

**Consolidated Financial Summaries for the First Half of the Fiscal Year ending December 31, 2002**

Name of Company Quoted: Bell Park Co., Ltd. (JASDAQ)  
 Code Number: 9441  
 Company Domicile: Tokyo  
 ( URL: <http://www.bellpark.co.jp> )  
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Board of Directors Meeting to discuss financial results for the period: August 20, 2002  
 Adoption of US GAAP: No

**1. Consolidated Business Performance for the First Half of the Fiscal Year Ending December 31, 2002  
 (January 1, 2002 – June 30, 2002)**

(1) Consolidated Business Performance (Unit: rounded down if less than one million Yen)

	Sales		Operating Income		Ordinary Income	
	Million Yen	%	Million Yen	%	Million Yen	%
First half year ended June 30, 2002	6,406	(10.5)	351	(12.0)	368	(11.0)
First half year ended June 30, 2001	7,157	-	399	-	414	-
Fiscal year ended December 31, 2001	14,942		714		738	

	Net Income		Net Income per Share	Net Income per Share after dilution for the period
	Million Yen	%	Yen	Yen
First half year ended June 30, 2002	182	(14.1)	8,614.03	8,608.17
First half year ended June 30, 2001	212	-	30,088.58	30,081.76
Fiscal year ended December 31, 2001	307		43,563.33	43,536.28

- (Notes)
- Equity method income  
 First half year ended June 30, 2002: - Million Yen  
 First half year ended June 30, 2001: - Million Yen  
 Fiscal year ended December 31, 2001: - Million Yen
  - Average number of shares outstanding during the period  
 First half year ended June 30, 2002: 21,153.34 shares  
 First half year ended June 30, 2001: 7,050.02 shares  
 Fiscal year ended December 31, 2001: 7,050.02 shares
  - Change in accounting principle during the period: None
  - Percentages presented in sales, operating income, ordinary income, and net income are compared against the prior period numbers.
  - As of February 20, 2002, share split for each of one share into three shares was made. Net income per share and net income per share after dilution for the first half of the period are calculated assuming such share split was made at the beginning of the period.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity to Total Assets Ratio	Equity per Share
	Million Yen	Million Yen	%	Yen
First half year ended June 30, 2002	4,104	2,703	65.9	127,787.41
First half year ended June 30, 2001	4,270	2,475	58.0	351,150.99
Fiscal Year ended December 31, 2001	4,338	2,579	59.5	365,933.57

(Notes) Number of shares issued

First half year ended June 30, 2002: 21,153.56 shares

First half year ended June 30, 2001: 7,050.02 shares

Fiscal Year ended December 31, 2001: 7,050.02 shares

(3) Consolidated Cash Flow Position

( ) Represents negative cash flows  
(Unit: rounded down if less than one million Yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash flows from Financing Activities	Cash and Cash Equivalents at year end
	Million Yen	Million Yen	Million Yen	Million Yen
First half year ended June 30, 2002	470	(80)	(51)	1,523
First half year ended June 30, 2001	330	43	(449)	1,197
Fiscal Year ended December 31, 2001	363	(1)	(449)	1,185

(4) Subsidiaries subject to consolidation and equity method

Number of consolidated subsidiaries: 1

Number of non-consolidated subsidiaries subject to equity method: 0

Number of affiliates subject to equity method: 0

(5) Change in Subsidiaries subject to consolidation and Equity Method

Consolidation (New): 0

Consolidation (Eliminated): 0

Equity method (New): 0

Equity method (Eliminated): 0

**2. Forecast for the Fiscal Year ending December 31, 2002 (January 1, 2002 – December 31, 2002)**

	Sales	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen
Full Year	13,200	750	370

(Reference) Projected net income per share (Full year): 17,490.46Yen

(Notes)

1. Projected net income per share is calculated based on expected average number of shares for the period.
2. Projections in this report are compiled by management based on the best information available at the time, of issuance of this report. Projections are subject to exposure for potential risk and uncertainties. Actual results may differ significantly due to a variety of factors.

