

March 2003 Interim Report (Non-Consolidated) November 7, 2002

| | |
|--|--|
| Company Name: Okinawa Cellular Telephone Company | Registered Shares (counter shares) |
| Code No.: 9436 | Main Office: Okinawa Prefecture |
| Address: 2-14-1 Kumoji, Naha City, Okinawa JAPAN | Tel.: (098) 860-3608 |
| URL: http://www.au.kddi.com/okinawa/index.html | |
| For Inquiries: Nobukazu Sagawa, Executive Vice President | Interim Dividend System Exists: Yes |
| Board of Directors' Meeting for Settlement of Accounts: Nov. 7, 2002 | Unit Stock System Adoption: None |
| Interim Dividend Payment Date: Dec. 6, 2002 | Percentage of shares owned by parent company: 51.5 % |
| Parent Company: KDDI Corporation (Code No. 9433) | |

1. Operations Results for Interim Period ending Sept. 2002 (Apr. 1, 2002 – Sept. 30, 2002)

(1) Operating Results

Figures rounded off to nearest million yen.

| | Sales | | Operating Profit | | Ordinary Profit | |
|----------------------------------|-------------|----------|------------------|----------|-----------------|----------|
| | million yen | % | million yen | % | million yen | % |
| Interim Period ending Sept. 2002 | 19,924 | (2.8) | 758 | (33.5) | 709 | (34.9) |
| Interim Period ending Sept. 2001 | 19,377 | (13.9) | 1,140 | (23.1) | 1,090 | (22.4) |
| Period ending March 2002 | 37,146 | (5.8) | 2,142 | (21.0) | 2,049 | (19.7) |

| | Net Profit This Interim Period | | Net Profit Per Share This Interim Period | | Net Profit Per Share After Adjustments This Interim Period | |
|----------------------------------|-----------------------------------|----------|---|----|--|--|
| | million yen | % | Yen | | yen | |
| Interim Period ending Sept. 2002 | 413 | (33.9) | 6,053 | 84 | | |
| Interim Period ending Sept. 2001 | 625 | (23.1) | 9,152 | 79 | | |
| Period ending March 2002 | 1,188 | (19.0) | 17,389 | 79 | | |

(Notes)

- Profit and loss from equity investment: Interim period ending Sept. 2002: ¥ -- million Interim period ending Sept. 2001: ¥ -- million
Period ending March 2002: ¥ -- million
- Average number of shares outstanding: Interim Period ending Sept. 2002: 68,355 shares Interim Period ending Sept. 2001: 68,355 shares
Period ending March 2002: 68,355 shares
- Change in accounting method: None
- The percentages accompanying Sales, Operating Income, Ordinary Profit and Net Profit for this Interim Period reflect the rate of change (rise/drop) from the interim period for previous fiscal year.

(2) Dividends

| | Interim Dividends Per Share (Yen) | Annual Dividends Per Share (Yen) |
|---------------------------------|-----------------------------------|----------------------------------|
| Interim Period ending Sept 2002 | 875 00 | |
| Interim Period ending Sept 2001 | 750 00 | |
| Period ending March 2002 | | 1,750 00 |

(3) Finance

| | Total Assets (million yen) | Equity Capital (million yen) | Ratio of Equity Capital to Total Assets (%) | Equity Capital Per Share (yen) |
|---------------------------------|-------------------------------|---------------------------------|--|-----------------------------------|
| Interim Period ending Sept 2002 | 23,449 | 8,238 | 35.1 | 120,525 63 |
| Interim Period ending Sept 2001 | 26,251 | 7,392 | 28.2 | 108,144 37 |
| Period ending March 2002 | 24,772 | 7,902 | 31.9 | 115,613 61 |

(Notes) 1. Number of final issued shares

Interim Period September 2002: 68,355 shares
Interim Period September 2001: 68,355 shares
Period ending March 2002: 68,355 shares
Interim Period September 2002: - shares
Interim Period September 2001: - shares
Period ending March 2002: - shares

