

Report for 3rd Quarter, Fiscal Year Ending March 2006 (Non-Consolidated)

January 23, 2006

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 2006 (Apr. 1, 2005 – Dec. 31, 2005)

(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. 2006	34,373	(3.1)	8,024	(36.0)	8,026	(33.4)	4,880	(28.2)
3 rd Quarter, FY ending Mar. 2005	33,337	(4.7)	5,902	(16.4)	6,018	(18.6)	3,807	(22.7)
(Ref.) FY ending Mar. 2005	44,582		7,711		7,861		5,028	

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
3 rd Quarter, FY ending Mar. 2006	17,848.85	—
3 rd Quarter, FY ending Mar. 2005	27,853.84	—
(Ref.) FY ending Mar. 2005	36,714.70	—

Notes:

- The percentages accompanying Operating Revenues, Operating Income, etc. reflect the rate of change (increase/decrease) from the same quarter of the previous fiscal year.
- Average no. of shares outstanding: 3rd Quarter, FY ending Mar. 2006: 273,420 shares
 3rd Quarter, FY ending Mar. 2005: 136,710 shares
 FY ending Mar. 2005: 136,710 shares
- As of November 22, 2004 and September 22, 2005, we implemented a two-for-one stock split.
- The average number of shares is used in the calculation of the projected earnings per share. The average number of shares is calculated based on the premise that a stock split occurred at the beginning of the accounting period.

(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. 2006	29,183	22,504	77.1
3 rd Quarter, FY ending Mar. 2005	25,060	17,148	68.4	125,438.27
(Ref.) FY ending Mar. 2005	26,348	18,396	69.8	134,494.90

Notes:

- Outstanding shares at end of period: 3rd Quarter, FY ending Mar. 2006: 273,420 shares
 3rd Quarter, FY ending Mar. 2005: 136,710 shares
 FY ending Mar. 2005: 136,710 shares
- No. of treasury stock: 3rd Quarter, FY ending Mar. 2006: - shares
 3rd Quarter, FY ending Mar. 2005: - shares
 FY ending Mar. 2005: - 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. 2006	6,459	(5,337)	(2,060)	4,461
3 rd Quarter, FY ending Mar. 2005	5,836	(1,868)	(1,764)	4,003
(Ref.) FY ending Mar. 2005	8,862	(2,824)	(2,437)	5,400

3. Projected Business Performance for FY Ending March 2006 (Apr. 1, 2005 – Mar. 31, 2006)

	Operating Revenues (million yen)	Recurring Profits (million yen)	Net Income This FY (million yen)
Entire FY	46,000	9,400	5,900

Reference: Earnings Per Share for this period are projected at 21,578.52 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 September 22, 2005, we implemented a two-for-one stock split.
3. The average number of shares is used in the calculation of the projected earnings per share. The 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 current third-quarter period, improvements in corporate earnings, increases in personal consumption and increasing stock prices, etc., all indicated that the economy continued on its path of slow recovery. In the Okinawa Prefecture regional economy as well (where our business is based), tourism continued to perform well and personal consumption showed some underlying strength. As such, the overall pace of economic recovery continued.

For the domestic mobile phone industry nationwide (excluding PHS), out of a total of 90,177 thousand subscribers registered at the end of December 2005 (a year-on-year increase of 3,180 thousand subscribers), Okinawa Prefecture accounted for 830 thousand subscribers (a year-on-year increase of 22 thousand subscribers). In a maturing mobile phone market, different carriers introduced high value-added handsets equipped with functions such as terrestrial digital TV compatibility and electronic payment functions, etc., in addition to new services and new charge plans, etc. Thus, competition among carriers to increase customer base has intensified even further.

Against this backdrop, various charge plans for the CDMA 1X WIN broadband mobile phone service were revised and made more affordable. Moreover, for “Annual Discount,” which previously offered fixed discount rates to customers who had subscribed for 6 years or longer, we expanded the discount schedule so that discounts could be enjoyed incrementally every year until the 11th year. With regard to subscribers to the new CDMA 1X “Support Plan” who are elementary school students, junior high school students or persons who are 60 years old or more, we introduced “Family Discount Wide Support” which allows those subscribed to “Annual Discount” and “Family Discount” to enjoy a basic usage charge of 1,500 yen/month (1,575 including tax). Furthermore, for “Family Discount,” we increased the number of lines that could be registered to the plan from six to ten. We will also be announcing changes to various charge plans in February of this year, including a discount plan for corporate subscribers. This will offer corporate subscribers an increased maximum discount of 51% on basic usage charges. Private subscribers who subscribe to both “Annual Discount” and “Family Discount” may also enjoy a maximum discount of 50% on basic usage charges. By such activities, we hope to develop a charge system which allows a wide range of subscribers to use our services while experiencing peace-of-mind.