## Consolidated Companies

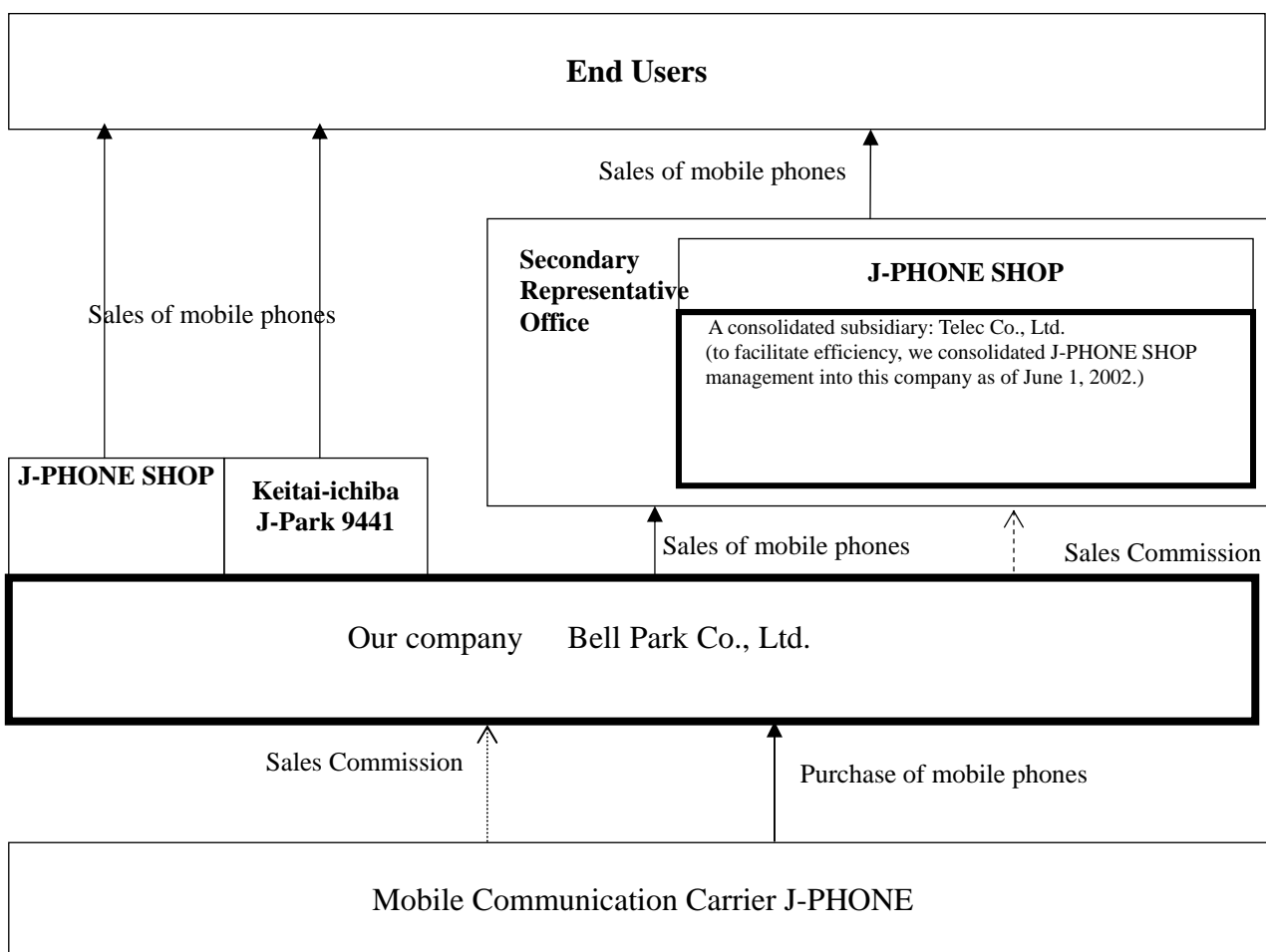
The main business of this Group (this company and a consolidated subsidiary) is sales of mobile communication equipment (cellular phones). The following is the content of our business operation and our position in the industry.

### Mobile Phone Sales Operation

- (1) Accept applications for mobile phone service from new users, introduce them to mobile communication carriers, and sell them mobile phone equipment.
- (2) Accept applications for a model change in mobile phone equipment from existing mobile phone users, introduce them to mobile communication carriers, and sell mobile phone equipment to the new users.
- (3) Accept applications for a change in mobile communication carrier/mobile communication service and introduce them to mobile communication carriers.
- (4) Consignment sales of mobile phones through our sales agents.
- (5) Sales of mobile phones through our sales agents.

(Note) Mobile Communication Carriers are those that set up electric communication line equipment and conduct communication services for mobile phones.

The following is our operational chart:



## **Business Principles**

### (1) **Basic Principles of Business**

With our group's mission "We believe in potentials within us and promote ever-challenging spirit," the Company, as an organization that promotes creativity and challenging spirit, aims for the prosperity of customers, shareholders, suppliers and other stakeholders. We also continue to comply with all related laws and regulations. We consider it imperative to keep our creditworthiness high, and thus will not seek easy profit with potential pitfalls, keeping our management fair, clear and solid.

### (2) **Basic Principles for Profit Distribution**

Our company aims to provide steady dividends to shareholders based on the Group's business performance. We determine the dividend payout level with proper consideration for appropriation for business expansion and company strength.

### (3) **Mid- to Long-Term Business Strategies**

The business environment surrounding the Company is that the domestic retail market for mobile phone use has matured. The third-generation mobile phone, which had been expected to stimulate the market, is showing a sagging market start. The current second-generation mobile phones with the new function of still picture transmission such as in "Sha-mail" do indeed stimulate some demand, but nonetheless the increase for the new demand has slowed down. In the mobile phone retail industry, we will see changes through more mergers and reorganizations.

In this environment, we aim for steady cash flow build-up and stand ready for chances to expand through mergers and reorganization aggressively (but at the same time with caution), while expanding market share of the existing business and establishing a continuous, stable profit-generating operating basis. In order to do this, we will pursue a steady financial foundation, improvement of client satisfaction, strengthening of our marketing efforts, and a concentration on cost management.

Additionally, for creating new growth areas that will carry on the Company's continuous steady development, we will promote with our corporate mission those who are free-spirited, creative, and exhibit a challenging spirit through our strengthened human resources strategies and reshuffling within the organization.

### (4) **Measures Taken in Management Organization**

We have one outside director to provide us advice on management. In addition, we have two outside auditors to strengthen management oversight, both of whom attend monthly board of directors meetings and provide input where necessary.

### (5) **Challenges Facing The Company**

The forecast for the mobile phone retail industry indicates increasingly more severe price competition due to over-abundance of retail outlets, leading to lower profits for retail companies, which will eliminate those businesses with weak foundations.

