Consolidated Financial Results for the six-month period ended September 30, 2004

November 16, 2004

Company name: Vodafone K.K.

Code number：9434
（URL http://www.vodafone.jp ）
Representative: J. Brian Clark, Representative Executive Officer, President & CEO
Person responsible for inquires: Yuriko Ishihara, General Manager, Investor Relations
Date of approval of financial statements by the Board of Directors: November 16, 2004
Name of parent company: Vodafone Group Plc (Code No.: －)
Adoption of U.S. GAAP: No

Stock exchange listings: TSE, OSE
Location of corporate headquarters: Tokyo
TEL (03) 6403 - 2986
Ratio of stock held by parent company: 96.1%

1. Consolidated financial results for the six-month period ended September 30, 2004 (from April 1, 2004 to September 30, 2004)

(1) Consolidated operating results (Amounts less than one million yen are rounded down.)

	Revenues		Operating income		Ordinary income	
Half-year ended:	million yen	%	million yen	%	million yen	%
September 30, 2004	736,821	(18.4)	87,480	(30.2)	84,461	(31.7)
September 30, 2003	902,843	2.0	125,321	(12.2)	123,664	(12.4)
Year ended March 31, 2004	1,655,651		185,045		181,208	

	Net income (loss)		Net income (loss) per share	Diluted Earnings(loss)per share
Half-year ended:	million yen	%	yen	yen
September 30, 2004	25,547	-	7,995.57	-
September 30, 2003	(125,039)	-	(39,133.35)	-
Year ended March 31, 2004	(100,042)		(31,310.11)	-

Notes:

① Equity in earnings of associated companies under the equity method was ¥ － million, ¥ － million and ¥ - million for the six-month periods ended September 30, 2004 and 2003 and for the year ended March 31, 2004, respectively.

② The average number of shares were 3,195,198 shares, 3,195,211 shares and 3,195,210 shares for the six-month periods ended September 30, 2004 and 2003 and for the year ended March 31, 2004, respectively.

③ There was no change in accounting policies during the six-month period ended September 30, 2004.

④ The percentages of revenue, operating income, ordinary income, and net income(loss) represent the increase or decrease over the previous first half-year period.

(2) Consolidated financial position (Amounts less than one million yen are rounded down.)

	Total assets	Shareholders' equity	Ratio of shareholders' equity	Shareholders' equity per share
	million yen	million yen	%	yen
September 30, 2004	1,349,443	385,318	28.6	120,593.41
September 30, 2003	1,837,002	338,278	18.4	105,870.60
March 31, 2004	1,428,167	361,539	25.3	113,150.56

Notes:
The number of shares outstanding were 3,195,189 shares, 3,195,210 shares and 3,195,208 shares as of September 30, 2004 and 2003 and March 31, 2004, respectively.

(3) Consolidated cash flows (Amounts less than one million yen are rounded down.)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents as of the end of the period
Half-year ended:	million yen	million yen	million yen	million yen
September 30, 2004	233,095	(100,750)	(132,405)	710
September 30, 2003	155,257	(103,668)	(11,921)	46,804
Year ended March 31, 2004	262,130	(44,810)	(223,686)	770

(4) Scope of consolidation and application of equity method.
Number of consolidated subsidiaries: 3
Number of non-consolidated subsidiaries accounted for using the equity method: －
Number of associated companies accounted for using the equity method: －

(5) Changes in the scope of consolidation and equity method of accounting
Consolidated subsidiaries: －
Associated companies accounted for using the equity method: －

2. Forecast of consolidated operating results for the year ending March 31, 2005 (from April 1, 2004 to March 31, 2005)

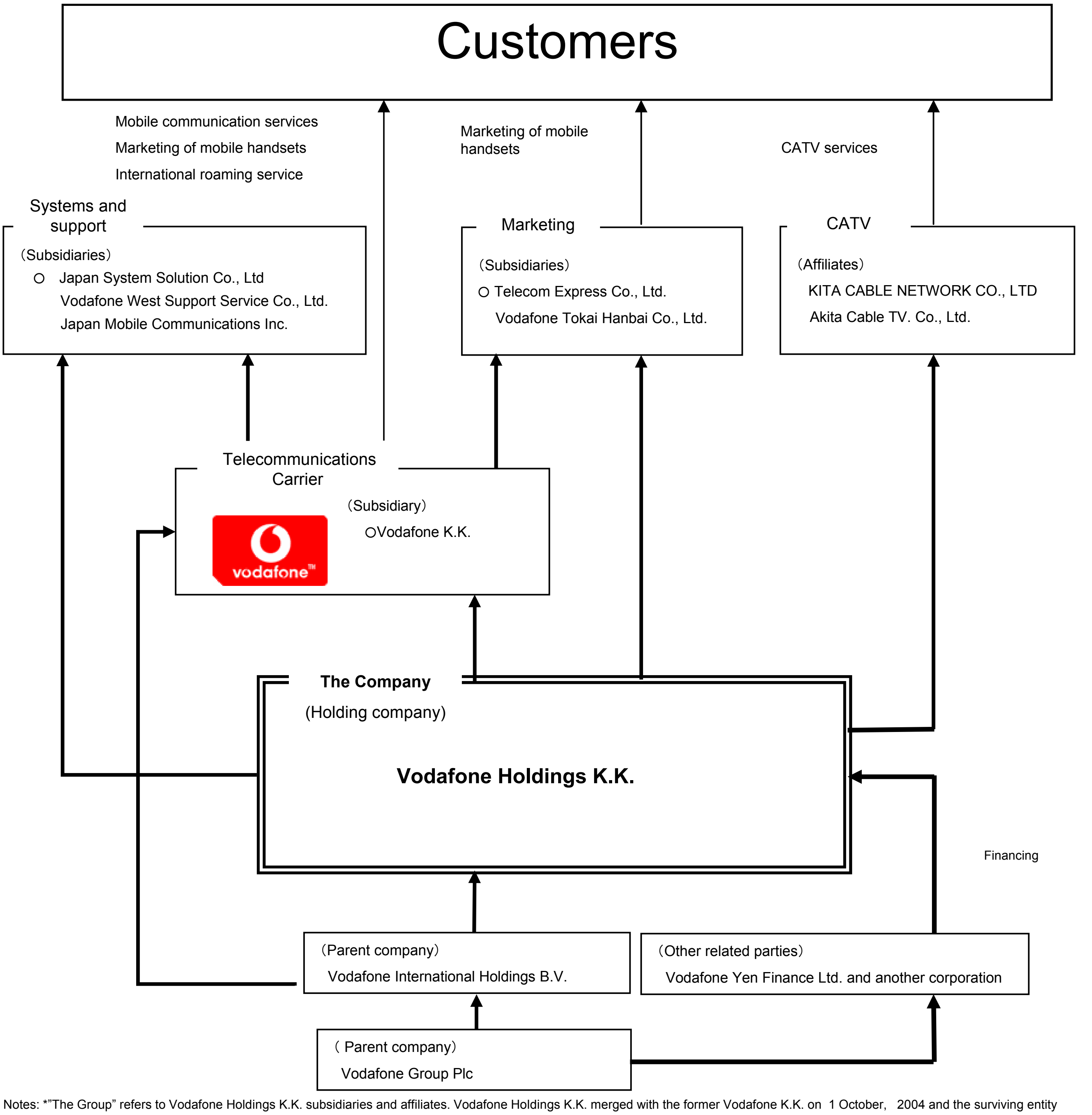
	Revenues	Ordinary income	Net income
	million yen	million yen	million yen
Year ending March 31, 2005	1,531,000	127,000	110,000

Reference: The expected net income per share for the year ending March 31, 2005 is 34,426.76 yen.

The above forecasts is based on the information available to the Company management at the date of announcement. The actual results may vary from the forecast because of unknown factors, such as altered trends in the markets in which the Company operates and the prevailing economic conditions.

1. Business Overview and Organisation

The Group* engages in the provision of mobile communication services and the associated sale of handsets and other related goods.
As of 30 September 2004, the Group had 6 subsidiaries, including 3 consolidated subsidiaries and 2 affiliates. It had no affiliates accounted for by the equity method.
The following diagram summarises the organisation and businesses of the Group as of 30 September, 2004.



Notes: *"The Group" refers to Vodafone Holdings K.K. subsidiaries and affiliates. Vodafone Holdings K.K. merged with the former Vodafone K.K. on 1 October, 2004 and the surviving entity changed its company name to Vodafone K.K.
- All data is as of 30 September, 2004.
- ○ symbol denotes a consolidated subsidiary.
- Interests in KITA CABLE NETWORK CO., LTD. and Akita Cable TV. Co., Ltd. were sold on 8 October, 2004.