On the service front, we have added Macao to the “Global Passport” international roaming service which already offers conventional voice communications coverage of approximately 75% of the overseas destinations traveled to by Japanese people. Also, our data roaming service that combines conventional voice communications with E-mail and EZweb data transmission services can now be used in Thailand, Taiwan, China, Guam and Saipan as well as South Korea. We also offer “EZ-TV” which combines watching TV with communications functionality, thus offering a new way in which TV can be enjoyed. Furthermore, we have also added “EZ Quick” which allows subscribers to easily refer to weather, horoscope and travel-transfer information, in addition to a function that allows for the automatic sending of the latest news to handset standby screens. There is also “Hello Messenger” which allows for real-time chatting among a maximum of five people, along with the “EZ Passenger Seat Navi” system, the world-first car navigation system intended for use in passenger seats. This system utilizes GPS satellite location information. We have also introduced the “EZ FeliCa” service that has many service functions such as e-money and membership card features. All these elements have been developed so that mobile phones become an even more integral part of our subscribers’ “lifestyle infrastructure.”

For our local area services, we developed “Achi Fun Ongakudo Full.” This is a music download service that offers a wide range of Okinawan music including independent, Japanese folk and island music genres. Furthermore, to promote awareness of our services and increase their usage, we employed the “au Deer,” a promotional character. It is planned that this character will continue to be used in the future.

Among our latest handset lineup, we have developed “audio” handsets that can replay CD-sourced music downloaded

from PCs and music downloaded from net-based music distribution services. We have also developed easy-to-use handsets that allow users to quickly call those parties whose details have been preset to “one-touch keys,” along with handsets that are compatible with terrestrial digital TV “One Seg” broadcast services. We have also introduced new attractive handsets including an industry-smallest/lightest 3G handset that is both simple and stylish.

Also, we have enhanced our “Charge Limit Service.” Subscribers are not just sent an E-mail if their usage charges exceed a certain amount; rather restrictions are imposed on their ability to make phone calls and/or send packet data. Such a service makes it possible for subscribers to use their mobile phone with peace-of-mind because they know they cannot overuse voice and packet transmission services. Furthermore, against a backcloth of heightened safety awareness throughout Japan, for parents we have conducted seminars entitled “The Children’s Winter Holiday Safety Seminar.” These seminars provided valuable information to parents regarding how they can use GPS-equipped mobile phones to ensure their children’s safety.

As a result of the measures outlined above, the number of our subscribers as of the end of December 2005 came to some 415 thousand (a year-on-year increase of 11 thousand subscribers). This amounted to a 50.0% share of all subscribers in Okinawa Prefecture.

With regard to profit and loss during the current third-quarter accounting period, there were operating revenues of 27,417,206 thousand yen (4.3% increase year-on-year) in the telecommunications business and operating revenues of 6,955,834 thousand yen (1.3% decrease year-on-year) from associated businesses.* Total operating revenues were 34,373,040 thousand yen (3.1% increase year-on-year).* Meanwhile, recurring profits totaled 8,026,948 thousand yen (33.4% increase year-on-year), while net income amounted to 4,880,231 thousand yen (28.2% increase year-on-year).

*Note: In line with changes in basis of presentation of non-consolidated financial statements (Change in treatment of non-operating revenues), compared to before the implementation of changes (previous quarter same criteria), operating revenues from associated businesses were 6,813,567 thousand yen (3.3% decrease year-on-year), while total operating revenues were 34,230,774 thousand yen (2.7% 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, due to improvements in both corporate and household sectors, growth on a steady recovery track should continue backed by domestic private sector demand.

In the domestic mobile phone industry, in a mature market confronted by the introduction of Mobile Number Portability (MNP) which will allow customers to carry mobile phone numbers with them if they switch carriers, competition among businesses to acquire new customers and retain existing customers is expected to become increasingly fierce.

In these circumstances, we will first and foremost 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 provide high-quality services and work to strengthen 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 operations. We will devise a management base capable of generating profits as well as building our competitive strengths. We will also strive at all company levels to further the development of our region and its local communities through our telecommunications operations.