Under these circumstances, our interest in becoming the winner in the expected new wave of reorganization in the mobile phone retail industry has become a vital issue for us. In order to face this, we will focus on achieving higher business performance by maintaining a steady financial foundation, improvement of carrier shop quality and customer satisfaction, stricter cost control, and aiming for a higher direct sale ratio.

In addition, since we consider it important to strengthen the Company's business foundation and since the future is unclear for the mobile phone retail industry, we will seek aggressively to establish new business by utilizing our strong sales know-how and to diversify revenue sources.

### (6) **Management Indicators that We Strive For**

We consider it essential to measure how well the Company conducts its business and to secure resources for investment activities for mid- to long-term growth. In terms of management indicators, we look carefully at cash flow margin, which indicates how much cash flow is generated from the main business. For the short-term, we set our goal at cash flow margins greater than 10%.

## **Business Performance**

### **1. Summary of Business Performance**

#### **(1) Business Performance for the Current Interim Period**

The Japanese economy continued to stagnate in this interim period. Capital spending continues to decline due to lower production and profit. Exports experienced some increase, but consumer spending remained depressed and unemployment was still a big issue.

The number of mobile communication lines reached 76,405 thousand by the end of June 2002 (out of which 70,708 thousand lines were for mobile phones), but the new business growth ratio has declined. On the other hand, the number of service contracts for internet connection through mobile phones in June 2002 was 54,646 thousand comprising 77% of mobile service contracts, representing a 13% increase from 64% in the same month last year. In this mature stage of domestic mobile phone market, the third-generation mobile phone, which had been expected to stimulate the market, is showing a sagging market start. The current second-generation mobile phones with the new function of still picture transmission such as in "Sha-mail" do indeed stimulate some demand, but nonetheless the increase for the new demand has slowed down. In the mobile phone retail industry, we will see changes through more mergers and reorganizations. In other words, the retail market is saturated with a large number of retail outlets, prompting fears for profit margin dilution. Under these circumstances, the Company, whose stores are concentrated in the Kanto region, decided to examine new store openings closely. Our shop opening strategy will center on the philosophy of "scrap and build," meaning we will close non-performing shops immediately while at the same time opening new shops in areas of high demand. As of the end of June 2002, the Company had 36 J-PHONE Shops (including J-PHONE Hands Sign Centers), and 17 shops of its own including Keitai-ichiba and J-Park 9441. The number of units sold was less than projected due to our decision not to lower the sales price for the sake of a price war, but because of this decision, we avoided lower profit margin.

Our business performance for the current consolidated interim period was as follows: sales of ¥6,406 million (89.5% of sales for the same period last year), operating income of ¥351 million (88.0% of the same period last year), ordinary income of ¥368 million (89.0% of the same period last year), and interim period net income of ¥182 million (85.9% of the same period last year). There is no impact on the interim income due to the operational integration of the consolidated subsidiary of Telec Co., Ltd. into the Company.

Since the sale of mobile phones is the sole business of our consolidated group, segment information is not applicable.

#### **(2) Forecast for the Second Half of this Fiscal Year**

For the second half of this fiscal year, even though it was hoped the domestic economy would turn around, a weak stock market around the world and weaker dollar is expected, and thus the direction of the economy is still unclear. The Japanese economy is expected to continue its current harsh condition. Within this environment, the Company aims for higher growth through maintaining a strong financial foundation, expanding high quality shops certified by mobile communication carriers, increasing the level of customer satisfaction, conducting low cost operations, and achieving a higher direct-sales ratio. In addition, since our concentration of one business necessitates structure change and unclear future of global mobile phone industry, we will diversify our revenue-generating basis by establishing our own sales and service providers and other measures.

Based on this strategy, we forecast the following for fiscal year ending December 2002: sales of ¥13,200 million (88.3% of that of the previous fiscal year), ordinary income of ¥750 million (101.6% of that of the previous fiscal year), and net income of ¥370 million (120.5% of that of the previous fiscal year).

We base this projection on information available at this point. This does not include any performance associated with planned diversification. Please be aware that due to the changes in the business environment, the projection will likely differ from actual performance.

## 2. Financial Status

### (1) Cash Flows

Cash flow including cash equivalents (hereafter referred to as “cash”) for this interim period was an increase of ¥338 million and the balance for the end of this interim period was ¥1,523 million. The breakdown of cash flow by section is as follows:

#### (Cash flows from operating activities)

Cash flows from operating activities totaled ¥470 million. The increase in cash flow was mainly due to operating income of ¥351 million, decrease in accounts receivables of ¥507 million and inventory of ¥104 million, and an increase of ¥477 million for accounts payable. The decrease in cash flow was due to payment of corporate tax of ¥90 million.

#### (Cash flows from investing activities)

Net cash outflow for investing activities was ¥80 million. Cash outflow was due to the purchase of investment securities for ¥15 million, and acquisition of fixed assets for ¥63 million.

#### (Cash flows from financing activities)

Cash used for financing activities totaled ¥51 million. This was mainly due to the payment of dividends for ¥52 million.

