



Report for 3rd Quarter, Fiscal Year Ending March 2005 (Non-Consolidated)

January 26, 2005

Company name: Okinawa Cellular Telephone Company
 URL: <http://www.au.kddi.com/chiiki/okinawa/index.html>
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1. Matters Pertaining to the Preparation of the Quarterly Report

- (1) Adoption of simplified procedures for accounting: none
- (2) Change(s) in accounting method from the latest accounting year: yes

2. Financial and Business Performance for 3rd Quarter, FY Ending March 2005 (Apr. 1, 2004 – Dec. 31, 2004)

(1) Operating Results

Note: Figures rounded off to nearest million yen.

	Operating Revenues		Operating Income		Recurring Profits		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
3 rd Quarter, FY ending Mar. 2005	33,337	(4.7)	5,902	(16.4)	6,018	(18.6)	3,807	(22.7)
3 rd Quarter, FY ending Mar. 2004	31,847	(7.0)	5,069	(176.6)	5,075	(188.6)	3,103	(164.7)
(Ref.) FY ending Mar. 2004	42,815		6,478		6,539		4,214	

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
3 rd Quarter, FY ending Mar. 2005	27,853.84	-
3 rd Quarter, FY ending Mar. 2004	45,398.37	-
(Ref.) FY ending Mar. 2004	61,524.93	-

Notes:

1. The percentages accompanying Operating Revenues, Operating Income, etc. reflect the rate of change (increase/decrease) from the same quarter of the previous fiscal year.
2. Average no. of shares outstanding: 3rd Quarter, FY ending Mar. 2005: 136,710 shares
 3rd Quarter, FY ending Mar. 2004: 68,355 shares
 FY ending Mar. 2004: 68,355 shares
3. As of November 22, 2004, we implemented a two-for-one stock split.
4. The interim average number of shares is used in the calculation of the projected earnings per share. The interim average number of shares is calculated based on the premise that a stock split occurred at the beginning of the accounting period.
5. "Operating Revenues" is shown in place of "Sales" in accordance with changes in the presentation of items.

(2) Changes in Financial Position

	Total Assets (million yen)	Shareholders' Equity (million yen)	Equity Ratio (%) (Ratio of Shareholders' Equity to Total Assets)	Shareholders' Equity Per Share (yen)
3 rd Quarter, FY ending Mar. 2005	25,060	17,148	68.4	125,438.27
3 rd Quarter, FY ending Mar. 2004	22,712	12,488	55.0	182,693.66
(Ref.) FY ending Mar. 2004	22,953	13,606	59.3	198,918.21

Notes:

1. Outstanding shares at end of period: 3rd Quarter, FY ending Mar. 2005: 136,710 shares
 3rd Quarter, FY ending Mar. 2004: 68,355 shares
 FY ending Mar. 2004: 68,355 shares
2. No. of treasury stock: 3rd Quarter, FY ending Mar. 2005: - shares
 3rd Quarter, FY ending Mar. 2004: - shares
 FY ending Mar. 2004: - shares

[Cash Flow]

(Unit: million yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of FY
3 rd Quarter, FY ending Mar. 2005	5,836	(1,868)	(1,764)	4,003
3 rd Quarter, FY ending Mar. 2004	6,142	(1,128)	(3,826)	1,683
(Ref.) FY ending Mar. 2004	8,034	(2,246)	(4,486)	1,798

3. Projected Business Performance for FY Ending March 2005 (Apr. 1, 2004 – Mar. 31, 2005)

	Operating Revenues (million yen)	Recurring Profits (million yen)	Net Income This FY (million yen)
Entire FY	45,000	7,400	4,700

Reference: Earnings Per Share for this period are projected at 34,379.34 yen

Notes:

1. Projected business performance is based solely on information currently available to the company. Actual business performance may vary due to unpredictable conditions such as economic swings and competition.
2. As of November 22, 2004, we implemented a two-for-one stock split
3. The interim average number of shares is used in the calculation of the projected earnings per share. The interim average number of shares is calculated based on the premise that a stock split occurred at the beginning of the accounting period.

1. Operating Results and Financial Status

(1) Operating Results

Review of operations during the current period

With regard to domestic economic conditions encountered during the third quarterly accounting period, while companies continued to record robust profitability, some weakening of recovery momentum was noted in areas such as slackening consumer consumption growth.

Furthermore, in the Okinawa Prefecture regional economy (where our business is based), while there were negative impacts of unseasonable weather on consumer consumption and inbound tourist numbers, economic recovery continued at a slackened pace.

During this reporting period, as of the end of December 2004, Okinawa Prefecture accounted for 790 thousand subscribers out of a total 85,484 thousand subscribers registered with the domestic mobile phone industry (excluding PHS). In a maturing mobile phone market, the different carriers have been introducing high value-added handsets and an array of different services. They have also been promoting flat rate packet transmission charges and pushing ahead to make charges more affordable. As such, competition among carriers has intensified even further.

Moreover, the April 2004 revision of the Telecommunications Business Law abolished business categories for telecommunications carriers (e.g., type I, type II). Among structural changes, standard form contracts were also abolished in principle, thus allowing carriers and customers to conclude contracts based on direct negotiations of terms, conditions and telecommunication service charges.

