

Consolidated Interim Financial Results for the Fiscal Year Ending December 2003

Company name: Bell-Park Co., Ltd.
 Stock code: 9441
 Stock exchange listing: JASDAQ
 Company domicile: Tokyo, Japan
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Date of board meeting for approving financial results: August 20, 2003

SEC accounting standard: The Company does not apply SEC accounting standards

1. Consolidated Financial Results for the First Half Year Ended June 30, 2003 (Jan.1, 2003 – Jun. 30, 2003)

(1) Results of Operations

Yen in millions, rounded down

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %
First half year ended June 2003	6,944	8.4	345	(1.6)	354	(3.9)
First half year ended June 2002	6,406	(10.5)	351	(12.0)	368	(11.0)
Year ended December 2002	13,180		756		777	

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change %	Yen	Yen
First half year ended June 2003	121	(33.2)	5,595.01	-
First half year ended June 2002	182	(14.1)	8,614.03	8,608.17
Year ended December 2002	383		18,134.43	-

Notes: 1. Equity in earnings non-consolidated subsidiaries

First half year ended June 2003: -

First half year ended June 2002: -

Year ended December 2002: -

2. Weighted average number of shares outstanding

First half year ended June 2003: 21,743.21 shares

First half year ended June 2002: 21,153.34 shares

Year ended December 2002: 21,152.59 shares

3. Changes in accounting principles applied.

4. The percentages shown for net sales, operating income, ordinary income, and net income represent changes from the same period in the previous fiscal year.

5. Diluted net income per share is not presented for the interim period ended June 2003 and the year ended December 2002 since the Company has no potential stock outstanding.

(2) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
First half year ended June 2003	4,538	2,960	65.2	137,307.49
First half year ended June 2002	4,104	2,703	65.9	127,787.41
Year ended December 2002	4,825	2,902	60.1	137,202.53

Notes: Number of shares outstanding (consolidated) at end of period:

First half year ended June 2003: 21,560.56 shares

First half year ended June 2002: 21,153.56 shares

Year ended December 2002: 21,152.56 shares

(3) Cash Flows Position

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Yen
First half year ended June 2003	137	73	(87)	1,999
First half year ended June 2002	470	(80)	(51)	1,523
Year ended December 2002	743	(11)	(52)	1,865

(4) Matters Concerning the Scope of Consolidation and the Application of the Equity Method

Consolidated subsidiaries: 2

Non-consolidated subsidiaries accounted for under the equity method: 0

Affiliates accounted for under the equity method: 0

(5) Changes in the Scope of Consolidation and Affiliates Accounted for Under the Equity Method

Consolidated subsidiaries

Newly: 1

Excluded: 0

Affiliates accounted for under the equity method

Newly: 0

Excluded: 0

2. Forecast for the Year Ending December 2003 (Jan. 1, 2003 – Dec. 31, 2003)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Full Year	14,600	800	370

Reference: Estimated net income per common share for the year ending Dec.2003: ¥17,016.81

Estimated net income per common share is calculated based on the estimated average number of shares outstanding during the year.

Forward Looking Statements

Forecasts regarding future performance in these materials are based estimates and judgments of the Company's management made in accordance with information available at the time this report was prepared. Forecasts therefore embody risks and uncertainties. Actual results may differ significantly from these forecasts for a number of factors.

Corporate Group

The Bell-Park group of companies is made up of Bell-Park Co., Ltd., which is engaged primarily in the sale of mobile phones, and one consolidated subsidiary, which is engaged in the provision of training, staffing and sales promotion support services to companies involved in mobile communication businesses.

Business activities and the positioning of each company are as follows.

Bell-Park is engaged in the following sales activities for mobile communication devices.