## Interim Consolidated Financial Statements

### 1. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheet

(Unit: thousand Yen)

Items	As of Jun.30, 2001		As of Jun.30, 2002		As of Dec.31, 2001	
	Amount	%	Amount	%	Amount	%
(Assets)						
Current assets						
1. Cash and cash equivalents	148,070		1,523,912		210,586	
2. Accounts receivable and operating unearned income	1,315,099		1,022,267		1,530,098	
3. Securities	984,211		-		36,560	
4. Inventories	600,761		450,169		554,243	
5. Other current assets	137,760		92,800		1,029,524	
Allowance for doubtful accounts	(2,815)		(2,556)		(1,737)	
Total current assets	3,183,087	74.5	3,086,593	75.2	3,359,276	77.4
Fixed assets						
1. Tangible fixed assets						
(1) Buildings	-		221,961		187,864	
(2) Others	-		113,868		115,215	
Total tangible fixed assets	291,790	6.8	335,830	8.2	303,080	7.0
2. Intangible fixed assets	8,189	0.2	10,585	0.2	11,570	0.3
3. Investments and other assets						
(1) Investment securities	224,246		80,220		61,624	
(2) Deposits	317,357		373,506		365,637	
(3) Others	246,216		217,813		237,327	
Allowances for doubtful accounts	(85)		-		(78)	
Total investments and other assets	787,734	18.5	671,540	16.4	664,510	15.3
Total fixed assets	1,087,714	25.5	1,017,956	24.8	979,161	22.6
Total assets	4,270,801	100.0	4,104,549	100.0	4,338,437	100.0
(Liabilities)						
Current liabilities						
1. Accounts payable & operating accrued expenses	1,316,813		897,926		1,375,845	
2. Accrued bonuses	12,986		11,573		14,840	
3. Others	333,683		409,719		312,156	
Total current liabilities	1,663,483	38.9	1,319,219	32.1	1,702,842	39.2
Fixed liabilities						
1. Reserve for retirement benefits	9,484		7,744		9,794	
2. Reserve for retirement allowances for directors	111,618		30,197		25,337	
3. Others	10,417		44,230		20,624	
Total fixed liabilities	131,520	3.1	82,171	2.0	55,756	1.3
Total liabilities	1,795,004	42.0	1,401,391	34.1	1,758,598	40.5

(Unit: thousand Yen)

Period Items	As of Jun. 30, 2001		As of Jun. 30, 2002		As of Dec. 31, 2001	
	Amount		Amount		Amount	
(Shareholders' equity)		%		%		%
Capital stock	1,073,676	25.1	1,074,301	26.2	1,073,676	24.8
Additional paid-in capital	1,492,267	34.9	1,492,892	36.4	1,492,267	34.4
Consolidated retained earnings (deficit)	(81,017)	(1.8)	134,465	3.3	13,964	0.3
Net unrealized holding gain (loss) on other securities	(8,667)	(0.2)	2,216	0.0	392	0.0
	2,476,258	58.0	2,703,875	65.9	2,580,300	59.5
Treasury stocks	(461)	(0.0)	(716)	(0.0)	(461)	(0.0)
Total shareholders' equity	2,475,797	58.0	2,703,158	65.9	2,579,839	59.5
Total liabilities and shareholders' equity	4,270,801	100.0	4,104,549	100.0	4,338,437	100.0

## (2) Interim Consolidated Income Statements

(Unit: thousand Yen)

Items	Period		FY 2001 interim (Jan. 1- Jun. 30, 2001)		FY 2002 interim (Jan. 1- Jun. 30, 2002)		FY 2001 selected date (Jan. 1- Dec. 31, 2001)			
	Amount		Amount		Amount		Amount			
			%			%		%		
Sales		7,157,777	100.0		6,406,722	100.0		14,942,747	100.0	
Costs of sales		5,938,806	83.0		5,072,428	79.2		12,514,063	83.7	
Gross profit		1,218,970	17.0		1,334,294	20.8		2,428,684	16.3	
Selling, general & administrative expenses	1	819,612	11.4		982,901	15.3		1,714,466	11.5	
Operating income		399,358	5.6		351,392	5.5		714,218	4.8	
Non-operating income										
1. Interest received		2,986			57			4,857		
2. Rent received		4,779			4,989			9,792		
3. Capital gain on sales of investment securities		9,143			-			11,281		
4. Other non-operating income	2	2,826	19,736	0.3	14,028	19,075	0.3	4,635	30,568	0.2
Non-operating expenses										
1. Interest paid		2,907			811			3,220		
2. Stock issuance expense		-			615			-		
3. Other non-operating expenses		2,043	4,950	0.1	288	1,714	0.0	3,119	6,339	0.0
Ordinary income			414,143	5.8		368,753	5.8		738,446	5.0
Extraordinary income										
1. Adjustment on previous years accounts	3	-			27,220			-		
2. Reversal of allowance for doubtful account		678			-			1,015		
3. Capital gain on sales of investment securities		-	678	0.0	-	27,220	0.4	770	1,785	0.0
Extraordinary losses										
1. Losses on disposal of fixed assets	4	2,516			11,778			3,731		
2. Losses on valuation on investment securities		6,434			-			-		
3. Losses on sales on investment securities	5	-			-			48,921		
4. Amortization of goodwill		-			-			114,285		
5. Others	6	-	8,950	0.1	5,437	17,216	0.3	650	167,588	1.1
Income before income taxes for the period			405,871	5.7		378,757	5.9		572,642	3.9
Income taxes - current		197,485			198,777			262,253		
Income taxes - deferred		(3,754)	193,731	2.7	(2,235)	196,542	3.1	3,267	265,520	1.8
Net income			212,140	3.0		182,215	2.8		307,122	2.1



**(4) Interim Consolidated Cash Flows Statement**

(Unit: thousand Yen)

