.7 |
| Total liabilities and shareholders equity | | ¥ 6,120,270 | 100.0 | ¥ 5,906,922 | 100.0 | ¥ 6,136,521 | 100.0 |

See accompanying notes to consolidated financial statements.

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NTT DoCoMo, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

SIX MONTHS ENDED SEPTEMBER 30, 2005 and 2004

and YEAR ENDED MARCH 31, 2005

| Millions of yen | | | | | | | |
|--|------|--------------------------------|--------------|----------------------|--------------|------------------|--------------|
| (UNAUDITED) | | | | | | | |
| Classification | Note | Six months ended September 30, | | Year ended March 31, | | | |
| | | 2005 | 2004 | 2005 | | | |
| | | Amount | % | Amount | % | Amount | % |
| I Operating revenues: | | | | | | | |
| 1 Wireless services | | ¥ 2,150,988 | | ¥ 2,163,820 | | ¥ 4,296,537 | |
| 2 Equipment sales | | 222,467 | | 288,133 | | 548,073 | |
| Total operating revenues | | <u>2,373,455</u> | <u>100.0</u> | <u>2,451,953</u> | <u>100.0</u> | <u>4,844,610</u> | <u>100.0</u> |
| II Operating expenses: | | | | | | | |
| 1 Cost of services (exclusive of items shown separately below) | | 345,259 | | 335,124 | | 740,423 | |
| 2 Cost of equipment sold (exclusive of items shown separately below) | | 511,518 | | 555,611 | | 1,122,443 | |
| 3 Depreciation and amortization | 6 | 339,098 | | 340,306 | | 735,423 | |
| 4 Impairment loss | 3 | 432 | | | | 60,399 | |
| 5 Selling, general and administrative | | 618,780 | | 675,480 | | 1,401,756 | |
| Total operating expenses | | <u>1,815,087</u> | <u>76.5</u> | <u>1,906,521</u> | <u>77.8</u> | <u>4,060,444</u> | <u>83.8</u> |
| Operating income | | <u>558,368</u> | <u>23.5</u> | <u>545,432</u> | <u>22.2</u> | <u>784,166</u> | <u>16.2</u> |
| III Other income (expense): | | | | | | | |
| 1 Interest expense | 11 | (4,338) | | (4,231) | | (9,858) | |
| 2 Interest income | | 3,399 | | 413 | | 1,957 | |
| 3 Gain on sale of affiliate shares | 4,11 | 61,962 | | | | 501,781 | |
| 4 Other, net | 11 | 13,699 | | 3,551 | | 10,175 | |
| Total other income (expense) | | <u>74,722</u> | <u>3.2</u> | <u>(267)</u> | <u>(0.0)</u> | <u>504,055</u> | <u>10.4</u> |

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| | | | | | | | |
|---|----|-------------------|--------------|------------|-------|-------------|-------|
| Income before income taxes, equity in net losses of affiliates and minority interests in consolidated subsidiaries | | | | | | | |
| | | 633,090 | 26.7 | 545,165 | 22.2 | 1,288,221 | 26.6 |
| Income taxes: | | | | | | | |
| 1 Current | | 169,341 | | 195,718 | | 192,124 | |
| 2 Deferred | | 77,379 | | 14,195 | | 335,587 | |
| Total income taxes | | 246,720 | 10.4 | 209,913 | 8.5 | 527,711 | 10.9 |
| Income before equity in net losses of affiliates and minority interests in consolidated subsidiaries | | | | | | | |
| | | 386,370 | 16.3 | 335,252 | 13.7 | 760,510 | 15.7 |
| Equity in net losses of affiliates | 4 | (1,097) | (0.1) | (35) | (0.0) | (12,886) | (0.3) |
| Minority interests in consolidated subsidiaries | | 3 | 0.0 | (28) | (0.0) | (60) | (0.0) |
| Net Income | | ¥ 385,276 | 16.2 | ¥ 335,189 | 13.7 | ¥ 747,564 | 15.4 |
| Other comprehensive income (loss): | | | | | | | |
| 1 Unrealized holding (losses) gains on available-for-sale securities | 5 | (2,389) | | (213) | | 9,220 | |
| 2 Net revaluation of financial instruments | 11 | 153 | | 30 | | (367) | |
| 3 Foreign currency translation adjustment | 11 | (20,589) | | 516 | | (32,670) | |
| 4 Minimum pension liability adjustment | | 152 | | (174) | | 71 | |
| Comprehensive income | | ¥ 362,603 | 15.3 | ¥ 335,348 | 13.7 | ¥ 723,818 | 14.9 |
| Per share data: | | | | | | | |
| Weighted average common shares outstanding basic and diluted (shares) | | 45,932,905 | | 48,268,442 | | 47,401,154 | |
| Basic and diluted earnings per share (Yen) | | ¥ 8,387.80 | | ¥ 6,944.27 | | ¥ 15,771.01 | |

See accompanying notes to consolidated financial statements.

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NTT DoCoMo, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

SIX MONTHS ENDED SEPTEMBER 30, 2005 and 2004

and YEAR ENDED MARCH 31, 2005

| Classification | Note | Millions of yen | | |
|--|------|------------------|------------|-----------|
| | | (UNAUDITED) | | |
| | | Six months ended | Year ended | |
| | | September 30, | March 31, | |
| | | 2005 | 2004 | 2005 |
| | | Amount | Amount | Amount |
| I Common stock: | | | | |
| 1 At beginning of period | | ¥ 949,680 | ¥ 949,680 | ¥ 949,680 |
| At end of period | | 949,680 | 949,680 | 949,680 |
| II Additional paid-in capital: | | | | |
| 1 At beginning of period | | 1,311,013 | 1,311,013 | 1,311,013 |
| At end of period | | 1,311,013 | 1,311,013 | 1,311,013 |
| III Retained earnings: | | | | |
| 1 At beginning of period | | 2,100,407 | 1,759,548 | 1,759,548 |
| 2 Cash dividends | | (46,273) | (48,596) | (95,334) |
| 3 Retirement of treasury stock | | | | (311,371) |
| 4 Net income | | 385,276 | 335,189 | 747,564 |
| At end of period | | 2,439,410 | 2,046,141 | 2,100,407 |
| IV Accumulated other comprehensive income: | | | | |
| 1 At beginning of period | | 57,609 | 81,355 | 81,355 |
| 2 Unrealized holding (losses) gains on available-for-sale securities | | (2,389) | (213) | 9,220 |
| 3 Net revaluation of financial instruments | | 153 | 30 | (367) |
| 4 Foreign currency translation adjustment | | (20,589) | 516 | (32,670) |
| 5 Minimum pension liability adjustment | | 152 | (174) | 71 |

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| | | | | |
|-----------------------------------|---|--------------------|-------------|-------------|
| At end of period | | 34,936 | 81,514 | 57,609 |
| V Treasury stock, at cost: | | | | |
| 1 At beginning of period | | (510,777) | (396,901) | (396,901) |
| 2 Purchase of treasury stock | 8 | (276,078) | (340,688) | (425,247) |
| 3 Retirement of treasury stock | | | | 311,371 |
| At end of period | | (786,855) | (737,589) | (510,777) |
| Total shareholders equity | | ¥ 3,948,184 | ¥ 3,650,759 | ¥ 3,907,932 |

See accompanying notes to consolidated financial statements.