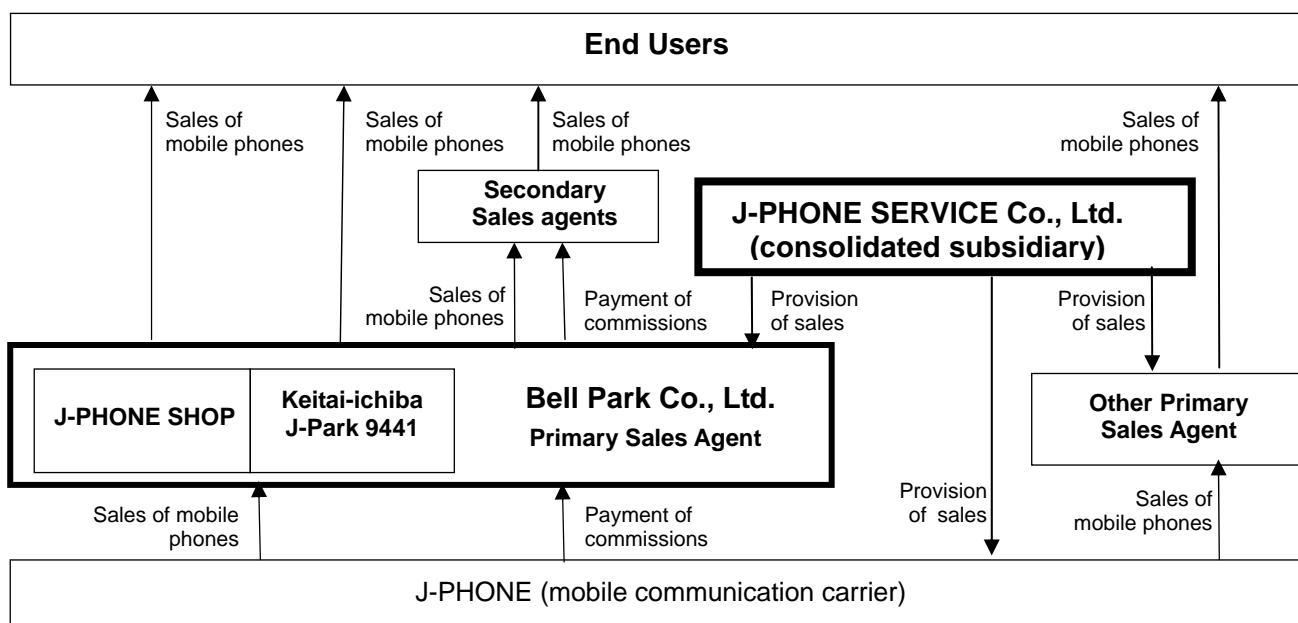
1. Accepts applications for mobile communication service contracts from new users as an agent of mobile communication carriers, and sales of mobile phones to users.
2. Accepts applications from current mobile communication service subscribers for a change to a new model of phone as an agent of mobile communication carriers, and sales of mobile phones to users.
3. Accepts applications from current mobile communication service subscribers for changes in subscription terms as an agent of mobile communication carriers.
4. Consignment sales of mobile phones and other devices through Bell-Park's sales agents.
5. Sales of mobile phones and other devices to Bell-Park's sales agents.

Note: Mobile communication carriers in this context are Type I carriers, which are companies that own and operate their own network facilities, that offer mobile phone and other mobile communication services.

J-PHONE SERVICE Co., Ltd., the consolidated subsidiary, is engaged in the following activities involving the provision of training, staffing and marketing assistance to companies involved in mobile communication businesses.

1. Trains sales personnel at retail stores selling mobile communication products to increase their knowledge of these products and their ability to serve customers.
2. Trains sales personnel as an agent for mobile communication carriers operating retail stores selling mobile communication products.
3. Supplies sales personnel with specialized knowledge to work at retail stores selling mobile communication products.
4. Supplies personnel to conduct marketing campaigns conducted by retailers of mobile communication products.
5. Assists in sales promotion activities, including planning and production of newspaper inserts and novelties, for retailers of mobile communication products.

A flowchart of business operations is shown below.



Note: On June 1, 2002, Bell-Park took over the operations of subsidiary Telec Co., Ltd., which had operated J-PHONE SHOP to raise efficiency.

Management Policies

(1) Fundamental Management Policy

We strongly believe in our ability, potential and the possibilities of the future. We will continue to diligently pursue excellence by innovatively meeting the challenges and opportunities that arise. The goal is the mutual prosperity of customers, shareholders, vendors and all other stakeholders. Management is also committed to strictly observing all laws and regulations and, to preserve the trust of the public, conducting business operations that are fair and transparent in every respect.

(2) Fundamental Policy Regarding Distribution of Earnings

Bell-Park's policy is to return earnings to shareholders in a stable and consistent manner that reflects the Group's operating results. Dividend payments will also take into consideration the need to maintain sufficient retained earnings to improve financial soundness and support aggressive business expansion. Retained earnings will be used mainly to expand the retail store network and to fund strategic investments in new fields of business.

(3) Position and Policy Regarding Reduction in Investment Unit

Bell-Park views a reduction in the investment unit as an important capital policy issue from the standpoint of increasing the liquidity of its shares and the number of shareholders. The Company plans to carefully consider a reduction to make its shares more accessible to investors while taking into consideration the share price, trading volume and other factors.

(4) Medium- and Long-Term Strategies and Key Issues

In Japan's mobile communication market, hopes are now pinned on the full-scale user acceptance of third-generation mobile phone services as a means of sparking new sources of demand. Currently, the source of most demand is upgrades to new models due to the high penetration rate of mobile phones, which is now over 60%. There are no prospects for a large increase in the number of new users. Consequently, retailers of mobile communication products continue to face a difficult operating climate, a situation that is likely to cause more consolidations and realignments within the industry.