Items	Period	FY 2001 interim (Jan.1- Jun. 30, 2001)	FY 2002 interim (Jan. 1- Jun. 30, 2002)	FY 2001 selected date (Jan. 1- Dec. 31, 2001)
		Amount	Amount	Amount
Cash flows from operating activities				
Income before income taxes		405,871	378,757	572,642
Depreciation and amortization		14,983	18,626	31,583
Increase (Decreases) in allowances for doubtful accounts		(678)	740	(1,762)
Increase (Decreases) in accrued bonuses		(994)	(3,266)	859
Increase (Decreases) in reserves for allowance retirement		(11,079)	-	(11,079)
Increase in reserves for retirement benefits		9,484	(2,049)	9,794
Increase in reserve for retirement allowances for directors		1,503	4,859	(84,777)
Interest and dividend income		(4,056)	(1,106)	(6,541)
Interest expenses		2,907	811	3,220
Gains on sales of investment securities		(9,143)	-	36,869
Valuation loss in investment securities		6,434	-	-
Losses on disposal of fixed assets		2,516	11,778	3,731
Amortization of goodwill		-	-	114,285
Increase in account receivables		81,351	507,831	(133,647)
Increase (Decreases) in inventories		(208,850)	104,073	(160,671)
Increase in account payables		194,009	(477,919)	253,041
Payment of bonus to directors		-	(8,840)	-
Others		2,652	26,495	60,237
Sub-total		486,913	560,791	687,786
Interest and dividend received		4,056	1,106	6,541
Interest expenses		(2,907)	(811)	(3,220)
Income taxes		(157,181)	(90,121)	(327,759)
Net cash provided by operating activities		330,880	470,965	363,348
Cash flows from investing activities				
Proceeds from time deposits		40,351	-	40,351
Purchases of investment securities		(49,100)	(15,445)	(129,759)
Proceeds from sales of investment securities		74,060	-	293,410
Purchases of fixed assets		(14,735)	(63,159)	(32,784)
Purchase of goodwill		-	-	(120,455)
Others		(7,109)	(1,762)	(51,886)
Net cash provided by (used in) investing activities		43,466	(80,367)	(1,124)

(Unit: thousand Yen)

Items	Period	FY 2001 interim (Jan.1- Jun. 30, 2001)	FY 2002 interim (Jan.1- Jun. 30, 2002)	FY 2001 selected date (Jan. 1- Dec. 31, 2001)
		Amount	Amount	Amount
Cash flows from financing activities				
Repayments of short-term debts		(134,137)	-	(134,137)
Repayments of long-tem debts		(263,933)	-	(263,933)
Proceeds from issuance of new shares		-	1,250	-
Payments to acquire treasury stock		-	(255)	-
Payments of dividends		(51,371)	(52,875)	(51,371)
Net cash used in financing activities		(449,441)	(51,880)	(449,441)
Increases (decreases) in cash and cash equivalents		(75,094)	338,717	(87,217)
Cash and cash equivalents at beginning of period		1,272,412	1,185,195	1,272,412
Cash and cash equivalents at end of period		1,197,317	1,523,912	1,185,195

Important Accounting Policies for Preparation for Interim Consolidated Financial Statement

<div style="text-align: right;">Period</div> <div style="text-align: left;">Items</div>	FY 2001 interim (Jan. 1- Jun. 30, 2001)	FY 2002 interim (Jan. 1- Jun. 30, 2002)	FY 2001 (Jan. 1 - Dec. 31, 2001)
1. Company subject to consolidation	Number of consolidated subsidiary 1 Name of consolidated subsidiary Telec Co., Ltd.	Same as left	Number of consolidated subsidiary 1 Name of consolidated subsidiary Telec Co., Ltd.
2. Date of the interim period for consolidated subsidiary	The interim period ended May 31, 2001 for Telec Co., Ltd.. We use financial statements for the period ended that day for this consolidation purpose. However, significant transactions that occurred from Jun.1 to Jun. 30 of 2001 were adjusted for consolidation purposes.	The interim period ended May 31, 2002 for Telec Co., Ltd.. We use financial statements for the period ended that day for this consolidation purpose. However, significant transactions that occurred from Jun.1 to Jun. 30 of 2002 were adjusted for consolidation purposes.	The fiscal year ended Nov. 30, 2001 for Telec Co., Ltd.. We use financial statements for the period ended that day for this consolidation purpose. However, significant transactions that occurred from Dec.1to Dec 31, 2001 were adjusted for consolidation purposes.
3. Accounting principles (1) Basis of asset valuation and methodology	<p>Securities</p> <p>Securities with market price                      Lowering of cost or market on moving average method ( reversal method ) based on the price on the market on the interim period end. (Valuation gain or loss is recorded in capital section. Cost of securities sold is calculated using moving average method.)</p> <p>Securities with no market price                      Cost method on moving average method</p> <p>Inventories                      Merchandise                      Cost method on moving average method</p> <p>Supplies                      Last purchased cost method</p>	<p>Securities                      Other securities</p> <p>Securities with market price                      Same as left</p> <p>Securities with no market price                      Same as left</p> <p>Inventories                      Merchandise                      Same as left</p> <p>Supplies                      Same as left</p>	<p>Securities                      Other securities</p> <p>Securities with market price                      Market value method based on the market price on the end of the period. (Valuation gain or loss is recorded in shareholders' equity. Cost of securities sold is calculated using moving average method.)</p> <p>Securities with no market price                      Same as left</p> <p>Inventories                      Merchandise                      Same as left</p> <p>Supplies                      Same as left</p>

