NTT DOCOMO INC
Form 6-K
October 30, 2006
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE

SECURITIES EXCHANGE ACT OF 1934

For the month of October, 2006.

Commission File Number: 001-31221

Total number of pages: 84

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)

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 x 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 x

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

Table of Contents

Information furnished in this form:

Table of Contents

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: October 30, 2006	By:	/s/ YOSHIKIYO SAKAI
		Yoshikiyo Sakai
		Head of Investor Relations

Table of Contents

3:00 P.M. JST, October 27, 2006

NTT DoCoMo, Inc.

Earnings Release for the Six Months Ended September 30, 2006

Consolidated financial results of NTT DoCoMo, Inc. (the Company) and its subsidiaries (collectively we or DoCoMo) for the six months ended September 30, 2006 (April 1, 2006 to September 30, 2006), are summarized as follows.

<< Highlights of Financial Results >>

For the six months ended September 30, 2006, operating revenues were ¥2,383.4 billion (up 0.4% compared to the same period of the prior year), operating income was ¥516.9 billion (down 7.4% compared to the same period of the prior year), income before income taxes was ¥520.3 billion (down 17.8 % compared to the same period of the prior year) and net income was ¥309.8 billion (down 19.6% compared to the same period of the prior year).

Earnings per share were ¥7,005.67 and EBITDA margin* was 36.9%, down 1.3 point compared to the same period of the prior year, and ROCE* was 10.7%, down 0.8 point compared to the same period of the prior year.

Operating revenues, operating income, income before income taxes and net income for the fiscal year ending March 31, 2007, are forecasted to be ¥4,799.0 billion (up 0.7% year-on-year), ¥810.0 billion (down 2.7% year-on-year), ¥815.0 billion (down 14.4% year-on-year) and ¥488.0 billion (down 20.1% year-on-year), respectively.

Notes:

1. Consolidated financial statements in this release are unaudited.

2. Amounts in this release are rounded off, excluding non-consolidated financial statements, where amounts are truncated.

3. With regard to the assumptions and other related matters concerning the forecasts of consolidated financial results for the fiscal year ending March 31, 2007, please refer to page 10-12.

* EBITDA and EBITDA margin, as we use them, are different from EBITDA as used in Item 10(e) of Regulation S-K and may not be comparable to similarly titled measures used by other companies. For an explanation of our definition of EBITDA, see the reconciliations to the most directly comparable financial measures calculated and presented in accordance with GAAP on page 42. See page 42 for the definition of ROCE.

Table of Contents

<< Comment by Masao Nakamura, President and CEO >>

In the first six months of the fiscal year ending March 31, 2007, we have worked continuously to strengthen our overall service offerings, for example, by enriching our handset lineup, improving FOMA s network coverage to a level superior to mova s, and reinforcing our music related service through the launch of Music Channel service in the run-up to the introduction of Mobile Number Portability. The favorable results delivered by these actions are visible in such metrics as the significantly improved cellular churn rate.

We secured gains in operating revenues, which grew to ¥2,383.4 billion due to an increase in our core cellular services revenues, while operating income for the first six months decreased from the same period of last fiscal year to ¥516.9 billion. For the full year operating income, we will strive to achieve our target, which remains unchanged from our initial guidance at ¥810.0 billion. Also, we revised our projected capital expenditures to ¥916.0 billion, up ¥11.0 billion from our initial guidance, to further reinforce the quality of our FOMA network.

In the second half, we plan to introduce over 20 new models in total to respond to the diverse needs of customers, including the release of the latest 903i series phones featuring significantly upgraded music, game and Osaifu Keitai * functions in the fall, and the subsequent introduction of HSDPA-compatible models and one-segment broadcast phones. At the same time, we will work to accelerate the uptake of DCMX credit payment service and enhance the convenience of i-mode service leveraging the new search function commenced on October 5, 2006, in an effort to expand new revenue sources.

While the competitive environment is expected to become increasingly fierce, we aim to build up our competitiveness by responding swiftly to the changes in the market from a customer-centric viewpoint, and thereby maximize our corporate value.

* *Osaifu-Keitai refers to mobile phones equipped with a contact less IC card, as well as the useful function and services enabled by the IC card. With this function, a mobile phone can be utilized as electronic money, a credit card, an electronic ticket, a membership card and an airline ticket, among other things.*

<<Operating Results and Financial Position >>

<Results of operations>

	Billions of yen				
	(UNAUDITED)	**(UNAUDITED)**			
	Six months ended September 30, 2006	**Six months ended September 30, 2005**	**Increase (Decrease)**		**Year ended March 31, 2006**
Operating revenues	**¥ 2,383.4**	¥ 2,373.5	¥ 9.9	0.4%	¥ 4,765.9
Operating expenses	**1,866.5**	1,815.1	51.4	2.8	3,933.2
Operating income	**516.9**	558.4	(41.5)	(7.4)	832.6
Other income (expense)	**3.4**	74.7	(71.3)	(95.5)	119.7
Income before income taxes	**520.3**	633.1	(112.8)	(17.8)	952.3
Income taxes	**210.5**	246.7	(36.2)	(14.7)	341.4
Equity in net income (losses) of affiliates	**0.1**	(1.1)	1.2		(0.4)
Minority interests in consolidated subsidiaries	**(0.0)**	0.0	(0.0)		(0.1)
Net income	**¥ 309.8**	¥ 385.3	¥ (75.5)	(19.6)%	¥ 610.5

2

Table of Contents

1. **Business Overview**

(1) Operating revenues totaled ¥2,383.4 billion (up 0.4% compared to the same period of the prior year).

Cellular (FOMA+mova) services revenues increased to ¥2,112.4 billion (up 1.3% compared to the same period of the prior year). Despite some negative effects from our strategic billing arrangements introduced in the past, revenues grew due to acquisition of new subscribers and continued improvement in our churn rate through our customer-oriented operations.

Voice revenues from FOMA services increased to ¥844.2 billion (up 66.7% compared to the same period of the prior year) and packet communications revenues from FOMA services increased to ¥447.2 billion (up 72.9% compared to the same period of the prior year) owing to a significant increase in the number of FOMA services subscribers to 29.1 million (up 73.5% compared to the same period of the prior year). The increase in the number of FOMA subscribers resulted from factors such as the release of new handsets including as the FOMA 902iS/702iS series, further improvements in our network quality and an increase in the number of billing plans that can be combined with pake-hodai , a flat-rate packet billing plan for unlimited i-mode usage.

Equipment sales revenues decreased to ¥209.1 billion (down 6.0% compared to the same period of the prior year). While the number of handset sold increased due to steady migration of subscribers from mova services to FOMA services, the amount accounted for as sales revenue per handset decreased.

