

NTT DOCOMO INC
Form 20-F
June 27, 2006
Table of Contents

As filed with the Securities and Exchange Commission on June 27, 2006

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR 12(G) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

Commission file number: 1-31221

Kabushiki Kaisha NTT DoCoMo

(Exact name of registrant as specified in its charter)

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

(Jurisdiction of incorporation or organization)

Japan

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Stock

New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

(Title of Class)

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Edgar Filing: NTT DOCOMO INC - Form 20-F

As of March 31, 2006, 44,474,227 shares of common stock were outstanding, comprised of 44,195,566 shares and 27,866,100 ADSs (equivalent to 278,661 shares).

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

*Not for trading, but only in connection with the listing of the American Depositary Shares.

Table of Contents**TABLE OF CONTENTS**

	Page
<u>PART I</u>	
Item 1.	<u>Identity of Directors, Senior Management and Advisors.</u> 2
Item 2.	<u>Offer Statistics and Expected Timetable.</u> 2
Item 3.	<u>Key Information.</u> 2
Item 4.	<u>Information on the Company.</u> 12
Item 4A.	<u>Unresolved Staff Comments.</u> 60
Item 5.	<u>Operating and Financial Review and Prospects.</u> 61
Item 6.	<u>Directors, Senior Management and Employees.</u> 88
Item 7.	<u>Major Shareholders and Related Party Transactions.</u> 93
Item 8.	<u>Financial Information.</u> 94
Item 9.	<u>The Offer and Listing.</u> 96
Item 10.	<u>Additional Information.</u> 98
Item 11.	<u>Quantitative and Qualitative Disclosures about Market Risk.</u> 110
Item 12.	<u>Description of Securities Other Than Equity Securities.</u> 112
<u>PART II</u>	
Item 13.	<u>Defaults, Dividend Arrearages and Delinquencies.</u> 113
Item 14.	<u>Material Modifications to the Rights of Security Holders and Use of Proceeds.</u> 113
Item 15.	<u>Controls and Procedures.</u> 113
Item 16A.	<u>Audit Committee Financial Expert.</u> 113
Item 16B.	<u>Code of Ethics.</u> 113
Item 16C.	<u>Principal Accountant Fees and Services.</u> 114
Item 16D.	<u>Exemptions from the Listing Standards for Audit Committees.</u> 114
Item 16E.	<u>Purchases of Equity Securities by Issuer and Affiliated Purchasers.</u> 116
Item 17.	<u>Financial Statements.</u> 116
Item 18.	<u>Financial Statements.</u> 116
Item 19.	<u>Exhibits.</u> 117

Table of Contents

Special Note Regarding Forward-looking Statements

This annual report contains forward-looking statements about our industry, our business, our plans and objectives, our financial condition and our results of operations that are based on our current expectations, assumptions, estimates and projections. These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as may, will, expect, anticipate, estimate, plan or similar words. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of results of operations or of our financial condition, or state other forward-looking information. Known and unknown risks, uncertainties and other factors could cause our actual results to differ materially from those contained in or suggested by any forward-looking statement. We cannot promise that our 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:

With the introduction of Mobile Number Portability in Japan and the emergence of new service providers, competition is expected to intensify as the market environment changes. The increasing competition from other service providers and other technologies may limit our acquisition of new subscribers and retention of existing subscribers, may suppress average revenue per unit (ARPU) and may increase our costs and expenses.

If the new services and forms of usage which we propose and introduce are not successful, our growth may be constrained.

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

Limitations on the amount of frequency spectrum and facilities available to us may make it difficult for us to maintain and improve the quality of our services and the level of our customer satisfaction.

We cannot guarantee overseas operators will introduce the W-CDMA technology and mobile multimedia services we currently use in our 3G system, which would adversely affect our ability to offer our international services to our subscribers.

We cannot guarantee that our domestic and international investments, alliances and collaborations and investments in new businesses will produce sufficient opportunities or returns.

As electronic payment capabilities and many other new features are built into our cellular handsets, and the services of third parties are provided through our cellular handsets, problems may arise in the event that handsets malfunction, contain defects, are lost or fail to complete services provided by other operators.

Social issues that may arise from misuse or misunderstanding of our products and services may adversely affect our credibility or corporate image.

Inappropriate handling of subscriber information by our employees or subcontractors would damage our credibility and corporate image.

If we are unable to obtain licenses, etc. or other rights to use the intellectual property rights of third parties that are crucial to our business, we may not be able to offer certain technology, products, or services. In addition, our group may be liable for damages due to infringement of the intellectual property rights of other companies.

Edgar Filing: NTT DOCOMO INC - Form 20-F

Earthquakes, power shortages, malfunction of facilities, software bugs and viruses, hacking, unauthorized access or cyber attacks may cause system failures in our cellular network, handsets or other networks required for the provision of service, disrupting our ability to offer our services to our subscribers and damaging our group's credibility and corporate image.

Concerns about adverse effect on health by wireless telecommunications may increase.

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

Our actual results could be materially different from and worse than as described in the forward-looking statements. Important risks and factors that could cause our actual results to be materially different from as described in the forward-looking statements are set forth in Item 3.D. and elsewhere in this annual report.

Table of Contents

PART I

As used in this annual report, references to DoCoMo , the company , we , our , our group and us are to NTT DoCoMo, Inc. and its subsidiaries except as the context otherwise requires.

Item 1. Identity of Directors, Senior Management and Advisors.

Not applicable.

Item 2. Offer Statistics and Expected Timetable.

Not applicable.

Item 3. Key Information.

