

NTT DOCOMO INC
Form 6-K
May 09, 2003

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 May, 2003.

Commission File Number: 001-31221

Total number of pages: 41

NTT DoCoMo, Inc.

(Translation of registrant's name into English)

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

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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

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-

Information furnished in this report:

1. Earnings release dated May 8, 2003 announcing the company's results for the fiscal year ended March 31, 2003.

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: May 9, 2003

By:

/s/ MASAYUKI HIRATA

Masayuki Hirata

Executive Vice President and

Chief Financial Officer

3:00 P.M. JST, May 8, 2003

NTT DoCoMo, Inc.

Earnings Release for the Fiscal Year Ended March 31, 2003

DoCoMo Posts Record Operating Income and

Income before Income Taxes

Increase in data communications revenues contributes to earnings growth

Consolidated financial results of NTT DoCoMo, Inc. and subsidiaries (collectively DoCoMo) for the fiscal year ended March 31, 2003, are summarized as follows.

<<Highlights of Financial Results>>

For the fiscal year ended March 31, 2003, operating revenues were ¥4,809.1 billion (up 3.2% year-on-year), operating income was ¥1,056.7 billion (up 5.6% year-on-year), income before income taxes was ¥1,043.0 billion (up 9.1% year-on-year) and net income was ¥212.5 billion. Equity in net losses of affiliates, net of deferred taxes, was ¥324.2 billion, due primarily to write-downs of investments in foreign affiliates.

Earnings per share were ¥4,253.83, EBITDA margin* was 38.2% (up 2.1 points year-on-year), and ROCE was 22.1% (up 1.0 points year-on-year).

Notes:

Earnings per share were adjusted to reflect a five-for-one stock split that took effect on May 15, 2002, as if the split had been effective at the beginning of the fiscal year. Treasury shares are not included in the calculation.

EBITDA margin* = EBITDA / Total operating revenues

EBITDA* = Operating income + Depreciation and amortization expenses + 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 two fiscal year ends.

* See the reconciliations on page 38.

DoCoMo expects its revenues and profit to continue to grow in the next fiscal year. Operating revenues, operating income, income before income taxes and net income for the fiscal year ending March 31, 2004, are estimated to be ¥4,899.0 billion (up 1.9% year-on-year), ¥1,090.0 billion (up 3.1% year-on-year), ¥1,073.0 billion (up 2.9% year-on-year) and ¥618.0 billion (up 190.8% year-on-year),

respectively.

Notes:

1. Pursuant to revision of rules regarding domestic statutory reporting in March 2002, DoCoMo has elected to prepare and disclose consolidated financial statements in accordance with accounting principles generally accepted in the United States (U.S. GAAP) from the fiscal year ended March 31, 2003. Information regarding previous fiscal years in this release has also been presented in accordance with U.S. GAAP.
2. Consolidated financial statements for the year ended March 31, 2003, in this release are unaudited.
3. Amounts in this release are rounded off, excluding non-consolidated financial statements, where amounts are truncated.
4. With regard to the assumptions and other related matters concerning the forecasts of consolidated financial results for the fiscal year ending March 31, 2004, please refer to pages 7 and 8.

<<Comment by Keiji Tachikawa, President and CEO>>

Although the Japanese mobile phone market posted robust year-on-year growth of 10% in fiscal 2002, the harsh business environment remains as market growth continues to slow down. DoCoMo achieved year-on-year increases in both revenue and profit, with its income before income taxes exceeding one trillion yen for the first time. These are the results of management placing greater importance on profit and pursuing increased efficiency. While it is regrettable that we continued to incur impairment losses on investments in overseas affiliated companies, we secured a net income of ¥212.5 billion.

We implemented a number of measures to increase the number of subscribers to the i-mode services and increase data traffic by introducing new mobile phone handsets capable of faster transmission speeds as well as introducing handsets equipped with cameras. As a result, the number of i-mode subscribers increased to 37.76 million, accounting for 86% of the total number of mobile phone subscribers, and the number of mobile phone handsets equipped with cameras reached nine million less than a year after their introduction. We will further strengthen our core business in the fiscal year ending March 31, 2004, by releasing the 505i handset series to enhance our handset lineup.

For FOMA, we have been able to achieve our revised goal of 320 thousand subscribers thanks to the proactive expansion of the coverage areas and improvements in the mobile phone handsets. We believe that the popularization and expansion of FOMA is the most important challenges facing DoCoMo in the fiscal year ending March 31, 2004, requiring a company-wide effort. We will further expand the FOMA coverage area and improve FOMA handsets and services in an effort to attain our goal of 1.46 million subscribers by March 31, 2004.