<Breakdown of operating revenues>

		Billions of yen		
	(UNAUDITED)	(UNAUDITED)		
	Six months ended	Six months ended	Increase	
	September 30, 2006	September 30, 2005	(Decrease)	
Wireless services	**¥2,174.2**	¥2,151.0	¥23.3	1.1%
Cellular (FOMA+mova) services revenues (i)	**2,112.4**	2,085.6	26.8	1.3
- Voice revenues (ii)	**1,504.9**	1,539.2	(34.3)	(2.2)
Including: FOMA services	**844.2**	506.6	337.6	66.7
- Packet communications revenues	**607.5**	546.4	61.1	11.2
Including: FOMA services	**447.2**	258.7	188.5	72.9
PHS services revenues	**13.0**	23.2	(10.2)	(43.9)
Other revenues	**48.8**	42.2	6.6	15.6
Equipment sales	**209.1**	222.5	(13.3)	(6.0)
Total operating revenues	**¥2,383.4**	¥2,373.5	¥ 9.9	0.4%

-

Notes:

(i) Cellular (FOMA+mova) services revenues for the six months ended September 30, 2006 reflect the impact of including the portion of Nikagetsu Kurikoshi (2-months carry over) allowances that are projected to expire.

(ii) Voice revenues include data communications revenues through circuit switching system.

(2) Operating expenses were ¥1,866.5 billion (up 2.8% compared to the same period of the prior year).

Personnel expenses were ¥124.5 billion (up 1.5% compared to the same period of the prior year). The number of employees as of September 30, 2006 was 22,165.

Non-personnel expenses increased to ¥1,179.0 billion (up 3.8% compared to the same period of the prior year) mainly due to an increase in expenses related to our service enhancement, such as upgrade of FOMA network and point loyalty programs, as well as an increase in cost of equipment sold.

Depreciation and amortization increased by 2.4% to ¥347.7 billion compared to the same period of the prior year due to an increase in capital expenditures for expansion and quality improvement of FOMA network.

Table of Contents

<Breakdown of operating expenses>

	Billions of yen			
	(UNAUDITED) Six months ended September 30, 2006	(UNAUDITED) Six months ended September 30, 2005	Increase (Decrease)	
Personnel expenses	**¥ 124.5**	¥ 122.7	¥ 1.8	1.5%
Non-personnel expenses	**1,179.0**	1,135.5	43.5	3.8
Depreciation and amortization	**347.7**	339.5	8.2	2.4
Loss on disposal of property, plant and equipment and intangible assets	**18.1**	11.8	6.3	53.1
Communication network charges	**178.9**	186.9	(8.0)	(4.3)
Taxes and public dues	**18.3**	18.6	(0.3)	(1.6)
Total operating expenses	**¥ 1,866.5**	¥ 1,815.1	¥ 51.4	2.8%

-

Notes:

For the period starting from April 1, 2006, the amount of impairment loss related to PHS assets, which was separately stated in the past, is included in Depreciation and amortization . As the result thereof, certain reclassifications are made to the operating results for the six months ended September 30, 2005.

(3) Operating income decreased to ¥516.9 billion (down 7.4% compared to the same period of the prior year). In addition, due principally to the effect of a gain we recognized on the sale of Hutchison 3G UK Holdings Limited shares (¥62.0 billion) in the same period of the prior year, income before income taxes decreased to ¥520.3 billion (down 17.8% compared to the same period of the prior year).

(4) Net income was ¥309.8 billion (down 19.6% compared to the same period of the prior year).

2. Segment Information

(1) Mobile phone business

Operating revenues were ¥2,349.7 billion and operating income was ¥527.2 billion.

The aggregate number of cellular (FOMA+mova) services subscribers increased to 52.10 million as of September 30, 2006 (up 1.9% compared to the same period of the prior year).

Voice ARPU, packet ARPU, and aggregate ARPU of cellular (FOMA+mova) services for the six months ended September 30, 2006 were ¥4,830 (down 6.2% compared to the same period of the prior year), ¥1,980 (up 7.0% compared to the same period of the prior year), and ¥6,810 (down 2.7% compared to the same period of the prior year), respectively.

Churn rate for cellular (FOMA+mova) services for the three months and six months ended September 30, 2006 were 0.60% (an improvement of 0.21 point compared to the same period of the prior year) and 0.62% (an improvement of 0.19 point compared to the same period of the prior year), respectively.

Cellular (FOMA) services

Reinforcement of network coverage and launch of HSDPA (High-Speed Downlink Packet Access) ahead of the Mobile Number Portability (MNP)

Ahead of the MNP, during October, we have completed FOMA network coverage nationwide for heavy-traffic facilities such as JR stations, educational institutes, and public service areas for automobiles. We have also implemented opinion survey regarding service areas to improve quality of radio reception and been involved in an active PR campaign for our involvement. In August we launched HSDPA services, which provide packet download speed of up to 3.6Mbps, approximately 10 times faster than current FOMA services, first in Metropolitan Tokyo areas and to be expanded gradually in the future.

Enriched variety of handset lineup

We released various handsets including our high-end model, the FOMA 902iS series, which are equipped with the state-of-the-art functions, our standard model, the FOMA 702iS series, which feature unique designs and the SIMPURE series, which are compatible with international roaming functions. As for terminal compatible with HSDPA services, we released FOMA N902iX HIGH-SPEED handset, capable of both voice and data communication, and FOMA M2501 HIGH-SPEED , a PC card type terminal dedicated to data communication.

Table of Contents

Providing various security services and music services

For security purpose of our subscribers, we equipped FOMA 902iS series handsets with bio-authentification functions which identify face or voice of a registered person. We also launched a new service which enables our subscribers to lock the IC card functions including Osaifu-Keitai by just calling to our customer service center in case of loss of their handset. Furthermore, we also reinforced our competitiveness in music download services when we launched the Chaku-Uta Full service, which enables downloading of a complete music track and Music Channel service, which provides a longer and high-quality music program downloaded through the HSDPA network.

Corporate marketing

We have been continuously involved in billing-consulting and mobile system solution for our corporate accounts. In response to a demand of our customers, we added two handsets, both of which feature PC-like operability and international roaming function, to our system solution alternatives; hTc Z handset, which is supplied by High Tech Computer Corporation in Taiwan and BlackBerry 8707h , which is supplied by Research In Motion Limited in Canada. We also launched a new service which enables our corporate customers to remotely lock a lost handset and delete its internal data through a website.

Voice ARPU, packet ARPU and aggregate ARPU of cellular (FOMA) services for the six months ended September 30, 2006 were ¥5,290 (down 11.5% compared to the same period of the prior year), ¥2,840 (down 8.1% compared to the same period of the prior year) and ¥8,130 (down 10.4% compared to the same period of the prior year), respectively.

Cellular (mova) services

Due to the continuous migration of the subscribers from mova services to FOMA services, the proportion of mova services subscribers to the aggregate cellular (FOMA+mova) subscribers as of September 30, 2006 decreased to 44.2%.

Voice ARPU, i-mode ARPU and aggregate ARPU of cellular (mova) services for the six months ended September 30, 2006 were ¥4,340 (down 9.8% compared to the same period of the prior year), ¥1,060 (down 22.1% compared to the same period of the prior year) and ¥5,400 (down 12.5% compared to the same period of the prior year), respectively.

i-mode services

Usage promotion

In order to increase usage volume among a wide range of subscribers, we continued to promote our i-channel , push-type information casting service, by setting our handsets i-channel compatible as a default function. In addition, for further convenience of our subscribers, we upgraded our network to enable our subscribers to transmit a decorated i-mode email to those of other network operators including au, TU-KA, and Vodafone (SoftBank).