Against this backdrop, we changed the name of our flat rate packet transmission service to “Double Flat Rate” in order to let a wider range of customers benefit from our CDMA 1X WIN service. We also changed terms and conditions to accommodate two flat rate offers. One offers a minimum packet transmission charge of 2,000 yen/month (2,100 yen including tax). The other is priced at 4,200 yen (4,410 yen including tax) and includes unlimited EZweb and Email usage. Starting with our “Packet Discount” service, we also amended and expanded our packet transmission discount services. We also introduced free-of-charge C-Mail transmission between family members of households with “Family Discount” contracts. Through such steps we are working towards making packet transmission charges more affordable, thus providing customers with peace-of-mind.

The coverage area of the “GLOBAL PASSPORT” international roaming service has been further expanded. It now covers a total of 660 cities in the U.S. excluding Alaska, 38 cities in Canada and 237 cities in China. It also offers near-complete coverage of Thailand’s key regions and cities. As such, the service now covers roughly 75% of overseas destinations visited by Japanese travelers. Furthermore, in South Korea for customers we initiated an international roaming service that combines conventional voice communications with e-mail and EZweb data transmission services.

As a new service, we have strengthened our popular EZ “Chaku-uta®” by developing EZ “Chaku-uta Full™.” This is a music distribution service that allows downloads of full-length songs of particular artists. Additionally, customers can now purchase CDs through our online CD sales website called “au Records.” These services are part of our offerings towards integrating the enjoyment of music into mobile phones. We have also initiated the “Bulk au Payment” service. This allows buyers of goods from our EZweb official website to combine payments for their purchases with their mobile telephone charges. As a new lifestyle proposition, our service lets customers shop from anywhere at anytime. All the customer needs to do to use this service is to enter a password. Furthermore, as part of our efforts to enhance customer convenience, we have initiated a service for customers to transfer loyalty points accumulated with credit card companies to our “au Point Program” We have also introduced a service informing callers of cancelled subscribers’ new telephone numbers.

For local area content, we set up an information website on ballot counting of the Okinawa Prefectural Assembly and National Upper House elections. Furthermore, using a "Live Camera" website we disseminated live images from a range of events including the "All Japan Triathlon Miyakojima," the "Naha Hari Festival" and the "Naha Marathon." Additionally, our program service "EZ Channel" on "Okinawa Entawashita TV" provides exhaustive coverage of Okinawan entertainment. In these ways we have been making proactive efforts to develop mobile communications.

As part of our new lineup of mobile phone handsets, we launched "talby," which is the third of our "au design project" models created in collaboration with designers. This model incorporates a super-flat design with high-performance functionality. The lineup also includes a handset compatible with "PC Site Viewer." This is a tool for viewing PC-configured web pages. There is also a "Friendly Design" handset that emphasizes both enjoyment and ease-of-use. Through such products, we have been working to keep ahead of industry competitors by offering advanced services and attractive high-performance mobile phone handsets.

Addressing the social problem of blocking spam mail, while increasing our vigilance, we continue to work hard in developing an environment where customers can use our mail services with peace of mind.

As a result of the various measures mentioned above, the number of our subscribers as of the end of December 2004 came to some 394 thousand. This amounted to a 49.9% share of all subscriber contracts in Okinawa Prefecture.

With regard to profit and loss within the current accounting period, there were operating revenues of 26,288,350 thousand yen (6.0% increase year-on-year) in the telecommunications business, operating revenues from associated businesses were 7,049,059 thousand yen (0.1% increase year-on-year) and recorded total operating revenues of 33,337,409 thousand yen (4.7% increase year-on-year). Recurring profits totaled 6,018,058 thousand yen (18.6% increase year-on-year) and net income for the quarter amounted to 3,807,897 thousand yen (22.7% increase year-on-year).

Forecast for full fiscal year

For the Japanese economy, while a watchful eye needs to be kept on crude oil prices and interest rates, growth on a moderate recovery track should continue due to sustained demand growth within the domestic private sector.

In the domestic cellular phone industry, while the market is maturing, competition among businesses to acquire new customers and retain existing customers is expected to become increasingly fierce.

In these circumstances, first and foremost we will continue to place emphasis on overall subscriber and stakeholder satisfaction. To this end, we will push ahead with our Total Customer Satisfaction (TCS) activities, strengthen alliances with the KDDI Group and reinforce product development. At the same time we will enrich EZweb content, provide high-quality services and work to strengthen our brand power. Additionally, we will employ effective capital investment to buttress our financial position, and strive for cost efficiency across all business platforms while further rationalizing our operations. We will devise a management base capable of generating profits as well as building competitive strengths. We will also strive at all corporate levels to further the development of our region and its local communities through our telecommunications operations.

For the current fiscal year, we expect operating revenues of 45 billion yen (5.1% increase year-on-year), recurring profits of 7.4 billion yen (13.2% increase year-on-year) and net income of 4.7 billion yen (11.5% increase year-on-year).

There are various risks associated with any regular businesses. The Company prevents or disperses any such risks in an effort to strictly reduce them. However, there are still some matters that may have a negative impact on the financial status or results of operations of the Company. Examples are: whether market demand exists as

expected and whether we can maintain and increase contract numbers under situations of competition with other companies and technologies; whether changes or policy decisions in laws and regulations relating to the telecommunications industry impair our profit; and whether we can secure and develop appropriate and sufficient personnel to address any greater-than-expected expansion of business. Moreover, there are some other risks such as leakage of customer information due to unforeseen circumstances, system failures caused by natural disasters, and the possibility of KDDI Corporation, our parent company, exercising its influence over other shareholders against their interests.