Table of Contents**NTT DoCoMo, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****SIX MONTHS ENDED SEPTEMBER 30, 2005 and 2004****and YEAR ENDED MARCH 31, 2005**

| Classification | Note | Millions of yen | | |
|--|------|-----------------------------------|-----------|------------|
| | | (UNAUDITED) | | Year ended |
| | | Six months ended September 30, | | March 31, |
| | | 2005 | 2004 | 2005 |
| | | Amount | Amount | Amount |
| I Cash flows from operating activities: | | | | |
| 1 Net income | | ¥ 385,276 | ¥ 335,189 | ¥ 747,564 |
| 2 Adjustments to reconcile net income to net cash provided by operating activities | | | | |
| (1) Depreciation and amortization | | 339,098 | 340,306 | 735,423 |
| (2) Impairment loss | | 432 | | 60,399 |
| (3) Deferred taxes | | 77,722 | 13,357 | 334,095 |
| (4) Loss on sale or disposal of property, plant and equipment | | 7,600 | 11,486 | 45,673 |
| (5) Gain on sale of affiliate shares | | (61,962) | | (501,781) |
| (6) Equity in net losses of affiliates | | 754 | 873 | 14,378 |
| (7) Minority interests in consolidated subsidiaries | | (3) | 28 | 60 |
| (8) Changes in current assets and liabilities: | | | | |
| Decrease in accounts receivable, trade | | 27,656 | 31,756 | 8,731 |
| Decrease in allowance for doubtful accounts | | (2,078) | (1,697) | (4,641) |
| Decrease (increase) in inventories | | 74 | 206 | (29,157) |
| Decrease (increase) tax refunds receivable | | 92,869 | | (92,869) |
| (Decrease) increase in accounts payable, trade | | (135,733) | (40,887) | 89,464 |
| Increase (decrease) in accrued taxes on income | | 94,340 | (122,186) | (260,585) |
| Increase in other current liabilities | | 16,530 | 21,972 | 12,531 |
| Increase in liability for employee benefits | | 4,135 | 5,268 | 4,720 |
| Other, net | | 12,229 | (22,892) | 17,580 |
| Net cash provided by operating activities | | 858,939 | 572,779 | 1,181,585 |
| II Cash flows from investing activities: | | | | |
| 1 Purchases of property, plant and equipment | | (329,192) | (365,136) | (668,413) |
| 2 Purchases of intangible and other assets | | (91,224) | (108,545) | (242,668) |
| 3 Purchases of non-current investments | | (103,344) | (1,179) | (176,017) |
| 4 Proceeds from sale of non-current investments | | 24,064 | 26,355 | 725,905 |

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| | | | |
|--|-------------------|-------------------|-------------------|
| 5 Purchases of short-term investments | (250,000) | | (361,297) |
| 6 Redemption of short-term investments | 200,000 | | 111,521 |
| 7 Loan advances | | (113) | (580) |
| 8 Collection of loan advances | 228 | 39,848 | 40,015 |
| 9 Long-term bailment for consumption to a related party | (50,000) | | |
| 10 Other, net | 757 | 402 | (6,795) |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash used in investing activities | (598,711) | (408,368) | (578,329) |
| III Cash flows from financing activities: | | | |
| 1 Repayment of long-term debt | (15,842) | (130,349) | (146,709) |
| 2 Proceeds from short-term borrowings | 19,500 | 46,000 | 87,500 |
| 3 Repayment of short-term borrowings | (19,500) | (46,000) | (87,500) |
| 4 Principal payments under capital lease obligations | (2,340) | (2,476) | (4,748) |
| 5 Payments to acquire treasury stock | (276,078) | (340,688) | (425,247) |
| 6 Dividends paid | (46,273) | (48,596) | (95,334) |
| 7 Other, net | (1) | (1) | (1) |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash used in financing activities | (340,534) | (522,110) | (672,039) |
| IV Effect of exchange rate changes on cash and cash equivalents | | | |
| | 3,857 | (45) | 705 |
| V Net decrease in cash and cash equivalents | | | |
| | (76,449) | (357,744) | (68,078) |
| VI Cash and cash equivalents at beginning of period | | | |
| | 769,952 | 838,030 | 838,030 |
| VII Cash and cash equivalents at end of period | | | |
| | <u>¥ 693,503</u> | <u>¥ 480,286</u> | <u>¥ 769,952</u> |
| Supplemental disclosures of cash flow information: | | | |
| Cash received during the period for: | | | |
| Tax refunds | ¥ 93,103 | ¥ 7 | ¥ 7 |
| Cash paid during the period for: | | | |
| Interest | 4,231 | 5,422 | 10,323 |
| Income taxes | 81,069 | 319,086 | 541,684 |
| Non-cash investing and financing activities: | | | |
| Acquisition of shares from sale of an investment | | 16,711 | 16,711 |
| Assets acquired through capital lease obligations | 2,223 | 2,152 | 4,411 |
| Retirement of treasury stock | | | 311,371 |

See accompanying notes to consolidated financial statements.

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NTT DoCoMo, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

Pursuant to section 81 of Regulation Concerning the Terminology, Forms and Preparation Methods of Semi-annual Consolidated Financial Statements (Japanese Ministry of Finance Ordinance No. 24, 1999), the accompanying semi-annual consolidated financial statements for the six months ended September 30, 2005 and 2004 of NTT DoCoMo, Inc. (the Company) and its subsidiaries (collectively DoCoMo) have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Since DoCoMo's American Depository Shares are publicly traded on the New York Stock Exchange, DoCoMo prepares its consolidated financial statements pursuant to the terminology, forms and preparation methods required in order to issue American Depository Shares, which are registered with the Securities Exchange Commission of the United States of America.

2. Summary of significant accounting and reporting policies:

(1) Adoption of new accounting standards

Accounting for Conditional Asset Retirement Obligations

Effective April 1, 2005, DoCoMo adopted the Financial Accounting Standards Board (FASB) Interpretation No. 47 (FIN 47) Accounting for Conditional Asset Retirement Obligations an Interpretation of FASB Statement No. 143. FIN 47 provides guidance relating to the identification of and financial reporting for legal obligations to perform an asset retirement activity. The Interpretation requires recognition of a liability for the fair value of a conditional asset retirement obligation when incurred if the liability's fair value can be reasonably estimated. The adoption of FIN 47 did not have any impact on DoCoMo's results of operations and financial position.

(2) Significant accounting policies

Principles of consolidation

The consolidated financial statements include the accounts of DoCoMo and its majority-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

DoCoMo adopts FASB revised Interpretation No. 46, Consolidation of Variable Interest Entities an Interpretation of Accounting Research Bulletin (ARB) No. 51 (FIN 46R). FIN 46R addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. At September 30, 2005 and 2004, and March 31, 2005, DoCoMo had no VIEs to be consolidated or disclosed.