Global development

GLOBUL (Cosmo Bulgaria Mobile EAD), a mobile operator in Bulgaria, launched the i-mode services in September 2006. The i-mode services are rolled out in 16 countries and areas including Japan as of September 30, 2006 and the number of i-mode services subscribers of all foreign carriers increased steadily.

Table of Contents

International services

Addition of handsets compatible with international roaming-out service
To promote usage of our international roaming-out service, we increased the series of compatible handset such as the SIMPURE series.

Expansion of the service area
We steadily expanded the service area of international roaming-out services for voice calls and SMS to 145 countries and areas; for packet communications to 90 countries and areas; and for videophone calls to 29 countries and areas as of September 30, 2006.

Note:

ARPU: Average monthly revenue per unit

Average monthly revenue per unit, or ARPU, is used to measure average monthly operating revenues attributable to designated services on a per user basis. ARPU is calculated by dividing various revenue items included in operating revenues from our wireless services, such as monthly charges, voice transmission charges and packet transmission charges, from designated services which are incurred consistently each month, by the number of active subscribers to the relevant services. Accordingly, the calculation of ARPU excludes revenues that are not representative of monthly average usage such as activation fees. We believe that our ARPU figures provide useful information to analyze the average usage of our subscribers and the impacts of changes in our billing arrangements. The revenue items included in the numerators of our ARPU figures are based on our U.S. GAAP results of operations. This definition applies to all ARPU figures hereinafter. See page 41 for the details of the calculation methods.

<Number of subscribers by services>

	Thousand subscribers			
	September 30, 2006	**March 31, 2006**	**Increase (Decrease)**	
Cellular (FOMA) services	**29,098**	23,463	5,635	24.0%
Cellular (mova) services	**23,004**	27,680	(4,676)	(16.9)
i-mode services	**47,186**	46,360	827	1.8

Note:

Number of i-mode subscribers as of September 30, 2006
= Cellular (FOMA) i-mode subscribers (28,199 thousand) + Cellular (mova) i-mode subscribers (18,987 thousand)

Number of i-mode subscribers as of March 31, 2006
= Cellular (FOMA) i-mode subscribers (22,914 thousand) + Cellular (mova) i-mode subscribers (23,446 thousand)

<Operating results>

Billions of yen

(UNAUDITED)

	Six months ended September 30, 2006	(UNAUDITED) Six months ended September 30, 2005	Increase (Decrease)	
Mobile phone business operating revenues	**¥ 2,349.7**	¥ 2,332.7	¥ 17.0	0.7%
Mobile phone business operating income	**527.2**	559.1	(32.0)	(5.7)

(2) PHS business

Operating revenues were ¥13.2 billion and operating loss was ¥4.0 billion.

Ahead of the termination of the service during the three months ending December 31, 2007, we are continuously engaged in a campaign to encourage current PHS subscribers to migrate to FOMA services.

PHS ARPU for the six months ended September 30, 2006 was ¥3,130 (down 5.4% compared to the same period of the prior year).

–

Note:

See page 41 for the details of the ARPU calculation methods.

<Number of subscribers>

	Thousand subscribers			
	September 30, 2006	March 31, 2006	Increase (Decrease)	
PHS services	**606**	771	(165)	(21.4)%

<Operating results>

	Billions of yen			
	(UNAUDITED) Six months ended September 30, 2006	(UNAUDITED) Six months ended September 30, 2005	Increase (Decrease)	
PHS business operating revenues	**¥ 13.2**	¥ 23.7	¥ (10.5)	(44.3)%
PHS business operating loss	**(4.0)**	(1.0)	(3.0)	(291.1)%

6

Table of Contents

(3) Miscellaneous businesses

Operating revenues were ¥20.5 billion and operating loss was ¥6.3 billion.

Credit business

Promotion of credit platform iD

To spread our mobile credit platform iD , we agreed with other electronic commerce service providers on the establishment of the common infrastructure (common reader/writer and common usage center) where electronic payment becomes available for users of iD , Suica , QUICPay , and Edy .

Launch of DCMX

We launched DCMX mini and DCMX , our credit payment services based on our iD platform, from this fiscal year. The FOMA 902iS series handsets are equipped with the pre-installed i-appli application software for our DCMX . The aggregated number of DCMX and DCMX mini subscribers increased to 810 thousand as of September 30, 2006.

The number of the Osaifu-Keitai service subscribers increased to 16.00 million as of September 30, 2006.

Wireless LAN service

We completed coverage of our wireless LAN service in Tsukuba Express train.

The number of our domestic hotspots increased to 1,358 as of September 30, 2006.

Quickcast service

Ahead of the termination of the service on March 31, 2007, we continued to correspond with current subscribers of the service.

<Operating results>

	Billions of yen			
	(UNAUDITED) Six months ended September 30, 2006	(UNAUDITED) Six months ended September 30, 2005	Increase (Decrease)	
Miscellaneous businesses operating revenues	**¥ 20.5**	¥ 17.0	¥ 3.4	20.2%
Miscellaneous businesses operating income (loss)	**(6.3)**	0.3	(6.5)	

3. **Capital Expenditures**

Total capital expenditures were ¥462.8 billion.

For reinforcement of our competitiveness prior to the introduction of the MNP, we built base stations at a record-high pace, expanded the coverage areas of FOMA services, improved network quality, and reinforced our FOMA network to meet the increase in traffic demand. We also continued our efforts to make capital expenditures more efficient and less costly by saving on equipment purchase costs and improving our design and construction process. Total capital expenditures during the six months ended September 30, 2006 increased by 14.0% compared to the same period of the prior year.

<Breakdown of capital expenditures>

	Billions of yen			
	(UNAUDITED) Six months ended September 30, 2006	**(UNAUDITED) Six months ended September 30, 2005**	**Increase (Decrease)**	
Mobile phone business	**¥ 406.2**	¥ 345.9	¥ 60.2	17.4%
PHS business	**0.7**	0.4	0.3	70.8
Other (including information systems)	**55.9**	59.6	(3.7)	(6.2)
Total capital expenditures	**¥ 462.8**	¥ 405.9	¥ 56.9	14.0%

7

Table of Contents

4. Cash Flow Conditions

Net cash provided by operating activities was ¥259.0 billion (down 69.9% compared to the same period of the prior year). The combination of an increase in income tax payment and a decrease in refund of income taxes resulted in increase in cash payment by ¥230.3 billion (we paid ¥81.1 billion for income taxes and received ¥93.1 billion as a refund of income taxes in the same period of the prior year, when deferred tax assets from the impairment of our investment in AT&T Wireless Services, Inc. were realized). The decrease in net cash provided by operating activities is also due to the effect of a bank holiday at the end of September, which deferred our cash reception of ¥222.0 billion including cellular revenues to the following month.

Net cash used in investing activities was ¥530.1 billion (down 11.5% compared to the same period of the prior year). Increase in capital expenditures was more than offset by a decrease in acquisition of long-term investments and a decrease in payment of cash from changes in investments for cash management purposes.

Net cash used in financing activities, including repurchase of our own stock, dividend payment, repayment of outstanding long-term debt, was ¥323.2 billion (down 5.1% compared to the same period of the prior year). Increase in repayment of outstanding long-term debt and dividend payment was more than offset by a decrease in payment for repurchase of our own stock. We spent ¥90.0 billion during the six months ended September 30, 2006 to repurchase our own stock.