<div style="text-align: right;">Period</div> <div style="text-align: left;">Items</div>	FY 2001 interim (Jan.1- Jun. 30, 2001)	FY 2002 interim (Jan. 1- Jun. 30, 2002)	FY 2001 (Jan.1- Dec. 31, 2001)
(2) Method of depreciation of fixed assets	<p>Tangible fixed assets The declining balance method, except for building and attachments which are under straight-line method.</p> <p>Intangible fixed assets Straight-line method. As for the amortization method of software used is based on the straight-line method over the life of assets of 5 years.</p> <p>Long-term prepaid expenses Straight-line method</p>	<p>Tangible fixed assets The declining balance method (except for buildings). Buildings to be depreciated for respective prescribed period of 3 to 47 years. Equipments to be depreciated for respective prescribed period of 3 to 10 years.</p> <p>Intangible fixed assets Straight- line method. Company software is depreciated according to the straight-line method on an estimated life cycle of 5 years.</p> <p>Long-term prepaid expenses Straight- line method.</p> <p>Deferred assets Stock issuance expenses All the payments for stock issuance expenses are expensed at the time of payment.</p>	<p>Tangible fixed assets The declining balance method (except for buildings). Buildings to be depreciated for respective prescribed period of 13 to 50 years. Equipments to be depreciated for respective prescribed period of 5 to 8 years.</p> <p>Intangible fixed assets Straight- line method. All the payments for goodwill are expensed at the time of payment. Company software is depreciated according to the straight-line method on an estimated life cycle of 5 years.</p> <p>Long-term prepaid expenses Straight- line method.</p>

<p>(3) Recognition standards for important reserves</p>	<p>Allowances for doubtful accounts In order to properly reserve for losses from uncollectible accounts, average default rate is applied for normal accounts as well as examining collectability of each doubtful account.</p> <p>Reserve for bonuses Reserve is provided for the payment of bonus to the employees.</p> <p>Reserve for retirement benefits Reserves for retirement benefits were recorded at the amount deemed to incur during this half year by estimating the necessary payments computed under the retirement benefits calculation method (simplified method.)</p> <p>Reserve for retirement allowance for directors In order to properly provide for Retirement Allowance for Directors, reserve is recorded in accordance with the company rules for the interim period.</p>	<p>Allowances for doubtful accounts Same as left</p> <p>Reserve for bonuses Same as left</p> <p>Reserve for Retirement benefits Same as left</p> <p>Reserve for retirement allowance for directors Same as left</p>	<p>Allowances for doubtful accounts Same as left</p> <p>Reserve for bonuses Same as left</p> <p>Reserve for Retirement benefits Reserve for retirement benefits were recorded at the amount deemed to incur during the period by estimating the necessary payments computed under the retirement benefits calculation method (simplified method.)</p> <p>Reserve for retirement allowances for directors In order to properly provide for retirement allowances for directors, reserve is recorded in accordance with the company rules for the end of the year.</p>
<p>(4) Other significant items in preparing the consolidated financial statement of this interim period.</p>	<p>Accounting treatment for consumption taxes and others Revenue is recorded excluding collected consumption tax.</p>	<p>Accounting treatment for consumption taxes and others Same as left</p>	<p>Accounting treatment for consumption taxes and others Same as left</p>
<p>4. Definition of cash and cash equivalents for the interim period or consolidated cash flow statements</p>	<p>Cash and cash equivalents for the interim period cash flow statement are cash on hand, savings that are easily withdrawable and carries little risk in valuation and short term investment that matures within 3 months.</p>	<p>Same as left</p>	<p>Cash and cash equivalents for the period cash flows statement are cash on hand, savings that are easily withdrawable and short-term investments that mature within 3 months and carry little risk in valuation</p>

**Change in description**

FY 2001 interim (Jan.1- Jun.30, 2001)	FY 2002 interim (Jan.1 - Jun.30, 2002)
	At the end of the fiscal year 2002 interim, "Buildings" are included into tangible fixed assets accounts and not separately presented. However, it is now listed as one line item for the fiscal year 2002 interim because the amounts exceeded five percent of the total assets. The amount of "Buildings" as at the end of the fiscal year 2001 interim was 175,292 thousand Yen.

**Additional Information**

FY 2001 interim (Jan.1- Jun.30, 2001)	FY 2002 interim (Jan.1- Jun.30, 2002)	FY 2001 (Jan.1-Dec.31, 2001)
<p>(Accounting for retirement benefits) Beginning in the current period, Accounting principles for retirement benefits ("Opinion for setting up accounting standards with regards to retirement benefits", Corporate Accounting Committee, Jun.16, 1998) are applied. Our company and consolidated subsidiary use the simplified method and there is no impact to the financial statements made due to this change of accounting standards.</p> <p>(Financial product accounting) In this interim period, we adopted the financial products accounting standard for setting up accounting standards with regard to financial products (Corporate Accounting Committee, Jan.22, 1999), which affected our securities valuation method. The effect of the adoption of this standard is decrease of ordinary income of 61 thousand Yen, and increase of net income before taxes of 643 thousand Yen. In addition, at the end of the period, we examine the inventory of securities we own and bonds maturing within 1 year are categorized as "Securities" in current assets, and other securities are listed under investments in Securities. As a result, "Securities" under current assets are decreased by 217,340 thousand Yen and Investment in Securities is increased by 217,340 thousand Yen.</p>		<p>(Accounting for retirement benefits) In the current fiscal year, Accounting principles for retirement benefits ("Opinion for setting up accounting standards with regards to retirement benefits", Corporate Accounting Committee, Jun.16, 1998) are applied. Our company and consolidated subsidiary use the simplified method and there is no impact to the financial statements made due to this change of accounting standards.</p> <p>(Financial product accounting) In the current fiscal year, we adopted the financial products accounting standard for setting up accounting standards with regard to financial products (Corporate Accounting Committee, Jan. 22, 1999), which affected our securities valuation method. The effect of the adoption of this standard is an decrease of ordinary income by 1,173 thousand Yen, and an increase of net income before taxes and minority interests of 2,189 thousand Yen. In addition, at the start of the period, we examine the inventory of securities we own and bonds maturing within 1 year are categorized as "Securities" in current assets, and other securities are listed under investment securities. As a result, "Securities" under current assets are decreased by 58,624 thousand Yen and Investment securities is increased by 58,624 thousand Yen.</p>