Use of estimates

The preparation of DoCoMo's consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. DoCoMo has identified the following areas where it believes estimates and assumptions are particularly critical to the financial statements. These are determination of useful lives of property, plant and equipment, internal use software and other intangible assets, impairment of long-lived assets, other than temporary impairment of investments in affiliates, realization of deferred tax assets, pension liabilities and revenue recognition.

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NTT DoCoMo, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cash and cash equivalents

DoCoMo considers cash in banks and short-term highly liquid investments with original maturities of three months or less at the date of purchase to be cash and cash equivalents.

Short-term investments

The highly liquid investments, which have original maturities of longer than three months at the date of purchase and remaining maturities of one year or less at the end of fiscal period, are considered to be short-term investments.

Inventories

Inventories are stated at the lower of cost or market. The cost of equipment sold is determined by the first-in, first-out method. Inventories consist primarily of handsets and accessories. DoCoMo evaluates its inventory for obsolescence on a periodic basis and records adjustments as required.

Property, plant and equipment

Property, plant and equipment is stated at cost and includes interest cost incurred during construction, as discussed below in Capitalized interest. Depreciation is computed by the declining-balance method at rates based on the estimated useful lives of the respective assets, with the exception of buildings, which are depreciated on a straight-line basis. Useful lives are determined at the time the asset is acquired and are based on expected use, experience with similar assets and anticipated technological or other changes. If technological or other changes occur more or less rapidly or in a different form than anticipated or the intended use changes, the useful lives assigned to these assets are adjusted, as appropriate.

The estimated useful lives of major depreciable assets are as follows:

| | |
|--|----------------|
| Major wireless telecommunications equipment | 6 to 15 years |
| Steel towers and poles for antenna equipment | 30 to 40 years |

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| | |
|-------------------------------|----------------|
| Reinforced concrete buildings | 38 to 50 years |
| Tools, furniture and fixtures | 4 to 15 years |

Depreciation expense for the six months ended September 30, 2005 and 2004 and for the year ended March 31, 2005 was ¥253,662 million, ¥261,584 million and ¥571,955 million, respectively.

When depreciable telecommunications equipment is retired or abandoned in the normal course of business, the amount of such telecommunications equipment is deducted from the respective telecommunications equipment and accumulated depreciation accounts. Any remaining balance is charged to expense immediately. DoCoMo accounts for legal obligations associated with the retirement of tangible long-lived assets in accordance with SFAS No. 143, Accounting for Asset Retirement Obligations. DoCoMo's asset retirement obligations subject to SFAS No. 143 primarily relate to its obligations to restore certain leased land and buildings used for DoCoMo's wireless telecommunications equipment to their original states. DoCoMo estimates the fair values of the liabilities for an asset retirement obligation, and the aggregate amount of the fair values is immaterial.

Expenditures for replacements and betterments are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Assets under construction are not depreciated until placed in service.

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NTT DoCoMo, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Capitalized interest

DoCoMo capitalizes interest related to the construction of property, plant and equipment over the period of construction. DoCoMo also capitalizes interest associated with the development of internal-use software. DoCoMo amortizes such capitalized interest over the estimated useful lives of the related assets. Total interest costs incurred amounted to ¥5,181 million, of which ¥950 million was capitalized during the six months ended September 30, 2004. There were no interests capitalized for the six months ended September 30, 2005 and the year ended March 31, 2005.

Investments in affiliates

The equity method of accounting is applied to investments in affiliates where DoCoMo owns an aggregate of 20% to 50% and/or is able to exercise significant influence over the affiliate. Under the equity method of accounting, DoCoMo records its share of earnings and losses of the affiliate and adjusts its investment amount. For investments of less than 20%, DoCoMo periodically reviews the facts and circumstances related thereto to determine whether or not it can exercise significant influence over the operating and financial policies of the affiliate and, therefore should apply the equity method of accounting to such investments. Investments of less than 20% in which DoCoMo does not have significant influence are recorded using the cost method of accounting if they are non-marketable securities. For investees accounted for under the equity method whose year end is December 31, DoCoMo records its share of income or losses of such investees on a three month lag basis in its consolidated statements of income and comprehensive income.

DoCoMo evaluates the recoverability of the carrying value of its investments in affiliates, which includes investor level goodwill, when there are indicators that a decline in value below its carrying amount may be other than temporary. In performing its evaluations, DoCoMo utilizes various information, as available, including cash flow projections, independent valuations and, as applicable, quoted market values to determine recoverable amounts and the length of time an investment's carrying value exceeds its estimated current recoverable amount. In the event of a determination that a decline in value is other than temporary, a charge to earnings is recorded for the loss, and a new cost basis in the investment is established.

Marketable securities

Marketable securities consist of debt and equity securities. DoCoMo accounts for such investments in debt and equity securities in accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. Management determines the appropriate classification of its investment securities at the time of purchase. DoCoMo periodically reviews the carrying amounts of its marketable securities for impairments that are other than temporary. If this evaluation indicates there is an impairment that is other than temporary, the security is written down to its estimated fair value.

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NTT DoCoMo, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Equity securities held by DoCoMo, whose fair values are readily determinable, are classified as available-for-sale. Available-for-sale equity securities are carried at fair value with unrealized holding gains or losses, net of applicable taxes, included as a component of accumulated other comprehensive income in shareholders' equity. Equity securities, whose fair values are not readily determinable, are carried at cost. Other than temporary declines in value are charged to earnings. Realized gains and losses are determined using the average cost method and are reflected in earnings.

Debt securities held by DoCoMo, which DoCoMo has the positive intent and ability to hold to maturity, are classified as held-to-maturity, and the other debt securities that may be sold before maturity are classified as available-for-sale securities. Held-to-maturity debt securities are carried at amortized cost. Available-for-sale debt securities are carried at fair value with unrealized holding gains or losses, net of applicable taxes, included as a component of accumulated other comprehensive income in shareholders' equity. Realized gains and losses are determined using the first-in, first-out cost method and are reflected in earnings. Held-to-maturity and available-for-sale debt securities, whose remaining maturities at the end of fiscal periods are one year or less, are recorded as short-term investments in the consolidated balance sheets.

DoCoMo did not hold any trading securities during the six months ended September 30, 2005 and 2004 and the year ended March 31, 2005.

Goodwill and other intangible assets

Goodwill is the excess of the acquisition cost of businesses over the fair value of the identifiable net assets acquired. Other intangible assets primarily consist of software for telecommunications network, internal-use software, computer software acquired to be used in manufacture of handsets, customer related assets and rights to use certain telecommunications assets of wireline carriers.

DoCoMo accounts for goodwill and other intangible assets in accordance with SFAS No. 142, Goodwill and Other Intangible Assets. Accordingly, DoCoMo does not amortize either goodwill, including embedded goodwill created through the acquisition of investments accounted for under the equity method, or intangible assets acquired in a purchase business combination and determined to have an indefinite useful life, but instead, (1) goodwill, excluding goodwill related to equity method investments, and (2) intangible assets that have indefinite useful lives are tested for impairment at least annually. Intangible assets that have finite useful lives, consisting primarily of software for telecommunications network, internal-use software, computer software acquired to be used in manufacture of handsets, customer related assets and rights to use telecommunications facilities of wireline are amortized over their useful lives.