Free cash flows were negative ¥271.1 billion. Free cash flows excluding irregular factors and changes in investments for cash management purposes were negative ¥48.4 billion.

<Statements of cash flows>	Billions of yen			
	(UNAUDITED) Six months ended September 30, 2006	**(UNAUDITED) Six months ended September 30, 2005**	**Increase (Decrease)**	
Net cash provided by operating activities	**¥ 259.0**	¥ 858.9	¥ (600.0)	(69.9)%
Net cash used in investing activities	**(530.1)**	(598.7)	68.7	11.5%
Net cash used in financing activities	**(323.2)**	(340.5)	17.3	5.1%
Free cash flows	**(271.1)**	260.2	(531.3)	
Free cash flows excluding irregular factors and changes in investments for cash management purposes +	**(48.4)**	360.2	(408.6)	

<Financial measures>	**Six months ended September 30, 2006**	**Six months ended September 30, 2005**	**Increase (Decrease)**
Equity ratio	**69.0%**	64.5%	4.5pt
Market equity ratio +	**140.8%**	160.7%	(19.9pt)
Debt ratio	**13.5%**	19.1%	(5.6pt)
Debt payout period (years)	**0.7**	0.5	0.2
Interest coverage ratio	**157.2**	203.0	(45.8)

-

Notes:

Free cash flows = Net cash provided by (used in) operating activities + Net cash provided by (used in) investing activities

Irregular factors = the effects of uncollected revenues due to a bank holiday at the end of the fiscal period.

Changes in investments for cash management purposes = Changes by purchases, redemptions and disposal of financial instruments for cash management purposes with original maturities of longer than 3 months.

Equity ratio = Shareholders equity / Total assets

Market equity ratio = Market value of total share capital / Total assets

Debt ratio = Interest bearing liabilities / (Shareholders equity + Interest bearing liabilities)

Debt payout period (years) = Interest bearing liabilities / Cash flows from operating activities *

* To annualize, the amounts of Cash flows from operating activities are doubled.

Interest coverage ratio = Cash flows from operating activities / Interest expense**

** Interest expense is cash interest paid, which is disclosed in Supplemental disclosures of cash flow information for consolidated statement of cash flows on page 22.

\+ See the reconciliations to the most directly comparable financial measures calculated and presented in accordance with GAAP on page 42.

Table of Contents

5. Profit Distribution

The Company plans to pay ¥2,000 per share as an interim dividend for the six months ended September 30, 2006.

Note:

The Company plans to begin paying an interim dividend from November 22, 2006.

Table of Contents

<< Prospects for the Fiscal Year Ending March 31, 2007 >>

Competition in the Japanese cellular phone market is expected to become increasingly fierce in the future, with the introduction of the Mobile Number Portability system on October 24, 2006, and market entry by new entrants, in addition to the increase of cellular phone penetration rates and diversifying user needs.

In view of these market conditions, the trend of churn rate, which had been maintained at low levels in the first half of this fiscal year, and the decrease in the number of handsets sold, we have decided to revise the consolidated results forecasts for our corporate group as below.

Operating revenues forecast has been revised downwards by ¥39.0 billion from the initial guidance to ¥4,799.0 billion, due mainly to a projected decline in equipment sales revenues of ¥33.0 billion. Operating expenses, on the other hand, were revised downwards by a total of ¥39.0 billion, as a result of a ¥23.0 billion decline in revenue-linked expenses owing to reduced handset sales, and various cost-cutting measures, including savings in communication network charges to be achieved through improving the efficiency of circuit utilization. Accordingly, our operating income forecast remains unchanged from the initial guidance of ¥810.0 billion.

Against this backdrop, we will strive even harder to reinforce our core business, and at the same time, work to create new revenue sources by accelerating the uptake of our DCMX credit service and linking our cellular phones with the services provided by related external partners, with the goal to transform cellular phones into convenient multifunctional tools for everyday life and business.

We will also continue our efforts to enhance the efficiency of our operations by reviewing our business process to solidify our managerial foundation, and try to maximize our enterprise value thereby.

	Billions of yen			
	Year ending March 31, 2007 (Forecasts)	Year ended March 31, 2006 (Actual results)	Increase (Decrease)	
Operating revenues	¥ 4,799.0	**¥ 4,765.9**	¥ 33.1	0.7%
Operating income	810.0	**832.6**	(22.6)	(2.7)%
Income before income taxes	815.0	**952.3**	(137.3)	(14.4)%
Net income	488.0	**610.5**	(122.5)	(20.1)%
Capital expenditures	916.0	**887.1**	28.9	3.3%
Free cash flows excluding irregular factors and changes in investments for cash management purposes	290.0	**510.9**	(220.9)	(43.2)%
EBITDA *	1,601.0	**1,606.8**	(5.8)	(0.4)%
EBITDA margin *	33.4%	**33.7%**	(0.3pt)	
ROCE *	16.7%	**17.2%**	(0.5pt)	
ROCE after tax effect *	9.9%	**10.1%**	(0.2pt)	

* EBITDA and EBITDA margin, as we use them, are different from EBITDA as used in Item 10(e) of Regulation S-K and may not be comparable to similarly titled measures used by other companies. For an explanation of our definition of Free cash flows excluding irregular factors and changes in investments for cash management purposes, EBITDA, EBITDA margin, ROCE and ROCE after tax effect, see the reconciliations to the most directly comparable financial measures calculated and presented in accordance with GAAP on the page 42.

Table of Contents

The financial forecasts for the year ending March 31, 2007, are based on the forecasts of the following operation data.

	March 31, 2007 (Forecasts)		March 31, 2006 (Actual results)		Increase (Decrease)	
Number of cellular (FOMA) services subscribers (Thousands)		34,800		**23,463**	11,337	48.3%
Number of cellular (mova) services subscribers (Thousands)		18,200		**27,680**	(9,480)	(34.2)%
Number of i-mode subscribers (Thousands)		47,900		**46,360**	1,540	3.3%
Number of PHS subscribers (Thousands)		390		**771**	(381)	(49.4)%
Aggregate ARPU (cellular (FOMA and mova) services)	¥	6,670	**¥**	**6,910**	¥ (240)	(3.5)%
Voice ARPU		4,700		**5,030**	(330)	(6.6)%
Packet ARPU		1,970		**1,880**	90	4.8%

-

Note:

Number of i-mode subscribers includes numbers of cellular (FOMA) and cellular (mova) i-mode subscribers.

* See page 41 for the details of ARPU calculation methods.

DoCoMo expects to pay a total annual dividend of ¥4,000 per share for the year ending March 31, 2007, consisting of an interim dividend of ¥2,000 per share and a year-end dividend of ¥2,000 per share.