The Bell-Park group is determined to remain one of the few winners in the field of mobile phone sales, its primary source of sales and earnings. To accomplish this, the Group views ongoing industry consolidation as a medium- and long-term opportunity. Bell-Park is using mergers and acquisitions to rapidly increase its network of mobile phone stores and capture demand that will be generated when third-generation services gain widespread market acceptance. In addition, plans call for increasing sales activities targeting corporate users and other market sectors that are still relatively undeveloped.

In January 2003, the Bell-Park group began offering training, staffing and sales promotion support services with the aim of developing these activities into a new core generator of earnings. As mobile phones incorporate more functions and become more sophisticated, the Group believes there will be greater demand for sales personnel with specialized knowledge. Demand is also likely to grow for highly specialized sales promotion support that addresses the needs of the mature mobile communication market. The Group's policy is therefore to increase sales and earnings by developing businesses that reflect these demands.

Furthermore, to establish a new base for earnings in the future, the Group continues to seek the best way to start a business for the provision of content to mobile phone users.

(5) Corporate Governance

(Fundamental position regarding corporate governance)

Social demands for effective corporate governance systems are growing. In response, Bell-Park positions the establishment and strengthening of a fair management system as one of its highest priorities.

(Status of measures regarding corporate governance)

- a. Management frameworks for management decision-making, execution of businesses and auditing and other corporate governance frameworks

(corporate auditors)

Bell-Park employs the corporate auditor system. There is a Board of Auditors with three members. Two are outside auditors and one is employed by the Company.

(external directors)

The company has two external directors. By participating in management from an objective standpoint, these directors provide for the effective supervision of the Company's management.

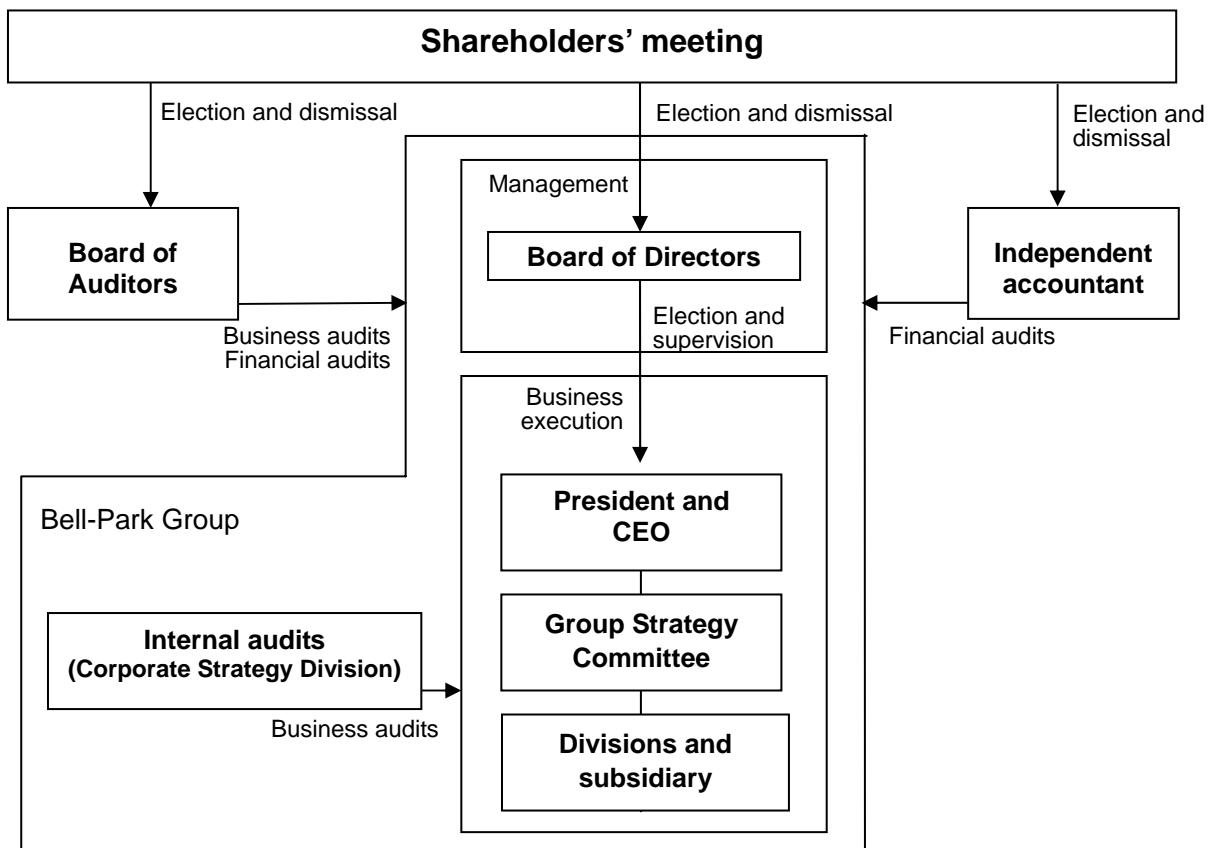
(internal audits)