2. Number of withheld shares

(4) Cash Flow

(Unit: million yen)

| | Cash flow from operating activities | Cash flow from investment activities | Cash flow from financial activities | Balance of cash & cash equivalent at end of period |
|---------------------------------|--|---|--|---|
| Interim Period ending Sept 2002 | 1,763 | 1,598 | 29 | 717 |
| Interim Period ending Sept 2001 | 2,532 | 1,706 | 399 | 1,139 |
| Period ending March 2002 | 6,351 | 3,467 | 3,013 | 583 |

2. Projected Business Performance for Period Ending March 2003 (April 1, 2002 – March 31, 2003)

| | Sales (million yen) | Ordinary Profit (million yen) | Net Profit (million yen) | Annual Dividend Per Share | |
|---------------|------------------------|----------------------------------|-----------------------------|---------------------------|----------|
| | | | | End of Period (Yen) | (Yen) |
| Entire Period | 39,600 | 2,300 | 1,500 | 875 00 | 1,750 00 |

(Reference) Net profit per share for this period is projected at ¥21,944.26.

(Note) Estimations of operations performance are based solely on information currently available to this company, and on calculated hypothesis, market judgments and reasonable hypotheses. Actual future operations results may be impacted by various conditions, including economic swings, and operating strategies.

Interim Comparative Balance Sheet (Assets)

(Unit: thousand yen)

| Fiscal Year Item | Previous Interim Period (As of Sept 30, 2001) | | Current Interim Period (As of Sept 30, 2002) | | Increase/ Decrease | Previous Period (As of Mar 31, 2002) | |
|--|--|---------------------------|---|---------------------------|-----------------------|---|---------------------------|
| | Amount | Composi- tion ratio | Amount | Composi- tion ratio | Amount | Amount | Composi- tion ratio |
| [Assets] | | % | | % | | | % |
| I. Fixed Assets | | | | | | | |
| A. Fixed assets related to the telecommunication business | | | | | | | |
| (1) Tangible fixed assets *1 | | | | | | | |
| 1. Mechanical equipment | 11,900,953 | | 10,278,250 | | 1,622,702 | 10,380,452 | |
| 2. Antennas | 3,062,767 | | 2,940,772 | | 121,994 | 3,018,594 | |
| 3. Buildings | 1,721,619 | | 1,702,283 | | 19,335 | 1,735,265 | |
| 4. Land | 388,268 | | 388,268 | | - | 388,268 | |
| 5. Temporary account for construction | 367,779 | | 153,240 | | 214,538 | 1,182,474 | |
| 6. Other tangible fixed assets | 484,717 | | 453,627 | | 31,090 | 468,049 | |
| Total tangible fixed assets | 17,926,105 | 68.3 | 15,916,444 | 67.9 | 2,009,661 | 17,173,105 | 69.3 |
| (2) Intangible fixed assets | 383,318 | 1.5 | 339,564 | 1.4 | 43,753 | 373,038 | 1.5 |
| Total fixed assets related to telecommunication business | 18,309,424 | 69.8 | 16,256,009 | 69.3 | 2,053,414 | 17,546,144 | 70.8 |
| B. Fixed assets relating to subsidiary businesses | | | | | | | |
| (1) Tangible fixed assets *1 | - | | 209 | | 209 | - | |
| (2) Intangible fixed assets | 8,531 | | 4,879 | | 3,651 | 6,068 | |
| Total fixed assets relating to the subsidiary businesses | 8,531 | 0.0 | 5,089 | 0.0 | 3,441 | 6,068 | 0.0 |
| C. Investments, etc. | | | | | | | |
| 1. Security deposits | 180,488 | | 203,500 | | 23,012 | 201,808 | |
| 2. Tax asset carryover | 253,628 | | 946,079 | | 692,450 | 496,298 | |
| 3. Other investments | 410,048 | | 358,891 | | 51,156 | 388,598 | |
| Bad debt reserve | 85,360 | | 75,980 | | 9,379 | 70,266 | |
| Total investments, etc. | 758,805 | 2.9 | 1,432,491 | 6.1 | 673,685 | 1,016,439 | 4.1 |
| Total Fixed Assets | 19,076,760 | 72.7 | 17,693,589 | 75.4 | 1,383,170 | 18,568,652 | 74.9 |
| II. Liquid Assets | | | | | | | |
| 1. Cash and bank deposits | 1,139,273 | | 717,792 | | 421,480 | 583,080 | |
| 2. Accounts receivable | 3,311,482 | | 3,815,596 | | 504,113 | 3,454,274 | |
| 3. Accounts due | 740,771 | | 492,711 | | 248,059 | 817,060 | |
| 4. Inventory | 1,800,116 | | 506,950 | | 1,293,166 | 1,063,416 | |
| 5. Tax asset carryover | 167,178 | | 168,759 | | 1,580 | 255,246 | |
| 6. Other liquid assets | 136,181 | | 157,724 | | 21,542 | 139,972 | |
| Bad debt reserve | 119,785 | | 103,247 | | 16,538 | 108,876 | |
| Total Liquid Assets | 7,175,219 | 27.3 | 5,756,287 | 24.6 | 1,418,931 | 6,204,172 | 25.1 |
| TOTAL ASSETS | 26,251,979 | 100.0 | 23,449,877 | 100.0 | 2,802,101 | 24,772,825 | 100.0 |