Table of Contents

Special Note Regarding Forward-Looking Statements

This Earnings Release contains forward-looking statements such as forecasts of results of operations, management strategies, objectives and plans, forecasts of operational data such as expected number of subscribers, and expected dividend payments. All forward-looking statements that are not historical facts are based on management s current plans, expectations, assumptions and estimates based on the information currently available. Some of the projected numbers in this report were derived using certain assumptions that are indispensable for making such projections in addition to historical facts. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from those contained in or suggested by any forward-looking statement. Potential risks and uncertainties include, without limitation, the following:

As competition in the market is expected to become more fierce due to changes in the business environment caused by the introduction of Mobile Number Portability and new market entrants, competition from other cellular service providers or other technologies could limit our acquisition of new subscribers, retention of existing subscribers and average revenue per unit (ARPU), or may lead to an increase in our costs and expenses.

The new services and usage patterns introduced by our corporate group may not develop as planned, which could limit our growth.

The introduction or change of various laws or regulations or the application of such laws and regulations to our corporate group may adversely affect our financial condition and results of operations.

Limitations in the amount of frequency spectrum or facilities made available to us could negatively affect our ability to maintain and improve our service quality and level of customer satisfaction.

The W-CDMA technology that we use for our 3G system and/or mobile multimedia services may not be introduced by other overseas operators, which could limit our ability to offer international services to our subscribers.

Our domestic and international investments, alliances and collaborations may not produce the returns or provide the opportunities we expect.

As electronic payment capability and many other new features are built into our cellular phones, and services of parties other than those belonging to our corporate group are provided through our cellular handsets, potential problems resulting from malfunctions, defects, or missing of handsets or imperfection of services provided by such other parties may arise, which could have an adverse effect on our financial condition and results of operations.

Social problems that could be caused by misuse or misunderstanding of our products and services may adversely affect our credibility or corporate image.

Inadequate handling of subscriber information by our corporate group or contractors may adversely affect our credibility or corporate image.

Owners of intellectual property rights that are essential for our business execution may not grant us the right to license or otherwise use such intellectual property rights on acceptable terms or at all, which may limit our ability to offer certain technologies, products and/or services, and we may also be held liable for damage compensation if we infringe the intellectual property rights of others.

Earthquakes, power shortages, malfunctioning of equipment, and software bugs, computer viruses, cyber attacks, hacking, unauthorized access and other problems could cause systems failures in the networks required for the provision of service, disrupting our ability to offer services to our subscribers and may adversely affect our credibility or corporate image.

Concerns about wireless telecommunications health risks may adversely affect our financial condition and results of operations.

Our parent company, Nippon Telegraph and Telephone Corporation (NTT), could exercise influence that may not be in the interests of our other shareholders.

Consolidated Semi-annual Financial Statements October 27, 2006

[U.S. GAAP]

For the Six Months Ended September 30, 2006

Name of registrant:	**NTT DoCoMo, Inc.**
Code No.:	9437
Stock exchange on which the Company s shares are listed:	Tokyo Stock Exchange-First Section
Address of principal executive office: (URL http://www.nttdocomo.co.jp/)	Tokyo, Japan
Representative:	Masao Nakamura, Representative Director, President and Chief Executive Officer
Contact:	Masahiko Yamada, Senior Manager, General Affairs Department / TEL +81-3-5156-1111
Date of the meeting of the Board of Directors for approval of the consolidated financial statements:	October 27, 2006
Name of Parent Company:	Nippon Telegraph and Telephone Corporation (Code No. 9432)
Percentage of ownership interest in NTT DoCoMo, Inc. held by parent company:	62.9%
Adoption of US GAAP:	Yes

1. Consolidated Financial Results for the Six Months Ended September 30, 2006 (April 1, 2006 - September 30, 2006)

(1) Consolidated Results of Operations

Amounts are rounded off to the nearest 1 million yen.

(Millions of yen, except per share amounts)

	Operating Revenues		**Operating Income**		**Income before Income Taxes**	
Six months ended September 30, 2006	2,383,373	0.4%	516,889	(7.4)%	520,267	(17.8)%
Six months ended September 30, 2005	2,373,455	(3.2)%	558,368	2.4%	633,090	16.1%
Year ended March 31, 2006	4,765,872		832,639		952,303	

	Net Income		**Basic Earnings per Share**	**Diluted Earnings per Share**
Six months ended September 30, 2006	309,820	(19.6)%	7,005.67(yen)	7,005.67(yen)
Six months ended September 30, 2005	385,276	14.9%	8,387.80(yen)	8,387.80(yen)
Year ended March 31, 2006	610,481		13,491.28(yen)	13,491.28(yen)

Notes: 1. Equity in net income (losses) of affiliates for the six months ended September 30, 2006, 2005 and for the fiscal year ended March 31, 2006 was 131 million yen, (1,097) million yen and (364) million yen, respectively.

2. The weighted average number of shares outstanding for the six months ended September 30, 2006, 2005 and for the fiscal year ended March 31, 2006 was 44,224,198 shares, 45,932,905 shares and 45,250,031 shares, respectively.

3. Change in accounting policy: No

4. Percentages above represent changes compared to corresponding previous semi-annual period.

(2) Consolidated Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Shareholders Equity	Equity Ratio (Ratio of Shareholders Equity to Total Assets)	Shareholders Equity per Share
September 30, 2006	6,050,267	4,176,127	69.0%	95,005.38(yen)
September 30, 2005	6,120,270	3,948,184	64.5%	88,507.23(yen)
March 31, 2006	6,365,257	4,052,017	63.7%	91,109.33(yen)

Note: The number of shares outstanding as of September 30, 2006, 2005 and March 31, 2006 was 43,956,742 shares, 44,608,603 shares and 44,474,227 shares, respectively.

(3) Consolidated Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Six months ended September 30, 2006	258,953	(530,053)	(323,200)	246,457
Six months ended September 30, 2005	858,939	(598,711)	(340,534)	693,503
Year ended March 31, 2006	1,610,941	(951,077)	(590,621)	840,724

(4) Number of consolidated companies and companies accounted for using the equity method

The number of consolidated subsidiaries:	97
The number of affiliated companies accounted for using the equity method:	13

(5) Change of reporting entities

The number of consolidated companies added:	2	The number of consolidated companies removed:	4
The number of companies on equity method added:	0	The number of companies on equity method removed:	0

2. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2007 (April 1, 2006 - March 31, 2007)

(Millions of yen)

	Operating Revenues	Income before Income Taxes	Net Income
Year ending March 31, 2007	4,799,000	815,000	488,000

(Reference) Expected Earnings per Share: 11,101.82 yen

Note: With regard to the above forecasts, please refer to page 10-12.

*** Consolidated semi-annual financial statements are unaudited.**

Table of Contents

<< Condition of the Corporate Group >>

NTT DoCoMo, Inc. primarily engages in mobile telecommunications services as a member of the NTT group, with Nippon Telegraph and Telephone Corporation (NTT) as the holding company.

The Company, its 97 subsidiaries and 13 affiliates constitute the NTT DoCoMo group (DoCoMo group), the largest mobile telecommunications services provider in Japan.

The business segments of the DoCoMo group and the corporate position of each group company are as follows.

[Business Segment Information]

Business	Main service lines
Mobile phone business	Cellular (FOMA) services, cellular (mova) services, packet communications services, international services, satellite mobile communications services, and sales of handsets and equipment for each service
PHS business	PHS services and sales of PHS handsets and equipment
Miscellaneous businesses	Credit business, wireless LAN services, radio paging (Quickcast) service and other miscellaneous businesses

Notes: We have decided to terminate Quickcast services on March 31, 2007, and PHS services around the third quarter of the year ending March 31, 2008.