Goodwill related to equity method investments is tested for other than temporary impairment in accordance with Accounting Principles Board (APB) Opinion No. 18, The Equity Method of Accounting for Investments in Common Stock.

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DoCoMo capitalizes the cost of internal-use software which has a useful life in excess of one year in accordance with American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. Subsequent costs for additions, modifications or upgrades to internal-use software are capitalized only to the extent that the software is able to perform a task it previously did not perform. Computer software acquired to be used in the manufacture of handsets is capitalized if the technological feasibility of the handset to be ultimately marketed has been established at the time of purchase in accordance with SFAS No. 86, Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed. Software maintenance and training costs are expensed in the period in which they are incurred. Capitalized computer software costs are being amortized on a straight-line basis over a period of 5 years.

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NTT DoCoMo, INC. AND SUBSIDIARIES

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Customer related assets principally consist of contractual customer relationships in the mobile phone business that were recorded in connection with the acquisition of minority interests of the regional subsidiaries in November 2002 through the process of identifying separable intangible assets apart from goodwill. The customer related assets are amortized over the expected term of customer relationships in mobile phone business, which is 6 years.

Amounts capitalized related to rights to use certain telecommunications assets of wireline carriers, primarily Nippon Telegraph and Telephone Corporation (NTT), are being amortized over 20 years.

Impairment of long-lived assets

DoCoMo's long-lived assets other than goodwill, including property, plant and equipment, software and intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Recoverability of assets to be held and used is evaluated by a comparison of the carrying amount of the asset with future undiscounted cash flows expected to be generated by the asset or asset group. If the asset (or asset group) is determined to be impaired, the loss recognized is the amount by which the carrying value of the asset (or asset group) exceeds its fair value as measured by discounted cash flows, salvage value or expected net proceeds, depending on the circumstances.

Information relating to goodwill is disclosed in Goodwill and other intangible assets .

Hedging activities

DoCoMo uses derivative financial instruments, including interest rate swap, foreign currency swap and foreign exchange forward contracts, and non-derivative financial instruments to manage its exposure to fluctuations in interest rates and foreign exchange rates. These financial instruments are effective in meeting the risk reduction objectives of DoCoMo by generating either cash flows which offset the cash flows related to the underlying position in respect of amount and timing or transaction gains and losses which offset transaction gains and losses of the hedged item. DoCoMo does not hold or issue derivative financial instruments for trading purposes.

DoCoMo accounts for derivative instruments and other hedging activities in accordance with SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 138 and No. 149. All derivative instruments are recorded on the balance sheet at fair value, with the change in the fair value recognized either in other comprehensive income (loss) or in net income depending on whether the derivative instrument qualifies as a hedge for accounting purposes, and if so, the nature of hedging activity. DoCoMo discontinues hedge accounting prospectively when DoCoMo determines that the derivative or non-derivative instrument is no longer highly effective as a hedge or when DoCoMo decides to discontinue the hedging relationship.

Cash flows from derivative instruments are classified in the consolidated statements of cash flows under the same categories as the cash flows from the related assets, liabilities or anticipated transactions.

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Employee benefit plans

Pension benefits earned during the period, as well as interest on projected benefit obligations are accrued currently. Prior service costs and credits resulting from changes in benefit plans are amortized over the average remaining service period of the employees expected to receive benefits.

Revenue recognition

DoCoMo primarily generates its revenues from two sources – wireless services and equipment sales. These revenue sources are separate and distinct earnings processes. Wireless service is sold to the ultimate subscriber directly or through third-party retailers who act as agents, while equipments, including handsets, are sold principally to primary distributors.

DoCoMo sets its wireless services rates in accordance with the Japanese Telecommunications Business Law and government guidelines, which currently allow wireless telecommunications operators to set their own tariffs without government approval. Wireless service revenues primarily consist of base monthly service charges, airtime charges and fees for activation.

Base monthly service charges and airtime charges are recognized as revenues as service is provided to the subscribers. DoCoMo's monthly rate plans for cellular (FOMA and mova) services generally include a certain amount of allowances (free minutes and/or packets), and the used amount of the allowances is subtracted from total usage in calculating the airtime revenue from a subscriber for the month. Prior to November 2003, the total amount of the base monthly charges was recognized as revenues in the month they were charged as the subscribers could not carry over the unused allowances to the following months. In November 2003, DoCoMo introduced a billing arrangement, called Nikagetsu Kurikoshi (two-month carry over), in which the unused allowances are automatically carried over up to the following two months. In addition, DoCoMo introduced an arrangement which enables the unused allowances offered in and after December 2004 that have been carried over for two months to be automatically used to cover the airtime and/or packet fees exceeding the allowances of the other lines in the Family Discount group, a discount billing arrangement for families with between two and ten DoCoMo subscriptions. DoCoMo has deferred revenues based on the portion of unused allowances that are estimated to be utilized prior to expiration. As DoCoMo does not have sufficient empirical evidence to reasonably estimate such amounts, DoCoMo currently deducts and defers all amounts allocated to unused allowances from revenues. The deferred revenues are recognized as revenues as the subscribers make calls or data communications, similar to the way airtime revenues are recognized, or as the allowances expire.

Certain commissions paid to purchasers (primarily agent resellers) are recognized as a reduction of revenue upon delivery of the equipment to the purchasers (primarily agent resellers) in accordance with EITF Issue No. 01-09 (EITF 01-09), Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products).

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Non-recurring upfront fees such as activation fees are deferred and recognized as revenues over the estimated average period of the customer relationship for each service. The related direct costs are deferred only to the extent of the upfront fee amount and are amortized over the same period.

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Selling, general and administrative expenses

Selling, general and administrative expenses primarily include commissions paid to agents, expenses associated with DoCoMo's customer loyalty programs, advertising costs, as well as other expenses such as payroll and related benefit costs of personnel not directly involved in the operations and maintenance process. Commissions paid to agents represent the largest portion of selling, general and administrative expenses.

Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Earnings per share

Basic earnings per share includes no dilution and is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding for the period. Diluted earnings per share assumes the dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock. DoCoMo has no dilutive securities outstanding at September 30, 2005 and 2004 and March 31, 2005, and therefore there is no difference between basic and diluted earnings per share.

Foreign currency translation

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at appropriate period-end current rates and all income and expense accounts are translated at rates that approximate those rates prevailing at the time of the transactions. The resulting translation adjustments are included as a component of accumulated other comprehensive income.

Foreign currency receivables and payables of DoCoMo are translated at appropriate period-end current rates and the resulting translation gains or losses are included in earnings currently.

DoCoMo transacts limited business in foreign currencies. The effects of exchange rate fluctuations from the initial transaction date to the settlement date are recorded as exchange gain or loss, which are included in Other, net of other income (expense) in the accompanying statements of income and comprehensive income.

Table of Contents**NTT DoCoMo, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(3) Reclassifications**

Certain reclassifications have been made to the prior periods' consolidated financial statements to conform to the presentation used for the six months ended September 30, 2005.