Note: Figures under 1,000 have been rounded off.

Interim Comparative Balance Sheet (Liability and Capital)

(Unit: thousand yen)

| Fiscal Year Item | Previous Interim Period (As of Sept 30, 2001) | | Current Interim Period (As of Sept 30, 2002) | | Increase/ Decrease | Previous Period (As of Mar 31, 2002) | |
|---|--|------------------------------------|---|------------------------------------|-----------------------|---|------------------------------------|
| | A m o u n t | C o m p o s i t i o n r a t i o | A m o u n t | C o m p o s i t i o n r a t i o | A m o u n t | A m o u n t | C o m p o s i t i o n r a t i o |
| [Liabilities] | | % | | % | | | % |
| I. Fixed Liabilities | | | | | | | |
| 1. Long term loans | 4,195,140 | | 4,022,173 | | 172,967 | 4,893,813 | |
| 2. Reserve for retirement allowance | 71,443 | | 98,134 | | 26,691 | 80,911 | |
| 3. Reserve for Point Service system | | | 487,843 | | 487,843 | | |
| Total Fixed Liabilities | 4,266,583 | 16.3 | 4,608,151 | 19.7 | 341,568 | 4,974,724 | 20.1 |
| II. Liquid liabilities | | | | | | | |
| 1. Liquid liabilities (payable within 1 year) | 3,962,232 | | 3,310,717 | | 651,515 | 3,900,629 | |
| 2. Accounts payable *2 | 1,316,113 | | 557,473 | | 758,639 | 1,267,436 | |
| 3. Short term loans *2 | 4,700,000 | | 3,000,000 | | 1,700,000 | 1,500,000 | |
| 4. Arrearages *2 | 3,662,943 | | 2,965,055 | | 697,888 | 3,725,117 | |
| 5. Accrued expenses payable | 104,755 | | 107,034 | | 2,279 | 126,815 | |
| 6. Corporate tax due | 684,500 | | 507,500 | | 177,000 | 1,211,700 | |
| 7. Reserve for bonus payment | 60,590 | | 65,870 | | 5,280 | 61,760 | |
| 8. Other liquid liabilities | 102,053 | | 89,545 | | 12,507 | 101,874 | |
| Total Liquid Liabilities | 14,593,188 | 55.5 | 10,603,197 | 45.2 | 3,989,991 | 11,895,333 | 48.0 |
| TOTAL LIABILITIES | 18,859,771 | 71.8 | 15,211,348 | 64.9 | 3,648,423 | 16,870,057 | 68.1 |
| [Capital] | | | | | | | |
| I. Capital | 1,414,581 | 54 | - | - | - | 1,414,581 | 57 |
| II. Capital reserve | 1,614,991 | 62 | - | - | - | 1,614,991 | 65 |
| III. Profit reserve | 64,425 | 02 | - | - | - | 64,425 | 03 |
| IV. Other surplus | | | | | | | |
| 1. Voluntary reserve | 3,560,000 | | - | - | - | 3,560,000 | |
| 2. Interim undistributed profit (this period) | 739,495 | | - | - | - | 1,251,269 | |
| Total other surplus | 4,299,495 | 16.4 | - | - | - | 4,811,269 | 19.4 |
| V. Adjustments for other | 1,285 | 0.0 | - | - | - | 2,499 | 0.0 |
| Capital Holdings and Marketable Securities | | | | | | | |
| TOTAL CAPITAL | 7,392,208 | 28.2 | - | - | - | 7,902,768 | 31.9 |
| I. Capital | - | - | 1,414,581 | 60 | - | - | - |
| II. Capital surplus | | | | | | | |
| 1 Capital reserve | - | | 1,614,991 | | - | - | |
| Total Capital surplus | - | - | 1,614,991 | 69 | - | - | - |
| III. Profit surplus | | | | | | | |
| 1. Profit reserve | - | | 64,425 | | - | - | |
| 2. Voluntary reserve | - | | 4,560,000 | | - | - | |
| 3. Interim undistributed profit (this period) | - | | 586,454 | | - | - | |
| Total Profit surplus | - | - | 5,210,880 | 22.2 | - | - | - |
| IV. Adjustments for other | - | - | 1,923 | 0.0 | - | - | - |
| Capital Holdings and Marketable Securities | | | | | | | |
| TOTAL CAPITAL | - | - | 8,238,529 | 35.1 | 846,321 | - | - |
| TOTAL LIABILITIES & CAPITAL | 26,251,979 | 100.0 | 23,449,877 | 100.0 | 2,802,101 | 24,772,825 | 100.0 |