2. Management Policies and Corporate Strategy

(1) Overall Management Policies and Mid- to Long-term Corporate Strategy

The Group provides mobile communication services as the Japan subsidiary of leading global operator Vodafone Group Plc, which aims to serve the communities and people around the world by enhancing their lives through mobile communications.

As a result of public and private tender offers for the shares in the Company and the former Vodafone K.K. by Vodafone International B.V., a wholly owned subsidiary of Vodafone Group Plc, conducted during June and July 2004, Vodafone Group's voting right ownership of the Company increased to approximately 96.1%. Seeking to enhance managerial efficiency, on 1 October, 2004, the Company merged with the former Vodafone K.K. and changed its company name to Vodafone K.K. This has resulted in Vodafone Group owning an interest of approximately 97.7% in the new Vodafone K.K., the merged entity.

As a part of the Vodafone Group, the Company and its affiliates aim to capitalise on the resources of Vodafone Group, including its global network, purchasing power, and mobile business expertise gained from operations around the world and offer innovative 3G products and services at more affordable prices to the greater satisfaction of customers.

The Group also aims to improve its cost structure by continually rationalising subscriber acquisition costs and realising synergies from its membership in the Vodafone Group, which include purchasing cost reduction through global procurement initiatives.

Furthermore, efforts to increase operating efficiencies, a continued drive to reduce general and administrative costs and an effective, efficient capital expenditure programme should lead to enhanced managerial efficiency and a strengthened financial position. The Group will strive to achieve these improvements and the ultimate goal of maximising shareholder value.

(2) Issues and Challenges Facing the Group

The migration to 3G mobile services is continuing at an accelerated pace in the mobile communications industry and the Group at present finds itself at a relative disadvantage to its peers. With the migration in full swing, the competition between carriers will likely intensify in such areas as release of new services, development of attractive mobile handsets, and enrichment of contents.

Under these circumstances, the Group set out on an initiative called Project MOVE in April this year that aims to leverage the advantages of Vodafone Group for enhancing 3G service offerings to the greater satisfaction of customers and simultaneously rationalising operating costs.

In the area of 3G offerings, Vodafone K.K. will promote the development of products and services that better satisfy the needs of customers, including voice and data communications, information services and multimedia contents. In the meantime, for the objective of accelerating 3G transition, Vodafone K.K. will install additional micro base stations to efficiently increase indoor coverage of its 3G service in places including subways and large buildings. This will also serve to maintain and improve 3G network quality.

Additionally, Vodafone K.K. aims to improve its cost structure by utilizing Vodafone Group’s global purchasing power, and invest effectively in equipment and facilities. At the same time, the Company will capitalize on the global expertise and resources of Vodafone Group to enhance customer satisfaction. Furthermore, Vodafone K.K. is targeting an increase in corporate customers through measures that include upgrading of corporate sales units, the implementation of flexible pricing plans made passable by recent revisions in the Telecommunications Business Law and the introduction of Vodafone Mobile Office and other attractive new services.

Vodafone K.K. continues to be committed to active business expansion and, at the same time, strives to ensure profitability through improving operating efficiencies and realising additional cost reductions by way of lower churn rates and increased ARPU. The combination of the two should lead to the further strengthening of its business foundation.

(3) Performance Target

The Group aims to maintain an overall EBITDA margin, a ratio of EBITDA to operating revenue, of about 30%.

(4) Policy Concerning Profit Distribution

The Group places a strong emphasis on the long-term stability of management, and has maintained stable dividends according to its earnings level, and financial stability. It may, however, choose to put more emphasis on retaining earnings in order to achieve a fast recovery of competitiveness amid intensifying adversity in the future.

(5) Policy Concerning Corporate Governance and Implementation of its Measures

The Group has been undertaking various managerial and organizational reforms in relation to corporate governance. In December 2001, The Group adopted an executive officer system in order to speed up decision making and strengthen execution capabilities. It concurrently shortened the tenure of its directors to one year. In June 2002, the compensation and human resources committee, a non-mandatory organization, was established to achieve higher transparency. Striving to further improve its corporate governance framework, in June 2003, the Group replaced the former auditor structure with an executive committee structure, as provided in the revised Commercial Code that became effective in April of the year. This has enabled the separation of responsibilities for managerial execution and supervision and the Group aims to expedite execution in its operation while ensuring effective oversight.

(6) Relationships with Parent Companies

The Company is a subsidiary of Vodafone International Holdings B.V., the parent company, which is an indirect subsidiary of Vodafone Group Plc, the world's mobile telecommunications leader. The global group operates its businesses based on merits such as cost advantages by leveraging joint procurement of communication equipment, expertise gained from operations in other parts of the world, a universal, effective management method based on key performance indicators (KPI), as well as by leveraging the brand equity of its global network.

The Group aims to capitalise on the Vodafone brand, which is known for its global reach and dependability, and economies of scale and best practice expertise to serve the community by enhancing communications among individual and corporate customers.

3. Operating and Financial Review and Prospects

(1) Operating and Financial Review - The Six-month Period ended 30 September, 2004

I.Review of Business Conditions and Operations

Consolidated financial results of the Group for the six months ended 30 September, 2004, are summarized as follows.

A significant year-on-year decrease in operating revenue and ordinary income of the Group on a consolidated basis was due to the closing of sale of its interest in Japan Telecom Co., Ltd. ("Japan Telecom") in November 2003 and the consequent deconsolidation of Japan Telecom and five other companies effective 1 October, 2003.

Financial Highlights (millions of yen, except as noted otherwise)

	Six months ended 30 September, 2004	Six months ended 30 September, 2003	Change(%)
Operating Revenue	736,821	902,843	(18.4)
Ordinary Income	84,461	123,664	(31.7)
Half year net income (loss)	25,547	(125,039)	－
Half year earnings per share (yen)	7,995.57	(39,133.35)	－
EBITDA margin (%)	28.6	30.5	(1.9pp)

Consolidated Operating Revenue

On a consolidated basis, operating revenue decreased 18.4%, compared with the same period a year ago, to ¥736,821 million. Operating revenue in the mobile communications segment declined 2.5% on a year-to-year basis due to slowdown in net subscriber addition and lower ARPU.

Consolidated Costs and Expenses

Consolidated operating costs and expenses in the six-month period just ended decreased 16.5% to ¥649,341 million compared with the same period a year ago. Operating expenses in the mobile communications segment rose 2.5% on a year-to-year basis due to increases in depreciation associated with the coverage expansion of 3G services, costs associated with the operation and maintenance of 3G network and customer retention costs.

Consolidated Earnings and Losses

As a consequence of the above, consolidated ordinary income for the six-month period ended 30 September, 2004, decreased by ¥39,203 million to ¥84,461 million.

Meanwhile, consolidated EBITDA margin stood at 28.6%, a decrease of 1.9 percentage points from the previous year.

Half year net income for the six-month period ended 30 September, 2004, was ¥25,547 million.

The Company intends to pay ¥600 per share as an interim dividend for the six months ended 30 September, 2004.

Consolidated Capital Expenditures

Consolidated capital expenditures in the six month period just ended totaled ¥101,800 million, which were concentrated on the 3G network infrastructure build out.

II. Review of Financial Developments and Conditions

i. Statement of Cash Flows

(millions of yen)

	Six months ended 30 September, 2004	Six months ended 30 September, 2003	Change
Cash flows from operating activities	233,095	155,257	77,838
Cash flows from investing activities	(100,750)	(103,668)	2,918
Cash flows from financing activities	(132,405)	(11,921)	(120,484)
Effect of exchange rate changes on cash and cash equivalents	—	(0)	0
Net increase (decrease) in cash and cash equivalents	(60)	39,666	(39,727)
Cash and cash equivalents, end of the six-month period	710	46,804	(46,094)
Bonds and borrowings, end of the six-month period	503,999	870,181	(366,181)

Cash and cash equivalents at the end of the six-month period decreased by ¥46,094 million from the same time in the prior year to ¥710 million.

a. Cash flows from operating activities

With an increase in net income before taxes offset by an decrease in reserve for losses from sale of interests in affiliates and subsidiaries, cash flows from operating activities increased by ¥77,838 million from the same period a year before, to ¥233,095 million, due to a decrease in payment in income tax and other dues.

b. Cash flows from investing activities

Cash flows used for investing activities slightly declined from the same period a year before, to ¥100,750 million, due to lower expenditures for the acquisition of fixed assets, which more than compensated for a decrease in cash inflows, as proceeds from sales of investment securities significantly declined from the year-ago period.

c. Cash flows from financing activities

Cash flows used for financing activities increased to ¥132,405 million, as short-term borrowings were repaid by cash flows from operating activities.

ii. Cash Flow Key Measures

	Six months ended 30 September, 2004	Six months ended 30 September, 2003
Shareholder equity ratio	28.6%	18.4%
Shareholder equity ratio based on market value	68.0%	57.4%
Number of years to debt redemption	2.2	5.6
Interest coverage ratio	53.7	31.1

Notes: Shareholder equity ratio = shareholder equity / total assets

Shareholder equity ratio based on market value = market capitalization / total assets

Number of years to debt redemption = interest bearing debt / cash flow from operating activities

Interest coverage ratio = cash flow from operating activities / interest payment

III. Segment Information

Consolidated Operating Revenue (millions of yen, except as noted otherwise)

	Six months ended 30 September, 2004	Six months ended 30 September, 2003	Change (%)
Mobile communications	736,821	756,014	(2.5)
Fixed-line communications	—	175,056	—
Elimination	—	(28,226)	—
Consolidated operating revenue	736,821	902,843	(18.4)

Japan's mobile phone subscriber base excluding PHS users showed gradual growth in the period to 83.84million with a net addition of 2.32million subscribers in the six months ended 30 September, 2004.