[Position of Each Group Company]

(1) The Company engages in Mobile phone, PHS and other businesses in the Kanto-Koshinetsu region of Japan. The Company also provides nationwide services such as satellite mobile communications. The Company is solely responsible for DoCoMo group s overall research and development activities in the area of mobile telecommunications business as well as the development of services and information processing systems. The Company provides the results of such research and development to its eight regional subsidiaries, each of which operates in one of eight regions in Japan (DoCoMo Regional Subsidiaries).

(2) Each of the DoCoMo Regional Subsidiaries engages in Mobile phone (excluding satellite mobile communications services), PHS and other businesses in their respective regions.

(3) Twenty-nine other subsidiaries of the Company, each of which is entrusted with certain services by the Company and/or DoCoMo Regional Subsidiaries, operate independently to maximize their expertise and efficiency. They are entrusted with part of the services provided by, or give assistance to, the Company and DoCoMo Regional Subsidiaries.

(4) There are 60 other subsidiaries and 13 affiliates, including, among others, some overseas units established for the purpose of global expansion of the third-generation mobile communications system based on W-CDMA, and joint ventures established to launch new business operations.

The following chart summarizes the above.

13

Table of Contents

Table of Contents

<< Management Policies >>

1. **Basic Management Policies**

Under the corporate philosophy of creating a new world of communications culture, DoCoMo aims to contribute to the realization of a rich and vigorous society by reinforcing its core business with a focus on popularizing FOMA services, and promoting mobile multimedia services by offering services that are useful for customers daily lives and businesses. It also seeks to maximize its corporate value in order to be greatly trusted and highly valued by its shareholders and customers.

2. **Medium- and Long-Term Management Strategies**

The competition amongst carriers in the Japanese mobile communications market is expected to intensify even further due to increases in the market penetration rate, diversification of customer needs and the introduction of Mobile Number Portability system on October 24, 2006, and scheduled market entry by new entrants in the future. Under these circumstances, we plan to run our business focusing on the following three goals; (1) strengthening our core business even further, (2) creating new revenue sources, and (3) facilitating cost reduction.

(1) Strengthening our core business even further

We aim to react swiftly and adequately to the diversifying needs of customers, and improve every aspect of our offerings, including our handsets, services, billing plans, service area quality and after-sales support to reinforce our comprehensive strength.

(2) Creating new revenue sources

We will strive to expand our business domains pursuing the three key growth strategies of multimedia, ubiquity and globalization . Specifically, to further expand the use of i-mode and FOMA services, which enable the transmission of large amounts of data at high speeds, we plan to add more handsets tailored to user s needs in our product lineup, and work to develop and provide a wide array of sophisticated non-voice services, including visual communications and music/video/text delivery services.

In August 2006, we launched a new High-Speed Downlink Packet Access (HSDPA) system to provide new services leveraging the higher packet transmission speeds, in an effort to boost the usage of our cellular phones. We will also work to link our services with those offered by our partner companies through an active use of external interface capabilities embedded in cellular handsets, such as contactless IC chips with the goal to create new businesses which generate income independently of traffic income. Furthermore, as the arena of competition in mobile communications business expands to a global scale, we intend to enhance user s convenience and increase our revenue opportunities by offering W-CDMA-based global handsets and further reinforcing the i-mode alliance. Also, in view of global competition, we will widely look into opportunities for revenue growth, including the possibility of making investments in or forming alliances with not only telecommunications carriers, but also enterprises owning promising technologies as well as companies engaged in mobile communications-related peripheral businesses, while taking into consideration the overall synergy effect from such alliances.

(3) Facilitating cost reduction

We will work to improve the efficiency of our operations by further cutting handset procurement and network costs, and making a more efficient allocation of sales commissions.

To keep abreast with and react dynamically to the intensified competition and changes in the market, we plan to advance our cellular services placing customers in the center of our strategies to provide innovative solutions that can contribute to our users safety and security, as part of our continual efforts to transform cellular phones into convenient tools for everyday life and business.

15

Table of Contents

3. Basic Policies for Profit Distribution

Believing that providing adequate returns to shareholders is one of the most important issues in corporate management, the Company plans to pay dividends by taking into account its consolidated results and operating environment based on the principle of stable dividend payments, while striving to strengthen its financial position and secure internal reserves. The Company will also continue to take a flexible approach regarding share repurchases in order to plow back profits to shareholders. The Company intends to keep the repurchased shares as treasury shares and in principle to limit the amount of such treasury shares to approximately 5% of its total issued shares, and will consider retiring any treasury shares held in excess of this limit around the end of the fiscal year or at other appropriate times. During the first six months of the year ending March 31, 2007, based on an authorization by a resolution adopted at the Ordinary General Meetings of Shareholders, the Company repurchased 517,483 shares of its own common stock at an aggregate price of ¥90.0 billion.

In addition, the Company will allocate internal reserves to active research and development efforts, capital expenditures and other investments in response to the rapidly changing market environment. The Company will endeavor to boost its corporate value by introducing new technologies, offering new services and expanding its business domains through alliances with new partners.

4. Target Management Indicators

Now that the Japanese mobile telecommunications market has entered a period of stable growth, DoCoMo regards EBITDA margin* as an important management indicator, from the aspect of profitability, to further enhance its management effectiveness. DoCoMo also considers ROCE* an important management indicator in terms of efficiency in its invested capital (shareholders equity + interest bearing liabilities). DoCoMo will make its utmost efforts to achieve an EBITDA margin* of at least 35% and an ROCE* of at least 20% as its medium-term targets and attempt to maximize its corporate value.

-

Notes:

EBITDA margin* = EBITDA* / Operating revenues

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

ROCE* =Operating income / (Shareholders equity + Interest bearing liabilities)

Shareholders equity and interest bearing liabilities are the average of the amounts as of March 31, 2006 and September 30, 2006

---

* EBITDA and EBITDA margin, as we use them, are different from EBITDA as used in Item 10(e) of Regulation S-K and may not be comparable to similarly titled measures used by other companies. For an explanation of our definition of EBITDA, see the reconciliations to the most directly comparable financial measures calculated and presented in accordance with GAAP on page 42. See page 42 for the definition of ROCE.

Table of Contents

5. Relationship with the Parent Company

(1) Trade Name of the Parent Company, etc.

(As of September 30, 2006)

Parent company	Parent company s ownership of voting rights	Securities exchanges where shares issued by the parent company are listed
Nippon Telegraph and Telephone Corporation	62.9%	Tokyo Stock Exchange, Inc. (First Section)
		Osaka Stock Exchange, Co. Ltd. (First Section)
		Nagoya Stock Exchange, Inc. (First Section)
		Fukuoka Stock Exchange
		Sapporo Stock Exchange
		New York Stock Exchange
		London Stock Exchange

(2) Positions of Listed Companies in the Corporate Group Led by the Parent Company

The corporate group led by our parent company, NTT, operates a wide array of telecommunications services, including local, long-distance, international, and mobile and data telecommunications services.

