

Report for 3rd Quarter, Fiscal Year Ending March 2004 (Non-Consolidated)

January 29, 2004

Company Name: **Okinawa Cellular Telephone Company**
 URL: <http://www.au.kddi.com/chiiki/okinawa/index.html>
 President: Ichiro Oyadomari
 For Inquiries: Nobukazu Sagawa, Executive Vice President

Code No.: 9436
 Registered Shares (counter shares)
 Tel.: (098) 860-3608

1 . Matters Pertaining to the Preparation of the Quarterly Report

Change(s) in accounting method from the latest accounting year: none

2 . Business Performance for 3rd Quarter, FY Ending March 2004 (Apr. 1, 2003 – Dec. 31, 2003)

(1) Operating Results

Figures rounded off to nearest million yen.

	Sales		Operating Profit		Ordinary Profit		Net Profit This Quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
3 rd Quarter, FY ending Mar. 2004	31,847	(7.0)	5,069	(176.6)	5,075	(188.6)	3,103	(164.7)
3 rd Quarter, FY ending Mar. 2003	29,751	(-)	1,832	(-)	1,758	(-)	1,172	(-)
(Ref.) FY ending Mar. 2003	39,980		2,802		2,704		1,773	

	Net Profit Per Share This Quarter	Net Profit Per Share After Adjustments This Quarter
	Yen	Yen
3 rd Quarter, FY ending Mar. 2004	45,398.37	-
3 rd Quarter, FY ending Mar. 2003	17,153.07	-
(Ref.) FY ending Mar. 2003	25,826.49	-

- (Notes) 1. The percentages accompanying Sales, Operating Income, Ordinary Profit, and Net Profit This Quarter reflect the rate of change (increase/decrease) from the same quarter of the previous fiscal year.
 2. No percentages are shown for 3rd Quarter of FY ending March 2003, because no Quarterly Report was prepared for the 3rd Quarter of FY ending March 2002.

(2) Finance

	Total Assets (million yen)	Equity Capital (million yen)	Ratio of Equity Capital to Total Assets (%)	Equity Capital Per Share (yen)
3 rd Quarter, FY ending Mar. 2004	22,712	12,488	55.0	182,693.66
3 rd Quarter, FY ending Mar. 2003	23,345	8,938	38.3	130,762.42
(Ref.) FY ending Mar. 2003	22,411	9,540	42.6	139,452.50

[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
3 rd Quarter, FY ending Mar. 2004	6,142	1,128	3,826	1,683
3 rd Quarter, FY ending Mar. 2003	3,245	1,708	1,354	766
(Ref.) FY ending Mar. 2003	4,405	2,752	1,738	496

3 . Projected Business Performance for FY Ending March 2004 (Apr. 1, 2003 – Mar. 31, 2004)

	Sales (million yen)	Ordinary Profit (million yen)	Net Profit (million yen)	Net Profit Per Share (Yen)
Entire FY	42,500	6,200	3,800	55,592.13

(Note) 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. Revisions have been made to the previous projection made on October 7, 2003, detailed explanations of which are provided on the last page.

Quarterly Comparative Balance Sheet (Assets)

(Unit: thousand yen)