At Bell-Park, the Corporate Strategy Division is responsible for internal audits. To conduct audits that help strengthen management systems, audits are performed from an autonomous position so that evaluations and advice can be provided with regard to internal control systems. Additionally, the main objectives of audits are constantly reviewed and strengthened to reflect changes in the operating environment.

(Committees)

To provide for speedy decision-making and business execution, Bell-Park has established a Group Strategy Committee whose members are the president and CEO and all other executives at the level of general manager of key divisions and above. This committee meets twice each month to monitor the execution of strategies, discuss new management issues, determine measures to deal with issues, reach decisions on important items involving business operations and handle other matters.

The framework for the execution of business activities, audits and internal controls is as follows.



b. Participation in corporate governance by attorneys, independent accountants and other external parties
Bell-Park seeks advice from an attorney as necessary.

Bell-Park's independent accountant is ChuoAoyama Audit Corp.

c. Personal, financial, business and other significant relationships with external directors and outside auditors
None.

d. Actions to strengthen corporate governance during past year

Bell-Park increased the number of external directors from one to two during the current fiscal year to improve its corporate governance.

(6) Key Issues

As was explained earlier, the mobile phone retailing industry continues to be challenging, a situation that is expected to lead to more consolidations and integrations. In this environment, the Bell-Park group views as a key issue the need to generate stable earnings from its mobile phone retailing business in order to position this business as one of the few winners in the industry. To accomplish this, the Group is strengthening its management framework to expand through mergers and acquisitions, upgrading skills of store personnel to prepare for the full-scale shift to third-generation mobile communication technology, and enhancing other aspects of store operations.

As was explained earlier, the training, staffing and sales promotion support businesses were launched in January 2003. Therefore, the key issue in these fields is sustaining their development. To accomplish this, the Bell-Park group is working on meeting the demand for personnel required for sales campaigns in conjunction with the planned shift in October 2003 from the J-PHONE brand to the Vodafone brand and on extending sales promotion support services to more customers.

(7) Fundamental Policy Regarding Related Party Interests

There are no transactions with related parties, and the Bell-Park group's fundamental policy is to conduct no such transactions in the future.

(8) Targeted Performance Indicators

Bell-Park's medium- and long-term business strategies are to expand the sales network in the mobile phone retailing business, steadily develop the training, staffing and sales promotion support businesses, and seek opportunities to begin a business for the distribution of content to mobile phones. To execute these strategies and generate new sources of growth, the Company believes that the reliable procurement of funds for investments is a key factor. Therefore, the performance indicator that is most important at the Company's current stage of development is the cash flow margin, which shows the degree to which the Company is able to generate stable cash flows from its core businesses. Regarding a concrete target, the Company until now has been seeking to achieve a margin of more than 10%. Recently, this target has been lowered to 5% for the time being due to the current status of the mobile phone retailing industry.

Yen in thousand, rounded down

	FY2002 interim (Jan.1 – Jun.30, 2002)	FY2003 interim (Jan.1 – Jun. 30, 2003)	FY2002 (Jan.1 – Dec.31, 2002)
Net sales	6,406,722	6,944,582	13,180,776
Cash flows from operating activities	470,965	137,380	743,929
Cash flow margin	7.35 %	1.98 %	5.64 %

Results of Operations and Financial Position

(1) Results of Operations

a. Summary of first half of 2003

Japan's economy began 2003 by displaying some signs of a rebound, such as upturns in earnings and capital expenditures. However, a broad-based improvement was blocked by the March war in Iraq and other events that made the outlook increasingly uncertain. In particular, consumer spending, which has a significant effect on the Bell-Park group's operating results, was extremely weak throughout the first half of 2003 due to persistently high unemployment and other factors.

In this environment, the Group focused on preserving and improving profit margins in the mobile phone retailing business and on building a sound base for the training, staffing and sales promotion support businesses that were started in January 2003.

In the mobile phone retailing business, cumulative mobile and PHS phone service subscriptions in Japan as of the end of June 2003 totaled 82,648 thousand lines, including 77,213 thousand mobile phone lines. Growth in new subscribers continues to fall as the penetration rate rises. Accordingly, members of the mobile phone retailing industry are increasingly shifting emphasis from sales to new subscribers to the sale of upgraded handsets to existing users. In addition to the declining growth in new subscribers, mobile phone sales agents must deal with reviews of sales commissions by mobile communication carriers and with other challenges. The increasingly difficult operating environment is forcing even relatively large sales agents to consider selling or shutting down their operations. As a result, the consolidation and integration process is even more widespread in 2003 than in 2002.