The Company operates independently within the NTT group, mainly in the field of mobile telecommunications. NTT, which currently owns 62.9% of the voting rights of the Company, can influence the managerial decisions of the Company by exercising its directorship rights as majority shareholder, although we conduct our day-to-day operations independently of NTT, based on our own decisions with our own managerial responsibility.

The Company and NTT concluded a contract for basic research and development conducted by NTT. Under the contract, NTT offers services and benefits to the Company concerning basic research and development, and the Company pays compensation to NTT for such services and benefits. The Company and NTT also entered into a contract regarding group management and operations run by NTT. Under the contract, NTT provides services and benefits regarding group management and operations to DoCoMo group, and the Company pays compensation to NTT for such services and benefits.

17

Table of Contents

6. Corporate Social Responsibility (CSR)

Due to the wide adoption and advancement of mobile communications services, cellular phones have become indispensable tools for people s daily activities. The rapid growth in its uptake, on the other hand, has also caused some negative social problems, such as unwanted bulk emails and crimes involving the use of cellular handsets. Meanwhile, people s concerns against earthquakes and other natural disasters as well as global environment have heightened in the recent years.

To address these issues, we have worked to improve the reliability of our communications facilities and network and reinforced countermeasures against disasters, strongly aware of our mission to fulfill our corporate social responsibility (CSR). As a part of our measures to tackle social problems resulting from the use of cellular phones, we have continuously worked to prevent unsolicited bulk emails, and responded to the issues addressed in the surveys and research programs conducted by the Mobile Society Research Institute. In addition, we have actively promoted various environmental conservation and social contribution activities on a continual basis, including the collection and recycling of used mobile phone handsets and accessories, saving on paper resources by offering an e-billing service which provides customers bills through our website or by e-mail message, the DoCoMo Woods forestation campaign, and encouraging our employees to take part in various community works as volunteers.

At DoCoMo group, we believe that it is our social mission to help shape a safer and more peaceful world. To realize this goal, we set forth DoCoMo *Anshin* Mission during the fiscal year ended March 31, 2006, under which the whole corporate group implemented various measures and promoted technical innovations in a comprehensive and unified approach.

The concrete actions undertaken under DoCoMo *Anshin* Mission during the first six months of the fiscal year ending March 31, 2007, include the following:

Provisions against natural disasters

- To secure an important communication method when there is a risk of network troubles due to use which exceeds the processing capability of our facilities, we introduced and began the operation of a new system for FOMA service, which separately controls voice and packet communication, allowing users to use the i-mode Disaster Message Board service and i-mode mail more easily in the event of a disaster.

- Decided to add a new item of Disaster/Crime Prevention and Medical Service on i-mode menu list through which relevant contents will be made available. When the i-mode Disaster Message Board service is activated, a link to this menu item will be created on the message board, allowing users to find necessary information more easily in emergencies.

Universal design products and services

- Released FOMA Raku Raku Phone III , a universal design mobile phone equipped with a one-touch alarm button to notify the user s emergency such as sudden illness to people nearby, and a function to automatically make a call to a pre-registered emergency contact number at the same time, etc.

- Released a bone conduction receiver microphone, dubbed Sound Leaf , equipped with the two features of bone conduction and telephone coil (T-coil) as an effective communications tool for the auditory handicapped.

Care and Protection for Children

- Held approximately 500 sessions of DoCoMo *Keitai* Safety School seminars in elementary, junior and senior high schools and local communities nationwide to provide children with tips on safe and proper phone usage manners.

Table of Contents

<< Consolidated Financial Statements >>

1. **Consolidated Balance Sheets**

	Millions of yen					
	(UNAUDITED)		(UNAUDITED)			
	September 30, 2006		September 30, 2005		March 31, 2006	
ASSETS						
Current assets:						
Cash and cash equivalents	**¥ 246,457**		¥ 693,503		¥ 840,724	
Short-term investments	**152,005**		300,010		51,237	
Accounts receivable	**813,781**		602,272		609,837	
Allowance for doubtful accounts	**(14,151)**		(15,453)		(14,740)	
Inventories	**206,329**		156,352		229,523	
Deferred tax assets	**90,889**		91,288		111,795	
Prepaid expenses and other current assets	**169,054**		111,942		98,382	
Total current assets	**1,664,364**	**27.5%**	1,939,914	31.7%	1,926,758	30.3%
Property, plant and equipment:						
Wireless telecommunications equipment	**4,983,479**		4,556,618		4,743,136	
Buildings and structures	**758,298**		705,347		736,660	
Tools, furniture and fixtures	**618,480**		598,395		610,759	
Land	**198,546**		196,827		197,896	
Construction in progress	**142,195**		180,162		134,240	
Accumulated depreciation and amortization	**(3,815,423)**		(3,495,061)		(3,645,237)	
Total property, plant and equipment, net	**2,885,575**	**47.7%**	2,742,288	44.8%	2,777,454	43.6%
Non-current investments and other assets:						
Investments in affiliates	**177,832**		146,541		174,121	
Marketable securities and other investments	**309,970**		224,035		357,824	
Intangible assets, net	**537,115**		534,289		546,304	
Goodwill	**140,912**		140,348		141,094	
Other assets	**214,606**		215,530		264,982	
Deferred tax assets	**119,893**		177,325		176,720	
Total non-current investments and other assets	**1,500,328**	**24.8%**	1,438,068	23.5%	1,661,045	26.1%
Total assets	**¥ 6,050,267**	**100.0%**	¥ 6,120,270	100.0%	¥ 6,365,257	100.0%
LIABILITIES AND SHAREHOLDERS EQUITY						
Current liabilities:						
Current portion of long-term debt	**¥ 149,600**		¥ 276,785		¥ 193,723	
Short-term borrowings	**104**				152	
Accounts payable, trade	**567,741**		559,318		808,136	
Accrued payroll	**39,027**		38,221		41,799	
Accrued interest	**1,011**		1,617		1,264	
Accrued income taxes	**121,476**		151,783		168,587	
Other current liabilities	**134,812**		153,359		154,638	

Total current liabilities	**1,013,771**	**16.8%**	1,181,083	19.3%	1,368,299	21.5%
Long-term liabilities:						
Long-term debt (exclusive of current portion)	**504,813**		655,008		598,530	
Liability for employees retirement benefits	**139,084**		142,809		135,511	
Other long-term liabilities	**215,319**		192,237		209,780	
Total long-term liabilities	**859,216**	**14.2%**	990,054	16.2%	943,821	14.8%
Total liabilities	**1,872,987**	**31.0%**	2,171,137	35.5%	2,312,120	36.3%
Minority interests in consolidated subsidiaries	**1,153**	**0.0%**	949	0.0%	1,120	0.0%
Shareholders equity:						
Common stock	**949,680**		949,680		949,680	
Additional paid-in capital	**1,311,013**		1,311,013		1,311,013	
Retained earnings	**2,433,610**		2,439,410		2,212,739	
Accumulated other comprehensive income	**20,017**		34,936		26,781	
Treasury stock, at cost	**(538,193)**		(786,855)		(448,196)	
Total shareholders equity	**4,176,127**	**69.0%**	3,948,184	64.5%	4,052,017	63.7%
Total liabilities and shareholders equity	**¥ 6,050,267**	**100.0%**	¥ 6,120,270	100.0%	¥ 6,365,257	100.0%