Item	Period	3 rd Quarter Closing, Previous FY (As of Dec. 31, 2002)		3 rd Quarter Closing, Current FY (As of Dec. 31, 2003)		Increase/ Decrease	Summary of Previous Fiscal Year (As of March 31, 2003)	
		Amount	Ratio	Amount	Ratio	Amount	Amount	Ratio
[Assets]								
I. Fixed Assets								
A. Fixed assets related to the telecommunications business								
(1) Tangible fixed assets	*1		%		%			%
1. Mechanical equipment		9,788,349		7,895,645		1,892,704	9,479,476	
2. Antennas		2,933,152		2,913,287		19,864	2,992,379	
3. Out of town line facilities		6,008		4,598		1,410	5,574	
4. Public works facilities		44,916		41,741		3,175	44,434	
5. Buildings		1,756,957		1,748,386		8,571	1,779,975	
6. Structures		342,184		319,406		22,777	341,791	
7. Machinery & Equipment		55		48		7	54	
8. Tools, Implements & Parts		90,249		82,769		7,480	78,845	
9. Land		388,268		391,768		3,500	388,268	
10. Temporary account for construction		115,475		622,105		506,629	74,555	
Total tangible fixed assets		15,465,619	66.2	14,019,758	61.7	1,445,861	15,185,353	67.8
(2) Intangible fixed assets								
1. Facility usage rights		153,741		141,297		12,444	150,630	
2. Software		149,922		43,887		106,034	42,567	
3. Land lease rights		2,000		2,000		-	2,000	
4. Telephone subscription rights		15,022		7,102		7,920	15,022	
Total intangible fixed assets		320,687	1.4	194,288	0.9	126,398	210,220	0.9
Total fixed assets related to telecommunication business		15,786,306	67.6	14,214,046	62.6	1,572,259	15,395,574	68.7
B. Fixed assets relating to subsidiary businesses								
(1) Tangible fixed assets	1	197		148		49	185	
(2) Intangible fixed assets		3,618		938		2,680	1,135	
Total fixed assets relating to subsidiary businesses		3,816	0.0	1,087	0.0	2,729	1,320	0.0
C. Investments and other assets								
1. Investment value stocks		102,130		100,403		1,727	104,061	
2. Long-term pre-payment		166,158		115,824		50,334	156,503	
3. Tax asset carryover		967,197		366,876		600,321	940,600	
4. Security deposits		188,153		142,936		45,216	151,762	
5. Other investments and assets		62,905		50,713		12,192	58,995	
Bad debt reserve		67,532		52,690		14,842	60,522	
Total investments and other assets		1,419,012	6.1	724,063	3.2	694,949	1,351,400	6.0
Total Fixed Assets		17,209,135	73.7	14,939,197	65.8	2,269,937	16,748,295	74.7
II. Liquid Assets								
1. Cash and bank deposits		766,264		1,683,918		917,653	496,768	
2. Accounts receivable		3,859,695		3,961,741		102,046	3,595,049	
3. Accounts due		623,755		638,710		14,954	699,285	
4. Inventory		749,156		1,428,362		679,206	676,028	
5. Prepaid expense account		103,052		80,371		22,680	96,930	
6. Tax asset carryover		106,858		147,177		40,319	207,344	
7. Other liquid assets		18,003		2,735		15,268	690	
Bad debt reserve		90,911		169,879		78,968	109,096	
Total Liquid Assets		6,135,875	26.3	7,773,138	34.2	1,637,262	5,663,000	25.3
TOTAL ASSETS		23,345,010	100.0	22,712,335	100.0	632,675	22,411,296	100.0

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

Quarterly Comparative Balance Sheet (Liability and Capital)

(Unit: thousand yen)