In response, Bell-Park has made profitability its highest priority. Regarding sales channels, the main action is a reallocation of resources. Regarding pricing, the Company acted to avoid ruinous discounting.

In sales channels, Bell-Park took steps that reflected shifts in customer needs and differences in variable expense ratios. Specifically, the Company closed many of its Keitai-ichiba and J-Park 9441 stores while raising emphasis on shops using a carrier brand (J-PHONE SHOP). The Company also shifted more resources to the wholesaling of mobile phones to secondary sales agents. During the period when Japan's mobile phone penetration rate was climbing steeply, Bell-Park opened its own network of small shops using the Keitai-ichiba and J-Park 9441 names. These shops were located mainly in suburbs and aimed at attracting new J-PHONE subscribers. In recent years, however, slowing growth in the penetration rate led the Company to decide that these shops have fulfilled their objectives. As a result, these shops are now being closed. On the other hand, there is still strong demand for stores that sell mobile phones and services of several carriers. In addition, because a higher share of their expenses are variable, these multiple-carrier stores can more easily produce profits than stores operated solely by Bell-Park, even when prospects for sales growth are poor. Consequently, Bell-Park has been increasing wholesale sales of products to multiple-carrier stores.

Regarding prices, the fundamental policy is to avoid pressure on earnings caused by rampant discounting. The Company strives to respond with flexibility to changes in prices while monitoring market trends with the aim of holding sales volume at a certain level.

In the training, staffing and sales promotion support businesses, this year is being positioned as a period of verifying the quality of services and increasing their sophistication in the training sector, which is now in its first year. Efforts are focused on signing up trainees and upgrading the quality of training courses. In the staffing sector, the year is positioned as a period for establishing a system for the provision of services. To cater to staffing demand that has already surfaced, priority is being placed on hiring and training personnel. The Company also worked on building a foundation capable of providing a consistent volume of highly trained individuals. In the sales promotion assistance sector, the Company focused on developing and upgrading products and services.

Due to these factors, consolidated net sales increased 8.4% to ¥6,944 million, operating income decreased 1.6% to ¥345 million, ordinary income decreased 3.9% to ¥354 million and net income was down 33.2% to ¥121 million.

b. Outlook for 2003

It appears unlikely that Japan's economy will end its extended downturn during the second half of 2003. Although there are expectations of an improvement based on a continuation in the U.S. economy's recovery, prospects are poor for a significant rebound in Japan's consumer spending. In the mobile phone retailing industry, the days of rapid growth in new subscribers are over. However, the Company expects to see some growth in demand for handset upgrades as third-generation mobile communication technology becomes increasingly popular.

Based on this outlook, retailers of mobile phones will be placing even greater emphasis on employee training and refining their ability to serve customers. Consequently, the Company will strive to increase sales and earnings by targeting demand linked to the marketing campaign foreseen when J-PHONE switches to the Vodafone brand and demand generated by the full-scale market acceptance of third-generation technology.

In the training, staffing and sales promotion support businesses, the Company will concentrate on meeting demand for training services associated with the switch to the Vodafone brand and on providing personnel needed for the associated marketing campaign as well as personnel required by major retailers. Regarding sales promotion support, service development activities will be reinforced and measures will be taken to use the brand shift and other opportunities to attract customers.

Based on this outlook, Bell-Park is forecasting consolidated net sales of ¥14,600 million (up 10.8%), ordinary income of ¥800 million (up 2.9%) and net income of ¥370 million (down 3.5%) in 2003.

(2) Financial Position

a. Cash flows

There was a net increase of ¥133 million in cash and cash equivalents to ¥1,999 million compared with the first half of 2002. This includes ¥5 million in cash and cash equivalents provided by a newly consolidated subsidiary.

Net cash provided by operating activities was ¥137 million compared with ¥470 million in the first half of 2002. Major sources of cash were income before income taxes of ¥301 million and a ¥476 million decrease in accounts receivable. Major uses of cash were a ¥133 million increase in inventories, a ¥264 million decrease in accounts payable and income taxes paid of ¥238 million.

Net cash provided by investing activities was ¥73 million compared with net cash used of ¥80 million in the first half of 2002. There were proceeds of ¥117 million from the sale of property, plant and equipment and payments of ¥12 million for the purchase of property, plant and equipment.

Net cash used in financing activities was ¥87 million compared with ¥88 million in the first half of 2002. The main uses of cash were ¥35 million for the purchase of treasury stock and ¥51 million for cash dividends paid.