3. Impairment of long-lived assets:**Impairment of PHS business assets**

As a result of the revised business outlook for its PHS business, DoCoMo evaluated the recoverability of the long-lived assets, including property, plant and equipment and rights to use telecommunications facilities of wireline carriers in accordance with SFAS No. 144 for the year ended March 31, 2005. To estimate the fair value of the long-lived assets related to PHS business, DoCoMo used future discounted cash flows expected to be generated by the long-lived assets because of the absence of an observable market price. Because DoCoMo estimated that future cash flows from the PHS business would be negative, DoCoMo wrote-down the entire carrying value of its long-lived assets related to the PHS business, resulting in a non-cash impairment loss of ¥60,399 million for the year ended March 31, 2005. DoCoMo also wrote-down the entire carrying value of long-lived assets related to the PHS business which DoCoMo acquired during the six months ended September 30, 2005. Therefore, DoCoMo recognized an impairment loss of long-lived assets of ¥432 million for the six months ended September 30, 2005. The impairment loss is recorded in "Impairment loss" in the consolidated statements of income and comprehensive income.

4. Investments in affiliates:

DoCoMo's investments in the following entities are accounted for on the equity method as of September 30, 2005:

| Company name | Ownership Percentage September 30, 2005 |
|--|--|
| Hutchison Telephone Company Limited | 24.10% |
| Hutchison 3G HK Holdings Limited | 24.10% |
| Sumitomo Mitsui Card Company, Limited (Sumitomo Mitsui Card) | 34.00% |

Hutchison 3G UK Holdings Limited

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On May 27, 2004, DoCoMo agreed to sell its entire shareholding in Hutchison H3G UK Holdings Limited (H3G UK) to Hutchison Whampoa Limited (HWL) for a total consideration of £120 million in a Sale and Purchase Agreement signed between DoCoMo and HWL. Under the terms of the agreement, DoCoMo was to receive payment in three installments, the final installment of which was expected to be made in December 2006, either in cash or in shares of Hutchison Telecommunications International Limited (HTIL), a subsidiary company of HWL that is being listed on the Stock Exchange of Hong Kong since October 15, 2004. As a result of the agreement, DoCoMo waived certain of its minority shareholder s rights, including voting right and supervisory board representation. As DoCoMo no longer had the ability to exercise significant influence over H3G UK, DoCoMo ceased to account for its investment in H3G UK using the equity method.

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NTT DoCoMo, INC. AND SUBSIDIARIES

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During the year ended March 31, 2005, DoCoMo received 187,966,653 shares of HTIL (equivalent to £80 million) as the first installment payment by HWL, which was reported as marketable securities and other investments, with a corresponding amount recorded as other long-term liabilities until such time that the transfer of H3G UK shares is completed.

On May 9, 2005, DoCoMo received a notice from HWL that HWL intends to exercise its right to accelerate completion of the payment on June 23, 2005. As a result of the transaction, DoCoMo will record a gain on sale of affiliate shares of ¥61,962 million, including reclassification of foreign currency translation of ¥38,174 million, for the six months ended September 30, 2005.

Sumitomo Mitsui Card

DoCoMo entered into an agreement with Sumitomo Mitsui Card, Sumitomo Mitsui Financial Group, Inc. and Sumitomo Mitsui Banking Corporation that DoCoMo and these companies would jointly promote the new credit transaction services which use the phones compatible with Osaifu-Keitai* service and DoCoMo would form a capital alliance with Sumitomo Mitsui Card. Based on the agreement, on July 11, 2005, DoCoMo acquired 34% of Sumitomo Mitsui Card's common shares for ¥98,000 million, including new shares issued by Sumitomo Mitsui Card. Upon the completion of this transaction, DoCoMo has accounted for its investment in Sumitomo Mitsui Card using the equity method.

* Osaifu-Keitai refers to mobile phones equipped with a contactless IC chip, as well as the useful function and services enabled by the IC chip. With this function, a mobile phone can be utilized as electronic wallet, a credit card, an electronic ticket, a membership card, an airline ticket, and more.

DoCoMo believes the estimated fair values of its investments in affiliates at September 30, 2005 equal or exceed the related carrying values.

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NTT DoCoMo, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Marketable securities and other investments:

Marketable securities and other investments as of September 30, 2005 and 2004 and March 31, 2005 comprised the following:

| | Millions of yen | | |
|------------------------|------------------|-----------------|------------------|
| | September 30, | | March 31, |
| | 2005 | 2004 | 2005 |
| Marketable securities: | | | |
| Available-for-sale | ¥ 203,743 | ¥ 40,410 | ¥ 223,107 |
| Held-to-maturity | | | 7 |
| Other investments | 20,292 | 14,305 | 19,955 |
| Total | ¥ 224,035 | ¥ 54,715 | ¥ 243,069 |

Debt securities, which were classified as short-term investments of current assets because the maturities at the end of fiscal periods were one year or less, were included in the above table in addition to marketable securities recorded as a non-current item, Marketable securities and other investments, on the consolidated balance sheets.

Maturities of debt securities classified as held-to-maturity as of September 30, 2005 and 2004 and March 31, 2005 are as follows:

| | Millions of yen | | | | | |
|----------------------------------|------------------|------------|------------------|------------|------------------|------------|
| | September 30, | | | | March 31, | |
| | 2005 | | 2004 | | 2005 | |
| | Carrying amounts | Fair value | Carrying amounts | Fair value | Carrying amounts | Fair value |
| Due within 1 year | ¥ | ¥ | ¥ | ¥ | ¥ 7 | ¥ 7 |
| Due after 1 year through 5 years | | | | | | |

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Due after 5 years through 10 years
 Due after 10 years

| | | | | | | |
|-------|---|---|---|---|----|-----|
| | — | — | — | — | — | — |
| Total | ¥ | ¥ | ¥ | ¥ | ¥7 | ¥ 7 |

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Maturities of debt securities classified as available-for-sale as of September 30, 2005 and 2004 and March 31, 2005 are as follows:

| | Millions of yen | | | | | |
|------------------------------------|---------------------|------------------|---------------------|------------|---------------------|------------------|
| | September 30, | | | | March 31, | |
| | 2005 | | 2004 | | 2005 | |
| | Carrying amounts | Fair value | Carrying amounts | Fair value | Carrying amounts | Fair value |
| Due within 1 year | ¥ | ¥ | ¥ | ¥ | ¥ | ¥ |
| Due after 1 year through 5 years | 150,295 | 150,295 | | | 150,565 | 150,565 |
| Due after 5 years through 10 years | | | | | | |
| Due after 10 years | | | | | | |
| Total | ¥ 150,295 | ¥ 150,295 | ¥ | ¥ | ¥ 150,565 | ¥ 150,565 |

Actual maturities may differ from contractual maturities because some issuers have the right to call or prepay obligations.