Mobile communications operators accelerated the migration to 3G mobile services. Competition between carriers has continued to be intense with a series of handset launches with innovative functions and a string of new services, all in an effort to satisfy the diverse needs of customers and gain their support and patronage.

In this environment, Vodafone K.K. registered a net addition of 0.17 million subscribers in the six-month period just ended, which resulted in 15.17 million total subscribers and a 7.4% market share of net additions. During the period, the installed base of handsets compatible with Movie Sha-mail video clip messaging service increased by 0.49 million to over 3.51 million while the installed base of Sha-mail picture messaging service-compatible handsets grew by 0.33 million to 12.19 million.

Notable developments in the six-month period just ended are as follows.

- An extensive range of seven new 3G handsets planned for the Christmas period was announced in September. The portfolio consists of handsets from Sharp, Motorola, Sony Ericsson, NEC and Nokia. To coincide with the handset launch, a new platform based on WAP 2.0/MMS will offer enhanced Vodafone live! services to customers, including increased capacity for file downloads, Chaku-Uta®[1] ringsongs of greater length, digital comics, and 3D games with better graphics and depth. The new mail platform will feature increased sending and receiving capacity, as well as a new easy-to-understand pricing model for MMS. To allow customers confidently to enjoy these new Vodafone live! services, a new flat rate for packet communications and other pricing initiatives will be introduced.
- By the end of September 2004, 3G network population coverage reached 99.67%, as further expansions were made to outdoor, indoor and underground service areas while effectively leveraging the Group's global economies of scale for joint equipment purchasing. Notably, subway stations of all train lines in the Tokyo Metropolitan area were covered on 1 July. For roaming abroad on GSM networks, there were a total of 143 roaming agreements in 107 countries in place as of 30 September 2004. The 3G service saw increased subscriber growth in the period with customers numbering 261,100 on 30 September compared to 137,700 at the end of March 200
- Vodafone K.K. transformation plan is on track.
  - A voluntary retirement programme was completed in July for an annual savings of 3.6 billion yen after a 5.1 billion yen one-time cost, and structural changes have been implemented to create a more robust and agile business.

[1] Chaku-Uta® is a registered trademark of Sony Music Entertainment Inc.

- In August, further integration efforts saw the consolidation of nine warehouses into one logistics warehouse under a new supply chain management system.
- To optimise distribution and improve customer relationships, a more balanced acquisition and upgrade strategy is being introduced to all channels, and relationships with key channel partners have been strengthened

● The company continued to introduce innovative communication devices :

- Two 3G terminals were launched in April 2004. The V801SH handset offers enriched Vodafone live! services both in Japan and abroad and the VC701SI Vodafone Connect Card gives customers high-speed internet access on PCs, PDAs and other devices for greater productivity.
- Vodafone Mobile Office was offered to corporate customers nationwide starting on 1 July. The service enables customers to use 3G W-CDMA handsets as office desk phone replacements.
- The KOTO V303T was launched in May as the first model from a new handset design development initiative. The V602T, a model with metal and ceramic textural variations and other product offerings from this initiative are planned to enhance customers' lifestyles.
- 5 new 2G models were offered in June and July summer season with features including Chaku-Uta® ringsong support, fun karaoke functions, enhanced 3D gaming capabilities, and TV and FM radio reception.
- A camera-less version of the V301D was offered in August to meet the needs of corporate customers who work in environments where camera phones are restricted for security reasons.

(2) Prospects for the Fiscal Year 2004

The company reiterates its forecasts for operating revenue, ordinary income and net income, all on a consolidated basis, of ¥1,531 billion, ¥127 billion and ¥110 billion, respectively, as was released on 25 May 2004. That total revenue forecast for the full fiscal year depends heavily on handset sales, which are expected to increase as the company rolls out a much wider variety of 3G handsets in the second half of the fiscal year.

The company plans to pay total annual dividends of ¥1,200 per share, including the interim dividend.

Consolidated Financial Statements

(1) Comparative Consolidated Balance Sheets

(Millions of Yen)

Accounts	March 31, 2004	September 30, 2004	Increase (Decrease)	September 30, 2003
(ASSETS)				
Ⅰ. Fixed Assets	***1,130,494***	***1,103,410***	***(27,083)***	***1,499,951***
Fixed Assets for Telecommunication Services	***1,049,450***	***1,016,141***	***(33,308)***	***1,418,712***
Tangible fixed assets	***843,219***	***820,653***	***(22,566)***	***1,183,854***
Machinery and equipment	534,867	505,119	(29,747)	654,904
Air cable facilities	200,305	201,414	1,109	206,844
Terminal facilities	4	0	(4)	2,522
Local line facilities	1,530	1,661	130	5,031
Long-distance line facilities	2,800	2,694	(106)	25,685
Civil construction facilities	2,651	2,590	(61)	63,323
Ocean cable facilities	-	-	-	30,057
Buildings and structures	40,527	40,116	(411)	89,966
Other machinery and vehicles	211	219	7	1,811
Tools, furniture and fixtures	26,462	23,421	(3,040)	40,663
Land	8,235	8,259	24	21,852
Construction in progress	25,622	35,155	9,533	41,189
Intangible fixed assets	***206,231***	***195,488***	***(10,742)***	***234,858***
Ocean cable facility rights	-	-	-	1,982
Facility/utility rights	5,205	4,855	(349)	5,560
Software	172,587	163,294	(9,292)	194,472
Goodwill	12,284	6,142	(6,142)	18,846
Consolidation goodwill	-	-	-	8,959
Others	16,153	21,195	5,042	5,036
Fixed Assets for Supplementary Services	***-***	***-***	***-***	***7,218***
Tangible fixed assets	***-***	***-***	***-***	***5,621***
Intangible fixed assets	***-***	***-***	***-***	***1,597***
Investments and other assets	***81,043***	***87,269***	***6,225***	***74,020***
Investment securities	35,442	34,561	(880)	5,404
Investments in unconsolidated subsidiaries and associated companies	584	584	-	3,011
Deferred tax assets	18,727	22,902	4,175	30,323
Others	26,290	29,220	2,930	39,367
Allowance for doubtful accounts	-	-	-	(4,087)
Ⅱ.Current Assets	297,673	246,032	(51,640)	337,050
Cash on hand and in banks	770	710	(60)	46,804
Notes and accounts receivable - trade	152,264	151,411	(853)	205,422
Accounts receivables-other	80,099	31,615	(48,484)	-
Inventories	36,241	31,402	(4,839)	31,919
Deferred tax assets	27,226	28,302	1,076	26,141
Other current assets	11,125	11,592	467	41,635
Allowance for doubtful accounts	(10,054)	(9,001)	1,052	(14,872)
Total Assets	***1,428,167***	***1,349,443***	***(78,724)***	***1,837,002***

(Millions of Yen)