Plans for Proceeds from Public Offering at Market Price and Actual Use of Proceeds

On May 25, 2000, Bell-Park procured ¥1,770 million, net of expenses, through a public offering of newly issued stock sold at the market price. The following is a summary of the plan for the use of these proceeds and the actual use.

(1) Plan for Use of Proceeds

Net proceeds of approximately ¥1,770 million were planned to be used as follows: ¥372 million for capital expenditures for stores and other requirements; ¥173 million for working capital; and ¥1,225 million for investments, loans and acquisitions of companies and businesses.

(2) Actual Use of Proceeds

There were some revisions to the above plan. As a result, ¥450 million was used for capital expenditures at stores and other requirements and ¥1,320 million was used for investments, loans and acquisitions of companies and businesses.

Interim Consolidated Financial Statement

(1) Interim Consolidated Balance Sheets

Account	Period	FY2002 interim (As of June 30, 2002)		FY2003 interim (As of June 30, 2003)		FY2002 Selected data (As of Dec. 31, 2002)	
		Thousand yen	%	Thousand yen	%	Thousand yen	%
Assets							
I. Current assets							
1. Cash on hand and in banks		1,523,912		1,965,740		1,865,683	
2. Accounts receivable - trade and accounts receivable - other		1,022,267		1,148,677		1,530,712	
3. Inventories		450,169		515,544		373,404	
4. Other current assets		92,800		118,032		120,941	
Allowance for doubtful accounts		(2,556)		(2,503)		(2,671)	
Total current assets		3,086,593	75.2	3,745,492	82.5	3,888,069	80.6
II. Fixed assets							
1. Property, plant and equipment #1							
(1) Buildings		221,961		132,210		207,518	
(2) Others		113,868		22,302		108,652	
Total property, plant and equipment		335,830	8.2	154,512	3.4	316,171	6.6
2. Intangible assets		10,585	0.2	17,421	0.4	10,569	0.2
3. Investments and other assets							
(1) Investment securities		80,220		30,000		30,000	
(2) Leasehold deposits		373,506		373,121		359,619	
(3) Others		217,813		219,451		221,491	
Allowance for doubtful accounts		-		(1,550)		(720)	
Total investments and other assets		671,540	16.4	621,023	13.7	610,390	12.6
Total fixed assets		1,017,956	24.8	792,957	17.5	937,131	19.4
Total assets		4,104,549	100.0	4,538,449	100.0	4,825,201	100.0

Account	Period	FY2002 interim (As of June 30, 2002)		FY2003 interim (As of June 30, 2003)		FY2002 Selected data (As of Dec. 31, 2002)	
		Thousand yen	%	Thousand yen	%	Thousand yen	%
Liabilities							
I. Current liabilities							
1. Accounts payable - trade and Accounts payable - other		897,926		1,004,531		1,223,650	
2. Reserve for employees' bonuses		11,573		18,558		11,934	
3. Allowance for early subscription cancellations		-		16,848		-	
4. Other current liabilities		409,719		472,101		595,741	
Total current liabilities		1,319,219	32.1	1,512,039	33.3	1,831,326	38.0
II. Long-term liabilities							
1. Liability for employees' retirement benefits		7,744		10,295		8,823	
2. Accrued directors' severance benefits		30,197		39,675		37,896	
3. Other long-term liabilities		44,230		16,012		44,970	
Total long-term liabilities		82,171	2.0	65,983	1.5	91,690	1.9
Total liabilities		1,401,391	34.1	1,578,023	34.8	1,923,016	39.9
Shareholders' equity							
I. Common stock		1,074,301	26.2	-	-	-	-
II. Additional paid-in capital		1,492,892	36.4	-	-	-	-
III. Consolidated retained earnings		134,465	3.3	-	-	-	-
IV. Net unrealized holding gain on securities		2,216	0.0	-	-	-	-
V. Treasury stock		(716)	(0.0)	-	-	-	-
Total shareholders' equity		2,703,158	65.9	-	-	-	-
I. Common stock		-	-	1,074,301	23.7	1,074,301	22.3
II. Capital surplus		-	-	1,528,708	33.7	1,492,892	30.9
III. Retained earnings		-	-	394,112	8.6	335,839	6.9
IV. Treasury stock		-	-	(36,695)	(0.8)	(848)	0.0
Total shareholders' equity		-	-	2,960,426	65.2	2,902,184	60.1
Total liabilities and shareholders' equity		4,104,549	100.0	4,538,449	100.0	4,825,201	100.0