The aggregate cost, gross unrealized holding gains and losses and fair value by type of marketable security as of September 30, 2005 and 2004 and March 31, 2005 are as follows:

| | Millions of yen | | | |
|---------------------|--------------------------|-----------------------------------|------------------------------------|------------|
| | September 30, 2005 | | | |
| | Cost / Amortized cost | Gross unrealized holding gains | Gross unrealized holding losses | Fair value |
| Available-for-sale: | | | | |
| Equity securities | ¥ 21,764 | ¥ 32,287 | ¥ 603 | ¥ 53,448 |
| Debt securities | 150,398 | | 103 | 150,295 |
| Held-to-maturity: | | | | |
| Debt securities | | | | |

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Millions of yen

September 30, 2004

| | <u>Cost / Amortized cost</u> | <u>Gross unrealized holding gains</u> | <u>Gross unrealized holding losses</u> | <u>Fair value</u> |
|---------------------|----------------------------------|---|--|-------------------|
| Available-for-sale: | | | | |
| Equity securities | ¥ 21,473 | ¥ 19,265 | ¥ 328 | ¥ 40,410 |
| Debt securities | | | | |
| Held-to-maturity: | | | | |
| Debt securities | | | | |

Millions of yen

March 31, 2005

| | <u>Cost / Amortized cost</u> | <u>Gross unrealized holding gains</u> | <u>Gross unrealized holding losses</u> | <u>Fair value</u> |
|---------------------|----------------------------------|---|--|-------------------|
| Available-for-sale: | | | | |
| Equity securities | ¥ 37,782 | ¥ 35,087 | ¥ 327 | ¥ 72,542 |
| Debt securities | 150,509 | 56 | | 150,565 |
| Held-to-maturity: | | | | |
| Debt securities | 7 | 0 | | 7 |

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NTT DoCoMo, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The proceeds and gross realized gains (losses) from the sale of available-for-sale securities and other investments for the six months ended September 30, 2005 and 2004 and the year ended March 31, 2005 are as follows:

| | Millions of yen | | |
|-----------------------|--------------------------------|----------|----------------------|
| | Six months ended September 30, | | Year ended March 31, |
| | 2005 | 2004 | 2005 |
| Proceeds | ¥ 275 | ¥ 26,946 | ¥ 27,046 |
| Gross realized gains | 227 | 14 | 17 |
| Gross realized losses | | (1,118) | (1,118) |

Other investments include long-term investments in various privately held companies. DoCoMo believes the estimated fair value of the investments at the end of the fiscal periods equal or exceed the carrying value. The aggregate carrying amount of DoCoMo's cost method investments included in other investments totaled ¥16,512 million, ¥13,152 million and ¥15,954 million as of September 30, 2005 and 2004, and March 31, 2005, respectively.

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NTT DoCoMo, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Other intangible assets:**Other intangible assets**

The following table displays the intangible assets, all of which are subject to amortization, as of September 30, 2005 and 2004 and March 31, 2005.

| | Millions of yen | | |
|--|--------------------------|-----------------------------|------------------------|
| | September 30, 2005 | | |
| | Gross carrying amount | Accumulated amortization | Net carrying amount |
| Software for telecommunications network | ¥ 486,364 | ¥ 287,693 | ¥ 198,671 |
| Internal-use software | 704,041 | 451,147 | 252,894 |
| Computer software acquired to be used in the manufacture of handsets | 47,251 | 4,551 | 42,700 |
| Customer related assets | 50,949 | 24,767 | 26,182 |
| Rights to use telecommunications facilities of wireline carriers | 12,836 | 6,229 | 6,607 |
| Other | 9,202 | 1,967 | 7,235 |
| | ¥ 1,310,643 | ¥ 776,354 | ¥ 534,289 |

| | Millions of yen | | |
|--|-----------------------------|-----------------------------|---------------------------|
| | September 30, 2004 | | |
| | Gross carrying amount | Accumulated amortization | Net carrying amount |
| Software for telecommunications network | ¥ 426,603 | ¥ 243,612 | ¥ 182,991 |
| Internal-use software | 628,597 | 365,449 | 263,148 |
| Computer software acquired to be used in the manufacture of handsets | 9,653 | | 9,653 |
| Customer related assets | 50,949 | 16,275 | 34,674 |
| Rights to use telecommunications facilities of wireline carriers | 48,266 | 20,746 | 27,520 |
| Other | 7,873 | 1,718 | 6,155 |
| | ¥ 1,171,941 | ¥ 647,800 | ¥ 524,141 |

| Millions of yen | | | |
|--|-----------------------------|-----------------------------|---------------------------|
| March 31, 2005 | | | |
| | Gross carrying amount | Accumulated amortization | Net carrying amount |
| Software for telecommunications network | ¥ 424,305 | ¥ 232,446 | ¥ 191,859 |
| Internal-use software | 669,047 | 405,716 | 263,331 |
| Computer software acquired to be used in the manufacture of handsets | 39,276 | 1,858 | 37,418 |
| Customer related assets | 50,949 | 20,521 | 30,428 |
| Rights to use telecommunications facilities of wireline carriers | 12,300 | 5,868 | 6,432 |
| Other | 8,084 | 1,757 | 6,327 |
| | ¥ 1,203,961 | ¥ 668,166 | ¥ 535,795 |

Amortization of intangible assets for the six months ended September 30, 2005 and 2004 and the year ended March 31, 2005 was ¥85,436 million, ¥78,722 million and ¥163,468 million, respectively.

Table of Contents**NTT DoCoMo, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****7. Other assets:**

Other assets as of September 30, 2005 and 2004 and March 31, 2005 are summarized as follows:

| | Millions of yen | | |
|---|------------------|------------------|------------------|
| | September 30, | | March 31, |
| | 2005 | 2004 | 2005 |
| Deposits | ¥ 68,382 | ¥ 67,908 | ¥ 68,348 |
| Deferred customer activation costs | 76,781 | 75,294 | 75,096 |
| Long-term bailment for consumption to a related party | 50,000 | | |
| Other | 20,367 | 19,686 | 20,879 |
| | ¥ 215,530 | ¥ 162,888 | ¥ 164,323 |

During the six months ended September 30, 2005, DoCoMo has entered into a contract of bailment of cash for consumption with NTT Leasing Co., Ltd. (NTT Leasing), a related party of DoCoMo, and deposited ¥50,000 million for cash management purposes. As of September 30, 2005, NTT and its subsidiaries owned all voting interests in NTT Leasing and DoCoMo owned 4.2% voting interests in it.

8. Share repurchase

In May and June 2005, DoCoMo repurchased 102,383 shares of its common stock (0.21% of issued shares) for ¥16,916 million in the stock market. This repurchase was based on a stock repurchase plan, which was approved in the shareholders' meeting held on June 18, 2004, under which DoCoMo could repurchase up to 2,500,000 shares at an aggregate amount not to exceed ¥600,000 million in order to improve capital efficiency and to implement flexible capital policies in accordance with the business environment.

On June 21, 2005, the shareholders' meeting approved a stock repurchase plan under which DoCoMo may repurchase up to 2,200,000 shares at an aggregate amount not to exceed ¥400,000 million in order to improve capital efficiency and to implement flexible capital policies in accordance with the business environment. Based on this approval, DoCoMo repurchased 1,561,220 shares of its common stock (3.21% of issued shares) for ¥259,162 million through a tender offer in August 2005.

Also, DoCoMo regularly repurchases its fractional shares.

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The class, aggregate number and price of shares repurchased for the six months ended September 30, 2005, were as follows:

| | |
|---|--|
| Class of shares repurchased: | Shares of common stock of the Company |
| Aggregate number of shares repurchased: | 1,663,605 shares (3.42 % of issued shares) |
| Aggregate price of shares repurchased: | ¥276,078 million |

Of the total shares repurchased during the six months ended September 30, 2005, 1,506,000 shares were purchased from NTT.