(2) Financial Status

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the current quarterly accounting period increased by 2,319,487 thousand yen from the end of the previous quarter to 4,003,405 thousand yen due to the increase in income before income taxes for the current quarter.

Following is a breakdown of cash flows for the current quarterly accounting period.

(Cash flows from operating activities)

Cash provided by operating activities in the current quarterly accounting period decreased by 305,873 thousand yen from the previous quarter (5.0% decrease year-on-year) to 5,836,594 thousand yen. This was due to increased income tax payments while income before income taxes in the current quarterly accounting period increased.

(Cash flows from investing activities)

Cash used in investing activities in the current quarterly accounting period increased by 739,305 thousand yen from the previous quarter (65.5% increase year-on-year) to 1,868,000 thousand yen. This was due to increased expenditures resulting from tangible fixed asset acquisitions that were made to further enhance the “CDMA 1X WIN” service area.

(Cash flows from financing activities)

Cash used in financing activities in the current quarterly accounting period decreased by 2,062,439 thousand yen from the previous quarter to 1,764,184 thousand yen. This was due to the environment that saw good progress made on reducing interest-bearing liabilities which in turn resulted in reduction in the scheduled loan payment.

2. (1) Quarterly Comparative Balance Sheet (Assets)

(Unit: thousand yen)

Item	3 rd Quarter Closing, Previous FY (As of Dec 31, 2003)		3 rd Quarter Closing, Current FY (As of Dec 31, 2004)		Increase/ Decrease	Summary of Previous Fiscal Year (As of March 31, 2004)	
	Amount	Ratio	Amount	Ratio	Amount	Amount	Ratio
[Assets]		%		%			%
I. Non-current assets							
A. Non-current assets for telecommunications business							
(1) Property, plant and equipment *1							
1. Machinery and equipment	7,895,645		7,887,127		(8,518)	8,415,031	
2. Antenna facilities	2,913,287		2,925,441		12,154	3,007,377	
3. Telecommunications line facilities	4,598		3,683		(915)	4,173	
4. Pipe and hand holes	41,741		39,869		(1,871)	41,273	
5. Buildings	1,748,386		1,712,981		(35,405)	1,745,518	
6. Structures	319,406		300,223		(19,183)	318,786	
7. Other machinery and equipment	48		41		(7)	46	
8. Tools, furniture and fixtures	82,769		103,959		21,190	79,960	
9. Land	391,768		391,106		(661)	391,768	
10. Construction in progress	622,105		327,460		(294,645)	301,290	
Total property, plant and equipment	14,019,758	61.7	13,691,893	54.6	(327,864)	14,305,227	62.4
(2) Intangible assets							
1. Utility facility usage rights	141,297		122,754		(18,543)	138,186	
2. Computer software	43,887		29,027		(14,860)	43,112	
3. Leasehold rights	2,000		2,000		-	2,000	
4. Telephone subscription rights	7,102		7,102		-	7,102	
Total intangible assets	194,288	0.9	160,885	0.7	(33,403)	190,402	0.8
Total non-current assets for telecommunications business	14,214,046	62.6	13,852,778	55.3	(361,268)	14,495,630	63.2
B. Non-current assets for associated businesses							
(1) Property, plant and equipment *1	148		99		(49)	136	
(2) Intangible assets	938		676		(261)	873	
Total non-current assets for associated businesses	1,087	0.0	776	0.0	(311)	1,009	0.0
C. Investments and other assets							
1. Investments in securities	100,403		139,990		39,587	111,530	
2. Long-term prepaid expenses	115,824		193,637		77,813	80,994	
3. Deferred income taxes	366,876		408,551		41,675	419,630	
4. Deposits and guarantee money	142,936		124,347		(18,589)	132,872	
5. Other investments and other assets	50,713		66,965		16,252	62,772	
Allowances for doubtful accounts	(52,690)		(69,342)		(16,652)	(64,899)	
Total investments and other assets	724,063	3.2	864,149	3.4	140,086	742,901	3.2
Total non-current assets	14,939,197	65.8	14,717,704	58.7	(221,492)	15,239,541	66.4
II. Current assets							
1. Cash and bank deposits	1,683,918		4,003,405		2,319,487	1,798,996	
2. Trade accounts receivable	3,961,741		4,140,362		178,620	4,010,350	
3. Other accounts receivable	638,710		707,187		68,477	644,618	
4. Inventories and supplies	1,428,362		1,426,735		(1,627)	1,149,664	
5. Prepaid expenses	80,371		62,819		(17,552)	37,885	
6. Deferred income taxes	147,177		147,917		740	264,731	
7. Other current assets	2,735		418		(2,316)	328	
Allowances for doubtful accounts	(169,879)		(146,254)		23,625	(192,221)	
Total current assets	7,773,138	34.2	10,342,592	41.3	2,569,454	7,714,354	33.6
TOTAL ASSETS	22,712,335	100.0	25,060,296	100.0	2,347,961	22,953,895	100.0

Note: Figures less than 1,000 yen have been rounded off.