(2) Interim Consolidated Statements of Income

Account	Period	FY2002 interim (Jan.1 – Jun. 30, 2002)		FY2003 interim (Jan.1 – Jun. 30, 2003)		FY2002 Selected data Jan.1 – Dec. 31, 2002	
		Thousand yen	%	Thousand yen	%	Thousand yen	%
I. Net sales		6,406,722	100.0	6,944,582	100.0	13,180,776	100.0
II. Cost of goods sold		5,072,428	79.2	5,651,963	81.4	10,414,997	79.0
Gross profit		1,334,294	20.8	1,292,619	18.6	2,765,779	21.0
III. Selling, general and administrative expenses #1		982,901	15.3	946,883	13.6	2,009,642	15.3
Operating income		351,392	5.5	345,735	5.0	756,136	5.7
IV. Non-operating income							
1. Interest income	57			509		194	
2. Foreign exchange gain	-			4,880		-	
3. Income from rentals	4,989			2,278		9,216	
4. New store opening subsidy	11,599			-		11,599	
5. Other non-operating income	2,429	19,075	0.3	3,924	11,592	0.1	3,467
24,477							0.2
V. Non-operating expenses							
1. Interest expense	811			921		1,593	
2. New stock issue expenses	615			-		815	
3. Other non-operating expenses	288	1,714	0.0	2,030	2,951	0.0	1,035
3,444							0.0
Ordinary income		368,753	5.8	354,376	5.1	777,168	5.9
VI. Extraordinary income							
1. Prior year income adjustment #2	27,220			-		27,220	
2. Reversal of allowance for doubtful accounts	-			168		-	
3. Gain on sale of investment securities	-			-		8,532	
4. Others	-	27,220	0.4	-	168	0.0	342
36,096							0.3
VII. Extraordinary loss							
1. Loss on sale of fixed assets #3	-			43,838		-	
2. Loss on removal of fixed assets #4	11,778			8,319		11,778	
3. Loss on sale of investment securities	-			-		18,745	
4. Loss on store closures	5,437			-		4,907	
5. Others	-	17,216	0.3	1,295	53,513	0.8	2,490
37,922							0.3
Income before income taxes		378,757	5.9	301,030	4.3	775,343	5.9
Income taxes - current	169,468			180,077		376,442	
Income taxes - deferred	27,073	196,542	3.1	(700)	179,377	2.6	15,310
391,752							3.0
Net income		182,215	2.8	121,653	1.7	383,590	2.9

(3) Interim Consolidated Statements of Retained Earnings

Account	Period	FY2002 interim (Jan.1 – Jun.30, 2002)		FY2003 interim (Jan.1 – Jun. 30, 2003)		FY2002 Selected data (Jan.1 – Dec. 31, 2002)	
		Thousand yen		Thousand yen		Thousand yen	
I. Consolidated retained earnings at beginning of year							
1. Consolidated retained earnings at beginning of year		13,964	13,964	-	-	-	-
II. Decrease in consolidated retained earnings							
1. Cash dividends		52,875		-		-	
2. Directors' bonuses		8,840	61,715	-	-	-	-
III. Net income			182,215		-		-
IV. Consolidated retained earnings at end of period			134,465		-		-
(Capital surplus)							
I. Capital surplus at beginning of year			-		1,492,892		1,492,267
II. Increase in capital surplus							
1. New stock issue for the exercise of stock options		-		-		625	625
2. New stock issue for exchange of stock		-	-	35,816	35,816	-	-
III. Capital surplus at end of period			-		1,528,708		1,492,892
(Retained earnings)							
I. Retained earnings at beginning of year			-		335,839		13,964
II. Increase in retained earnings							
1. Net income		-		121,653	121,653	383,590	383,590
III. Decrease in retained earnings							
1. Cash dividends		-		52,881		52,875	
2. Directors' bonuses		-		10,500	63,381	8,840	61,715
IV. Retained earnings at end of period			-		394,112		335,839