Period	3 rd Quarter Closing, Previous FY (As of Dec. 31, 2002)		3 rd Quarter Closing, Current FY (As of Dec. 31, 2003)		Increase/ Decrease	Summary of Previous Fiscal Year (As of March 31, 2003)	
	Amount	Ratio	Amount	Ratio	Amount	Amount	Ratio
[Liabilities]							
I. Fixed Liabilities							
1. Corporate bonds	-		937,500		937,500	1,125,000	
2. Long term loans	3,712,278		1,922,694		1,789,584	3,239,882	
3. Reserve for retirement payments	106,746		91,639		15,106	134,564	
4. Reserve for Point Service system	526,936		654,055		127,119	556,762	
Total Fixed Liabilities	4,345,960	18.6	3,605,888	15.9	740,071	5,056,208	22.5
II. Liquid liabilities							
1. Fixed liabilities payable within 1 yr	2,956,076		2,164,584		791,492	2,941,431	
2. Accounts payable *2	755,871		1,108,859		352,988	1,052,300	
3. Short term loans	2,400,000		-		2,400,000	1,400,000	
4. Arrearages *2	3,463,026		2,371,651		1,091,375	1,611,707	
5. Accrued expenses payable	119,102		79,686		39,415	128,538	
6. Corporate tax due	163,300		796,300		633,000	582,200	
7. Advance received	6,707		37,542		30,834	19,230	
8. Deposits received	163,590		24,297		139,293	10,844	
9. Reserve for bonus payments	33,110		35,500		2,390	68,000	
Total Liquid Liabilities	10,060,784	43.1	6,618,421	29.1	3,442,363	7,814,252	34.9
TOTAL LIABILITIES	14,406,744	61.7	10,224,310	45.0	4,182,434	12,870,460	57.4
[Capital]							
I. Capital							
	1,414,581	6.1	1,414,581	6.2	-	1,414,581	6.3
II. Capital Surplus							
1. Capital reserve	1,614,991		1,614,991		-	1,614,991	
Total Capital Surplus	1,614,991	6.9	1,614,991	7.1	-	1,614,991	7.2
III. Profit Surplus							
1. Profit reserve	64,425		64,425		-	64,425	
2. Voluntary reserve	4,560,000		6,200,000		1,640,000	4,560,000	
3. Undistributed profit for the quarter (FY)	1,285,332		3,196,154		1,910,822	1,886,763	
Total Profit Surplus	5,909,758	25.3	9,460,580	41.7	3,550,822	6,511,189	29.1
IV. Adjustments for Other Capital Holdings & Marketable Securities							
	1,064	0.0	2,127	0.0	1,063	74	0.0
TOTAL CAPITAL	8,938,265	38.3	12,488,025	55.0	3,549,759	9,540,835	42.6
TOTAL LIABILITIES & CAPITAL	23,345,010	100.0	22,712,335	100.0	632,675	22,411,296	100.0

Quarterly Comparative Profit and Loss Statement

(Unit: thousand yen)

Item	Period	3 rd Quarter, Previous FY Apr. 1, 2002 – Dec. 31, 2002		3 rd Quarter, Current FY Apr. 1, 2003 – Dec. 31, 2003		Increase/ Decrease	Summary of Previous Fiscal Year Apr. 1, 2002 – Mar. 31, 2003	
		Amount	Ratio	Amount	Ratio	Amount	Amount	Ratio
Profit and Loss			%		%			%
[Operating Profit and Loss]								
I. Profit and loss from telecommunications business operations								
(1) Operating revenue								
1. Income from voice transmission service		18,248,163		17,692,172		555,990	24,033,193	
2. Income from data transmission service		4,039,408		7,111,611		3,072,202	5,956,770	
Total operating revenue		22,287,572	74.9	24,803,784	77.9	2,516,212	29,989,964	75.0
(2) Operating expenses								
1. Operating costs		11,128,377		11,190,259		61,882	14,896,689	
2. Facilities maintenance costs		1,637,706		1,554,989		82,717	2,208,711	
3. Management costs		758,918		604,834		154,083	997,313	
4. Depreciation		2,256,669		2,172,627		84,041	2,998,999	
5. Fixed assets retirement costs		835,820		229,501		606,319	960,093	
6. Communication equipment usage fee		3,927,570		3,892,356		35,213	4,994,163	
7. Taxes and other public charge		318,991		242,577		76,413	389,719	
Total operating expenses		20,864,054	70.1	19,887,148	62.5	976,906	27,445,690	68.6
Operating Profit from telecommunications business		1,423,517	4.8	4,916,636	15.4	3,493,118	2,544,273	6.4
II. Profit and loss from subsidiary business operations								
(1) Operating revenues		7,463,913	25.1	7,043,452	22.1	420,460	9,990,882	25.0
(2) Operating expenses		7,054,831	23.7	6,890,995	21.6	163,835	9,732,916	24.4
Operating profit from subsidiary business operations		409,082	1.4	152,457	0.5	256,625	257,965	0.6
Operating Profit		1,832,600	6.2	5,069,093	15.9	3,236,493	2,802,239	7.0
[Non-operating profit and loss]								
III. Non-operating revenue	*1	64,391	0.2	86,525	0.3	22,134	102,363	0.2
IV. Non-operating expenses	*2	138,115	0.5	80,361	0.3	57,754	200,074	0.5
Ordinary Profit		1,758,876	5.9	5,075,258	15.9	3,316,381	2,704,527	6.7
[Special Profit and Loss]								
I. Special Profit	*3	-	-	54,296	0.2	54,296	-	-
II. Special Loss	*4	373,667	1.3	-	-	373,667	373,667	0.9
Net profit before taxes for the quarter (FY)		1,385,209	4.6	5,129,554	16.1	3,744,345	2,330,860	5.8
Corporate tax, etc.		758,071	2.5	1,391,001	4.4	632,929	1,176,973	2.9
Refund of corporate tax, etc.		221,849	0.7	-	-	221,849	221,849	0.5
Adjusted corporate tax, etc.		323,511	1.1	635,347	2.0	958,859	398,193	1.0
Net profit for the quarter (FY)		1,172,498	3.9	3,103,205	9.7	1,930,707	1,773,929	4.4
Profit forwarded from previous period		172,644		161,303		11,340	172,644	
Interim dividend		59,810		68,355		8,544	59,810	
Undistributed profit for the quarter (FY)		1,285,332		3,196,154		1,910,822	1,886,763	