The Personal Information Protection Law came into force in Japan in April of last year. Building upon our traditional solid approach to the handling of customer data, we continue to further strengthen our systems in order to realize stringent compliance with this new legislation.

The projected business performance for the full fiscal year announced on October 20 of last year has been corrected

upwards due to both a favorable shift in Average Revenue Per Unit (ARPU – the monthly average income received from one customer) and efficient cost planning throughout the business.

	Previous Forecast (A) (Announced October 20, 2005)	Current Forecast (B)	Change (B-A)	Change (%)	(Reference) Business Performance for the Previous Full Fiscal Year
Operating revenues	¥45.4 billion	¥46.0 billion	¥0.6 billion	1.3	¥44.5 billion
Recurring profits	¥8.1 billion	¥9.4 billion	¥1.3 billion	16.0	¥7.8 billion
Net income	¥5.1 billion	¥5.9 billion	¥0.8 billion	15.7	¥5.0 billion

(2) Financial Status

Cash and cash equivalents (hereinafter referred to as “cash”) have been partially offset during the current third quarter accounting period due to factors such as increased income tax payments, short-term loans receivable payments to related companies, and an increase in the value of dividends paid, etc. However, due to an increase in income before income taxes of 2,008,890 thousand yen (33.4% increase year-on-year), etc., compared to the end of the previous third quarter accounting period, cash increased by 458,055 thousand yen (11.4% increase year-on-year) to stand at 4,461,461 thousand yen at the end of the current third quarter accounting period.

Following is a breakdown of cash flows for the current third quarter accounting period:

(Cash flows from operating activities)

Cash provided by operating activities increased by 623,193 thousand yen (when compared to the previous third quarter accounting period) to 6,459,787 thousand yen (10.7% increase year-on-year), due to a significant increase in income before income taxes despite factors such as an increase in accounts receivable, an increase in inventories and income taxes paid, etc.

(Cash flows from investing activities)

Cash used in investing activities increased by 3,469,724 thousand yen (when compared to the previous third quarter accounting period) to 5,337,725 thousand yen (185.7% increase year-on-year), due to short-term loans receivable payments mainly made to our parent company, KDDI Corporation.

(Cash flows from financing activities)

Cash used in financing activities increased by 296,430 thousand yen (when compared to the previous third quarter accounting period) to 2,060,614 thousand yen (16.8% increase year-on-year), due mainly to an increase in the value of dividends paid.

(3) Business Risks

As long as the Company continues to pursue its business, it will be confronted by a variety of risks. The Company prevents or disperses any such risk 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 we can comply with the protection of personal or customer information sent via communications; 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 other risks associated with 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. (1) Quarterly Comparative Balance Sheet (Assets)

(Unit: thousand yen)