The business environment is becoming harsher, including discussions regarding the right to set the tariffs for fixed-line to mobile calls. To respond appropriately to the changes in the business environment, we will focus on our growth strategies of Multimedia , Ubiquity and Globalization , and improve business efficiency as well as disseminating FOMA, for which we obtained a foothold in the previous business year. At the same time, we will strive to establish a strong foundation for management as we move into the future.

<<Business Results and Financial Position>>

<Results of operations>

	Year ended	Year ended		
	March 31, 2003	March 31, 2002	Increase (Decrease)	
			(100 millions of yen)	
Operating revenues	¥ 48,091	¥ 46,593	¥ 1,498	3.2%
Operating expenses	37,524	36,584	940	2.6%
Operating income	10,567	10,009	558	5.6%
Other expense (income)	138	445	(307)	(69.1%)
Income before income taxes	10,430	9,564	866	9.1%
Income taxes	4,545	3,996	548	13.7%

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Equity in net losses of affiliates	(3,242)	(6,440)	3,197
Minority interests	(160)	(290)	129
Cumulative effect of accounting change	(357)		(357)
	<u> </u>	<u> </u>	<u> </u>
Net income (loss)	¥ 2,125	¥ (1,162)	¥ 3,287
	<u> </u>	<u> </u>	<u> </u>

Note:

Effective April 1, 2002, DoCoMo adopted Emerging Issues Task Force (EITF) Issue No. 01-09, Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products . With regard to the details of EITF 01-09, please refer to Basis of Presentation page 20. The initial adoption of EITF 01-09 resulted in the recognition of cumulative effect of accounting changes of ¥35.7 billion. The results of the previous year were also reclassified to conform to EITF 01-09.

1. Business Overview

(1) Operating revenues were ¥4,809.1 billion (up 3.2% year-on-year).

Cellular revenues increased only slightly to ¥3,286.4 billion (up 0.8% year-on-year) mainly due to a shift in subscribers usage to data communications services despite the increase in the number of subscribers.

Packet communications services revenues continued to increase steadily to ¥886.3 billion (up 23.8% year-on-year) due to an increase in the number of subscribers using i-mode services.

<Breakdown of operating revenues>

	Year ended	Year ended	Increase
	March 31, 2003	March 31, 2002	(Decrease)
	(100 millions of yen)		
Wireless services	¥ 43,509	¥ 41,535	4.8%
[Including] Cellular services revenues	32,864	32,603	0.8%
[Including] FOMA services revenues	136	18	657.5%
[Including] Packet communications services revenues	8,863	7,161	23.8%
[Including] PHS services revenues	793	889	(10.8)%
[Including] Quickcast services revenues	77	107	(28.2)%
Equipment sales	4,582	5,058	(9.4)%
Total operating revenues	¥ 48,091	¥ 46,593	3.2%

Notes:

FOMA services revenues include Packet communications services revenues from FOMA subscribers.

Due to the adoption of EITF 01-09, equipment sales for the fiscal years ended March 31, 2003, and 2002, decreased by ¥558.9 billion and ¥507.9 billion, respectively.

(2) Operating expenses were ¥3,752.4 billion (up 2.6% year-on-year).

Personnel expenses increased to ¥243.3 billion (up 5.2% year-on-year) mainly due to an increase in the number of employees. Non-personnel expenses decreased to ¥2,297.9 billion (down 0.1% year-on-year) primarily as a result of a decrease in sales commissions for acquisitions of new subscribers of cellular services.

Depreciation and amortization expenses increased to ¥749.2 billion (up 17.0% year-on-year) due to an increase in depreciation and amortization of equipment and software related to FOMA services.

<Breakdown of operating expenses>

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	Year ended	Year ended	Increase
	March 31, 2003	March 31, 2002	(Decrease)
	(100 millions of yen)		
Personnel expenses	¥ 2,433	¥ 2,312	5.2%
Non-personnel expenses	22,979	23,002	(0.1)%
Depreciation and amortization	7,492	6,405	17.0%
Loss on disposal of property, plant and equipment and intangible assets	386	505	(23.6)%
Communication network charges	3,877	4,064	(4.6)%
Taxes and public expenses	357	295	21.0%
Total operating expenses	¥ 37,524	¥ 36,584	2.6%

Note:

Due to the adoption of EITF 01-09, non-personnel expenses for the fiscal years ended March 31, 2003, and 2002, decreased by ¥571.2 billion and ¥507.9 billion, respectively.