## Notes

### (Interim Balance Sheet)

FY 2001 interim (As of Jun.30, 2001)	FY 2002 interim (As of Jun.30, 2002)	FY 2001 (As of Dec.31, 2001)
1 Accumulated depreciation of tangible fixed assets 46,246 thousand Yen	1 Accumulated depreciation of tangible fixed assets 78,337 thousand Yen	1 Accumulated depreciation of tangible fixed assets 62,619 thousand Yen

### (Interim Income Statement)

FY 2001 interim (Jan.1- Jun.30, 2001)	FY 2002 interim (Jan.1- Jun.30, 2002)	FY 2001 (Jan.1- Dec.31, 2001)
<p>1. Major items under selling, general and administration expenses are as follows (in thousand Yen)</p> <p>Salaries 190,069 Other wages 150,282 Land contact fee rent 112,910 Provision for accrued bonuses 12,986 Provision for reserve for retirement benefits 1,998 Provision reserve for retirement allowance for directors 1,603</p>	<p>1. Major items under selling, general and administration expenses are as follows: (in thousand Yen)</p> <p>Salaries 244,633 Other wages 165,467 Land contact fee rent 163,676 Provision for accrued bonuses 11,573 Provision for reserve for retirement benefits 7,359 Provision for reserve for retirement allowance for directors 740 Retirement benefits expense 197</p>	<p>1. Major items under selling general and administration expenses are as follows: (in thousand Yen)</p> <p>Salaries 385,761 Other wages 329,165 Land contact fee rent 231,999 Provision for accrued bonuses 20,833 Provision for reserve for retirement benefits 4,308 Provision for reserve for retirement allowance for directors 3,375</p>
2 _____	<p>2. Details for non-operating incomes are as follows (in thousand Yen)</p> <p>Subsidy for shop open 11,599 Others 2,429 Total 14,028</p>	2 _____
3. _____	3. Adjustment due to acceptance of tax notification.	3. _____
<p>4.Details for loss on disposal of fixed assets are as follows (in thousand Yen)</p> <p>Building 2,455 Vehicle 60 Total 2,516</p>	<p>4.Details for loss on disposal of fixed assets are as follows (in thousand Yen)</p> <p>Building 11,207 Furniture &amp; fixtures 570 Total 11,778</p>	<p>4.Details for loss on disposal of fixed assets are as follows (in thousand Yen)</p> <p>Building 2,728 Vehicle 60 Furniture &amp; fixtures 942 Total 3,731</p>
5. _____	5. _____	5. Gains are out of sales of other investment securities due to the change in financial policy of the company
6. _____	<p>6. Details for other extraordinary losses are as follows; (in thousand Yen)</p> <p><u>Demolishing cost of closed shop</u> 5,437 Total 5,437</p>	6. _____

## (Interim Cash Flows Statement)

FY 2001 interim (Jan.1- Jun.30, 2001)	FY 2002 interim (Jan.1- Jun.30, 2002)	FY 2001 (Jan.1- Dec.31, 2001)
(1) Cash and cash equivalent balance for the interim period  As of 30 Jun. 2001 (in thousand Yen)	(1) Cash and cash equivalent balance for the interim Period  As of 30 Jun. 2002 (in thousand Yen)	(1) Cash and cash equivalent balance for the interim Period  As of 31 Dec. 2002 (in thousand Yen)
Cash and saving accounts 148,070 Securities maturing <u>within 3 months</u> 1,049,247 Cash and cash equivalent 1,197,317	Cash and saving accounts 1,523,912  Cash and cash equivalent 1,523,912	Cash and saving accounts 210,586 Securities maturing <u>within 3 months</u> 974,608 Cash and cash equivalent 1,185,195
		(2) Details for assets acquired by the acquisition (in thousand Yen) Current assets 1,660 Fixed assets <u>118,795</u> Total assets <u>120,455</u>

## (Lease Transaction)

None.