Item	3 rd Quarter Closing, Previous FY (As of Dec. 31, 2004)		3 rd Quarter Closing, Current FY (As of Dec. 31, 2005)		Increase/ Decrease	Summary of Previous Fiscal Year (As of Mar. 31, 2005)	
	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	7,887,127		6,846,729		(1,040,397)	8,275,193	
2. Antenna facilities	2,925,441		3,062,054		136,613	3,141,260	
3. Telecommunications line facilities	3,683		3,060		(622)	3,527	
4. Pipe and hand holes	39,869		37,997		(1,871)	39,401	
5. Buildings	1,712,981		1,596,375		(116,605)	1,658,512	
6. Structures	300,223		295,364		(4,859)	318,403	
7. Other machinery and equipment	41		40		(0)	40	
8. Tools, furniture and fixtures	103,959		91,357		(12,601)	100,969	
9. Land	391,106		391,106		-	391,106	
10. Construction in progress	327,460		788,360		460,900	283,948	
Total property, plant and equipment	13,691,893	54.6	13,112,445	44.9	(579,447)	14,212,363	53.9
(2) Intangible assets							
1. Utility facility usage rights	122,754		111,010		(11,744)	119,818	
2. Computer software	29,027		22,279		(6,747)	25,682	
3. Leasehold rights	2,000		2,000		-	2,000	
4. Telephone subscription rights	7,102		4,360		(2,742)	4,360	
Total intangible assets	160,885	0.7	139,650	0.5	(21,234)	151,861	0.6
Total non-current assets for telecommunications business	13,852,778	55.3	13,252,096	45.4	(600,682)	14,364,224	54.5
B. Non-current assets for associated businesses							
(1) Property, plant and equipment *1	99		50		(49)	87	
(2) Intangible assets	676		414		(261)	611	
Total non-current assets for associated businesses	776	0.0	465	0.0	(311)	698	0.0
C. Investments and other assets							
1. Investments in securities	139,990		280,470		140,480	184,450	
2. Long-term prepaid expenses	193,637		168,162		(25,475)	194,783	
3. Deferred income taxes	408,551		391,407		(17,143)	396,589	
4. Deposits and guarantee money	124,347		121,700		(2,647)	124,356	
5. Other investments and other assets	66,965		63,575		(3,389)	65,916	
Allowances for doubtful accounts	(69,342)		(66,002)		3,339	(68,293)	
Total investments and other assets	864,149	3.4	959,313	3.3	95,163	897,803	3.4
Total non-current assets	14,717,704	58.7	14,211,875	48.7	(505,829)	15,262,726	57.9
II. Current assets							
1. Cash and bank deposits	4,003,405		4,461,461		458,055	5,400,014	
2. Trade accounts receivable	4,140,362		4,318,234		177,872	4,082,980	
3. Other accounts receivable	707,187		1,028,581		321,393	885,150	
4. Inventories and supplies	1,426,735		1,023,515		(403,219)	614,211	
5. Prepaid expenses	62,819		86,898		24,079	51,287	
6. Deferred income taxes	147,917		163,704		15,787	219,230	
7. Short-term loans receivable from related companies	-		4,001,957		4,001,957	-	
8. Other current assets	418		280		(138)	20	
Allowances for doubtful accounts	(146,254)		(113,320)		32,933	(167,114)	
Total current assets	10,342,592	41.3	14,971,314	51.3	4,628,721	11,085,779	42.1
TOTAL ASSETS	25,060,296	100.0	29,183,189	100.0	4,122,892	26,348,506	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, 2004)		3 rd Quarter Closing, Current FY (As of Dec. 31, 2005)		Increase/ Decrease	Summary of Previous Fiscal Year (As of Mar. 31, 2005)	
	Amount	Ratio	Amount	Ratio	Amount	Amount	Ratio		
[Liabilities]		%		%				%	
I. Non-current liabilities									
1. Bonds	562,500		187,500		(375,000)	375,000			
2. Long-term loans	391,090		-		(391,090)	177,940			
3. Reserves for retirement benefits	70,085		43,658		(26,427)	63,808			
4. Reserves for point service program	782,334		914,259		131,925	816,701			
5. Other non-current liabilities	44,000		182,267		138,267	93,833			
Total non-current liabilities	1,850,010	7.4	1,327,685	4.6	(522,324)	1,527,282	5.8		
II. Current liabilities									
1. Current portion of long-term debt	1,906,604		766,090		(1,140,514)	1,647,358			
2. Trade accounts payable *2	838,651		693,301		(145,350)	571,483			
3. Other accounts payable *2	1,978,645		1,941,314		(37,331)	2,103,010			
4. Accrued expenses	83,434		80,799		(2,634)	120,167			
5. Accrued taxes on income	1,153,672		1,747,200		593,527	1,868,315			
6. Advances received	39,027		32,572		(6,455)	34,500			
7. Deposits received	24,445		50,731		26,286	6,239			
8. Allowances for bonuses	37,140		38,920		1,780	73,850			
Total current liabilities	6,061,621	24.2	5,350,930	18.3	(710,691)	6,424,925	24.4		
TOTAL LIABILITIES	7,911,631	31.6	6,678,615	22.9	(1,233,015)	7,952,207	30.2		
[Shareholders' equity]									
I. Common stock	1,414,581	5.6	1,414,581	4.8	-	1,414,581	5.4		
II. Capital surpluses									
1. Additional paid-in capital	1,614,991		1,614,991		-	1,614,991			
Total capital surplus	1,614,991	6.4	1,614,991	5.5	-	1,614,991	6.1		
III. Earned surplus									
1. Legal reserves	64,425		64,425		-	64,425			
2. Voluntary reserves									
Other reserves	10,000,000		13,800,000		3,800,000	10,000,000			
3. Unappropriated retained earnings	4,032,963		5,504,303		1,471,339	5,253,831			
Total earned surplus	14,097,389	56.3	19,368,729	66.4	5,271,339	15,318,257	58.1		
IV. Net unrealized gains on securities	21,703	0.1	106,272	0.4	84,568	48,468	0.2		
TOTAL SHAREHOLDERS' EQUITY	17,148,665	68.4	22,504,574	77.1	5,355,908	18,396,298	69.8		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	25,060,296	100.0	29,183,189	100.0	4,122,892	26,348,506	100.0		