- (3) As a result, operating income was ¥1,056.7 billion (up 5.6% year-on-year) and income before income taxes was ¥1,043.0 billion (up 9.1% year-on-year).
- (4) Net income was ¥212.5 billion.

Equity in net losses of affiliates, net of deferred taxes, was ¥324.2 billion, due primarily to write-downs of investments in foreign affiliates.

2. Segment Information

(1) Mobile phone business

Operating revenues were ¥4,690.4 billion and operating income was ¥1,087.2 billion.

The number of subscribers of cellular services as of March 31, 2003, rose to 43,530 thousand (up 7.0% year-on-year) mainly due to active sales promotion of mova 504iS series handsets, which have a built-in camera and offer subscribers a picture mail service called i-shot .

DoCoMo has expanded the coverage FOMA network to cover approximately 91% of the population of Japan as of March 31, 2003, and have improved standby battery life of FOMA handsets. As a result, DoCoMo had 330 thousand subscribers at March 31, 2003, due to satisfactory sales of FOMA 2051 series handsets, which are capable of using a video clip e-mail service called i-motion mail , and FOMA P2102V handsets, which have videophone capability.

Voice ARPU from cellular services was ¥6,370 (down 8.2% year-on-year), while the i-mode ARPU was ¥1,750 (up 13.6% year-on-year). As a result, aggregate ARPU was ¥8,120 (down 4.2% year-on-year).

Notes:

ARPU: Average monthly revenue per unit

Aggregate ARPU: Voice ARPU (including revenues from data communications through switched circuits) + i-mode ARPU
i-mode ARPU: i-mode revenues / Number of active cellular users (not the number of active i-mode users)

Number of active users: (Number of subscribers at the end of previous fiscal year + number of subscribers at the end of current fiscal year) / 2 x 12 months

<Number of subscribers by services>

	March 31, 2003	March 31, 2002	Increase (Decrease)
	(Thousand subscribers)		
Cellular services	43,531	40,694	7.0%
FOMA services	330	89	269.0%
i-mode services*	37,758	32,156	17.4%
Satellite mobile communications services	29	28	2.4%

Notes:

Number of i-mode subscribers as of March 31, 2003 PDC i-mode subscribers (37,456 thousand) +FOMA i-mode subscribers (303 thousand)

Number of i-mode subscribers as of March 31, 2002 PDC i-mode subscribers (32,075 thousand) +FOMA i-mode subscribers (81 thousand)

<Operating results>

	Year ended	
	March 31, 2003	
	(100 millions of yen)	
Mobile phone business operating revenues	¥	46,904
Mobile phone business operating income		10,872

Note:

From the year ended March 31, 2003, segment results (Mobile phone, PHS, Quickcast, and Miscellaneous business) are prepared in accordance with U.S. GAAP.

(2) PHS business

Operating revenues were ¥85.0 billion and operating loss was ¥ 28.3 billion.

DoCoMo emphasized the promotion of data communications services, including P-p@c , a discount service for data communications, and P-in series, a data-card type PHS. DoCoMo also continued cost reduction efforts including efficient utilization of its network facilities.

Under the severe market conditions, the number of PHS subscribers at March 31, 2003, was 1,688 thousand (down 12.2% year-on-year).

PHS ARPU was ¥3,530 (down 7.8% year-on-year).

<Number of subscribers>

	<u>March 31, 2003</u>	<u>March 31, 2002</u>	Increase (Decrease)
	(Thousand subscribers)		
PHS services	1,688	1,922	(12.2)%

<Operating results>

	<u>Year ended March 31, 2003</u>
	(100 millions of yen)
PHS business operating revenues	¥ 850
PHS business operating loss	(283)

(3) Quickcast business

Operating revenues were ¥8.1 billion and operating loss was ¥ 6.5 billion.

As the market for pager services in Japan continued to shrink, DoCoMo decreased costs by streamlining its operations as well as consolidating billing plans for new subscribers.

<Number of subscribers>

	<u>March 31, 2003</u>	<u>March 31, 2002</u>	Increase (Decrease)
	(Thousand subscribers)		
Quickcast services	604	827	(26.9)%

<Operating results>

**Year ended
March 31, 2003**

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	(100 millions of yen)
Quickcast business operating revenues	¥ 81
Quickcast business operating loss	(65)

(4) Miscellaneous business

Operating revenues were ¥25.5 billion and operating income was ¥4.3 billion.