## (Securities)

## (Previous Interim Period)

## 1. Other securities with market price

(Unit: thousand Yen)

	As of Jun. 30, 2001		
	Acquisition	Book value	Difference
(1) Equities	90,375	90,604	228
(2) Bonds	-	-	-
(3) Others	155,275	133,641	(21,633)
Total	245,650	224,246	(21,404)

## 2. Securities with no market price

(Unit: thousand Yen)

	As of Jun. 30, 2001
	Book value
Other securities:	
Money Management Fund	29,045
Money Reserve Fund	35,300
Free Financial Fund	549,024
Medium-Term Japanese Government Bond Fund	370,840

(Current Interim Period)

1. Other securities with market price (Unit: thousand Yen)

	As of Jun.30, 2002		
	Acquisition	Book value	Difference
(1) Equities	76,392	80,220	3,828
(2) Bonds	-	-	-
(3) Others	-	-	-
Total	76,392	80,220	3,828

(Previous Fiscal Year)

1. Other securities with market price (Unit: thousand Yen)

	As of Dec.31, 2001		
	Acquisition	Book value	Difference
(1) Equities	60,946	61,624	677
(2) Bonds	-	-	-
(3) Others	-	-	-
Total	60,946	61,624	677

2. Securities with no market price (Unit: thousand Yen)

	As of Dec.31, 2001	
	Book value	
Other securities		
Money Reserve Fund	36,560	

(Derivatives)

Fiscal year 2001 interim (From Jan.1 - Jun.30, 2001)

The group of the companies did not use derivative transactions; thus no disclosure is required on derivatives.

Fiscal year 2002 interim (From Jan.1- Jun.30, 2002)

The group of the companies did not use derivative transactions; thus no disclosure is required on derivatives.

Fiscal year 2001 (From Jan.1 - Dec.31, 2001)

The group of the companies did not use derivative transactions; thus no disclosure is required on derivatives.

(Segment Information)

1. Segment information by operation type

During the fiscal year 2001 interim (Jan.1- Jun.30, 2001) the fiscal year 2002 interim (Jan.1-Jun.30, 2002) and the fiscal year 2001 (Jan.1-Dec.31, 2001), this consolidated group has engaged in mobile communication device sales, and we have never had any other segment.

2. Segment information by country

During the fiscal year 2001 interim (Jan.1-Jun.30, 2001) the fiscal year 2002 interim (Jan.1-Jun.30, 2002) and the fiscal year 2001 (Jan.1-Dec.31, 2001), we do not have any other overseas-consolidated subsidiaries or branches, thus this is not applicable.

3. Oversea sales

During the fiscal year 2001 interim (Jan.1-Jun.30, 2001) the fiscal year 2002 interim (Jan.1-Jun.30, 2002) and the fiscal year 2001 (Jan.1- Dec.31, 2001), we have no sales overseas, not applicable.

(Per share Information)

(Unit: Yen)

FY 2001 interim (Jan.1- Jun.30, 2001)		FY 2002 interim (Jan.1-Jun.30, 2002)		FY 2001 (Jan.1-Dec.31, 2001)	
Net asset per share	351,150.99	Net asset per share	127,787.41	Net asset per share	365,933.57
Net income per share	30,088.58	Net income per share	8,614.03	Net income per share	43,563.33
Net income per share after dilution	30,081.76	Net income per share after dilution	8,608.17	Net income per share after dilution	43,536.28

(Per share information with retrospective adjustment)

Adjusted figures on per share indicators for the periods specified herein based on the number of outstanding shares as at Jun.30, 2002 after the dilution due to the recent share split are as follows;

	FY 2002		FY 2001	
	Interim		Interim	Final
		Yen	Yen	Yen
Net income per share	8,614.03		10,030.24	14,521.11
Net asset per share	127,787.41		117,080.46	121,977.85
Dividend per share	0.00		0.00	2,500.00

(Notes) As of Feb.20, 2002, share split for each of one share into three shares was made. Net income per share and Net income per share after dilution for the first half of the period are calculated assuming as if the share split were made at the beginning of the period.

(Significant events after the periods)

Fiscal year 2001 interim (Jan.1-Jun.30, 2001): Not applicable

Fiscal year 2002 interim (Jan.1-Jun.30, 2002): Not applicable

Fiscal year 2001 (Jan.1-Dec.31, 2001): Not applicable

## Production, Order and Sales conditions

### (1) Production

Not applicable since our group (the company and the consolidated subsidiary) have no production activities.

### (2) Purchase of Merchandise

See below for the period.

(Unit: thousand Yen)

Business unit	FY 2002 interim (Jan.1- Jun.30, 2002)	Year on year change
Mobile phone sales division	3,819,250	86.8%

(Notes) 1. The amount is based on purchase price.

2. The amount above does not include consumption taxes.

### (3) Back Orders Outstanding

Our Group (the company and the consolidated subsidiary) do not accept back orders, thus this is not applicable.

### (4) Sales Performance

(Unit: thousand Yen)

Business unit	Items	FY 2002 interim (Jan.1- Jun.30, 2002)	Year on year change
Mobile phone sales division	Merchandise sales	1,864,997	101.1%
	Commission received	4,541,725	85.4%
	Total	6,406,722	89.5%

(Notes)

1. For the current interim period and for the interim period of the previous fiscal year, the gross sales and percentage of sales to major customers are as follows:

(Unit: thousand Yen)

Customer	FY 2001 interim (Jan.1- Jun.30, 2001)		FY 2002 interim (Jan.1- Jun.30, 2002)	
	Amount	Ratio	Amount	Ratio
J-PHONE CO., LTD.			4,537,278	70.8%
J-PHONE EAST CO., LTD.	5,258,251	73.5%		

(Note) As of Nov.1, 2001, J-PHONE EAST, J-PHONE TOKAI and J-PHONE WEST were merged and became J-PHONE CO., LTD..

2. The amounts above do not include consumption taxes.