Interim Comparative Profit and Loss Statement

(Unit: thousand yen)

| Item | Previous Interim Period April 1, 2001 – Sept 30, 2001 | | Current Interim Period April 1, 2002 – Sept 30, 2002 | | Increase/ Decrease | Summary of Previous Period April 1, 2001 – Mar 31, 2002 | |
|--|---|----------------------|--|----------------------|-----------------------|--|----------------------|
| | Amount | Composition ratio | Amount | Composition ratio | Amount | Amount | Composition ratio |
| Profit and Loss | | % | | % | | | % |
| [Operating Profit and Loss] | | | | | | | |
| Profit and loss from telecommunications business operations | | | | | | | |
| (1) Operating revenue | 14,993,079 | 77.4 | 14,694,235 | 73.8 | 298,844 | 28,652,286 | 77.1 |
| (2) Operating expenses | 14,064,832 | 72.6 | 14,202,817 | 71.3 | 137,984 | 26,736,792 | 71.9 |
| Operating Profit from telecommunications business operations | 928,247 | 4.8 | 491,417 | 2.5 | 436,829 | 1,915,494 | 5.2 |
| Profit and loss from subsidiary business operations | | | | | | | |
| (1) Operating revenue | 4,383,989 | 22.6 | 5,229,866 | 26.2 | 845,876 | 8,494,544 | 22.9 |
| (2) Operating expenses | 4,171,678 | 21.5 | 4,963,063 | 24.9 | 791,385 | 8,267,754 | 22.3 |
| Operating profit from subsidiary business operations | 212,310 | 1.1 | 266,802 | 1.3 | 54,491 | 226,790 | 0.6 |
| Operating Profit | 1,140,557 | 5.9 | 758,219 | 3.8 | 382,337 | 2,142,284 | 5.8 |
| [Non-operating Profit and Loss] | | | | | | | |
| Non-operating revenue *1 | 70,723 | 0.3 | 46,679 | 0.2 | 24,044 | 121,072 | 0.3 |
| Non-operating expenses *2 | 121,208 | 0.6 | 95,194 | 0.4 | 26,014 | 214,349 | 0.6 |
| Ordinary profit | 1,090,073 | 5.6 | 709,705 | 3.6 | 380,368 | 2,049,006 | 5.5 |
| Special Profit and Loss | | | | | | | |
| Special loss *3 | - | - | 373,667 | 1.9 | 373,667 | - | - |
| Interim net profit before taxes (this period) | 1,090,073 | 5.6 | 336,037 | 1.7 | 754,035 | 2,049,006 | 5.5 |
| Corporation tax, etc. | 681,714 | 3.5 | 507,772 | 2.5 | 173,941 | 1,407,497 | 3.8 |
| Refund of corporate tax, etc. from past period | - | - | 221,849 | 1.1 | 221,849 | - | - |
| Adjusted corporation tax, etc. | 217,280 | 1.1 | 363,696 | 1.8 | 146,415 | 547,170 | 1.5 |
| Interim net profit (this period) | 625,639 | 3.2 | 413,810 | 2.1 | 211,828 | 1,188,679 | 3.2 |
| Profit forwarded from previous period | 113,856 | | 172,644 | | 58,788 | 113,856 | |
| Interim dividend | - | | - | | - | 51,266 | |
| Interim undistributed profit (this period) | 739,495 | | 586,454 | | 153,040 | 1,251,269 | |