Accounts	March 31, 2004	September 30, 2004	Increase (Decrease)	September 30, 2003
(LIABILITIES)				
Ⅰ.Long-term Liabilities	***216,940***	***169,152***	***(47,787)***	***234,957***
Bonds	175,000	125,000	(50,000)	175,000
Long-term borrowings	8,000	8,000	-	11,828
Retirement allowance for employees	6,313	4,966	(1,347)	20,491
Retirement allowance for directors and corporate auditors	112	34	(77)	299
Allowance for loyalty program	26,135	29,780	3,645	24,554
Other non-current liabilities	1,378	1,370	(7)	2,783
Ⅱ.Current Liabilities	***685,329***	***604,568***	***(80,760)***	***1,120,147***
Accounts payable-trade	58,688	37,509	*(21,179)*	51,832
Short-term borrowings	449,932	320,999	(128,932)	683,352
Current portion of bonds	-	50,000	50,000	-
Accounts payable-other	118,885	125,783	6,898	106,089
Accrued expenses	2,251	1,655	(596)	28,208
Income taxes payable	30,732	38,016	7,284	59,982
Accrued bonuses to employees	4,917	3,751	(1,166)	7,620
Warranty reserve for guaranty of liabilities	3,442	-	(3,442)	3,777
Allowance for loyalty program	-	-	-	426
Allowance for loss on sale of fixed line business	-	-	-	161,300
Other current liabilities	16,479	26,852	10,372	17,557
Total Liabilities	***902,269***	***773,721***	***(128,547)***	***1,355,105***
Minority Interests	***164,359***	***190,403***	***26,043***	***143,618***
(SHAREHOLDERS' EQUITY)				
Ⅰ.Common Stock	***177,251***	***177,251***	***-***	***177,251***
Ⅱ.Capital Surplus	***265,508***	***155,112***	***(110,395)***	***265,508***
Ⅲ.Retained Earnings (Deficit)	***(81,196)***	***52,823***	***134,020***	***(104,276)***
Ⅳ.Net unrealized gain (loss) on available-for-sale securities	***(12)***	***147***	***160***	***24***
Ⅴ.Foreign currency translation adjustments	***-***	***-***	***-***	***(218)***
Ⅵ.Treasury stock	***(10)***	***(16)***	***(5)***	***(10)***
Total Shareholders' Equity	***361,539***	***385,318***	***23,779***	***338,278***
Total Liabilities, Minority Interests, and Shareholders' Equity	***1,428,167***	***1,349,443***	***(78,724)***	***1,837,002***

(2) Comparative Consolidated Statements of Operations

(Millions of Yen)

Accounts	Six-month period ended September 30, 2003	Six-month period ended September 30, 2004	Increase (Decrease)	Year ended March 31, 2004
ORDINARY INCOME/LOSS				
(Operating Income/Loss)				
Ⅰ. Telecommunication Services				
Operating revenues	756,707	584,905	(171,802)	1,347,828
Operating expenses	630,717	507,859	(122,857)	1,157,553
Operating Income from Telecommunication Services	125,990	77,046	(48,944)	190,275
Ⅱ. Supplementary Services				
Operating revenues	146,136	151,916	5,779	307,822
Operating expenses	146,805	141,482	(5,323)	313,053
Operating Income (Loss) from Supplementary Services	(669)	10,434	11,103	(5,230)
Operating Income	125,321	87,480	(37,840)	185,045
(Non-operating Income/Loss)				
Ⅲ. Non-operating Income	2,623	1,155	(1,468)	3,678
Interest income	15	23	7	23
Dividend income	100	118	17	108
Foreign exchange gain	-	-	-	898
Rental income	380	253	(127)	511
Collection of bad debts	-	153	153	-
Collection of prior year's income taxes payment	-	147	147	-
Miscellaneous income	2,126	459	(1,666)	2,137
Ⅳ. Non-operating Expenses	4,280	4,174	(105)	7,515
Interest expenses	3,406	2,492	(914)	6,130
Foreign exchange loss	-	1,594	1,594	-
Miscellaneous expenses	873	88	(785)	1,384
Ordinary Income	123,664	84,461	(39,203)	181,208
Special Gain/Loss				
Ⅰ. Special Gain	9,241	3,906	(5,334)	9,948
Gain on sale of fixed assets	3,110	-	(3,110)	3,110
Gain on sale of investments securities	4,461	15	(4,446)	4,464
Gain on sale of investment in affiliated companies	-	-	-	302
Reversal of warranty reserve for guaranty of liabilities	350	3,442	3,091	686
Reversal of allowance for doubtful accounts	1,291	448	(842)	1,357
Others	27	-	(27)	27
Ⅱ. Special Loss	165,480	5,324	(160,156)	156,539
Loss on sale of fixed assets	-	-	-	22
Loss on disposal of fixed assets	1,309	-	(1,309)	1,309
Write-down of investment securities	1,129	16	(1,112)	1,157
Loss on sale of investment securities	-	28	28	1
Write-down of investment in affiliated companies	77	-	(77)	77
Loss on sale of investment in affiliated companies	-	155	155	152,331
Penalty for cancellation of loan agreement	1,379	-	(1,379)	1,379
Provision for loss on sale of fixed line business	161,300	-	(161,300)	-
Loss on early retirement program	-	5,123	5,123	-
Others	284	-	(284)	260
Income (Loss) before Income Taxes and Minority Interests	(32,575)	83,043	115,618	34,617
Income Taxes - Current	59,109	34,913	(24,196)	90,160
Reversal of income taxes payable	(871)	-	871	(871)
Income Taxes - Deferred	(4,494)	(5,196)	(702)	(15,783)
Minority Interests	38,720	27,779	(10,940)	61,154
Net Income (Loss)	(125,039)	25,547	150,586	(100,042)

(3) Comparative Consolidated Statements of Capital Surplus and Retained Earnings

(Millions of Yen)

Accounts	Six-month period ended September 30, 2003	Six-month period ended September 30, 2004	Increase (Decrease)	Year ended March 31, 2004
(Capital Surplus)				
Ⅰ. Capital surplus at beginning of period	265,508	265,508	-	265,508
Ⅱ. Decrease of capital surplus during the period	-	110,395	110,395	-
Transfer to retained earnings	-	108,478	108,478	-
Dividends	-	1,917	1,917	-
Ⅲ. Capital surplus at end of period	265,508	155,112	(110,395)	265,508
(Retained Earnings)				
Ⅰ. Retained Earnings (Deficit) at beginning of period	22,165	(81,196)	(103,361)	22,165
Ⅱ. Increase of retained earnings during the period	670	134,025	133,354	670
Increase of consolidated subsidiaries	209	-	(209)	209
Merger of consolidated subsidiaries with unconsolidated subsidiaries	461	-	(461)	461
Transfer from capital surplus	-	108,478	108,478	-
Net income	-	25,547	25,547	-
Ⅲ.Decrease of retained earnings during the period	127,112	5	(127,106)	104,032
Dividends	1,917	-	(1917)	3,834
Bonuses to directors and corporate auditors 〔Corporate auditors' portion〕	83 〔20〕	5 〔-〕	(78) 〔(20)〕	83 〔20〕
Decrease of consolidated subsidiaries	72	-	(72)	72
Net income	125,039	-	(125,039)	100,042
Ⅳ. Retained Earnings (Deficit) at end of period	(104,276)	52,823	157,099	(81,196)

(4) Comparative Consolidated Statements of Cash Flows

(Millions of Yen)