DoCoMo has enabled users to use WORLD CALL services, an international dialing service from cellular phones, without applying specifically for it when they become new cellular subscribers. With regard to international roaming services, WORLD WALKER, DoCoMo added new services for the United States at a more reasonable price.

DoCoMo launched a public wireless LAN service, Mzone.

<Operating results>

	Year ended March 31, 2003
	(100 millions of yen)
Miscellaneous business operating revenues	¥ 255
Miscellaneous business operating income	43

3. Capital Expenditures

Total capital expenditures were ¥854.0 billion (down 17.3% year-on-year).

With regard to FOMA, which is expected to play a major role in DoCoMo's mobile phone businesses in the future, DoCoMo focused on the construction of its network to expand service areas and improve transmission qualities. On the other hand, DoCoMo made capital expenditures more efficient and reduced costs by installing new base station equipment and decreasing equipment acquisition costs.

<Breakdown of capital expenditures>

	Year ended March 31, 2003	Year ended March 31, 2002	Increase (Decrease)
	(100 millions of yen)		
Mobile phone business	¥ 6,008	¥ 7,102	(15.4)%
PHS business	84	123	(32.3)%
Quickcast business	2	5	(60.3)%

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Other (including buildings for telecommunications)	<u>2,446</u>	<u>3,093</u>	<u>(20.9)%</u>
Total capital expenditures	<u>¥ 8,540</u>	<u>¥ 10,323</u>	<u>(17.3)%</u>

4. Cash Flow Conditions

Net cash provided by operating activities increased to ¥1,584.6 billion (up 18.2% year-on-year). It increased primarily because net income increased, despite an increase in the payment of income taxes, and due to the fact that telephone bills of approximately ¥244.0 billion for the previous fiscal year that normally would have been due on March 31, 2002, were collected during the fiscal year ended March 31, 2003, because the last day of the previous fiscal year coincided with a bank holiday.

Net cash used in investing activities was ¥871.4 billion (down 22.5% year-on-year) due to decreases in capital expenditures and purchases of investments.

Net cash used in financing activities was ¥333.3 billion (up 898.7% year-on-year). This was primarily due to the fact that DoCoMo paid ¥234.5 billion to repurchase its own shares, which were used to make its regional subsidiaries wholly owned through share exchanges. DoCoMo also reduced interest bearing liabilities.

Free cash flows were ¥712.7 billion (up 234.1% year-on-year). Adjusted free cash flows* excluding the effects of a bank holiday at the previous fiscal year end were ¥468.7 billion (up 100.9% year-on-year).

Cash flow and other related measures improved compared to the previous fiscal year, due to an increase in shareholders' equity, a decrease in interest bearing liabilities and an increase in net cash provided by operating activities. However, our market equity ratio* decreased because of a decline in share prices.

<Statements of cash flows>

	Year ended	Year ended	Increase
	March 31, 2003	March 31, 2002	(Decrease)
	(100 millions of yen)		
Net cash provided by operating activities	¥ 15,846	¥ 13,411	18.2%
Net cash used in investing activities	(8,714)	(11,251)	
Net cash used in financing activities	(3,333)	(334)	
Free cash flows*	7,127	2,133	234.1%
Adjusted free cash flows (excluding irregular factors) *	4,687	2,333	100.9%

<Cash flow and other related measures>

	Year ended	Year ended	Increase
	March 31, 2003	March 31, 2002	(Decrease)
Equity ratio	57.4%	54.3%	3.1 points
Market equity ratio*	183.1%	291.1%	(108.0 points)
Debt ratio	28.0%	30.3%	(2.3 points)

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Debt payout period (years)	0.9	1.1	(0.2)
Interest coverage ratio	79.7	66.5	13.2

Notes:

Free cash flows* = Cash flows from operating activities + Cash flows from investing activities (excluding net payments for short-term loans, deposits, and other investments)

Irregular factors represent the effects of uncollected revenues due to bank holidays at the end of periods.

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)

Shareholders' equity and interest bearing liabilities are the average of two fiscal year ends.

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

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

Interest expense is cash interest paid, which are disclosed in Supplemental disclosures of cash flow information for consolidated statements of cash flows.

* See the reconciliations on page 38.

5. Profit Distribution

The Company intends to pay 500 yen per share as a year-end dividend for the fiscal year ended March 31, 2003.