2. (1) Quarterly Comparative Balance Sheet (Liability and Shareholders' Equity)

(Unit: thousand yen)

Item	Period	3 rd Quarter Closing, Previous FY (As of Dec 31, 2003)		3 rd Quarter Closing, Current FY (As of Dec 31, 2004)		Increase/ Decrease	Summary of Previous Fiscal Year (As of March 31, 2004)	
		Amount	Ratio	Amount	Ratio	Amount	Amount	Ratio
	[Liabilities]		%		%			%
	I. Non-current liabilities							
	1. Bonds	937,500		562,500		(375,000)	750,000	
	2. Long-term loans	1,922,694		391,090		(1,531,604)	1,450,298	
	3. Reserves for retirement benefits	91,639		70,085		(21,553)	92,422	
	4. Reserves for point services program	654,055		782,334		128,278	688,201	
	5. Other non-current liabilities	-		44,000		44,000	-	
	Total non-current liabilities	3,605,888	15.9	1,850,010	7.4	(1,755,878)	2,980,921	13.0
	II. Current liabilities							
	1. Current portion of long-term debt	2,164,584		1,906,604		(257,980)	2,164,584	
	2. Trade accounts payable *2	1,108,859		838,651		(270,207)	761,651	
	3. Other accounts payable *2	2,371,651		1,978,645		(393,005)	1,886,933	
	4. Accrued expenses	79,686		83,434		3,747	110,998	
	5. Accrued taxes on income	796,300		1,153,672		357,372	1,323,298	
	6. Advances received	37,542		39,027		1,485	43,001	
	7. Deposits received	24,297		24,445		147	4,652	
	8. Allowances for bonuses	35,500		37,140		1,640	71,400	
	Total current liabilities	6,618,421	29.1	6,061,621	24.2	(556,799)	6,366,519	27.7
	TOTAL LIABILITIES	10,224,310	45.0	7,911,631	31.6	(2,312,678)	9,347,440	40.7
	[Shareholders' equity]							
	I. Common stock	1,414,581	6.2	1,414,581	5.6	-	1,414,581	6.2
	II. Capital surpluses							
	1. Additional paid-in capital	1,614,991		1,614,991		-	1,614,991	
	Total capital surplus	1,614,991	7.1	1,614,991	6.4	-	1,614,991	7.0
	III. Earned surplus							
	1. Legal reserves	64,425		64,425		-	64,425	
	2. Voluntary reserves	6,200,000		10,000,000		3,800,000	6,200,000	
	3. Unappropriated retained earnings	3,196,154		4,032,963		836,808	4,307,885	
	Total earned surplus	9,460,580	41.7	14,097,389	56.3	4,636,808	10,572,311	46.1
	IV. Net unrealized gains on securities	(2,127)	(0.0)	21,703	0.1	23,831	4,570	0.0
	TOTAL SHAREHOLDERS' EQUITY	12,488,025	55.0	17,148,665	68.4	4,660,640	13,606,454	59.3
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	22,712,335	100.0	25,060,296	100.0	2,347,961	22,953,895	100.0

2. (2) Quarterly Comparative Statements of income

(Unit: thousand yen)

Item	3 rd Quarter, Previous FY Apr. 1, 2003 – Dec. 31, 2003		3 rd Quarter, Current FY Apr. 1, 2004 – Dec. 31, 2004		Increase/ Decrease	Summary of Previous Fiscal Year Apr. 1, 2003 – Mar. 31, 2004	
	Amount	Ratio	Amount	Ratio	Amount	Amount	Ratio
Recurring profits and losses [Operating revenues and expenses]		%		%			%
I. Telecommunications business							
(1) Operating revenues	24,803,784	77.9	26,288,350	78.9	1,484,565	33,179,514	77.5
(2) Operating expenses	19,887,148	62.5	20,404,884	61.2	517,736	26,846,160	62.7
1. Sales expenses	11,190,259		11,276,582		86,322	15,238,914	
2. Facilities maintenance expenses	1,554,989		1,540,388		(14,600)	2,101,641	
3. Administrative expenses	604,834		686,752		81,917	803,327	
4. Depreciation	2,172,627		2,180,957		8,330	2,923,939	
5. Loss on disposal of fixed assets	229,501		281,147		51,645	351,766	
6. Communication network charges	3,892,356		4,160,653		268,296	5,101,547	
7. Taxes and public dues	242,577		278,401		35,823	325,022	
Operating income from telecommunications business	4,916,636	15.4	5,883,465	17.7	966,829	6,333,354	14.8
II. Associated businesses							
(1) Operating revenues	7,043,452	22.1	7,049,059	21.1	5,607	9,635,835	22.5
(2) Operating expenses	6,890,995	21.6	7,030,370	21.1	139,375	9,490,377	22.2
Operating income from associated businesses	152,457	0.5	18,689	0.0	(133,767)	145,457	0.3
TOTAL OPERATING INCOME	5,069,093	15.9	5,902,154	17.7	833,061	6,478,811	15.1
[Non-operating revenues and expenses]							
III. Non-operating revenues *1	86,525	0.3	154,470	0.5	67,944	158,631	0.4
IV. Non-operating expenses *2	80,361	0.3	38,566	0.1	(41,794)	98,190	0.2
RECURRING PROFITS	5,075,258	15.9	6,018,058	18.1	942,800	6,539,252	15.3
[Special profits and losses]							
I. Special Profits *3	54,296	0.2	-	-	(54,296)	54,296	0.1
Income before income taxes	5,129,554	16.1	6,018,058	18.1	888,504	6,593,548	15.4
Income taxes-current	1,391,001	4.4	2,093,594	6.3	702,593	1,918,002	4.5
Income taxes-deferred	635,347	2.0	116,566	0.4	(518,780)	460,609	1.1
Net income	3,103,205	9.7	3,807,897	11.4	704,692	4,214,936	9.8
Retained earnings brought forward	161,303		361,775		200,471	161,303	
Interim dividends	68,355		136,710		68,355	68,355	
Unappropriated retained earnings	3,196,154		4,032,963		836,808	4,307,885	

Notes:

1. Figures less than 1,000 yen have been rounded off.
2. The percentages were calculated using the sum of Operating Revenues from the telecommunications business and Operating Revenues from associated businesses as 100%.