Notes:

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

Quarterly Cash Flow Statement

(Unit: thousand yen)

Item	Period	3 rd Quarter, Previous FY Apr. 1, 2002 – Dec. 31, 2002	3 rd Quarter, Current FY Apr. 1, 2003 – Dec. 31, 2003	Summary of Previous Fiscal Year Apr. 1, 2002 – Mar. 31, 2003
		Amount	Amount	Amount
I. Cash flow from operating activities				
Net profit before taxes for the quarter (FY)		1,385,209	5,129,554	2,330,860
Depreciation		2,260,449	2,172,860	2,999,207
Increase/decrease in bad debt reserve (=decrease)		20,699	52,950	9,524
Increase/decrease in reserve for retirement payments (=decrease)		25,835	42,924	53,653
Increase in reserve for point service system		526,936	97,292	556,762
Increase/decrease in reserve for bonus payments (=decrease)		28,650	32,500	6,240
Fixed assets retirement costs		770,372	210,452	870,584
Interests and dividends received		2,813	1,825	2,820
Interest paid		137,515	75,191	166,611
Sales credit increase		405,421	366,692	140,774
Increase/decrease in inventory assets (= increase)		314,259	544,440	387,388
Increase/decrease in purchase credit		511,564	56,558	215,135
Bonus to officers		10,270	8,560	10,270
Other		520,114	593,439	839,675
Subtotal		4,961,274	7,391,357	6,153,105
Interest and dividends received		2,813	1,825	2,820
Interest paid		133,962	73,814	166,188
Corporate taxes paid		1,584,622	1,176,901	1,584,624
Cash flows from operating activities		3,245,502	6,142,467	4,405,114
II. Cash flows from investment activities				
Income from sales of tangible fixed assets		-	9,500	20,351
Expenditures for acquisition of tangible fixed assets		1,701,654	1,140,838	2,778,665
Expenditures for acquisition of intangible fixed assets		11,570	15,002	17,136
Income from sales of intangible fixed assets		-	7,920	-
Other income from returned investments		-	12,127	-
Other investment expenditures		-	2,402	-
Other		5,176	-	22,754
Cash flows from investment activities		1,708,048	1,128,694	2,752,695
III. Cash flows from financial activities				
Net increase/decrease in short term borrowings (=decrease)		900,000	1,400,000	100,000
Proceeds from borrowings of long term loan		1,000,000	-	1,000,000
Expenditures for payment of long term loan		3,126,088	2,094,035	3,988,129
Income from issuance of corporate bonds		-	-	1,500,000
Expenditures for corporate bond redemptions		-	187,500	-
Dividend payments		128,182	145,088	127,951
Other		-	-	22,650
Cash flows from financial activities		1,354,270	3,826,623	1,738,730
IV. Cash and cash equivalents (difference at liquidation)				
		-	-	-
V. Increase/decrease in cash and cash equivalents (=decrease)				
		183,183	1,187,149	86,311
VI. Balance of cash and cash equivalents at beginning of period				
		583,080	496,768	583,080
VII. Balance of cash and cash equivalents at close of quarter (FY)				
		766,264	1,683,918	496,768