Note:

The Company suspended interim dividend payment for the six months ended September 30, 2002, because the Company was unable to satisfy the conditions set forth in the Commercial Code of Japan for interim dividend payments after the 11th regular annual shareholders' meeting approved the repurchase of the Company's own shares for the share exchanges.

<<Prospects for the Fiscal Year Ending March 31, 2004>>

Although the growth in the number of subscribers in the domestic wireless market during the year ending March 31, 2004, is estimated to slow than during the year ended March 31, 2003, DoCoMo expects to achieve the following results by reinforcing its financial position through company-wide cost reduction efforts, strengthening its existing core business, especially through the promotion of FOMA services, and expanding its business fields by pursuing its three major growth strategies, Multimedia, Ubiquity, and Globalization.

	Year ending	Year ended	Increase
	March 31, 2004	March 31, 2003	(Decrease)
	(100 millions of yen)		
Operating revenues	¥ 48,990	¥ 48,091	1.9%
Operating income	10,900	10,567	3.1%
Income before income taxes	10,730	10,430	2.9%
Net income	6,180	2,125	190.8%
Capital expenditures	8,180	8,540	(4.2)%
Free cash flows*	8,400	7,127	17.9%
Adjusted free cash flows (excluding irregular factors)*	8,400	4,687	79.2%
EBITDA*	18,760	18,363	2.2%
EBITDA margin*	38.3%	38.2%	0.1points
ROCE	21.9%	22.1%	(0.2points)
ROCE after tax effect*	12.7%	12.8%	(0.1points)
Debt ratio	21.3%	28.0%	(6.7points)

Note:

ROCE after tax effect = Operating income X (1 - effective tax rate) / (Shareholders' equity + Interest bearing liabilities)

Shareholders' equity and interest bearing liabilities are the average of two fiscal year ends.

* See the reconciliations on page 38.

The financial forecasts for the year ending March 31, 2004, were based on the forecasts of the following operation data.

	March 31, 2004	March 31, 2003	Increase
	March 31, 2004	March 31, 2003	(Decrease)
Number of cellular subscribers (Thousands)	44,300	43,531	1.8%
Number of FOMA subscribers (Thousands)	1,460	330	342.5%
Number of i-mode subscribers (Thousands)	40,000	37,758	5.9%
Number of PHS subscribers (Thousands)	1,780	1,688	5.5%
Number of Quickcast subscribers (Thousands)	440	604	(27.2)%

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Aggregate ARPU (Mobile phone services)	¥	7,810	¥	8,120	(3.8)%
Voice ARPU	¥	5,980	¥	6,370	(6.1)%
i-mode ARPU	¥	1,830	¥	1,750	4.6%

Note:

The number of i-mode subscribers includes the number of FOMA i-mode subscribers.

i-mode ARPU = ARPU generated purely from i-mode X (no. of active i-mode subscribers/no. of active cellular phone subscribers)

DoCoMo intends to pay a total annual dividend of ¥1,000 per share for the year ending March 31, 2004, consisting of an interim dividend of ¥500 per share and a year-end dividend of ¥500 per share.

Special Note Regarding Forward-Looking Statements

These Consolidated Financial Statements contain forward-looking statements such as forecasts of results of operations, policies, management strategies, objectives, plans, recognition and evaluation of facts, expected number of subscribers, financial results and prospects of dividend payments. All forward-looking statements that are not historical facts are based on management's current expectations, assumptions, estimates, projections, plans, recognition and evaluations based on the information currently available. The projected numbers in this report were derived using certain assumptions that are indispensable for making projections in addition to historical facts that have been acknowledged accurately. These forward-looking statements are subject to various risks and uncertainties. Known and unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contained in or suggested by any forward-looking statement. DoCoMo cannot promise that its assumptions, expectations, projections, anticipated estimates or other information expressed in these forward-looking statements will turn out to be correct. Potential risks and uncertainties include, without limitation:

The successful development of our 3G services is subject to market demand.

The introduction or change of various laws or regulations could have an adverse effect on our financial condition and results of operations.

Changes in the current system for setting tariffs and forms of communications between the telecommunications carriers may negatively affect our profitability.

Increasing competition from other cellular services providers or other technologies, or rapid changes in market trends, could have an adverse effect on our financial condition and results of operations.

Our acquisition of new subscribers, retention of existing subscribers and revenue per unit may not be as high as we expect.

Subscribers may experience reduced quality of services because we have only a limited amount of spectrum and facilities available for our services.