2. (3) Quarterly Statements of Cash Flow

(Unit: thousand yen)

Period	3 rd Quarter, Previous FY Apr. 1, 2003 – Dec. 31, 2003	3 rd Quarter, Current FY Apr. 1, 2004 – Dec. 31, 2004	Summary of Previous Fiscal Year Apr. 1, 2003 – Mar. 31, 2004
Item	Amount	Amount	Amount
I. Cash flows from operating activities			
Income before income taxes	5,129,554	6,018,058	6,593,548
Depreciation	2,172,860	2,181,191	2,924,250
Increase (decrease) in allowances for doubtful accounts	52,950	(41,524)	87,501
Decrease in reserves for retirement benefits	(42,924)	(22,336)	(42,142)
Increase in reserves for point service program	97,292	94,132	131,439
Increase(decrease) in allowances for bonuses	(32,500)	(34,260)	3,400
Loss on disposal of fixed assets	210,452	260,250	326,600
Interest and dividend income	(1,825)	(2,669)	(1,839)
Interest expenses	75,191	38,566	93,020
Increase in accounts receivable	(366,692)	(130,011)	(415,301)
Increase in inventories and supplies	(544,440)	(268,856)	(473,636)
Increase(decrease) in accounts payable	56,558	77,000	(290,649)
Bonuses to officers	(8,560)	(9,400)	(8,560)
Other , net	593,439	8,435	373,928
Subtotal	7,391,357	8,168,578	9,301,560
Interest and dividend income received	1,825	2,669	1,839
Interest expenses paid	(73,814)	(36,460)	(91,637)
Income taxes paid	(1,176,901)	(2,298,192)	(1,176,903)
Net cash provided by operating activities	6,142,467	5,836,594	8,034,858
II. Cash flows from investing activities			
Payments for purchase of Property, plant and equipment	(1,140,838)	(1,711,814)	(2,458,802)
Proceeds from sale of Property, plant and equipment	9,500	478	203,741
Payments for purchase of intangible assets	(15,002)	(1,676)	(19,241)
Proceeds from sale of intangible assets	7,920	-	7,920
Proceeds from returned investments and other assets	12,127	1,181	23,211
Payments for purchase of other investments and other assets	(2,402)	(156,169)	(3,379)
Net cash used in investing activities	(1,128,694)	(1,868,000)	(2,246,550)
III. Cash flows from financing activities			
Net decrease in short-term loans	(1,400,000)	-	(1,400,000)
Repayment of long-term loans	(2,094,035)	(1,317,188)	(2,566,431)
Payment for redemption of bonds	(187,500)	(187,500)	(375,000)
Dividends paid	(145,088)	(259,496)	(144,648)
Net cash used in financing activities	(3,826,623)	(1,764,184)	(4,486,079)
IV. Translation adjustments on cash and cash equivalents	-	-	-
V. Net increase in cash and cash equivalents	1,187,149	2,204,409	1,302,227
VI. Cash and cash equivalents at beginning of period	496,768	1,798,996	496,768
VII. Cash and cash equivalents at end of year period (FY)	1,683,918	4,003,405	1,798,996

Note: Figures less than 1,000 yen have been rounded off.

Basis of Presentation of Non-consolidated Financial Statements

Item	3 rd Quarter, Previous Fiscal Year (Apr. 1, 2003 – Dec. 31, 2003)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2004 – Dec. 31, 2004)	Previous Fiscal Year (Apr. 1, 2003 – Mar. 31, 2004)
1. Depreciation calculations for non-current assets	<p>(1) Property, plant and equipment Depreciation calculated using the straight-line method. The useful lifespan of primary assets includes:</p> <p>Machinery and equipment: 6-15 yrs Antenna facilities: 10-21 yrs Buildings: 3-31 yrs</p> <p>(2) Intangible assets The straight-line method is applied. Useful lifespan as designated by the Company (5 years) is applied to software used within the company. The employment of the straight-line is based on this.</p>	<p>(1) Property, plant and equipment Same as column to left.</p> <p>(2) Intangible assets Same as column to left.</p>	<p>(1) Property, plant and equipment Same as column to left.</p> <p>(2) Intangible assets Same as column to left.</p>
2. Standards and methods for evaluating assets	<p>(1) Securities Other securities Securities having fluctuating market values: Fluctuating market value method based on market value at quarterly closure of accounts. (Valuation differential was accounted for by using the total capital direct input method, and sales cost was calculated using the moving average costing method)</p> <p>Securities without market values: Moving average costing method used.</p> <p>(2) Valuations of inventories and supplies Inventories and supplies: Moving average costing method used</p>	<p>(1) Securities Other securities Securities having fluctuating market values: Same as column to left.</p> <p>Securities without market values: Same as column to left.</p> <p>(2) Valuations of inventories and supplies Inventories and supplies: Same as column to left.</p>	<p>(1) Securities Other securities Securities having fluctuating market values: Fluctuating market value method based on market value at closure of accounts. (Valuation differential was accounted for by using the total capital direct input method, and sales cost was calculated using the moving average costing method)</p> <p>Securities without market values: Same as column to left.</p> <p>(2) Valuations of inventories and supplies Inventories and supplies: Same as column to left.</p>
3. Standards for reserve appropriations	<p>(1) Allowances for doubtful accounts To provide for bad debts, a reserve is set aside against those accounts considered to be uncollectible. The reserve amount is a percentage calculated from past losses in general accounts receivable. The potential for collection is separately considered for each account.</p>	<p>(1) Allowances for doubtful accounts Same as column to left.</p>	<p>(1) Allowances for doubtful accounts Same as column to left.</p>