- Notes: 1. Figures less than 1,000 yen have been rounded off.
2. The percentage figures were calculated using the sum of Operating Revenue from the telecommunication business and Operating Revenue from subsidiary businesses as 100%.

Interim Comparative Cash Flow Statement

(Unit: thousand yen)

| Item | Previous Interim Period April 1, 2001 – Sept 30, 2001 | Current Interim Period April 1, 2002 – Sept 30, 2002 | Summary of Previous Period April 1, 2001 – Mar 31, 2002 |
|---|---|--|--|
| | Amount | Amount | Amount |
| I. Cash flows from operating activities | | | |
| Interim net profit before taxes this period | 1,090,073 | 336,037 | 2,049,006 |
| Depreciation | 1,644,734 | 1,514,360 | 3,372,023 |
| Increase/ decrease () in bad debt reserve | 3,189 | 84 | 22,813 |
| Increase in reserve for retirement allowance | 9,468 | 17,223 | 18,936 |
| Increase in reserve for point service system | - | 487,843 | - |
| Increase in reserve for bonus allowance | 7,590 | 4,110 | 8,760 |
| Fixed assets retirement costs | 355,524 | 636,954 | 838,767 |
| Interests and dividends received | 738 | 1,376 | 2,156 |
| Interest paid | 121,208 | 94,594 | 214,349 |
| Sales credit increase ()/ decrease | 351,865 | 361,322 | 209,073 |
| Decrease in inventory assets | 46,879 | 556,465 | 783,579 |
| Decrease in purchase credit | 989,802 | 709,962 | 1,038,480 |
| Bonus to officers | 9,730 | 10,270 | 9,730 |
| Other increase and decrease amount | 18,513 | 282,930 | 336,592 |
| Subtotal | 2,648,774 | 2,847,674 | 6,757,910 |
| Interest and dividends received | 738 | 1,376 | 2,156 |
| Interest paid | 119,804 | 95,644 | 212,506 |
| Corporate taxes paid | 2,785 | 990,123 | 195,797 |
| Cash flows from operating activities | 2,532,494 | 1,763,282 | 6,351,762 |
| II. Cash flows from investment activities | | | |
| Income from sales of tangible fixed assets | 3,313 | - | 3,313 |
| Expenditures for acquisition of tangible fixed assets | 1,528,746 | 1,497,306 | 3,343,987 |
| Expenditures for acquisition of intangible fixed assets | 48,503 | 10,408 | 87,940 |
| Income from sales of investment securities | - | - | 50,000 |
| Expenditures for acquisition of investment securities | 50,000 | - | 50,000 |
| Expenditures for acquisition of other investments | 82,281 | 91,086 | 39,069 |
| Cash flows from investment activities | 1,706,216 | 1,598,801 | 3,467,684 |
| III. Cash flows from financial activities | | | |
| Net Increase / Decrease () in short term borrowings | 200,000 | 1,500,000 | 3,000,000 |
| Proceeds from borrowings of long term loan | 2,500,000 | 800,000 | 5,200,000 |
| Expenditures for payment of long term loan | 3,031,176 | 2,261,552 | 5,094,106 |
| Dividend payments | 68,577 | 68,216 | 119,639 |
| Cash flows from financial activities | 399,753 | 29,768 | 3,013,745 |
| IV. Cash and cash equivalent (difference at liquidation) | - | - | - |
| V. Increase / Decrease () in cash and cash equivalent | 426,524 | 134,712 | 129,668 |
| VI. Balance of cash and cash equivalent at beginning of period | 712,748 | 583,080 | 712,748 |
| VII. Balance of cash and cash equivalent at end of period | 1,139,273 | 717,792 | 583,080 |