2. (2) Quarterly Comparative Statements of income

(Unit: thousand yen)

Item	Period		3 rd Quarter, Current FY (Apr. 1, 2005 – Dec. 31, 2005)		Increase/ Decrease Amount	Summary of Previous Fiscal Year (Apr. 1, 2004 – Mar. 31, 2005)	
	3 rd Quarter, Previous FY (Apr. 1, 2004 – Dec. 31, 2004)	Ratio	Amount	Ratio		Amount	Ratio
Recurring profits and losses [Operating revenues and expenses]		%		%			%
I. Telecommunications business							
(1) Operating revenues	26,288,350	78.9	27,417,206	79.8	1,128,856	34,952,814	78.4
(2) Operating expenses	20,404,884	61.2	19,672,146	57.3	(732,738)	27,307,218	61.3
1. Sales expenses	11,276,582		10,936,269		(340,312)	15,390,934	
2. Facilities maintenance expenses	1,540,388		1,442,945		(97,443)	2,011,699	
3. Administrative expenses	686,752		762,624		75,871	896,032	
4. Depreciation	2,180,957		1,981,637		(199,320)	2,853,639	
5. Loss on disposal of fixed assets	281,147		167,509		(113,638)	383,353	
6. Communication network charges	4,160,653		4,092,306		(68,346)	5,401,101	
7. Taxes and public dues	278,401		288,853		10,451	370,457	
Operating income from telecommunications business	5,883,465	17.7	7,745,059	22.5	1,861,594	7,645,595	17.1
II. Associated businesses							
(1) Operating revenues	7,049,059	21.1	6,955,834	20.2	(93,225)	9,629,340	21.6
(2) Operating expenses	7,030,370	21.1	6,676,242	19.4	(354,128)	9,563,088	21.4
Operating income from associated businesses	18,689	0.0	279,591	0.8	260,902	66,251	0.2
TOTAL OPERATING INCOME	5,902,154	17.7	8,024,651	23.3	2,122,497	7,711,847	17.3
[Non-operating revenues and expenses]							
III. Non-operating revenues *1	154,470	0.5	17,852	0.1	(136,618)	199,508	0.4
IV. Non-operating expenses *2	38,566	0.1	15,555	0.0	(23,011)	50,067	0.1
RECURRING PROFITS	6,018,058	18.1	8,026,948	23.4	2,008,890	7,861,288	17.6
Income before income taxes	6,018,058	18.1	8,026,948	23.4	2,008,890	7,861,288	17.6
Income taxes-current	2,093,594	6.3	3,124,225	9.1	1,030,631	2,793,002	6.3
Income taxes-deferred	116,566	0.4	22,491	0.1	(94,074)	39,520	0.1
Net income	3,807,897	11.4	4,880,231	14.2	1,072,333	5,028,765	11.3
Retained earnings brought forward	361,775		1,170,911		809,135	361,775	
Interim dividends	136,710		546,840		410,130	136,710	
Unappropriated retained earnings	4,032,963		5,504,303		1,471,339	5,253,831	

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)