	Accounts	Six-month period ended September 30, 2003	Six-month period ended September 30, 2004	Increase (Decrease)	Year ended March 31, 2004
Ⅰ	***Cash Flows from Operating activities***				
	Income (loss) before income taxes and minority interests	(32,575)	83,043	115,618	34,617
	Adjustments to reconcile Income (loss) before income taxes and minority interests to net cash provided by operating activities:				
	Depreciation and amortization	141,135	119,386	(21,748)	257,975
	Retirement allowance for employees	1,020	(1,347)	(2,367)	968
	Allowance for loss on sale of fixed line business	161,300	-	(161,300)	-
	Amortization of consolidation goodwill	1,932	-	(1,932)	1,932
	Interest expense	3,406	2,492	(914)	6,130
	Write down of investment securities	1,129	16	(1,112)	1,157
	Write-down of Investments in affiliated companies	77	-	(77)	77
	Loss on sale of investments in affiliated companies	-	155	155	152,331
	Profit on sale of investment securities	(4,461)	(15)	4,446	(4,464)
	Profit on sale of fixed assets	(3,110)	-	3,110	(3,110)
	Loss on disposal of fixed assets	5,015	1,591	(3,424)	11,602
	Allowance for loyalty program	55	3,645	3,589	1,636
	Changes in operating assets and liabilities:				
	Decrease in notes and accounts receivable- trade	4,561	853	(3,708)	7,212
	Decrease (increase) in accounts receivable - other	19,083	48,437	29,354	(36,863)
	Decrease (increase) in inventories	(4,599)	10,338	14,938	(27,018)
	Decrease in non-current accounts payable - other	(594)	-	594	(650)
	Decrease in accounts payable - trade	(12,640)	(21,179)	(8,538)	(2,146)
	Increase in accounts payable - other	2,791	15,946	13,154	24,436
	Decrease in accrued expenses	(4,832)	(452)	4,379	(4,496)
	Increase (decrease) in consumption taxes etc. payable	(12,731)	3,065	15,796	(13,541)
	Other-net	(86)	(2,856)	(2,770)	21,361
	(Sub total)	265,876	263,122	(2,754)	429,147
	Interest and dividend income received	1,588	1,941	352	3,523
	Interest paid	(4,989)	(4,339)	649	(9,403)
	Income taxes paid	(107,218)	(27,628)	79,590	(161,137)
	Net Cash provided by Operating activities	155,257	233,095	77,838	262,130
Ⅱ	***Cash Flows from Investing activities***				
	Acquisition of fixed assets	(124,771)	(101,827)	22,944	(248,601)
	Proceeds from sale of fixed assets	5,539	20	(5,519)	5,571
	Acquisition of consolidated subsidiaries	(39)	-	39	(39)
	Proceeds from decrease of capital with payment in a subsidiary	-	-	-	232,289
	Proceeds from sale of investments in affiliated companies	-	-	-	(50,942)
	Purchases of investment securities	(50)	-	50	(50)
	Proceeds from sale of investment securities	16,015	606	(15,409)	16,044
	Other-net	(363)	449	813	917
	Net Cash used in Investing activities	(103,668)	(100,750)	2,918	(44,810)
Ⅲ	***Cash Flows from Financing activities***				
	Redemption of bonds	(25,000)	-	25,000	(25,000)
	Repayments of long-term borrowings	(66,134)	(362)	65,772	(70,152)
	Net increase (decrease) in short-term borrowings	82,622	(128,650)	(211,273)	(123,206)
	Payment of dividends	(1,917)	(1,915)	1	(3,833)
	Payment of dividends to minority shareholders	(1,491)	(1,471)	20	(1,491)
	Other-net	(1)	(5)	(4)	(1)
	Net Cash used in Financing activities	(11,921)	(132,405)	(120,484)	(223,686)
Ⅳ	***Effect of Exchange Rate Changes on Cash and Cash Equivalents***	(0)	-	0	(0)
Ⅴ	***Net increase (decrease) in Cash and Cash Equivalents***	39,666	(60)	(39,727)	(6,366)
Ⅵ	***Cash and Cash Equivalents, Beginning of Period***	8,114	770	(7,343)	8,114
Ⅶ	**Decrease in cash and cash equivalents due to decrease *of consolidated subsidiaries***	(1,051)	-	1,051	(1,051)
Ⅷ	**Increase in cash and cash equivalents due to merger of *consolidated subsidiaries and unconsolidated subsidiaries***	75	-	(75)	75
Ⅸ	***Cash and Cash Equivalents, End of Period***	46,804	710	(46,094)	770

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 3
(2) Major consolidated subsidiaries: Vodafone K.K.
(3) Number of non-consolidated subsidiaries: 3
(4) Major unconsolidated subsidiary: Vodafone Tokai Hanbai K.K.

All of the unconsolidated subsidiaries are small in scale. The combined amounts of total assets, total revenues, total net income (loss) (equivalent to share in equity) and total retained earnings (equivalent to share in equity) do not have a significant impact on the consolidated financial statements as a whole. Therefore, these subsidiaries are not subject to consolidation.

2. Equity method

Unconsolidated subsidiaries and associated companies to which the equity method of accounting is applied: N/A

The three unconsolidated subsidiaries (including the major subsidiary, Vodafone Tokai Hanbai K.K.) and two associated companies are not accounted for by using equity method of accounting, since the impact of application of equity method of accounting for three subsidiaries and two associated companies has only minor influence on the net income (loss) and consolidated retained earnings. As these companies are insignificant as a whole, they are not subject to equity method of accounting.

3. Significant accounting policies

(1) Depreciation method of significant depreciable assets

① Tangible fixed assets

Depreciation of tangible fixed assets is computed mainly under the straight-line method. The estimated useful lives of the major fixed assets are as follows:

Machinery and equipment: 2 to 15 years
Air cable facilities: 10 to 42 years
Buildings and structures: 3 to 50 years
Tools, furniture and fixtures: 2 to 15 years

② Intangible fixed assets

Intangible fixed assets are amortized under the straight-line method. The estimated useful lives of the major intangible fixed assets are as follows:

Software for internal use: 5 years over the estimated useful life.
Goodwill: 5 years

③ Long-term prepaid expenses

Long-term prepaid expenses are amortized under the straight-line method.

(2) Valuation method of significant assets

① Investment securities

Other than trading securities and held-to-maturity debt securities

- Securities with market value are valued at mark-to-market using market price at the half-year-end balance sheet date. (The differences between book value and market value are directly charged to the shareholders' equity and the costs of securities sold during the period are computed by the moving-average method.)
- Securities without market value are valued at cost using the moving-average method.

② Derivatives

Derivatives are carried at market value.

③ Inventories

- Mobile phones are stated at cost by the moving-average method
- Other inventories are stated at cost by first-in first-out method.

(3) Basis for accruing significant allowances

① Allowance for doubtful accounts

Allowance for doubtful accounts is stated in amount considered to be appropriate based on the companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

② Retirement allowance for employees

For the payment of retirement benefit to employees, the retirement allowance for employees is calculated based on a projection of retirement obligations and plan assets at the half-year-end balance sheet date. The full amounts of the transitional obligations and prior service costs are charged to operation when incurred.

③ Retirement allowances for directors and corporate auditors

Retirement allowances for directors and corporate auditors are accrued at the amount that would be required, based on the Company's practices, in the event of retirement of all directors and corporate auditors at the year-end balance sheet date.

④ Accrued bonuses to employees

For bonus payments to employees, the Company accrues the estimated amount relevant to the current fiscal period for bonuses expected to be paid to employees.

⑤ Allowance for loyalty program

Allowance for loyalty programs is accrued based on the estimated future obligation arising from "Vodafone Mileage Service" based on past experience.

(4) Assets and liabilities in foreign currencies

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the half-year end exchange rates and resulting exchange gains and losses from translation are recognized in earnings currently.

(5) Leases

Finance leases, other than those which are deemed to transfer the ownership of the leased assets to lessees, are accounted for using a method similar to that applicable to ordinary operating leases.

(6) Hedge accounting

① Hedge accounting method

If the hedge contracts qualify for hedge accounting because of a high correlation and effectiveness between the hedging instruments and the hedged items, gains and losses are deferred until maturity of the hedged transactions. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market values but the differential paid or received under the swap contracts are recognized and included in interest expense or interest income.

② Hedging instrument and hedged item

The Company entered into foreign currency forward contracts to hedge foreign currency exchange risk of certain foreign currency transactions. The Company also entered into interest rate swap contracts to manage the interest rate risk exposures on bonds and loans.

③ Company's policy to use derivatives

The execution and control of derivatives are controlled by the Finance Department in accordance with internal policies which regulate the authorization. It is the Company's policy to use derivatives only for the purpose of reducing market risks associated with assets and liabilities, therefore the Company does not hold or issue derivatives for trading or speculative purposes.

④ Assessment of hedge effectiveness

The Company assesses hedge effectiveness based on the semi-annual analysis of cumulative amount of change in cash flow and fluctuation of market price of hedged items and hedging instruments. The foreign currency forward contract which qualifies for hedge accounting and the interest rate swap which qualifies for hedge accounting and meets specific matching criteria is excluded from the scope of the analysis.

(7) Other important matters relating to the preparation of financial statements

Consumption taxes etc. is excluded from principal amount of related transaction and stated separately as a component of current assets or liabilities.

4. Cash equivalents

Cash equivalents are short-term investments with maturity due within 3 months of the date of acquisition that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

NOTES TO THE CONSOLIDATED FONANCIAL STATEMENTS

(Consolidated Balance Sheets) (Millions of yen except where indicated)

	September 30, 2003	September 30, 2004	March 31, 2004
1. Accumulated depreciation of tangible fixed assets	¥1,040,023	¥661,228	¥583,022

2. Assets pledged as collateral:

	September 30, 2003	September 30, 2004	March 31, 2004
(1) Fixed assets pledged as collateral:			
・Factory foundation			
Machinery and equipment	¥16,690	-	-
Air cable facilities	128	-	-
Long-distance line facilities	15,402	-	-
Civil construction facilities	1,699	-	-
Buildings and structures	6,757	-	-
Land	580	-	-
Total	¥41,258	-	-
・Others			
Buildings and structures	¥8,929	-	-
Land	5,549	-	-
Total	¥14,478	-	-
Distribution of collateral			
Long-term debt (including current portion)	¥27,637	-	-
Accrued expenses	1,544	-	-

3. Contingent liabilities

The Company issued guarantees in respect to borrowings made by and bonds issued by the following companies.