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

Primary Facets of Quarterly Statement Preparation

ITEM	3 rd Quarter, Previous FY Apr. 1, 2002 – Dec. 31, 2002	3 rd Quarter, Current FY Apr. 1, 2003 – Dec. 31, 2003	Previous Fiscal Year Apr. 1, 2002 – Mar. 31, 2003
1. Depreciation calculations for fixed assets	<p>(1) Tangible Fixed Assets Depreciation calculated using straight-line method. The useful lifespan of primary assets includes:</p> <p>Machinery & equipment: 6-15 yrs Antennas: 6-21 yrs Building: 3-31 yrs</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:</p> <p>Machinery & equipment: 6-15 yrs Antennas: 10-21 yrs Building: 3-31 yrs</p> <p>(2) Intangible Fixed Assets Same as column to left.</p>	<p>(1) Tangible Fixed Assets Same as column to left.</p> <p>(2) Intangible Fixed Assets Same as column to left.</p>
2. Standards and methods for evaluating assets	<p>(1) Marketable Securities Other marketable 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>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: Same as column to left</p> <p>Marketable securities without market values: Same as column to left</p> <p>(2) Inventory Assets Valuations Inventory Stores: Same as column to left</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)</p> <p>Marketable securities without market values: Same as column to left</p> <p>(2) Inventory Assets Valuations Inventory Stores: Same as column to left</p>
3. Disposition of Carryover Assets	-----	-----	<p>Expenses for Corporate Bond Issuance</p> <p>All expenses were accounted for as cost at time of expenditure.</p>
4. Standards for reserve appropriations	<p>(1) Bad Debt Reserve To provide for bad debts, a reserve is set aside against accounts that will 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) Bad Debt Reserve Same as column to left.</p>	<p>(1) Bad Debt Reserve Same as column to left.</p>

ITEM	3 rd Quarter, Previous FY Apr. 1, 2002 – Dec. 31, 2002	3 rd Quarter, Current FY Apr. 1, 2003 – Dec. 31, 2003	Previous Fiscal Year Apr. 1, 2002 – Mar. 31, 2003
	<p>(2) Reserve for Retirement Payments 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 fiscal 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>(2) Reserve for Retirement Payments Same as column to left.</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 currently 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 to the government as of the end of this quarterly period is 77,213 thousand yen.</p>	<p>(2) 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 following business year in which the differential is generated.</p>

ITEM	3 rd Quarter, Previous FY Apr. 1, 2002 – Dec. 31, 2002	3 rd Quarter, Current FY Apr. 1, 2003 – Dec. 31, 2003	Previous Fiscal Year Apr. 1, 2002 – Mar. 31, 2003
	<p>(3) Reserve for Point Service System A reserve has been set aside to provide against future costs of exchanging accumulated points under the “Point ” point service system. 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) Reserve for Bonus Payments To provide for employee bonuses, estimated cost during the current quarter is charged based on the estimated value of bonus payments.</p>	<p>(3) Reserve for Point Service System Same as column to left.</p> <p>(4) Reserve for Bonus Payments Same as column to left.</p>	<p>(3) Reserve for Point Service System A reserve has been set aside to provide against future costs of exchanging accumulated points under the “Point ” point service system. The reserve amount was determined according to the estimated point utilization for the current fiscal year and thereafter, based on past rates of utilization</p> <p>(Additional Information) With growing clarity in what constitutes acceptable industry practices, and the need to integrate the accounting method for the group, a reserve was started this fiscal year to provide against the future cost of exchanging points accumulated under the point service system. The reserve amount for the estimated point utilization for the coming fiscal year and thereafter was calculated based on past rates of utilization. This resulted in a rise of 183,095 thousand yen in Telecommunications Business Operating Costs, and in a decrease of 183,095 thousand yen in the Telecommunications Business Operating Profits, Operating Profit, and Ordinary Profit, and an increase of 373,667 thousand yen in Special Losses, causing a decrease of 556,762 thousand yen in Net Profit Before Taxes This Period.</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>
5. 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.
6. 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.