Item	Period	3 rd Quarter, Previous FY (Apr. 1, 2004 – Dec. 31, 2004)	3 rd Quarter, Current FY (Apr. 1, 2005 – Dec. 31, 2005)	Summary of Previous Fiscal Year (Apr. 1, 2004 – Mar. 31, 2005)
		Amount	Amount	Amount
I. Cash flows from operating activities				
Income before income taxes		6,018,058	8,026,948	7,861,288
Depreciation		2,181,191	1,981,871	2,853,950
Decrease in allowances for doubtful accounts		(41,524)	(56,085)	(21,712)
Decrease in reserves for retirement benefits		(22,336)	(20,149)	(28,613)
Increase in reserves for point service program		94,132	97,558	128,499
Increase (decrease) in allowances for bonuses		(34,260)	(34,930)	2,450
Loss on disposal of fixed assets		260,250	162,925	362,283
Interest and dividend income		(2,669)	(4,610)	(2,708)
Interest expenses		38,566	15,555	47,442
Increase in accounts receivable		(130,011)	(235,254)	(72,629)
Increase (decrease) in inventories and supplies		(268,856)	(409,304)	535,452
Increase (decrease) in accounts payable		77,000	121,817	(190,167)
Bonuses to officers		(9,400)	(9,500)	(9,400)
Other , net		8,435	72,944	(260,021)
Subtotal		8,168,578	9,709,786	11,206,114
Interest and dividend income received		2,669	4,610	2,708
Interest expenses paid		(36,460)	(14,644)	(47,775)
Income taxes paid		(2,298,192)	(3,239,965)	(2,298,200)
Net cash provided by operating activities		5,836,594	6,459,787	8,862,847
II. Cash flows from investing activities				
Payments for purchase of Property, plant and equipment		(1,711,814)	(1,322,719)	(2,678,421)
Proceeds from sale of Property, plant and equipment		478	484	8,693
Payments for purchase of intangible assets		(1,676)	(5,823)	(2,002)
Proceeds from sale of intangible assets		-	-	117
Short-term loans receivable payments to related companies		-	(4,001,957)	-
Proceeds from returned investments and other assets		1,181	3,136	20,564
Payments for purchase of other investments and other assets		(156,169)	(10,845)	(173,363)
Net cash used in investing activities		(1,868,000)	(5,337,725)	(2,824,412)
III. Cash flows from financing activities				
Repayment of long-term loans		(1,317,188)	(1,059,208)	(1,789,584)
Payment for redemption of bonds		(187,500)	(187,500)	(375,000)
Dividends paid		(259,496)	(813,906)	(272,833)
Net cash used in financing activities		(1,764,184)	(2,060,614)	(2,437,417)
IV. Translation adjustments on cash and cash equivalents		-	-	-
V. Net increase (decrease) in cash and cash equivalents		2,204,409	(938,552)	3,601,017
VI. Cash and cash equivalents at beginning of period		1,798,996	5,400,014	1,798,996
VII. Cash and cash equivalents at end of interim period (FY)		4,003,405	4,461,461	5,400,014

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, 2004 – Dec. 31, 2004)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2005 – Dec. 31, 2005)	Previous Fiscal Year (Apr. 1, 2004 – Mar. 31, 2005)
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>(3) Long-term prepaid expenses Straight-line calculation method is applied.</p>	<p>(1) Property, plant and equipment Same as column to left.</p> <p>(2) Intangible assets Same as column to left.</p> <p>(3) Long-term prepaid expenses 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> <p>(3) Long-term prepaid expenses 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, 2004 – Dec. 31, 2004)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2005 – Dec. 31, 2005)	Previous Fiscal Year (Apr. 1, 2004 – Mar. 31, 2005)
	<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. 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. 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>(3) Reserves for point services program A reserve has been set aside to provide against future costs of exchanging accumulated points under the "Point α" 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>(2) Reserves for retirement benefits Same as column to left.</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>(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. 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. 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>(3) Reserves for point services program A reserve has been set aside to provide against future costs of exchanging accumulated points under the "Point α" 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 102,679 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 203,154 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, 2004 – Dec. 31, 2004)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2005 – Dec. 31, 2005)	Previous Fiscal Year (Apr. 1, 2004 – Mar. 31, 2005)
<p>(Accounting Standard for Impairment of Fixed Assets)</p> <p>Beginning with the current interim 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.</p> <p>The adoption of the above accounting standard has not resulted in impairment loss.</p>	<p>(Change in treatment of non-operating revenues)</p> <p>Conventionally, revenues and expenses derived from “various kinds of payment collection agency work” and “leasing of telecommunications infrastructure and its associated equipment” had been treated in the accounts as either non-operating revenues or operating expenses from telecommunications business. Starting from the current quarterly accounting period, however, relevant revenues and expenses are treated as operating revenues from associated businesses or operating expenses from associated businesses.</p> <p>These changes have been made due to certain additions to the company’s articles of incorporation that were approved at the regular shareholders general meeting held on June 22, 2005. Additions were made so as to recognize certain new business objectives as appropriate business activities for the company.</p> <p>Based on these changes, compared to the previous methods of calculation, operating revenues from associated businesses and operating expenses from associated businesses increased by 142,266 thousand yen and 75,926 thousand yen, respectively. Non-operating revenues and operating expenses from telecommunications business decreased by 142,266 thousand yen and 75,926 thousand yen, respectively. Furthermore, operating income from telecommunications business increased by 75,926 thousand yen, while operating income from associated businesses increased by 66,339 thousand yen, and total operating income increased by 142,266 thousand yen. These developments, however, did not have any impact on recurring profits or net income in the current quarterly reporting period.</p>	<p>(Accounting Standard for Impairment of Fixed Assets)</p> <p>Beginning with the current interim 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.</p> <p>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, 2004 – Dec. 31, 2004)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2005 – Dec. 31, 2005)
<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 first 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.”</p> <p>Presented under the previous standard, “operating revenues” would appear as “voice transmission services” 17,783,653 thousand yen and “data transmission services” 8,504,696 thousand yen.</p>	