Table of Contents

2. Consolidated Statements of Income and Comprehensive Income

	(UNAUDITED) Six months ended September 30, 2006		Millions of yen (UNAUDITED) Six months ended September 30, 2005		Year ended March 31, 2006	
Operating revenues:						
Wireless services	**¥ 2,174,239**		¥ 2,150,988		¥ 4,295,856	
Equipment sales	**209,134**		222,467		470,016	
Total operating revenues	**2,383,373**	**100.0%**	2,373,455	100.0%	4,765,872	100.0%
Operating expenses:						
Cost of services (exclusive of items shown separately below)	**354,567**		345,259		746,099	
Cost of equipment sold (exclusive of items shown separately below)	**552,274**		511,518		1,113,464	
Depreciation and amortization	**347,685**		339,530		738,137	
Selling, general and administrative	**611,958**		618,780		1,335,533	
Total operating expenses	**1,866,484**	**78.3%**	1,815,087	76.5%	3,933,233	82.5%
Operating income	**516,889**	**21.7%**	558,368	23.5%	832,639	17.5%
Other income (expense):						
Interest expense	**(2,807)**		(4,338)		(8,420)	
Interest income	**644**		3,399		4,659	
Gain on sale of affiliate shares			61,962		61,962	
Gain on sale of other investments	**5**				40,088	
Other, net	**5,536**		13,699		21,375	
Total other income (expense)	**3,378**	**0.1%**	74,722	3.2%	119,664	2.5%
Income before income taxes	**520,267**	**21.8%**	633,090	26.7%	952,303	20.0%
Income taxes:						
Current	**130,605**		169,341		293,707	
Deferred	**79,938**		77,379		47,675	
Total income taxes	**210,543**	**8.8%**	246,720	10.4%	341,382	7.2%
Equity in net income (losses) of affiliates	**131**	**0.0%**	(1,097)	(0.1)%	(364)	(0.0)%
Minority interests in consolidated subsidiaries	**(35)**	**(0.0)%**	3	0.0%	(76)	(0.0)%
Net Income	**¥ 309,820**	**13.0%**	¥ 385,276	16.2%	¥ 610,481	12.8%
Other comprehensive income (loss):						
Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes	**(5,768)**		(2,389)		7,662	
Net revaluation of financial instruments, net of applicable taxes	**10**		153		121	
Foreign currency translation adjustment, net of applicable taxes	**(1,075)**		(20,589)		(42,597)	
Minimum pension liability adjustment, net of applicable taxes	**69**		152		3,986	
Comprehensive income:	**¥ 303,056**	**12.7%**	¥ 362,603	15.3%	¥ 579,653	12.2%

PER SHARE DATA			
Weighted average common shares outstanding basic and diluted (shares)	**44,224,198**	45,932,905	45,250,031
Basic and diluted earnings per share (Yen)	**¥ 7,005.67**	¥ 8,387.80	¥ 13,491.28

Table of Contents

3. Consolidated Statements of Shareholders Equity

	(UNAUDITED) Six months ended September 30, 2006	Millions of yen (UNAUDITED) Six months ended September 30, 2005	Year ended March 31, 2006
Common stock:			
At beginning of period	**¥ 949,680**	¥ 949,680	¥ 949,680
At end of period	**949,680**	949,680	949,680
Additional paid-in capital:			
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
Retained earnings:			
At beginning of period	**2,212,739**	2,100,407	2,100,407
Cash dividends	**(88,949)**	(46,273)	(135,490)
Retirement of treasury stock			(362,659)
Net income	**309,820**	385,276	610,481
At end of period	**2,433,610**	2,439,410	2,212,739
Accumulated other comprehensive income:			
At beginning of period	**26,781**	57,609	57,609
Unrealized holding gains (losses) on available-for-sale securities	**(5,768)**	(2,389)	7,662
Net revaluation of financial instruments	**10**	153	121
Foreign currency translation adjustment	**(1,075)**	(20,589)	(42,597)
Minimum pension liability adjustment	**69**	152	3,986
At end of period	**20,017**	34,936	26,781
Treasury stock, at cost:			
At beginning of period	**(448,196)**	(510,777)	(510,777)
Purchase of treasury stock	**(89,997)**	(276,078)	(300,078)
Retirement of treasury stock			362,659
At end of period	**(538,193)**	(786,855)	(448,196)
Total shareholders equity	**¥ 4,176,127**	¥ 3,948,184	¥ 4,052,017

Table of Contents

4. Consolidated Statements of Cash Flows

	Millions of yen		
	(UNAUDITED) Six months ended September 30, 2006	(UNAUDITED) Six months ended September 30, 2005	Year ended March 31, 2006
I Cash flows from operating activities:			
1. Net income	**¥ 309,820**	¥ 385,276	¥ 610,481
2. Adjustments to reconcile net income to net cash provided by operating activities			
(1) Depreciation and amortization	**347,685**	339,530	738,137
(2) Deferred taxes	**79,922**	77,722	49,101
(3) Loss on sale or disposal of property, plant and equipment	**14,200**	7,600	36,000
(4) Gain on sale of affiliate shares		(61,962)	(61,962)
(5) Gain on sale of other investments	**(5)**		(40,088)
(6) Expense associated with sale of other investments			14,062
(7) Equity in net (income) losses of affiliates	**(390)**	754	(1,289)
(8) Minority interests in consolidated subsidiaries	**35**	(3)	76
(9) Changes in assets and liabilities:			
(Increase) decrease in accounts receivable, trade	**(203,944)**	27,656	21,345
Decrease in allowance for doubtful accounts	**(589)**	(2,078)	(3,623)
Decrease (Increase) in inventories	**23,194**	74	(73,094)
(Increase) decrease in prepaid expenses and other current assets	**(70,384)**	95,321	109,192
(Decrease) increase in accounts payable, trade	**(191,336)**	(135,733)	45,108
(Decrease) increase in accrued income taxes	**(47,111)**	94,340	111,141
(Decrease) increase in other current liabilities	**(19,640)**	16,530	17,641
Increase (decrease) in liability for employees retirement benefits	**3,573**	4,135	(3,378)
Increase in other long-term liabilities	**6,792**	8,469	24,725
Other, net	**7,131**	1,308	17,366
Net cash provided by operating activities	**258,953**	858,939	1,610,941
II Cash flows from investing activities:			
1. Purchases of property, plant and equipment	**(414,117)**	(329,192)	(638,590)
2. Purchases of intangible and other assets	**(97,847)**	(91,224)	(195,277)
3. Purchases of non-current investments	**(17,221)**	(103,344)	(292,556)
4. Proceeds from sale of non-current investments	**48**	24,064	25,142
5. Purchases of short-term investments	**(2,157)**	(250,000)	(252,474)
6. Redemption of short-term investments	**1,436**	200,000	501,433
7. Collection of loan advances		228	229
8. Long-term bailment for consumption to a related party		(50,000)	(100,000)
9. Other, net	**(195)**	757	1,016
Net cash used in investing activities	**(530,053)**	(598,711)	(951,077)
III Cash flows from financing activities:			