A. Selected Financial Data.

The following tables include selected historical financial data as at and for the fiscal years ended March 31, 2002 through 2006. The data as at and for the fiscal years ended March 31, 2002 through 2006 in the table is derived from our audited consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). You should read the selected financial data below in conjunction with Item 5 of this annual report and our audited consolidated financial statements and notes thereto which are included elsewhere in this annual report.

Table of Contents**Selected Financial Data**

As of and for the year ended March 31,

	2002	2003	2004	2005	2006	2006
(in millions, except per share data)						
Income Statement Data						
Operating revenues:						
Wireless services	¥ 4,153,459	¥ 4,350,861	¥ 4,487,912	¥ 4,296,537	¥ 4,295,856	\$ 36,566
Equipment sales (1)	505,795	458,227	560,153	548,073	470,016	4,001
Total (1)	4,659,254	4,809,088	5,048,065	4,844,610	4,765,872	40,567
Operating expenses (1)						
	3,658,367	3,752,369	3,945,147	4,060,444	3,933,233	33,480
Operating income	1,000,887	1,056,719	1,102,918	784,166	832,639	7,087
Other income (expense) (2)	(44,496)	(13,751)	(1,795)	504,055	119,664	1,019
Income before income taxes, equity in net losses of affiliates, minority interests in earnings of consolidated subsidiaries and cumulative effect of accounting change						
	956,391	1,042,968	1,101,123	1,288,221	952,303	8,106
Income taxes	399,643	454,487	429,116	527,711	341,382	2,906
Income before equity in net losses of affiliates, minority interests in earnings of consolidated subsidiaries and cumulative effect of accounting change						
	556,748	588,481	672,007	760,510	610,921	5,200
Equity in net losses of affiliates (3)(4)	(643,962)	(324,241)	(21,960)	(12,886)	(364)	(3)
Minority interests in earnings of consolidated subsidiaries	(28,977)	(16,033)	(40)	(60)	(76)	(1)
Income (loss) before cumulative effect of accounting change						
	(116,191)	248,207	650,007	747,564	610,481	5,196
Cumulative effect of accounting change (1)		(35,716)				
Net income (loss)	¥ (116,191)	¥ 212,491	¥ 650,007	¥ 747,564	¥ 610,481	\$ 5,196
Per Share Data						
Basic and diluted earnings (loss) per share	¥ (2,315)	¥ 4,254	¥ 13,099	¥ 15,771	¥ 13,491	\$ 114.84
Dividends declared and paid per share (5)	¥ 200	¥ 200	¥ 1,000	¥ 2,000	¥ 3,000	
Dividends declared and paid per share (6)	\$ 1.64	\$ 1.51	\$ 8.72	\$ 18.65	\$ 25.54	
Balance Sheet Data						
Working capital	¥ 107,013	¥ 586,679	¥ 493,679	¥ 1,047,597	¥ 558,459	\$ 4,754
Total property, plant and equipment, net	2,618,992	2,676,128	2,702,505	2,682,429	2,777,454	23,642
Total assets	6,067,225	6,058,007	6,262,266	6,136,521	6,365,257	54,182
Total debt (7)	1,429,332	1,348,368	1,091,596	948,523	792,405	6,745
Total liabilities	2,671,717	2,582,018	2,557,510	2,228,468	2,312,120	19,681
Total shareholders' equity	3,291,883	3,475,514	3,704,695	3,907,932	4,052,017	34,491
Other Financial Data						
Depreciation and amortization expenses and loss on sale or disposal of property, plant and equipment	679,709	779,545	756,002	781,096	773,066	6,580
Net cash provided by operating activities	1,341,088	1,584,610	1,710,243	1,181,585	1,610,941	13,712
Net cash used in investing activities	(1,125,093)	(871,430)	(847,309)	(578,329)	(951,077)	(8,096)
Net cash used in financing activities	(33,372)	(333,277)	(705,856)	(672,039)	(590,621)	(5,027)
Margins (percent of operating revenues):						
Operating income margin	21.5%	22.0%	21.8%	16.2%	17.5%	17.5%
Net income margin	(2.5)%	4.4%	12.9%	15.4%	12.8%	12.8%

(1)

Edgar Filing: NTT DOCOMO INC - Form 20-F

We adopted EITF 01-09 from April 1, 2002. Therefore, equipment sales and operating expenses for the fiscal year ended March 31, 2002 are reclassified. Equipment sales and operating expenses for the year ended March 31, 2003, were decreased by ¥558,923 million and ¥571,223 million, respectively, as a result of the adoption of EITF 01-09. Operating expenses, amounting to ¥507,884 million for the year ended March 31, 2002 are also reclassified as a reduction of equipment sales. The cumulative effect of this accounting change relates to the timing for recognizing commissions payable to agents.

- (2) Includes a gain on sale of AT&T Wireless Services, Inc. shares of ¥501,781 million for the year ended March 31, 2005, and an aggregate gain on sales of Hutchison 3G UK Holdings Limited and KPN-Mobile N.V. shares of ¥101,992 million for the year ended March 31, 2006.
- (3) Includes impairment of investments in affiliates. See Note 6 of the Notes to the Financial Statements.
- (4) Net of deferred taxes of ¥470,278 million, ¥226,450 million, ¥(4,527) million, ¥1,492 million and ¥1,653 million in the years ended March 31, 2002, 2003, 2004, 2005 and 2006, respectively.
- (5) The dividends declared and paid per share are adjusted to reflect the stock split (five-for-one) that took effect on May 15, 2002.
- (6) The dividends per share were translated into U.S. dollars at the relevant record date.
- (7) Total debt includes total short-term debt (including commercial paper and current portion of long-term debt) and long-term debt.

Table of Contents