Item	3 rd Quarter, Previous Fiscal Year (Apr. 1, 2003 – Dec. 31, 2003)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2004 – Dec. 31, 2004)	Previous Fiscal Year (Apr. 1, 2003 – Mar. 31, 2004)
	<p>(2) Reserves for retirement benefits To provide for employee retirement benefits, the amount to be incurred at the end of the current quarterly accounting period is set aside according to the estimated amount of retirement benefits payable and pension funds earned by the end of the business year.</p> <p>The liabilities from past employee services are accounted for using the straight-line method based on a set number of years (14) within the average remaining tenure of the employees at the time the differential is generated.</p> <p>Any differences resulting from such calculations are resolved with the straight-line method, whereby the amount is divided by a fixed period of time (14 years) within the average remaining service period of each fiscal year.</p> <p>(Additional information) With the enactment of the Defined Benefit Corporate Pension Law, the Minister of Health, Labour, and Welfare granted Okinawa Cellular on April 1, 2003, relief from liability for future payments of the substituted portion of the Employees' Pension Fund.</p> <p>The liability for retirement benefit payments have lapsed as of the date of approval as noted above, in accordance with the interim measure set forth in Provision No. 47-2 of the Practical Guideline on Accounting for Retirement Benefits (Interim Report, Accounting Systems Committee Report No. 13, Japanese Institute of Certified Public Accountants).</p> <p>Based on this, Okinawa Cellular delineated 54,296 thousand yen in the current quarterly period under Special Profit as "Profits from returns of substituted portion of the Corporate Pension Fund".</p> <p>The value of pension assets returned as of the end of the current quarterly accounting period is 77,213 thousand yen.</p>	<p>(2) Reserves for retirement benefits To provide for employee retirement benefits, the amount to be incurred at the end of the current quarterly accounting period is set aside according to the estimated amount of retirement benefits payable and pension funds earned by the end of the business year.</p> <p>The liabilities from past employee services are accounted for using the straight-line method based on a set number of years (14) within the average remaining tenure of the employees at the time the differential is generated.</p> <p>Any differences resulting from such calculations are resolved with the straight-line method, whereby the amount is divided by a fixed period of time (14 years) within the average remaining service period of each fiscal year.</p>	<p>(2) Reserves for retirement benefits This accounts for retirement payments and pensions set aside through the end of the period, to prepare for retirements of personnel.</p> <p>The liabilities from past employee services are accounted for using the straight-line method based on a set number of years (14) within the average remaining tenure of the employees at the time the differential is generated.</p> <p>Any differences resulting from such calculations are resolved with the straight-line method, whereby the amount is divided by a fixed period of time (14 years) within the average remaining service period of each fiscal year.</p>

Item	3 rd Quarter, Previous Fiscal Year (Apr. 1, 2003 – Dec. 31, 2003)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2004 – Dec. 31, 2004)	Previous Fiscal Year (Apr. 1, 2003 – Mar. 31, 2004)
	<p>(3) Reserves for point services program A reserve has been set aside to provide against future costs of exchanging accumulated points under the “Point a” point services program. The reserve amount was determined according to the estimated point utilization for the 4th quarter of the current fiscal year and thereafter, based on past rates of utilization.</p> <p>(4) Allowances for Bonuses To provide for employee bonuses, estimated cost during the current quarterly period is charged based on the estimated value of bonus payments.</p>	<p>(3) Reserves for point services program Same as column to left.</p> <p>(4) Allowances for Bonuses Same as column to left.</p>	<p>(3) Reserves for point services program A reserve has been set aside to provide against future costs of exchanging accumulated points under the “Point a” point services program. The reserve amount was determined according to the estimated point utilization for the next fiscal year and thereafter, based on past rates of utilization.</p> <p>(4) Allowances for Bonuses To provide for employee bonuses, estimated cost during the accounting period is charged based on the estimated value of bonus payments.</p>
4. Lease transactions	The accounting method used for general lease transactions is applied to all finance lease transactions, except for leased assets where ownership is deemed to transfer to lessees.	Same as column to left.	Same as column to left.
5. The range of funds included in the quarterly cash flow statement	Consists of cash on hand, deposits which can be withdrawn at any time, and short term investments with maturities of 3 months or less, which are readily convertible to cash and present minimum risk of changes in interest rates.	Same as column to left.	Same as column to left.
6. Other important items used as fundamentals in preparation of the quarterly statements	Accounting for consumption taxes Consumption tax is not included. Temporary tax payments and taxes collected are offset against each other and included in Arrearages. The amount after offset is 212,400 thousand yen.	Accounting for consumption taxes Consumption tax is not included. Temporary tax payments and taxes collected are offset against each other and included in Arrearages. The amount after offset is 102,679 thousand yen.	Accounting for consumption taxes Consumption tax is not included.