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

Core Facets of Interim Statements Preparation

| ITEM | Previous Interim Period April 1, 2001 – Sept 30, 2001 | Current Interim Period April 1, 2002 – Sept 30, 2002 | Previous Period April 1, 2001 – Mar 31, 2002 |
|--|---|--|--|
| 1. Depreciation calculations for fixed assets | <p>(1) Tangible fixed assets Depreciation calculated using straight-line method. The useful lifespan of primary assets includes: Machinery & equipment: 5-15 years Antennas: 6-21 years Building: 3-31 years</p> <p>(2) Intangible fixed assets The straight-line method is applied. Useful lifespan as designated by the Company (5 years) is applied to software used within the company.</p> | <p>(1) Tangible fixed assets Depreciation calculated using straight-line method. The useful lifespan of primary assets includes: Machinery & equipment: 6-15 years Antennas: 6-21 years Building: 3-31 years</p> <p>(2) Intangible fixed assets See Left Column contents</p> | <p>(1) Tangible fixed assets See Left Column contents</p> <p>(2) Intangible fixed assets See Left Column contents</p> |
| 2. Standards and methods for evaluating assets | <p>(1) Marketable securities Other marketable securities Securities having fluctuating market values: Securities having fluctuating market values: Fluctuating market value method based on market value, in the interim 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) Marketable securities without market values: Moving average costing method used</p> <p>(2) Inventory Assets Valuations Inventory Stores: Moving average costing method used</p> | <p>(1) Marketable securities Other marketable securities Securities having fluctuating market values: See Left Column contents</p> <p>Marketable securities without market values: See Left Column contents</p> <p>(2) Inventory Assets Valuations Inventory Stores: See Left Column contents</p> | <p>(1) Marketable securities Other marketable 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) Moving average costing method used See Left Column contents</p> <p>(2) Inventory Assets Valuations Inventory Stores: See Left Column contents</p> |
| 3. Standards for reserve appropriations | <p>(1) Bad Debt Reserve To provide for bad debts, a reserve is set aside for accounted that will be uncollectable. 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>(2) Reserve for Bonus Payments To provide for employee bonuses, estimated cost during the interim accounting period is charged based on the estimated value of bonus payments.</p> | <p>(1) Bad Debt Reserve See Left Column contents</p> <p>(2) Reserve for Bonus Payments See Left Column contents</p> | <p>(1) Bad Debt Reserve See Left Column contents</p> <p>(2) Reserve for Bonus Payments To provide for employee bonuses, estimated cost during the accounting period is charged based on the estimated value of bonus payments</p> |

| ITEM | Previous Interim Period April 1, 2001 – Sept 30, 2001 | Current Interim Period April 1, 2002 – Sept 30, 2002 | Previous Period April 1, 2001 – Mar 31, 2002 |
|----------------------------|--|--|---|
| | <p>(3) Reserve for Retirement Payments To provide for employee retirement benefits, the amount to be incurred at the end of the interim 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>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. Processing is started from the next fiscal year.</p> | <p>(3) Reserve for Retirement Payments To provide for employee retirement benefits, the amount to be incurred at the end of the interim 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. Processing is started from the next fiscal year.</p> <p>(4) Reserve for Point Service system To provide for cost burden by taking potential point service([Point]), the required amount with the points expected to be used based on the actual utilization rate after the latter half of the current year.</p> | <p>(3) Reserve for Retirement Payments 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>From the following business year, the mathematical differential will be accounted for using the straight-line method based on a set number of years (14 years) within the average remaining tenure of the employees from the business year in which the differential is generated.</p> |
| 4. Lease transactions | The method used for general lease transactions are applied to all finance lease transactions, except for leased assets whose ownerships are recognized to transfer to lessees. | See Left Column contents | See Left Column contents |
| 5. Hedge accounting method | <p>(1) Hedge accounting method The deferred hedge accounting method is used. For interest rate swaps that meet the required conditions for exemption accounting, such exemption accounting methods are employed.</p> <p>(2) Hedging Means and Objects Hedging Means: interest rate swap Object of hedge: loans</p> | | |