As of September 30, 2003:

Guaranteed companies:	Amounts guaranteed	Company's risk exposure included in outstanding amounts
Powered Com	¥2,494	¥2,494
South Tokyo Cable Television	355	59
Total	¥2,850	¥2,553

As of September 30, 2004:

Guaranteed companies:	Amounts guaranteed	Company's risk exposure included in outstanding amounts	Guarantees arranged	Company's risk exposure included in arranged amounts
POWERED COM	¥2,494	¥2,494	—	—
Akita Cable Television	1,087	435	168	113
North Cable Network	678	301	186	87
South Tokyo Cable Television	310	51	—	—
Toshima Cable Network	27	27	—	—
Total	¥4,598	¥3,310	¥355	¥201

As of March 31, 2004:

Guaranteed companies:	Amounts guaranteed	Company's risk exposure included in outstanding amounts
POWERED COM	¥2,494	¥2,494
South Tokyo Cable Television	333	55
Total	¥2,827	¥2,550

(Consolidated Statements of Operations)

(Millions of yen except where stated)

	Six-month period ended September 30, 2003	Six-month period ended September 30, 2004	Year ended March 31, 2004
1. Operating expenses of the telecommunication services consist of the followings:			
Selling and promotional expenses	¥267,718	¥244,061	¥525,204
Telecommunications operation expenses	49	—	49
Facilities maintenance costs	31,713	17,359	50,099
Common costs	433	—	433
Administrative expenses	46,515	36,438	85,732
Research and development expenses	412	—	412
Depreciation and amortization	140,288	119,386	257,128
Disposal loss of fixed assets	4,409	1,267	10,689
Fees for utilization of other companies' network facilities	128,002	79,484	207,741
Taxes and dues	11,171	9,860	20,061
2. R&D expenses included in the operating expenses	412	—	412
3. (1) Gain on sale of fixed assets :			
Land	¥2,218	—	¥2,218
Ocean cable facilities	858	—	858
Others	32	—	32
Total	¥3,110	—	¥3,110
(2) Loss on sale of fixed assets:			
Facility/utility rights	—	—	¥10
Long-term prepaid expenses	—	—	7
Terminal facilities	—	—	4
Others	—	—	0
Total	—	—	¥22

(Consolidated statements of cash flows)

(Millions of Yen)

	Six-month period ended September 30, 2003	Six-month period ended September 30, 2004	Year ended March 31, 2004
Cash and cash equivalents listed in the consolidated balance sheets at end of period:			
Cash on hand and in banks	¥46,804	¥710	¥770
Cash and cash equivalents	46,804	710	770

(Leases Transaction)

Leases transactions are not mentioned in the notes since the information will be disclosed in EDINET.

(Marketable and investments securities)

(Millions of yen except where stated)

As of September 30, 2003

1. Other securities (with market quotation):

Classification	Acquisition cost	Carrying value	Variance
(1) Equity securities	¥369	¥833	¥463
Total	¥369	¥833	¥463

2. Securities which market quotations are not available:

	Carrying value
① Investments in unconsolidated subsidiaries and associated companies	¥3,011
② Other securities:	
Unlisted stocks (except for over-the-counter stocks)	4,508
Others	50

As of September 30, 2004

1. Other marketable securities (with market quotation)

Classification	Acquisition cost	Carrying value	Variance
(1) Equity securities	¥139	¥694	¥555
Total	¥139	¥694	¥555

2. Securities which market quotations are not available

	Carrying value
① Investments in unconsolidated subsidiaries and associated companies	¥584
② Other securities:	
Unlisted stocks (except for over-the-counter stocks)	33,866
Others	—

As of March 31, 2004

1. Other marketable securities (with market quotation)

	Acquisition cost	Carrying value	Variance
(1) Equity securities	¥139	¥830	¥690
Total	¥139	¥830	¥690

2. Securities which market quotations are not available

	Carrying value
① Investments in unconsolidated subsidiaries and associated companies	¥584
② Other securities	
Unlisted stocks (except for over-the-counter stocks)	¥34,611
Others	—

(**Derivatives Transaction**)

Derivatives transactions are not mentioned in the notes since the information will be disclosed in EDINET.

(Segment Information)

(1) Business Segments (Millions of Yen)

	Six-month period ended September 30, 2003				
	Fixed-line Telecommunication Services	Mobile Telecommunication Services	Total	Elimination and other adjustments	Consolidated
Revenues and operating income(loss)					
Revenues					
(1) Sales to external customers	151,566	751,277	902,843	—	902,843
(2) Investment sales or transfer	23,489	4,737	28,226	(28,226)	—
Total Revenue	175,056	756,014	931,070	(28,226)	902,843
Operating expenses	172,525	633,483	806,008	(28,485)	777,522
Operating income (loss)	2,531	122,531	125,062	258	125,321

	Six-month period ended September 30, 2003				
	Fixed-line Telecommunication Services	Mobile Telecommunication Services	Total	Elimination and other adjustments	Consolidated
Revenues and operating income(loss)	The Company and its subsidiaries engage in mobile communication services only in this period. So, information on business segment is not provided.				
Revenues					
(1) Sales to external customers					
(2) Investment sales or transfer					
Total Revenue					
Operating expenses					
Operating income (loss)					

(Millions of Yen)

	Year ended March 31, 2004				
	Fixed-line Telecommunication Services	Mobile Telecommunication Services	Total	Elimination and other adjustments	Consolidated
Revenues and operating income(loss)					
Revenues					
(1) Sales to external customers	151,566	1,504,084	1,655,651	—	1,655,651
(2) Investment sales or transfer	23,489	4,737	28,226	(28,226)	—
Total Revenues	175,056	1,508,821	1,683,877	(28,226)	1,655,651
Operating expenses	172,525	1,326,566	1,499,091	(28,485)	1,470,606
Operating income (loss)	2,531	182,255	184,786	258	185,045

(Note) Business categories and main services

Business Categories	Main Services
Fixed-line Telecommunication Services	Domestic long-distance telephone services, domestic local telephone services, international telephone services High-speed digital leased circuit services, cell relay services, ODN (Open Data Network), Frame relay services, IP data, etc.
Mobile Telecommunication Services	Mobile telecommunication services, mobile handset sales

(2) Geographical Segments
The domestic share in the total of all the segment revenues are both over 90 %, and thus the geographical segments is not provided.

(3) Sales to Foreign Customers
Sales to foreign customers is less than 10 % of total revenues and thus such information is not provided.

Per share information

(Millions of yen except where stated)

	Six-month period ended September 30, 2003	Six-month period ended September 30, 2004	Year Ended March 31, 2004
Net assets per share (in Yen)	¥105,870	¥120,593	¥113,150
Net income (loss) per share (in Yen)	(39,133)	7,995	(31,310)

- Diluted net income (loss) per share is not disclosed due to that no potential shares of common stock exist.

Note : The followings are the factors related to the calculation of net income (loss) per share.

	Six-month period ended September 30, 2003	Six-month period ended September 30, 2004	Year Ended March 31, 2004
Net income (loss)	¥(125,039)	¥25,547	¥ (100,042)
Amounts not available to common shareholders	—	—	—
(Bonuses to directors and corporate auditors included above)	(—)	(—)	(—)
Net income (loss) available to common shareholders	(125,039)	25,547	(100,042)
Average number of common shares during the period	3,195,211	3,195,198	3,195,210

Significant subsequent events

For six month period ended September 30, 2003
On 21 August 2003, Japan Telecom Holdings entered into an agreement with an affiliate of Ripplewood Holdings L.L.C. ("Ripplewood"), pursuant to which such affiliate has agreed to buy Japan Telecom Co., Ltd. ("Japan Telecom").

On 6 October 2003, Japan Telecom entered into a ¥224 billion Senior Credit Facilities Agreement pursuant to which it has borrowed ¥209 billion.

On 7 October 2003, Japan Telecom issued ¥32.5 billion of redeemable preferred equity which has a dividend yield of 6.28% increasing over the term of the redeemable preferred equity to 6.78% and which will mature no later than 7 December 2011.

On 12 November 2003, JT declared the dividends of JPY 232 billion in respect of its shareholder at 30 September 2003, Japan Telecom Holdings.

On 14 November 2003, the transaction completed and Japan Telecom Holdings received the economic interest in the Japan Telecom redeemable preferred equity from Ripplewood in exchange for all outstanding ordinary shares in Japan Telecom.

For six-month period ended September 30, 2004
The Company merged with the Vodafone K.K. on October 1, 2004 based on the merger agreement which was approved at the meeting of board of directors on May 25, 2004
The details are included in the "Notes to the financial statements (Significant subsequent events)."