Changes in Basis of Presentation of Non-consolidated Financial Statements

3 rd Quarter, Previous Fiscal Year (Apr. 1, 2003 – Dec. 31, 2003)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2004 – Dec. 31, 2004)	Previous Fiscal Year (Apr. 1, 2003 – Mar. 31, 2004)
	<p>(Accounting Standard for Impairment of Fixed Assets) Beginning with the current quarterly period, “Accounting Standard for Impairment of Fixed Assets” [“Statement of Opinion, Accounting for Impairment of Fixed Assets” (Business Accounting Council, August 9, 2002)] and “Guidance for Accounting Standard for Impairment of Fixed Assets” (Accounting Standards Board of Japan Guidance No. 6, October 31, 2003) were adopted ahead of schedule. The adoption of the above accounting standard has not resulted in impairment loss.</p>	

Changes in Presentation

3 rd Quarter, Previous Fiscal Year (Apr. 1, 2003 – Dec. 31, 2003)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2004 – Dec. 31, 2004)																				
<p>Traditionally, “trade accounts receivable”, “other accounts receivable”, and “other accounts payable” between Okinawa Cellular and its Agents have been shown using the straddling method. Beginning the current interim period, however, they are offset against each other. The offset amounts are as follows: Trade accounts receivable: 498,490 thousand yen Other accounts receivable: 401,838 thousand yen Other accounts payable: 900,329 thousand yen</p>	<p>In accordance with the revised Telecommunications Business Accounting Regulations, beginning with the current quarterly accounting period, “voice transmission services” and “data transmission services” which were previously classified under profit and loss from telecommunications business during the third quarter of the previous fiscal year, are presented as “operating revenues.” Also beginning with the current quarterly accounting period, “income taxes” are stated as “income taxes-current.” Presented under the previous standard, “operating revenues” under profit and loss from the telecommunications business are as follows.</p> <p style="text-align: right;">(Unit: thousand yen)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">3rd Quarter, Previous Fiscal Year (Oct. 1, 2003 – Dec. 31, 2003)</th> <th style="text-align: center;">3rd Quarter, Current Fiscal Year (Oct. 1, 2004 – Dec. 31, 2004)</th> <th style="text-align: center;">Previous Fiscal Year (Apr. 1, 2003 – Mar. 31, 2004)</th> </tr> <tr> <th style="text-align: left;">Category</th> <th style="text-align: center;">Amount</th> <th style="text-align: center;">Amount</th> <th style="text-align: center;">Amount</th> </tr> </thead> <tbody> <tr> <td>Voice transmission services</td> <td style="text-align: right;">17,692,172</td> <td style="text-align: right;">17,783,653</td> <td style="text-align: right;">23,473,280</td> </tr> <tr> <td>Data transmission services</td> <td style="text-align: right;">7,111,611</td> <td style="text-align: right;">8,504,696</td> <td style="text-align: right;">9,706,234</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">24,803,784</td> <td style="text-align: right;">26,288,350</td> <td style="text-align: right;">33,179,514</td> </tr> </tbody> </table>		3 rd Quarter, Previous Fiscal Year (Oct. 1, 2003 – Dec. 31, 2003)	3 rd Quarter, Current Fiscal Year (Oct. 1, 2004 – Dec. 31, 2004)	Previous Fiscal Year (Apr. 1, 2003 – Mar. 31, 2004)	Category	Amount	Amount	Amount	Voice transmission services	17,692,172	17,783,653	23,473,280	Data transmission services	7,111,611	8,504,696	9,706,234	Total	24,803,784	26,288,350	33,179,514
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Notes

[Quarterly Balance Sheet]

(Unit: thousand yen)

3 rd Quarter Closing, Previous Fiscal Year (December 31, 2003)	3 rd Quarter Closing, Current Fiscal Year (December 31, 2004)	End of Previous Fiscal Year (March 31, 2004)
*1. Accumulated depreciation for property, plant and equipment 15,343,114	*1. Accumulated depreciation for property, plant and equipment 17,033,304	*1. Accumulated depreciation for property, plant and equipment 15,488,783
*2. Debts to associated companies Trade accounts payable 1,108,807 Other accounts payable 1,417,968	*2. Debts to associated companies Trade accounts payable 837,883 Other accounts payable 1,347,865	*2. Debts to associated companies Trade accounts payable 761,651 Other accounts payable 1,018,639

[Quarterly Statements of income]

(Unit: thousand yen)