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

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

The performance of our PHS business may not improve as we expect and the business may continue to operate at a loss in the future.

Our i-mode system is subject to various inappropriate uses, such as unsolicited bulk e-mail, which could decrease customer satisfaction with our services, congest our system and adversely affect our financial results.

Our parent, NTT, could exercise influence that may not be in the interests of our other shareholders.

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

Volatility and changes in the economic conditions and securities market in Japan and other countries may have an adverse effect on our financial condition and results of operations.

i-mode , FOMA , i-shot , mova , i-motion mail , P-p@c , P-in , Quickcast , WORLD CALL , WORLD WALKER and Mzo registered trademarks of NTT DoCoMo, Inc.

Consolidated Financial Statements

For the Fiscal Year Ended March 31, 2003

May 8, 2003
[U.S. GAAP]

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: Tokyo, Japan
(URL <http://www.nttdocomo.co.jp/>)
Representative: Keiji Tachikawa, Representative Director, President and Chief Executive Officer
Contact: Ken Takeuchi, Senior Manager, General Affairs Department /
TEL (03) 5156-1111

Date of the meeting of the Board of Directors for approval of the consolidated financial statements: May 8, 2003
Name of Parent Company: Nippon Telegraph and Telephone Corporation (Code No. 9432)
Percentage of ownership interest in NTT DoCoMo, Inc. held by parent company: 63.0%
Adoption of US GAAP: Yes

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2003 (April 1, 2002 - March 31, 2003)

(1) Consolidated Results of Operations

Amounts are rounded off per 1 million yen throughout this report.

	Operating Revenues		Operating Income		Income before Income Taxes	
	(Millions of yen, except per share amounts)					
Year ended March 31, 2003	4,809,088	3.2%	1,056,719	5.6%	1,042,968	9.1%
Year ended March 31, 2002	4,659,254	11.5%	1,000,887	28.5%	956,391	26.2%
	Net Income (Loss)	Earnings (Loss) per Share	Diluted Earnings per Share	ROE (Ratio of Net Income to Shareholders Equity)	ROA (Ratio of Income before Income Taxes to Total Assets)	Income before Income Taxes Margin (Ratio of Income before Income Taxes to Operating Revenues)
Year ended March 31, 2003	212,491	4,253.83 (yen)		6.3%	17.2%	21.7%
Year ended March 31, 2002	(116,191)	(2,315.48) (yen)		(3.5)%	15.8%	20.5%

Notes: 1. Equity in net losses of affiliated companies: For the fiscal year ended March 31, 2003: (324,241) million yen

2. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2004 (April 1, 2003 - March 31, 2004)

	<u>Operating Revenues</u>	<u>Income before Income Taxes</u>	<u>Net Income</u>
	(Millions of yen)		
Year ending March 31, 2004	4,899,000	1,073,000	618,000
(Reference) Expected Earnings per Share:	12,318.02 yen		

- Notes:
1. Pursuant to revision of rules in regard to domestic statutory reporting in March 2002, NTT DoCoMo, Inc. has elected to prepare and disclose consolidated financial statements in accordance with U.S. GAAP. Information on the prior fiscal year has also been presented to show U.S. GAAP information.
 2. Consolidated financial statements for the year ended March 31, 2003 are unaudited.
 3. With regard to the assumptions and other related matters concerning the above forecast results, please refer to pages 7 and 8.

<<Conditions of the Corporate Group>>

NTT DoCoMo, Inc. (the Company) 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 63 subsidiaries and ten affiliates constitute the NTT DoCoMo group (DoCoMo group), the largest mobile telecommunications services provider in Japan.

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

[Business Segment Information]

<u>Business</u>	<u>Main service lines</u>
Mobile phone businesses	Cellular services, FOMA services, packet communications services, satellite mobile communications services, in-flight telephone services, and sales of handsets and equipment for each service
PHS business	PHS services and sales of PHS handsets and equipment
Quickcast business	Quickcast (radio paging) services and sales of Quickcast equipment
Miscellaneous businesses	International dialing services and other miscellaneous businesses

[Position of Each Group Company]

- (1) The Company engages in Mobile phone, PHS, Quickcast and other businesses in the Kanto-Koshinetsu region of Japan. The Company also provides nationwide services such as satellite mobile communications services, in-flight telephone service and international dialing services. The Company is solely responsible for the R&D activities of the DoCoMo group regarding the mobile telecommunications business, the development of services and the development of 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 and in-flight telephone service), PHS and Quickcast businesses in their respective regions.
- (3) Twenty-eight 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 operate efficiently. They are entrusted with part of the services provided by, or give assistance to, the Company and DoCoMo Regional Subsidiaries.