For the year ended March 31, 2004
(Special early retirement program)
Vodafone K.K. resolved the implementation of the special early retirement program at the meeting of the board of directors on May 25, 2004.
The following is the program outline.

1. Reason for the implementation of the program
   Competitions in the telecommunication industry will be increasing due to customer demand for new services and new price plans, development of attractive mobile handy phones and massive content availability while the 3 G mobile services have been started. Under these circumstances, the Company decided the implementing of such program which would increase the efficiency of the organization as a whole and the Company believes that the program would assist the employees who wish to move into new industries in response to a changing environment.
2. Target
   Entire employees
3. Application period
   From June 28, 2004 to July 2, 2004
4. Retirement date
   July 31, 2004
5. Retirement benefits
   Special premium to the regular retirement benefit will be provided.
6. The numbers of applicants
   Approximately 600 employees

(The merger of the Company and Vodafone K.K.)
The Company and Vodafone K.K. resolved the merger at the meetings of board of directors on May 25, 2004 in both companies and entered into merger agreement at the same date.
The details are included in the "Notes to the financial statements (Significant subsequent events)."

Non-consolidated Financial Results for the six-month period ended September 30, 2004

November 16, 2004

Company name: Vodafone K.K.
Code number : 9434
（URL http://www.vodafone.jp)
Representative: J. Brian Clark, Representative Executive Officer, President & CEO
Person responsible for inquires: Yuriko Ishihara, General Manager, Investor Relations
Date of approval of financial statements by the Board of Directors: November 16, 2004
Inception date of the interim dividend payment: December 10, 2004

Stock exchange listings: TSE and OSE
Location of Corporate Headquarters: Tokyo
TEL (03) 6403 - 2986
Interim dividend: Yes
Unit share system: No

1. Non-consolidated financial results for the six-month period ended September 30, 2004 (from April 1, 2004 to September 30, 2004)

(1) Operating results (Amounts less than one million yen are rounded down.)

	Revenues		Operating income		Ordinary income	
Half-year ended:	million yen	%	million yen	%	million yen	%
September 30, 2004	3,737	(72.7)	2,167	(80.5)	779	(92.1)
September 30, 2003	13,681	(90.5)	11,135	34.5	9,893	4.0
Year ended March 31, 2004	15,562		8,999		5,847	

	Net income (loss)		Net income (loss) per share
Half-year ended:	million yen	%	yen
September 30, 2004	4,484	-	1,403.53
September 30, 2003	(135,374)	-	(42,367.99)
Year ended March 31, 2004	(144,272)		(45,152.78)

Notes
① The average number of shares were 3,195,198 shares, 3,195,211 shares and 3,195,210 shares for the six-month periods ended September 30, 2004 and 2003 and for the year ended March 31, 2004, respectively.
② There was no change in accounting policies during the six-month period ended September 30, 2004.
③ The percentages of revenues, operating income, ordinary income, and net income (loss) represent the increase or decrease over the previous first half-year period.

(2) Dividends

	Dividends per share	Dividends per share
Half-year ended:	yen	yen
September 30, 2004	600.00	—
September 30, 2003	600.00	—
Year ended March 31, 2004	—	1,200.00

(3) Financial position (Amounts less than one million yen are rounded down.)

	Total assets	Shareholders' equity	Ratio of shareholders' equity	Shareholders' equity per share
	million yen	million yen	%	yen
September 30, 2004	840957	345,134	41.0	108,016.87
September 30, 2003	1,192,173	353,206	29.6	110,542.34
March 31, 2004	984,973	342,376	34.8	107,153.07

Notes
1. The number of shares outstanding were 3,195,189 shares, 3,195,210 shares and 3,195,208 shares as of September 30, 2004 and 2003 and March 31, 2004, respectively.
2. The number of treasury stocks were 47 shares, 26 shares and 28 shares as of September 30, 2004 and 2003 and March 31, 2004, respectively.

2. Forecast of non-consolidated operating results for the year ending March 31, 2005 (from April 1, 2004 to March 31, 2005)

	Revenues	Ordinary income	Net income	Annual dividends per share	
				Interim dividends	
	million yen	million yen	million yen	yen	yen
Year ending March 31, 2005	—	—	—	600.00	1,200.00

Vodafone K.K.

Comparative Non-consolidated Balance Sheets (Millions of Yen)

Accounts	March 31, 2004	September 30, 2004	Increase (Decrease)	September 30, 2003
(ASSETS)				
Ⅰ. CURRENT ASSETS	**819,090**	**689,160**	**(129,929)**	**784,333**
Cash on hand and in banks	7	3	(3)	14
Short-term loans	769,598	685,188	(84,409)	783,527
Inventories	0	0	(0)	―
Others current assets	49,932	3,967	**(45,964)**	4,457
Allowance for doubtful accounts	(448)	―	**448**	(3,665)
Ⅱ. FIXED ASSETS	**165,883**	**151,796**	**(14,086)**	**407,840**
Tangible fixed assets	4	4	(0)	4
Intangible fixed assets	0	0	0	0
Investments and other assets	165,877	151,791	(14,086)	407,835
Investment securities	34,563	33,827	(736)	2,104
Investments in subsidiaries and associated companies	131,268	117,918	(13,350)	405,711
Others	45	45	―	19
TOTAL ASSETS	**984,973**	**840,957**	**(144,016)**	**1,192,173**

(Millions of Yen)

Accounts	March 31, 2004	September 30, 2004	Increase (Decrease)	September 30, 2003
(LIABILITIES)				
Ⅰ. CURRENT LIABILITIES	**467,596**	**370,822**	**(96,773)**	**663,808**
Current portion of bonds	-	50,000	50,000	-
Short-term borrowings	460,173	317,760	(142,413)	658,921
Warranty reserve for guaranty of liabilities	3,442	-	(3,442)	3,777
Other current liabilities	3,980	3,062	(918)	1,108
Ⅱ. LONG-TERM LIABILITIES	**175,000**	**125,000**	**(50,000)**	**175,159**
Bonds	175,000	125,000	(50,000)	175,000
Retirement allowance for directors and corporate auditors	0	-	(0)	159
TOTAL LIABILITIES	**642,597**	**495,822**	**(146,774)**	**838,967**
(SHAREHOLDERS' EQUITY)				
Ⅰ. COMMON STOCK	177,251	177,251	-	177,251
Ⅱ. CAPITAL SURPLUS	265,508	155,112	(110,395)	265,508
Additional paid-in capital	65,508	65,508	-	265,508
Other capital surplus	200,000	89,604	(110,395)	-
Ⅲ. RETAINED EARNINGS	(100,175)	12,786	112,962	(89,360)
Legal reserve	8,302	8,302	-	8,302
Voluntary reserve	36,000	-	(36,000)	36,000
Unappropriated retained earnings (Deficit)	(144,478)	4,484	148,962	(133,663)
Ⅳ. NET UNREALIZED GAIN (LOSS) ON AVAILABLE-FOR-SALE SECURITIES	(196)	-	196	(182)
Ⅴ. TREASURY STOCK	(10)	(16)	(5)	(10)
TOTAL SHAREHOLDERS' EQUITY	**342,376**	**345,134**	**2,757**	**353,206**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**984,973**	**840,957**	**(144,016)**	**1,192,173**

Vodafone K.K.

Comparative Non-consolidated Statements of Operations **(Millions of Yen)**

Accounts	Six months ended September 30, 2003	Six months ended September 30, 2004	Increase (Decrease)	Year ended March 31, 2004
Ⅰ. Operating revenues	**13,681**	**3,737**	**(9,943)**	**15,562**
Ⅱ. Operating expenses	**2,545**	**1,570**	**(975)**	**6,563**
Operating income	11,135	2,167	(8,968)	8,999
Ⅲ. Non-operating income	**23**	**301**	**277**	**62**
Ⅳ. Non-operating expenses	**1,265**	**1,689**	**423**	**3,214**
Ordinary income	9,893	779	(9,114)	5,847
Ⅴ. Special gain	**4,938**	**3,906**	**(1,031)**	**5,646**
Ⅵ. Special loss	**151,077**	**200**	**(150,876)**	**156,636**
INCOME (LOSS) BEFORE INCOME TAXES	(136,245)	4,485	140,730	(145,142)
Income taxes - current	0	0	(0)	1
Reversal of income taxes payable	(871)	-	871	(871)
NET INCOME (LOSS)	**(135,374)**	**4,484**	**139,859**	**(144,272)**
Retained earnings at beginning of period	1,711	-	(1,711)	1,711
Interim dividends	-	-	-	1,917
UNAPPROPRIATED RETAINED EARNINGS (DEFICIT) AT END OF PERIOD	**(133,663)**	**4,484**	**138,147**	**(144,478)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Investment securities

① Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost on a moving-average method.