| ITEM | Previous Interim Period April 1, 2001 – Sept 30, 2001 | Current Interim Period April 1, 2002 – Sept 30, 2002 | Previous Period April 1, 2001 – Mar 31, 2002 |
|---|--|--|---|
| | <p>(3) Hedging policies Okinawa Cellular, using “The Company Directive on Policy for Interests Rates Swaps et al.”, attempts to minimize risks regarding future interest rates.</p> <p>(4) Methods for assessing hedge effectiveness Interest rate swaps are first checked to see if they meet the requirements for special accounting under the Financial Instrument Accounting Standard. All interest rate swaps by our firm meet the requirements of the special accounting requirements under the Financial Instrument Accounting Standard. As such, we do not conduct an evaluation of efficiency because ex post facto validation is not required.</p> | | |
| 6. The range of funds included in the interim cash flow statement | Cash and cash equivalents in the interim cash flow statement consist 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. | See Left Column contents | Cash and cash equivalents in the cash flow statement consist 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. |
| 7. Other important items used as basis for preparation | <p>Accounting for consumption taxes Consumption taxes are not included. Temporary tax payments and taxes collected are set off and recorded as arrearages. The amount after set off is 193.162 million yen.</p> | <p>Accounting for consumption taxes Consumption taxes are not included. Temporary tax payments and taxes collected are set off and recorded as arrearages. The amount after set off is 32.431 million yen.</p> | <p>Accounting for consumption taxes Consumption taxes are not included.</p> |

Changes in Presentation

| Previous Interim Period April 1, 2001 –Sept 30, 2001 | Current Interim Period April 1, 2002 –Sept 30, 2002 |
|--|--|
| <p>With regard to fixed expenses such as cancelled credits which had previously been charged to “investments, etc.”, credits exceeding one year were recorded as “investments, etc.” (79,336 thousand yen) for this interim accounting period. Credits not exceeding one year (99,512 thousand yen) were charged to “accounts receivable”. Cancelled credits recorded as “investments, etc.” at the end of the previous interim period accounted for 175,376 thousand yen.</p> | |

Additional Information

| ITEM | Previous Interim Period April 1, 2001 – Sept 30, 2001 | Current Interim Period April 1, 2002 – Sept 30, 2002 | Previous Period April 1, 2001 – Mar 31, 2002 |
|--|--|--|--|
| 1. Accounting for financial products | <p>From current interim period, market value valuation for marketable securities with market values is conducted based on the accounting standard regarding financial products (“Opinion on the Establishment of Accounting Standards for Financial Products”) (January 22, 1999, Business Accounting Council). There is no effect on profit and loss caused by the change. Consequently, the value of other marketable securities showed a loss of deferred tax assets -1,285 thousand yen, with the increased deferred tax asset of 896 thousand yen.</p> | | <p>From current period, market value valuation for marketable securities with market values is conducted based on the accounting standard regarding financial products (“Opinion on the Establishment of Accounting Standards for Financial Products”) (January 22, 1999, Business Accounting Council). There is no effect on profit and loss caused by the change. Consequently, the value of other marketable securities showed a loss of deferred tax assets -2,499 thousand yen, with the increased deferred tax asset of 1,744 thousand yen.</p> |
| 2. Adoption of “End to End” Fees System in mobile phone services | <p>(Adoption of “End to End” Fees System in mobile phone services)</p> <p>As of April 1, 2001, we implemented the “End to End” Fees System for connections between different mobile phone services. In conjunction, Okinawa Cellular has set charges for its customers throughout all the service talk areas from Point of Call to Receiving Point. Telecommunications service charges are listed as Income from Voice Transmission services. Fees for connections to other mobile phone companies are listed as Communication Equipment Usage Fee.</p> <p>This change has meant an additional 1,500,346 thousand yen in Income from Voice Transmission Services and Total Operating Expenses from the telecommunications business. This does not affect Ordinary Profit or Net Profit Before Taxes This Period.</p> | | <p>(Adoption of “End to End” Fees System in mobile phone services)</p> <p>As of April 1, 2001, we implemented the “End to End” Fees System for connections between different mobile phone services. In conjunction, Okinawa Cellular has set charges for its customers throughout all the service talk areas from Point of Call to Receiving Point. Telecommunications service charges are listed as Income from Voice Transmission services. Fees for connections to other mobile phone companies are listed as Communication Equipment Usage Fee. This change has meant an additional 2,180,901 thousand yen in Income from Voice Transmission Services and Total Operating Expenses from the telecommunications business. This does not affect Ordinary Profit or Net Profit Before Taxes This Period .</p> |