3 rd Quarter, Previous Fiscal Year (Apr. 1, 2003 – Dec. 31, 2003)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2004 – Dec. 31, 2004)	Previous Fiscal Year (Apr. 1, 2003 – Mar. 31, 2004)
*1. Major non-operating revenues Interest income 6 Commission received 44,641 Rental income 26,919	*1. Major non-operating revenues Interest income 19 Commission received 102,077 Rental income 22,999	*1. Major non-operating revenues Interest income 19 Commission received 106,712 Rental income 29,734
*2. Major non-operating expenses Interest expenses 68,163	*2. Major non-operating expenses Interest expenses 32,691	*2. Major non-operating expenses Interest expenses 82,743
*3. Special profits Profit from returning the substituted portion of the Corporate Pension Fund 54,296	*3.	*3. Special profits Profit from returning the substituted portion of the Corporate Pension Fund 54,296
4. Depreciation Property, plant and equipment 2,096,740 Intangible assets 23,210	4. Depreciation Property, plant and equipment 2,121,134 Intangible assets 23,176	4. Depreciation Property, plant and equipment 2,824,393 Intangible assets 31,401

[Quarterly Cash Flow Statement]

(Unit: thousand yen)

3 rd Quarter, Previous Fiscal Year (Apr. 1, 2003 – Dec. 31, 2003)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2004 – Dec. 31, 2004)	Previous Fiscal Year (Apr. 1, 2003 – Mar. 31, 2004)
Relationship between the balance of cash and cash equivalents at the end of the quarter, and the items on the quarterly balance sheet (As of Dec. 31, 2003)	Relationship between the balance of cash and cash equivalents at the end of the quarter, and the items on the quarterly balance sheet (As of Dec. 31, 2004)	Relationship between the balance of cash and cash equivalents at the end of the fiscal year, and the items on the balance sheet (As of Mar. 31, 2004)
Cash and deposit accounts 1,683,918 Time deposits of over 3 months Cash and cash equivalents <u>1,683,918</u>	Cash and deposit accounts 4,003,405 Time deposits of over 3 months Cash and cash equivalents <u>4,003,405</u>	Cash and deposit accounts 1,798,996 Time deposits of over 3 months Cash and cash equivalents <u>1,798,996</u>

3. Lease Transactions

(Unit: thousand yen)

3 rd Quarter, Previous Fiscal Year Apr. 1, 2003 – Dec. 31, 2003	3 rd Quarter, Current Fiscal Year Apr. 1, 2004 – Dec. 31, 2004	Previous Fiscal Year Apr. 1, 2003 – Mar. 31, 2004																																																																														
<p>Finance lease transactions, excluding leased asset whose ownership is recognized to transfer to lessee</p> <p>1. 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Computation method for estimated depreciation</p> <p>Straight-line method (useful life = lease term, residual value = zero)</p>		Tools, furniture and fixtures	Transpor- tation	Total	Estimated Acquisition Cost	324,690	29,168	353,858	Estimated Accumulated Depreciation	236,685	17,104	253,790	Estimated Balance	88,004	12,064	100,068	Within a year	56,360	Over a year	43,707	Total	100,068	Lease expense paid	51,615	Estimated depreciation	51,615	<p>Finance lease transactions, excluding leased asset whose ownership is recognized to transfer to lessee</p> <p>1. 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4. Securities

3rd Quarter Closing, Previous Fiscal Year (As of December 31, 2003)

1. Other securities having fluctuating market values

(Unit: thousand yen)

	Acquisition cost	Carrying value at the end of the quarter	Difference
Stocks	98,907	95,373	(3,534)
Total	98,907	95,373	(3,534)

2. Main securities without market values

Omitted because of its insignificant value.

3rd Quarter Closing, Current Fiscal Year (As of December 31, 2004)

1. Other securities having fluctuating market values

(Unit: thousand yen)

	Acquisition cost	Carrying value at the end of the quarter	Difference
Stocks	98,907	134,960	36,052
Total	98,907	134,960	36,052

2. Main securities without fair values

Omitted because of its insignificant value.

End of Previous Fiscal Year (As of March 31, 2004)

1. Other securities having fluctuating market values

(Unit: thousand yen)

	Acquisition cost	Carrying value at the end of the fiscal year	Difference
Stocks	98,907	106,500	7,592
Total	98,907	106,500	7,592

2. Main securities without fair values

Omitted because of its insignificant value.

5. Derivative Transactions

3rd Quarter Closing, Previous Fiscal Year (As of December 31, 2003)

There are no applicable items since the Company does not engage in derivative transactions.

3rd Quarter Closing, Current Fiscal Year (As of December 31, 2004)

There are no applicable items since the Company does not engage in derivative transactions.

End of Previous Fiscal Year (As of March 31, 2004)

There are no applicable items since the Company does not engage in derivative transactions.

[Reference]

Corrections to Projected Business Performance for FY Ending March 2005

1. Projected Business Performance for FY Ending March 2005 (Apr. 1, 2004 – Mar. 31, 2005)

(Unit: million yen)

	Operating Revenues	Recurring Profits	Net Income
Newly-Announced Projections (A)	45,000	7,400	4,700
Previously-Announced Projections (B) (Announced Oct. 27, 2004)	45,000	7,000	4,400
Increase/Decrease (A-B)	-	400	300
Rate of Increase/Decrease	- %	5.7%	6.8%

2. Reasoning

With regard to the projected business performance for the fiscal year ending March 2005, the projected performance announced on October 27, 2004 included operating revenues projections of 45 billion yen, recurring profits projections of 7 billion yen and net income projections of 4.4 billion yen. Although operating revenues projections are expected to be achieved, due to the improvement of efficiency in the overall cost structure, recurring profits projections are corrected to 7.4 billion yen and net income projections are corrected to 4.7 billion yen.