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- (4) There are 27 other subsidiaries and ten associates, 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, set up to launch new business operations.

The following chart summarizes the above.

<<Management Policies>>

1. Basic Management Policies

Under the corporate principle 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 in voice communications services and promoting mobile multimedia services. It also seeks to optimize its corporate value as to be greatly trusted and highly valued by its shareholders and customers.

2. Medium- and Long-Term Management Strategies

With the rise in the penetration ratio of cellular phones, the Japanese mobile telecommunications market is shifting to a period of stable growth. Meanwhile, demand for data communications services has been expanding steadily.

DoCoMo will continue to make efforts to improve its corporate value by targeting further growth corresponding to the advances in information technology and the globalization of socio-economic activities, focusing on the following three medium- and long-term strategies: a multimedia strategy, a ubiquity strategy and a globalization strategy. At the same time, DoCoMo will seek to enhance its core business, pursue comprehensive cost cutting and strengthen its management base by implementing the following measures.

(1) Multimedia

To stimulate further demand for mobile multimedia services, DoCoMo will strive to develop and provide an array of more sophisticated non-voice services, including visual communication services and the distribution services for music, video and text, capitalizing on the high-speed, large-capacity data transmission capability of its third-generation network (FOMA). DoCoMo will also push forward with mobile multimedia services by developing the High Speed Downlink Packet Access (HSDPA) system based on W-CDMA technology to further improve the quality of FOMA . DoCoMo is also committed to continued research and development involving fourth-generation mobile telecommunications technologies.

(2) Ubiquity

With advances in mobile multimedia services, the business domain of mobile telecommunications has expanded from conventional person-to-person communications to person-to-machine communications, such as the i-mode services. DoCoMo will expand the use of mobile communications services to machine-to-machine communications services, including remote control of intelligent home appliances, distribution of information to vehicles (telematics services) and electronic commerce services utilizing portable information terminals (mobile e-commerce), and will aim to expand its business domain by targeting anything mobile.

(3) Globalization

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The Company is steadily promoting globalization of both its i-mode services and its third-generation mobile communications systems based on W-CDMA technology as well as promoting overseas operations of mobile multimedia services. Including business alliances not involving the purchase of equity stakes, the Company will continue to promote the development of Global Mobility Support, which enables people to communicate with anyone, anywhere and anytime worldwide, by promoting international roaming services.

3. Basic Policies for Profit Distribution

The Company will strive to strengthen its financial position and secure internal reserves in order to build highly advanced networks and offer stable services as well as to move ahead with mobile multimedia services. The Company will pay dividends by taking into account its consolidated results and operating environment, with the goal to continue to pay regular dividends. The Company will also take a flexible approach regarding share repurchases in order to return profits to shareholders.

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 global businesses through alliances with new partners.

4. Basic Policies Regarding Corporate Governance, Measures and Implementation

Viewing corporate governance as an important management issue to maximize its corporate value, the Company will strive to achieve efficient and transparent management under the director/auditor system.

The Company is currently making swift and accurate decisions after active discussions at Board of Directors meetings, which are held monthly and on ad hoc basis. The Company now has one outside director and two outside auditors. To strengthen its auditing function, the Company seeks to expand its specialized staff and cooperate with auditors of its subsidiaries.

The Company set up an Advisory Board in February 1999, to obtain opinions and proposals of experts from diverse fields concerning the managerial challenges facing the Company. The Advisory Board, which entered its second term in May 2001, meets four times a year. The Company also established a US Advisory Board in December 2000, to receive advice from a more global perspective. The US Advisory Board, which was renewed and commenced its second term in November 2002, holds meetings twice a year. The views and proposals from the advisors have been reflected in the management of the Company.

Meanwhile, the Company also inaugurated the Compliance Promotion Committee under the direct control of the president and charged it with promoting fair and appropriate management, while setting up the Compliance Consulting Office (an in-house compliance system) to ensure that information is conveyed directly from employees to management. The Company is also endeavoring to cultivate employees' awareness of legal compliance by providing training to all employees based on the NTT DoCoMo Business Action Standard, which provides codes of conduct for employees.

The Company will also establish controls and procedures concerning disclosure of corporate information in line with domestic and overseas laws and regulations, and will disclose information in a timely, appropriate and proactive way to shareholders and investors to improve transparency.