Notes

[Quarterly Balance Sheet]

(Unit: thousand yen)

3 rd Quarter Closing, Previous Fiscal Year (December 31, 2004)	3 rd Quarter Closing, Current Fiscal Year (December 31, 2005)	End of Previous Fiscal Year (March 31, 2005)
*1. Accumulated depreciation for property, plant and equipment 17,033,304	*1. Accumulated depreciation for property, plant and equipment 19,027,014	*1. Accumulated depreciation for property, plant and equipment 17,562,893
*2. Debts to associated companies	*2. Debts to associated companies	*2. Debts to associated companies
Trade accounts payable 837,883	Trade accounts payable 692,845	Trade accounts payable 571,483
Other accounts payable 1,347,865	Other accounts payable 1,160,958	Other accounts payable 1,367,390

[Quarterly Statements of income]

(Unit: thousand yen)

3 rd Quarter, Previous Fiscal Year (Apr. 1, 2004 – Dec. 31, 2004)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2005 – Dec. 31, 2005)	Previous Fiscal Year (Apr. 1, 2004 – Mar. 31, 2005)
*1. Major non-operating revenues	*1. Major non-operating revenues	*1. Major non-operating revenues
Interest income 19	Interest income 1,960	Interest income 58
Commission received 102,077	Dividend income 2,650	Commission received 138,373
Rental income 22,999	Commission received 1,568	Rental income 25,935
	Rental income 5,344	
*2. Major non-operating expenses	*2. Major non-operating expenses	*2. Major non-operating expenses
Interest expenses 32,691	Interest expenses 11,787	Interest expenses 39,993
3. Depreciation	3. Depreciation	3. Depreciation
Property, plant and equipment 2,121,134	Property, plant and equipment 1,918,134	Property, plant and equipment 2,773,448
Intangible assets 23,176	Intangible assets 16,920	Intangible assets 28,840

[Quarterly Cash Flow Statement]

(Unit: thousand yen)

3 rd Quarter, Previous Fiscal Year (Apr. 1, 2004 – Dec. 31, 2004)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2005 – Dec. 31, 2005)	Previous Fiscal Year (Apr. 1, 2004 – Mar. 31, 2005)
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 quarter, and the items on the quarterly balance sheet (As of Dec. 31, 2005)	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, 2005)
Cash and deposit accounts 4,003,405	Cash and deposit accounts 4,461,461	Cash and deposit accounts 5,400,014
Time deposits of over 3 months	Time deposits of over 3 months	Time deposits of over 3 months
Cash and cash equivalents 4,003,405	Cash and cash equivalents 4,461,461	Cash and cash equivalents 5,400,014

3. Lease Transactions

(Unit: thousand yen)

3 rd Quarter, Previous Fiscal Year Apr. 1, 2004 – Dec. 31, 2004	3 rd Quarter, Current Fiscal Year Apr. 1, 2005 – Dec. 31, 2005	Previous Fiscal Year Apr. 1, 2004 – Mar. 31, 2005																																																																														
<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, 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 market values

Omitted because of its insignificant value.

3rd Quarter Closing, Current Fiscal Year (As of December 31, 2005)

1. Other securities having fluctuating market values (Unit: thousand yen)

	Acquisition cost	Carrying value at the end of the quarter	Difference
Stocks	98,907	275,440	176,532
Total	98,907	275,440	176,532

2. Main securities without fair values

Omitted because of its insignificant value.

End of Previous Fiscal Year (As of March 31, 2005)

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	179,420	80,512
Total	98,907	179,420	80,512

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, 2004)

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

3rd Quarter Closing, Current Fiscal Year (As of December 31, 2005)

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

End of Previous Fiscal Year (As of March 31, 2005)

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