ITEM	3 rd Quarter, Previous FY Apr. 1, 2002 – Dec. 31, 2002	3 rd Quarter, Current FY Apr. 1, 2003 – Dec. 31, 2003	Previous Fiscal Year Apr. 1, 2002 – Mar. 31, 2003
7. Other important items used as fundamentals in preparation of the quarterly statements	<p>(1) Accounting for Consumption Taxes</p> <p>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 39,554 thousand yen.</p> <p>(2)</p> <p>(3)</p>	<p>(1) Accounting for Consumption Taxes</p> <p>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.</p> <p>(2)</p> <p>(3)</p>	<p>(1) Accounting for Consumption Taxes</p> <p>Consumption tax is not included.</p> <p>(2) Accounting Standards for Reversal of Treasury Stocks and Legal Reserves</p> <p>The Accounting Standards for Reversal of Treasury Stocks and Legal Reserves (Business Accounting Standards No. 1) enacted on April 1, 2002 was applied starting this fiscal year. This has not affected the profit/loss for this fiscal year.</p> <p>The Capital section of this year's Balance Sheet was prepared to reflect the latest revisions of the Financial Statement Regulations and Telecommunications Business Accounting Regulations.</p> <p>(3) Per Share Information</p> <p>Starting this fiscal year, Okinawa Cellular has used the Accounting Standard for Net Profit Per Share This Period (Business Accounting Standards No. 2) and the Application Guidelines for the Accounting Standard for Net Profit Per Share This Period (Business Accounting Standards Application Guideline No. 4), which are applicable to financial statements for the fiscal year starting on or after April 1, 2002.</p>

Changes in Presentation

(Unit: thousand yen)

3 rd Quarter, Previous FY Apr. 1, 2002 – Dec. 31, 2002	3 rd Quarter, Current FY Apr. 1, 2003 – Dec. 31, 2003
	<p>Traditionally, Accounts Receivable, Accounts Due, and Arrearages between Okinawa Cellular and its Agents have been shown using the straddling method. Beginning this quarterly period, however, they are offset against each other. The offset amounts for the current quarterly period are as follows: Accounts Receivable: 498,490 thousand yen Accounts Due: 401,838 thousand yen Arrearages: 900,329 thousand yen</p>

Additional Information

ITEM	3 rd Quarter, Previous FY Apr. 1, 2002 – Dec. 31, 2002	3 rd Quarter, Current FY Apr. 1, 2003 – Dec. 31, 2003	Previous Fiscal Year Apr. 1, 2002 – Mar. 31, 2003
<p>1. Accounting Standards for Reversal of Treasury Stocks and Legal Reserves</p> <p>2. Reserve for Point Service System</p>	<p>The Accounting Standards for Reversal of Treasury Stocks and Legal Reserves (Business Accounting Standards No. 1) was applied starting the current quarterly period. This has not affected the profit for this quarterly period.</p> <p>The Capital section of the Balance Sheet for the current quarterly period was prepared to reflect the latest revisions of the Financial Statement Regulations and Telecommunications Business Accounting Regulations.</p> <p>With growing clarity in what constitutes acceptable industry practices, and the need to integrate the accounting method for the group, a reserve was started this quarterly period to provide against the future costs of exchanging accumulated points. The reserve amount for the estimated point utilization for the 4th quarter of the current fiscal year and thereafter was calculated based on past rates of utilization. This resulted in a rise of 153,268 thousand yen in Telecommunications Business Operating Costs, and in a decrease of 153,268 thousand yen in the Telecommunications Business Operating Profits, Operating Profit, and Ordinary Profit, and an increase of 373,667 thousand yen in Special Losses, causing a decrease of 526,936 thousand yen in Net Profit Before Taxes This Quarterly Period.</p>		

Notes**[Quarterly Balance Sheet]**

(Unit: thousand yen)