5. Relationship with the Parent Company

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- (1) The Company operates independently within the NTT Group, mainly in the field of mobile telecommunications. NTT, which currently owns 63.0% of the outstanding shares of the Company, is in a position to have an influence the managerial decisions of the Company by exercising its rights as majority shareholder to appoint and dismiss directors as well as other rights.
- (2) The Company and NTT concluded a contract on July 1, 1999, for basic research and development conducted by NTT. Under the agreement, NTT offers services and benefits to the Company concerning basic research and development, and the Company pays compensation for such services and benefits to NTT.

The Company and NTT also entered into a contract on April 1, 2002, regarding group management and operations run by NTT. Under the agreement, NTT provides services and benefits regarding group management and operations to the Company, and the Company pays compensation to NTT for such services and benefits. The Company and each of its eight Regional Subsidiaries had separately entered into agreements with NTT until March 31, 2002.

6. 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, given the company's emphasis on profit, to further enhance its management base. DoCoMo also considers ROCE an important management indicator to promote efficiency in its invested capital (shareholders' equity + interest bearing liabilities). DoCoMo will attempt to maximize its corporate value by doing its utmost to achieve an EBITDA margin of at least 35% and an ROCE of at least 20%.

Note:

EBITDA margin* = EBITDA / Total operating revenues

EBITDA* = Operating income + Depreciation and amortization expenses + Loss 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 two fiscal year ends.

* See the reconciliations on page 38.

7. Others

DoCoMo recognizes that support for building environment-friendly social systems is an important management issue facing the entire group. To that end, DoCoMo is making continuous efforts to earn ISO14001 certification, which is a set of international standards for environmental management and inspection, at all levels of the group. At the same time, DoCoMo seeks to alleviate the burdens on environment by procuring and purchasing environment-friendly products and materials, collecting and recycling used mobile phone handsets and accessories to create a recycling society and saving on paper resources by offering an e-billing service, which provides customers' bills over the Internet or by e-mail message. DoCoMo is also actively engaged in forestation campaigns through its DoCoMo Woods.

<CONSOLIDATED FINANCIAL STATEMENTS>**1. CONSOLIDATED BALANCE SHEETS**

	(UNAUDITED) March 31, 2003		March 31, 2002		Increase (Decrease)
			(Millions of yen)		
ASSETS					
Current assets:					
Cash and cash equivalents	¥ 680,951		¥ 301,048		¥ 379,903
Accounts receivable, net	617,499		844,816		(227,317)
Inventories	67,315		96,000		(28,685)
Deferred tax assets	58,501		44,056		14,445
Prepaid expenses and other current assets	214,753		98,985		115,768
	<u>1,639,019</u>	<u>27.0%</u>	<u>1,384,905</u>	<u>22.8%</u>	<u>254,114</u>
Property, plant and equipment:					
Wireless telecommunications equipment	3,792,361		3,361,066		431,295
Buildings and structures	546,267		439,171		107,096
Tools, furniture and fixtures	565,601		529,532		36,069
Land	185,031		173,867		11,164
Construction in progress	151,419		195,389		(43,970)
Accumulated depreciation	(2,564,551)		(2,080,033)		(484,518)
	<u>2,676,128</u>	<u>44.2%</u>	<u>2,618,992</u>	<u>43.2%</u>	<u>57,136</u>
Non-current investments and other assets:					
Investments in affiliates	381,290		997,331		(616,041)
Marketable securities and other investments	21,131		17,758		3,373
Intangible assets, net	621,012		434,690		186,322
Other assets	150,272		135,411		14,861
Deferred tax assets	569,155		478,138		91,017
	<u>1,742,860</u>	<u>28.8%</u>	<u>2,063,328</u>	<u>34.0%</u>	<u>(320,468)</u>
TOTAL ASSETS	¥ 6,058,007	100.0%	¥ 6,067,225	100.0%	¥ (9,218)
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term debt	¥ 126,741		¥ 212,934		¥ (86,193)
Short-term borrowings	10,000		81,050		(71,050)
Accounts payable, trade	638,670		557,851		80,819
Accrued payroll	45,367		42,728		2,639
Accrued interest	2,893		3,226		(333)
Accrued taxes on income	131,845		293,410		(161,565)
Other current liabilities	96,824		86,693		10,131
	<u>1,052,340</u>	<u>17.4%</u>	<u>1,277,892</u>	<u>21.0%</u>	<u>(225,552)</u>
Long-term liabilities:					
Long-term debt					