② Other securities

- Other than marketable securities

  Other securities without market value are carried at cost on a moving-average method.

2. Derivatives

Derivatives are carried at market value.

3. Depreciation method of fixed assets

Tangible fixed assets

Depreciation of tangible fixed assets is computed under the straight-line method. The estimated useful lives of the assets, such as tools, furniture and fixtures, are principally five years.

4. Assets and liabilities in foreign currencies

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the half-year end exchange rates and resulting exchange gains and losses from translation are recognized in earnings currently.

5. Hedge accounting

(1) Hedge accounting method

If the hedge contracts qualify for hedge accounting because of a high correlation and effectiveness between the hedging instruments and the hedged items, gains and losses are deferred until maturity of the hedged transactions. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap contracts are recognized and included in interest expense or interest income.

(2) Hedging instruments and hedged items

The Company entered into interest rate swap contracts to manage the interest rate risk exposures on bonds.

(3) Company’s policy to use derivatives

The execution and control of derivatives are controlled by the Finance Department in accordance with internal policies which regulate the authorization. It is the Company’s policy to use derivatives only for the purpose of reducing market risks associated with assets and liabilities, therefore the Company does not hold or issue derivatives for trading or speculative purposes.

(4) Assessment of hedge effectiveness

The Company assesses hedge effectiveness based on the semi-annual analysis of cumulative amounts of changes in cash flow and fluctuations of market price of hedged items and hedging instruments. The interest rate swap which qualifies for hedge accounting and meets specific matching criteria are excluded from the scope of the analysis.

6. Other important matters relating to the preparation of financial statements

Consumption taxes, etc. are excluded from principal amounts of related transactions and stated separately as a component of current assets or liabilities.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

(Millions of yen except where indicated)

(Non-consolidated Balance Sheets)

1. Accumulated depreciation of tangible fixed assets

	September 30, 2003	September 30, 2004	March 31, 2004
Accumulated depreciation of tangible fixed assets	0	1	1

2. Contingent liabilities

The Company issued guarantees in respect to borrowings made by and bonds issued by the following companies.

As of September 30, 2003

Guaranteed companies	Amounts guaranteed	Company's risk exposure included in outstanding amounts
Powered Com	2,494	2,494
South Tokyo Cable Television	355	59
Total	2,850	2,553

As of September 30, 2004

Guaranteed companies	Amounts guaranteed	Company's risk exposure included in outstanding amounts	Guarantees arranged	Company's risk exposure included in arranged amounts
Powered Com	2,494	2,494	-	-
Akita Cable Television	1,087	435	168	113
North Cable Network	678	301	186	87
South Tokyo Cable Television	310	51	-	-
Toshima Cable Network	27	27	-	-
Total	4,598	3,310	355	201

As of March 31, 2004

Guaranteed companies	Amounts guaranteed	Company's risk exposure included in outstanding amounts
Powered Com	2,494	2,494
South Tokyo Cable Television	333	55
Total	2,827	2,550

(Non-consolidated Statements of Operations)

1. Major items of non-operating income

	Six-month period ended September 30, 2003	Six-month period ended September 30, 2004	Year ended March 31, 2004
Collection of prior year's income taxes payment	-	147	-

2. Major items of non-operating expenses

	Six-month period ended September 30, 2003	Six-month period ended September 30, 2004	Year ended March 31, 2004
Interests on bonds	1,265	1,659	2,919

3. Major items of special gain

	Six-month period ended September 30, 2003	Six-month period ended September 30, 2004	Year ended March 31, 2004
Gain on sale of investment securities	481	-	484
Reversal of warranty reserve for guaranty of liabilities	350	3,442	686
Gain on sale of investments in subsidiaries and associated companies	2,770	-	2,770
Reversal of allowance for doubtful accounts	1,262	-	1,328

4. Major items of special loss

	Six-month period ended September 30, 2003	Six-month period ended September 30, 2004	Year ended March 31, 2004
Write-down of investments in subsidiaries and associated companies	151,038	-	-
Loss on sale of investments in subsidiaries and associated companies	-	-	156,597

5. Depreciation

	Six-month period ended September 30, 2003	Six-month period ended September 30, 2004	Year ended March 31, 2004
Depreciation expenses	0	0	0

(Lease Transactions)

Lease transactions are not mentioned in the notes since the information will be disclosed in EDINET.

(Investment securities)

There were no marketable securities relating to Investments in subsidiaries and associated companies as of September 30, 2003, 2004 and March 31, 2004.

(Per share information)

The amounts of shareholders' equity per share and net income per share are not included in the notes since the semi-annual consolidated financial statements have been prepared. The exclusion was made according to the article 36-3 and 52-2-5 of Securities and Exchange Law of Japan.

Significant subsequent events

For six-month period ended September 30, 2003
On August 21, 2003, Japan Telecom Holdings Co. Ltd. entered into an agreement regarding the sale of Japan Telecom Co., Ltd. shares with an affiliate of Ripplewood Holdings L.L.C. ("Ripplewood") and the transactions were completed on November 14, 2004. The details are included in the "Notes to the consolidated financial statements (significant subsequent events)."

For six-month period ended September 30, 2004
The Company merged with the Vodafone K.K. on October 1, 2004 based on the merger agreement which was approved at the meeting of board of directors on May 25, 2004 and the Company acquired all assets, liabilities and rights and obligations of the Vodafone K.K.
The following is a brief outline of the merger.
１. Increased amounts of common stock and additional paid-in capital etc.
① Common stock: － million yen
② Additional paid-in capital: 232,390 million yen
③ Legal reserve: － million yen
④ Voluntary reserve and retained earnings: － million yen

２. Acquired assets and liabilities as of October 1, 2004 are as follows.
(Millions of Yen)

Accounts	Amounts	Accounts	Amounts
Fixed Assets	1,070,564	Long-term liabilities	44,094
Fixed assets for telecommunication services	1,018,161	Current liabilities	228,309
Tangible fixed assets	842,060	**Total Liabilities**	**272,403**
Intangible fixed assets	176,101		
Investments and other assets	52,403		
Current Assets	235,089		
Total Assets	**1,305,654**	**Net Assets**	**1,033,250**

For the year ended March 31, 2004
The Company resolved the merger agreement with the Vodafone K.K. at the meeting of board of directors on May 25, 2004 and entered into the merger agreement with the Vodafone K.K. at the same date.

The following is a brief outline of the merger.

１. Purpose
To improve the efficiency related to operational and financial aspects.

２. Schedule
The annual regular meeting of stockholders of the Company：June 29, 2004
The extraordinary meeting of shareholders of the Vodafone K.K.：July 22, 2004
Date of merger：October 1, 2004

3. Merger method
The absorption and merger method is applied and the Vodafone K.K. would be dissolved and the Company would be remained.

4. Corporate name
The corporate name would be changed to Vodafone K.K.

5. Head office
Minato-ku, Tokyo

6. Allotment of new shares
The Company issues 2,233,371 common shares for the merger and 7.5898 common shares of the Company per share of the Vodafone K.K. would be allotted to shareholders who are recorded in the shareholders list on the day before the merger.　However, the shares of the Vodafone K.K. held by the Company would not be allotted.

7. Delivered money due to the merger
None

８． Increase of common stock and additional paid-in capital etc. due to the merger
The followings are the detail of increase in the amounts of common stock, additional paid-in capital, legal reserve, voluntary reserve and retained earnings due to the merger.　The amounts are calculated based on the balance sheets of the Company and the Vodafone K.K. as of March 31, 2004.　The amounts may be changed upon the discussion between both companies due to the conditions of assets and liabilities on the date of merger.
① Common stock: － million yen
② Additional paid-in capital: 181,979 million yen
③ Legal reserve: － million yen
④ Voluntary reserve and retained earnings: 60,804 million yen

９． Transfer of assets
Based on the balance sheets and other statements of the Vodafone K.K. as of March 31, 2004, the Company would acquire all assets and liabilities including the increase or decrease of assets and liabilities on the day before the merger and rights and obligations of the Vodafone K.K.　The changes in assets and liabilities of the Vodafone K.K. during March 31, 2004 through the day before the merger would be disclosed using separate statements to the Company.

１０． Modification of terms and cancellation of the merger agreement
When any significant changes occur in the asset position or financial condition of the Company and/or the Vodafone K.K. during the date of agreement through the date of merger due to natural disasters or other accidents or significant deficiencies in the asset position or financial condition become apparent, the terms may be modified and the agreement may be cancelled upon the discussion between the Company and the Vodafone K.K.