3 rd Quarter Closing, Previous FY (Dec. 31, 2002)	3 rd Quarter Closing, Current FY (Dec. 31, 2003)	End of Previous Fiscal Year (Mar. 31, 2003)
*1. Accumulated depreciation for tangible fixed assets 12,987,526	*1. Accumulated depreciation for tangible fixed assets 15,343,114	*1. Accumulated depreciation for tangible fixed assets 14,262,879
*2. Debts to associated companies Accounts payable 755,871 Arrearages 1,587,616	*2. Debts to associated companies Accounts payable 1,108,807 Arrearages 1,417,968	*2. Debts to associated companies Accounts payable 1,050,725 Arrearages 818,856
3. -----	3. -----	3. Application of Telecommunications Business Accounting Regulations Financial Statements for this fiscal year were prepared based on the revised Telecommunications Business Accounting Regulations, in accordance with the Telecommunications Business Accounting Regulations, Supplementary Provision 2 (2).

[Quarterly Profit and Loss Statement]

(Unit: thousand yen)

3 rd Quarter, Previous FY Apr. 1, 2002 – Dec. 31, 2002	3 rd Quarter, Current FY Apr. 1, 2003 – Dec. 31, 2003	Previous Fiscal Year Apr. 1, 2002 – Mar. 31, 2003
*1. Major Non-Operating Revenue Interest received 40 Commission received 31,622 Rental income 24,282	*1. Major Non-Operating Revenue Interest received 6 Commission received 44,641 Rental income 26,919	*1. Major Non-Operating Revenue Interest received 48 Commission received 47,193 Rental income 28,263
*2. Major Non-Operating Expenses Interest paid 137,515	*2. Major Non-Operating Expenses Interest paid 68,163	*2. Major Non-Operating Expenses Interest paid 165,532
*3. -----	*3. Special Profit Profit from returning the substituted portion of the Corporate Pension Fund 54,296	*3. -----
*4. Special Loss Reserve for Point Service System carried forward from previous FY 373,667	*4. -----	*4. Special Loss Reserve for Point Service System carried forward from previous FY 373,667
5. Depreciation Tangible Fixed Assets 2,137,230 Intangible Fixed Assets 63,648	5. Depreciation Tangible Fixed Assets 2,096,740 Intangible Fixed Assets 23,210	5. Depreciation Tangible Fixed Assets 2,892,741 Intangible Fixed Assets 27,531

[Quarterly Cash Flow Statement]

(Unit: thousand yen)

3 rd Quarter, Previous FY Apr. 1, 2002 – Dec. 31, 2002	3 rd Quarter, Current FY Apr. 1, 2003 – Dec. 31, 2003	Previous Fiscal Year Apr. 1, 2002 – Mar. 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, 2002)	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 fiscal year, and the items on the balance sheet (As of Mar. 31, 2003)
Cash and deposit accounts 766,264 Time deposits of over 3 months -- Cash and cash equivalents <u>766,264</u>	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 496,768 Time deposits of over 3 months -- Cash and cash equivalents <u>496,768</u>

[Reference]

Revised Projected Business Performance for FY Ending March 2004

1. Projected Business Performance for FY Ending March 2004
(Apr. 1, 2003 – Mar. 31, 2004)

(Unit: million yen)

	Sales	Ordinary Profit	Net Profit
Current projection (A)	42,500	6,200	3,800
Previous projection (B) (as announced Oct. 7, 2003)	42,500	5,500	3,500
Difference (A-B)	-	700	300
Fluctuation rate	- %	12.7%	8.6%

2. Reason for adjustment in projection

The previous projection made on October 7, 2003 estimated sales of 42.5 billion yen, ordinary profit of 5.5 billion yen, and net profit of 3.5 billion yen. Although there is no change in the sales projection, the demand for model upgrades of mobile phone terminals has been lower than expected, resulting in a major reduction in operating expenses. To reflect this, the projected business performance has been adjusted to 42.5 billion yen in sales, 6.2 billion yen in ordinary profit, and 3.8 billion yen in net profit