Table of Contents**NTT DoCoMo, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****Shareholders' equity per share**

Shareholders' equity per share as of September 30, 2005 and 2004 and March 31, 2005 was ¥88,507.23, ¥78,111.42 and ¥84,455.27, respectively.

9. Segment reporting:

From a resource allocation perspective, DoCoMo views itself as having three primary business segments. The mobile phone business segment includes cellular (FOMA) services, cellular (mova) services, packet communications services, satellite mobile communications services, international services and the equipment sales related to these services. The PHS business segment includes PHS services and the related equipment sales for such service. As of April 30, 2005, DoCoMo ceased accepting new applications for PHS services. The miscellaneous business segment includes Quickcast (paging) services, sales of equipments related to Quickcast services, wireless LAN services and other miscellaneous services, which in the aggregate are not significant.

DoCoMo identified its reportable segments based on the nature of services included, as well as the characteristics of the telecommunications networks used to provide those services. DoCoMo's chief operating decision maker monitors and evaluates the performance of its segments based on the information that follows as derived from DoCoMo's management reports.

Segment information is prepared in accordance with U.S. GAAP.

| Millions of yen | | | | | | |
|-------------------------|-----------------------|--------------|------------|--------------|--------------------------|--------------|
| Six months ended | Mobile phone business | | | PHS business | Miscellaneous businesses | Consolidated |
| September 30, 2005 | business | PHS business | businesses | | | |
| Operating revenues | ¥ 2,332,680 | ¥ 23,745 | ¥ 17,030 | ¥ 2,373,455 | | |
| Operating expenses | 1,773,533 | 24,776 | 16,778 | 1,815,087 | | |
| Operating income (loss) | ¥ 559,147 | ¥ (1,031) | ¥ 252 | ¥ 558,368 | | |

| Millions of yen | | | | | |
|------------------|--|--|--|--|--------------|
| Six months ended | | | | | Consolidated |
| | | | | | |

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| <u>September 30, 2004</u> | <u>Mobile phone business</u> | <u>PHS business</u> | <u>Miscellaneous businesses</u> | <u>_____</u> |
|---------------------------|--------------------------------------|-------------------------|-------------------------------------|--------------|
| Operating revenues | ¥ 2,409,209 | ¥ 33,198 | ¥ 9,546 | ¥ 2,451,953 |
| Operating expenses | 1,851,056 | 44,681 | 10,784 | 1,906,521 |
| Operating income (loss) | ¥ 558,153 | ¥ (11,483) | ¥ (1,238) | ¥ 545,432 |

Millions of yen

| <u>Year ended</u> | <u>Mobile phone business</u> | <u>PHS business</u> | <u>Miscellaneous businesses</u> | <u>_____</u> |
|-------------------------|--------------------------------------|-------------------------|-------------------------------------|---------------------|
| <u>March 31, 2005</u> | | | | <u>Consolidated</u> |
| Operating revenues | ¥ 4,755,815 | ¥ 63,095 | ¥ 25,700 | ¥ 4,844,610 |
| Operating expenses | 3,880,433 | 148,976 | 31,035 | 4,060,444 |
| Operating income (loss) | ¥ 875,382 | ¥ (85,881) | ¥ (5,335) | ¥ 784,166 |

Effective from the six months ended September 30, 2005, DoCoMo partly changed its segment configuration as follows. Quickcast business, which were presented separately in the past, have been reclassified to Miscellaneous businesses, and international services, which were previously classified as Miscellaneous businesses, have been reclassified to Mobile phone business. As a result of these reclassification, the segment results for the six months ended September 30, 2004 and for the year ended March 31, 2005 have been restated to conform to the presentation for the six months ended September 30, 2005.

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DoCoMo does not disclose geographical segments, since operating revenues generated outside Japan are immaterial.

DoCoMo recognized the impairment loss on long-lived assets related to PHS business of ¥432 million and ¥60,399 million, which was recorded in operating expenses of PHS business segment, for the six months ended September 30, 2005 and the year ended March 31, 2005, respectively.

Table of Contents**NTT DoCoMo, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****10. Commitments and contingencies:****Leases**

The minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms at September 30, 2005 are as follows:

| | Millions of yen |
|-------------------------------------|---------------------------|
| | September 30, 2005 |
| Due within one year | ¥ 1,931 |
| Due after one year | 24,138 |
| Total minimum lease payments | ¥ 26,069 |

Litigation

At September 30, 2005, DoCoMo had no litigation or claims outstanding, pending or threatened against it, which in the opinion of management would have a material adverse effect on the results of operations or the financial position.

Guarantees

DoCoMo adopted FIN No. 45, Guarantors Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.

DoCoMo enters into agreements in the normal course of business that provide for guarantees of counterparties. These counterparties include customers, related parties and other business partners. While the most of guarantees provided for customers relate to product defects of cellular phone handsets sold by DoCoMo, DoCoMo is provided with the similar guarantees by the handset vendors. Though the guarantees or indemnifications provided in other transactions than with the customers are different in each contracts, the likelihood of almost all of the performance of these guarantees or indemnifications is remote and amount of payments DoCoMo could be required is not specified in almost all

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of the contract. Historically, DoCoMo has not made any significant guarantee or indemnification payments under such agreements. DoCoMo estimates the estimated fair value of the obligations related to these agreements is not significant. Accordingly, no liabilities have been recognized for these obligations as of September 30, 2005.

Table of Contents**NTT DoCoMo, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****11. Fair value of financial instruments:**

All cash and temporary investments, current receivables, current payables, and certain other short-term financial instruments are short-term in nature, and therefore their carrying amount approximates fair values. Information relating to investments in affiliates and marketable securities and other investments are disclosed in Notes 4 and 5, respectively.

Long-term debt, including current portion

The fair value of long-term debt, including current portion, is estimated based on the discounted amounts of future cash flows using DoCoMo's current incremental borrowings rates for similar liabilities.

The carrying amounts and the estimated fair values of long-term debt, including current portion as of September 30, 2005 and 2004 and March 31, 2005 are as follows:

| Millions of yen | | | | | |
|-----------------|------------|-----------|------------|-----------|------------|
| September 30, | | | | March 31, | |
| 2005 | | 2004 | | 2005 | |
| Carrying | | Carrying | | Carrying | |
| amounts | Fair value | amounts | Fair value | amounts | Fair value |
| ¥931,793 | ¥ 942,659 | ¥ 963,592 | ¥ 972,521 | ¥ 948,523 | ¥ 956,952 |

Risk management

DoCoMo's earnings and cash flows may be negatively impacted by fluctuating interest and foreign exchange rates. To manage these risks, DoCoMo uses derivative financial instruments such as interest rate swap, a currency swap and foreign exchange forward contracts, and also uses non-derivative financial instruments. The financial instruments are executed with creditworthy financial institutions, and DoCoMo management believes there is little risk of default by these counterparties. DoCoMo has and follows internal regulations that set conditions to enter into derivative contracts, and procedures of approving and monitoring such contracts.