| ITEM | Previous Interim Period April 1, 2001 – Sept 30, 2001 | Current Interim Period April 1, 2002 – Sept 30, 2002 | Previous Period April 1, 2001 – Mar 31, 2002 |
|---|---|--|--|
| 3. Accounting for withheld shares and reversal of legal reserve, etc. | | <p>From current interim period (Accounting Standards regarding withheld shares and reversal of legal reserve, etc.), measures stated in paragraph 1 of “Business Accounting Standards” were implemented.</p> <p>There was no effect on profit and loss during the interim accounting period caused by the change.</p> <p>In accordance with revisions to regulations concerning interim statements preparation, “Capital” of the interim balance sheet in the current interim accounting period were established based on the interim balance sheet after the revision.</p> | |
| 4. Reserve for point service system | | <p>From current interim period, to provide for cost burden by taking potential point service([Point]), the required amount with the points expected to be used based on the actual utilization rate after the latter half of the current year because of the growth of the current industry practices and uniform accounting system.</p> <p>Consequently, Expenses of telecommunications business operations increased by 114,176 thousand yen, Profit from telecommunications business operations, Operating Profit and Ordinary profit decreased by 114,176 thousand yen, Special Loss increased by 373,667 thousand yen and as a result of these changes, Interim net profit before tax decreased by 487,843 thousand yen.</p> | |

Notes

[Interim Balance Sheet]

(Unit: thousand yen)

| Fiscal Year ITEM | Previous Interim Period Sept 30, 2001 | Current Interim Period Sept 30, 2002 | Previous Period Mar 31, 2002 |
|--|--|---|---------------------------------|
| *1. Accumulated depreciation for tangible fixed assets | 13,925,996 | 12,417,637 | 12,823,696 |
| *2. Liabilities to associated companies | | | |
| Accounts payable | 1,315,456 | 557,473 | 1,264,937 |
| Arrearages | 1,858,997 | 1,472,627 | 1,683,919 |

[Interim Balance Sheet]

(Unit: thousand yen)

| Fiscal Year ITEM | Previous Interim Period Sept 30, 2001 | Current Interim Period Sept 30, 2002 | Previous Period Mar 31, 2002 |
|--|--|---|---------------------------------|
| *1. Major items in non-operating income | | | |
| Interest received | 187 | 40 | 329 |
| Commissions received | 23,826 | 20,600 | 45,008 |
| Rental Income | 24,716 | 22,540 | 30,263 |
| Compensation Received | | | 15,000 |
| *2. Major items in non-operating expense | | | |
| Interest paid | 121,208 | 94,594 | 214,349 |
| *3. Special Loss | | | |
| Point service allowance transferred from past period | | 373,667 | |
| 4. Depreciation | | | |
| Tangible Fixed Assets | 1,560,865 | 1,431,664 | 3,196,934 |
| Intangible Fixed Assets | 43,753 | 42,778 | 88,266 |

[Interim cash flow statement]

(Unit: thousand yen)

| Previous Interim Period (Apr 1, 2001 – Sept 30, 2001) | Current Interim Period (Apr 1, 2002 – Sept 30, 2002) | Previous Period (Apr 1, 2001 – Mar. 31, 2002) |
|--|--|---|
| Relationship between the balance of cash and cash equivalents at the end of interim period, and the value of the items in the interim balance sheet (As of Sept.30, 2001) | Relationship between the balance of cash and cash equivalents at the end of interim period, and the value of the items in the interim balance sheet (As of Sept.30, 2002) | Relationship between the balance of cash and cash equivalents at the end of period, and the value of the items in the balance sheet (As of Mar.31, 2002) |
| Cash and deposit accounts 1,139,273 | Cash and deposit accounts 717,792 | Cash and deposit accounts 583,080 |
| Time deposits of over 3 months | Time deposits of over 3 months | Time deposits of over 3 months |
| Cash and cash equivalents 1,139,273 | Cash and cash equivalents 717,792 | Cash and cash equivalents 583,080 |