In March 2003, DoCoMo issued \$100 million unsecured corporate bonds in order to hedge a portion of its net investment in AT&T Wireless Services, Inc. (AT&T Wireless). This financial instrument was effective as a hedge against fluctuations in currency exchange rates. Translation gains or losses from this financial instrument, which offset translation gains or losses on the investment in AT&T Wireless, were recorded as a foreign currency translation adjustment in other comprehensive income (loss). During the year ended March 31, 2005, DoCoMo used foreign exchange forward contracts to hedge a portion of its net investment in AT&T Wireless. These derivative financial instruments were effective as hedges against fluctuations in net investment in AT&T Wireless derived from fluctuations of currency exchange rates. On October 26, 2004, as a result of the completion of the AT&T Wireless and Cingular Wireless LLC merger, DoCoMo sold all its AT&T Wireless shares. As the hedged item no longer existed, these hedging instruments for the net investments in a foreign operation were reclassified into earnings for the year ended March 31, 2005, and DoCoMo recorded gains totaling ¥6,468 million as a part of gain on sale of affiliate shares, which was included in other income (expense), in the consolidated statements of income and comprehensive income for the year ended March 31, 2005.

Table of Contents**NTT DoCoMo, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

In February 2005, DoCoMo entered into a currency swap contract to hedge currency exchange risk associated with the principal and interest payments of the \$100 million unsecured corporate bonds. The currency swap is designated as a cash flow hedging instrument and is highly effective as a hedge against fluctuations in currency exchange rates, as it fixes the future cash flows of the bonds in yen. As all the essential terms of the currency swap and the hedged item are identical, there is no ineffective portion to the hedge. The gain or loss from the fluctuation in the fair value of the swap transaction is recorded as accumulated other comprehensive income. The amount recorded as accumulated other comprehensive income will be reclassified as the gain or loss when the offsetting gain or loss derived from the hedged item is recorded in the consolidated statements of income and comprehensive income. For the year ended March 31, 2005, ¥254 million of loss from currency translation and ¥28 million of interest expense in the consolidated statements of income and comprehensive income were reclassified, and ¥213 million of loss, net of applicable taxes, was recorded as net revaluation of financial instruments included in accumulated other comprehensive income in the consolidated balance sheet as of March 31, 2005. For the six months ended September 30, 2005, ¥834 million of loss from currency translation and ¥204 million of interest expense in the consolidated statements of income and comprehensive income were reclassified, and ¥60 million of loss, net of applicable taxes, was recorded as net revaluation of financial instruments included in accumulated other comprehensive income in the consolidated balance sheet as of September 30, 2005.

Interest rate swap agreements

The table below shows the fair value of interest rate swap agreements at September 30, 2005 and 2004 and March 31, 2005:

| Term | Weighted average rate | | Millions of yen | |
|-----------|-----------------------|--------------|--------------------|------------|
| | Receive floating | Pay fixed | September 30, 2005 | |
| | | | Contract amounts | Fair value |
| 1995-2005 | 0.4% | 3.6% | ¥ 1,000 | ¥ (15) |
| Term | Weighted average rate | | Millions of yen | |
| | Receive fixed | Pay floating | September 30, 2004 | |
| | | | Contract amounts | Fair value |
| 2003-2011 | 1.5% | 0.2% | ¥ 120,000 | ¥ 2,089 |
| Term | Weighted average rate | | Millions of yen | |
| | Receive floating | Pay fixed | September 30, 2004 | |
| | | | Contract amounts | Fair value |
| 1995-2005 | 0.1% | 3.6% | ¥ 1,000 | ¥ (49) |

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| | <u>Receive fixed</u> | <u>Pay floating</u> | <u>Contract amounts</u> | <u>Fair value</u> |
|-------------|------------------------------|---------------------|-------------------------|-------------------|
| 2003-2011 | 1.5% | 0.1% | ¥ 120,000 | ¥ 1,899 |
| | | | <u>Millions of yen</u> | |
| | <u>Weighted average rate</u> | | <u>March 31, 2005</u> | |
| <u>Term</u> | <u>Receive floating</u> | <u>Pay fixed</u> | <u>Contract amounts</u> | <u>Fair value</u> |
| 1995-2005 | 0.5% | 3.6% | ¥ 1,000 | ¥ (31) |
| | <u>Receive fixed</u> | <u>Pay floating</u> | <u>Contract amounts</u> | <u>Fair value</u> |
| 2003-2011 | 1.5% | 0.1% | ¥ 120,000 | ¥ 3,556 |

The interest rate swap agreements have remaining terms to maturity ranging from 3 months to 6 years.

The fair values of interest rate swaps were obtained from counterparty financial institutions and represent the amounts that DoCoMo could have settled with the counterparties to terminate the swaps outstanding at the respective dates.

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The table below shows the contract amounts and fair values of the derivative financial instrument at September 30, 2005 and 2004, and March 31, 2005:

| Millions of yen | | | | | |
|-----------------|------------|----------|------------|-----------|------------|
| September 30, | | | | March 31, | |
| 2005 | | 2004 | | 2005 | |
| Contract | | Contract | | Contract | |
| amounts | Fair value | amounts | Fair value | amounts | Fair value |
| ¥10,485 | ¥ 936 | ¥ | ¥ | ¥ 10,485 | ¥ 79 |

The foreign currency swap agreement has a remaining term to maturity of 2 years and 6 months.

The fair values of a foreign currency swap were obtained from a counterparty financial institution and represent the amounts that DoCoMo could have settled with the counterparty to terminate the swap outstanding at the respective date.

Foreign exchange forward contracts

DoCoMo had no foreign currency forward contracts at September 30, 2005 and March 31, 2005. The contract amount and the fair value of foreign currency forward contracts at September 30, 2004 was ¥238,594 million and ¥(1,707) million, respectively.

The fair value of foreign currency forward contracts was obtained from counterparty financial institutions and represents the amounts that DoCoMo could have settled with the counterparty to terminate the contracts outstanding at the date.

Concentrations of risk

As of September 30, 2005, DoCoMo did not have any significant concentration of business transacted with an individual counterparty or groups of counterparties that could, if suddenly eliminated, severely impact its operations.

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12. Subsequent event:

Dissolution of capital alliance with KPN Mobile N.V.

On October 24, 2005, DoCoMo dissolved its capital alliance with KPN Mobile N.V. (KPNM). The i-mode license agreement between DoCoMo and KPNM will be maintained.

Under the agreement, DoCoMo transferred all of its 2.16% holding of KPNM shares to Koninklijke KPN N.V. (KPN), the parent company of KPNM. KPN agreed to cooperate with DoCoMo in the smooth operation of the global i-mode alliance, through the use of KPN's i-mode-related patents and know how, for example, and has paid cash of 5 million (¥692 million) to DoCoMo.

As a result of this transaction, DoCoMo expects to record a gain on a sale of investment securities of ¥40,030 million, including a foreign currency translation adjustment, as an other income for the year ending March 31, 2006. DoCoMo also expects to account for the balance between the fair value of the transferred shares and the amount of cash received, approximately ¥14,062 million, which DoCoMo regards as the consideration for the arrangement that will enable DoCoMo to continue the development and expansion of i-mode services, as an operating expense.