(4) Interim Consolidated Statements of Cash Flows

Account	Period	FY2002 interim (Jan.1 - Jun. 30, 2002)	FY2003 interim (Jan.1- Jun. 30, 2003)	FY2002 Selected data (Jan.1 - Dec. 31, 2002)
		Thousand yen	Thousand yen	Thousand yen
I. Cash flows from operating activities				
Income before income taxes		378,757	301,030	775,343
Depreciation and amortization		18,626	14,406	37,044
Increase (decrease) in allowance for doubtful accounts		740	661	1,575
Increase (decrease) in reserve for employees' bonuses		(3,266)	5,414	(2,906)
Increase/decrease in allowance for early subscription cancellations		-	16,848	-
Increase (decrease) in liability for employees' retirement benefits		(2,049)	1,472	(970)
Increase (decrease) in accrued directors' severance benefits		4,859	1,778	12,559
Interest and dividend income		(1,106)	(1,109)	(1,575)
Interest expense		811	921	1,593
Loss on sale of investment securities		-	-	10,212
Loss on removal of fixed assets		11,778	43,918	11,778
Decrease (Increase) in accounts receivable		507,831	476,219	(613)
Decrease (Increase) in inventories		104,073	(133,420)	180,839
Increase (decrease) in accounts payable		(477,919)	(264,071)	(152,195)
Payment of bonuses to directors		(8,840)	(10,500)	-
Others		26,495	(77,374)	111,650
Subtotal		560,791	376,195	984,335
Interest and dividend received		1,106	509	1,575
Interest paid		(811)	(921)	(1,593)
Income taxes paid		(90,121)	(238,403)	(240,387)
Net cash provided by operating activities		470,965	137,380	743,929
II. Cash flows from investing activities				
Payment for purchase of investment securities		(15,445)	-	(45,517)
Proceeds from sale of investment securities		-	-	66,250
Payment for purchase of property, plant and equipment		(63,159)	(12,425)	(37,532)
Proceeds from sale of property, plant and equipment		-	117,262	3,129
Others		(1,762)	(30,985)	2,239
Net cash provided by (used in) investing activities		(80,367)	73,850	(11,429)
III. Cash flows from financing activities				
Proceeds from issuance of new stock		1,250	-	1,250
Payment for purchase of treasury stock		(255)	(35,846)	(387)
Cash dividends paid		(52,875)	(51,927)	(52,875)
Net cash used in financing activities		(51,880)	(87,774)	(52,012)
IV. Effect of exchange rate changes on cash and cash equivalents		-	4,880	-
V. Cash and cash equivalents at beginning of period		338,717	128,337	680,488
VI. Net increase in cash and cash equivalents		1,185,195	1,865,683	1,185,195
VII. Increase in cash and cash equivalents due to inclusion of additional subsidiary in the consolidation		-	5,550	-
VIII. Cash and cash equivalents at end of period		1,523,912	1,999,571	1,865,683

Significant Accounting Policies in the Preparation of Interim Consolidated Financial Statements

	FY2002 interim (Jan.1 – Jun.30. 2002)	FY2003 interim (Jan.1– Jun.30, 2003)	FY2002 (Jan.1 – Dec.31, 2002)
1. Principles of consolidation	The consolidated financial statements include the accounts of the Company and its one consolidated subsidiary. Name of consolidated subsidiary: Telec Co., Ltd.	The consolidated financial Statements include the accounts of the Company and its two consolidated Subsidiaries. Name of Consolidated subsidiaries: Telec Co., Ltd. J-PHONE SERVICE Co., Ltd. Effective from the current interim consolidated accounted period, J-PHONE SERVICE Co., Ltd. was included in the consolidation due to acquisition through an exchange of stock.	The consolidated financial statements include the accounts of the Company and its one consolidated subsidiary. Name of consolidated subsidiary: Telec Co., Ltd.
2. Fiscal year-end of consolidated subsidiaries	The consolidated subsidiary's (Telec Co., Ltd.) first half fiscal year ends on the May 31, 2002. Financial statements of the balance sheet date are used in the preparation of the interim consolidated financial statements. In case that the subsidiary has a significant transaction during the period from its balance sheet date to the consolidated balance sheet date, the Company makes certain adjustments to the consolidated financial statements.	The interim period ended May 31, 2003 for Telec Co., Ltd. Financial statements of the balance sheet date are used in the preparation of the interim consolidated financial statements. In case that the subsidiary has a significant transaction during the period from its balance sheet date to the consolidated balance sheet date, the Company makes certain adjustments to the consolidated financial statements.	The consolidated subsidiary's (Telec Co., Ltd.) fiscal year ends on the November 30, 2002. Financial statements of the balance sheet date are used in the preparation of the consolidated financial statements. In case that the subsidiary has a significant transaction during the period from its balance sheet date to the consolidated balance sheet date, the Company makes certain adjustments to the consolidated financial statements.
3. Significant accounting policies			
(1) Valuation criteria and methods for principal assets	<p>Securities Other securities Securities with market quotations Securities that have market value are carried at fair value on the balance sheet date. (Unrealized holding gain or loss is included directly in shareholders' equity. Cost of securities sold is determined by the moving-average method.)</p> <p>Securities without market quotations Securities without market quotations are stated at cost, cost being determined by the moving-average method.</p> <p>Inventories Merchandise Inventories are stated at cost determined primarily by the moving-average method.</p>	<p>Securities Other securities Securities with market quotations Same as on the left.</p> <p>Securities without market quotations Same as on the left.</p> <p>Inventories Merchandise Same as on the left.</p>	<p>Securities Other securities Securities with market quotations Same as on the left.</p> <p>Securities without market quotations Same as on the left.</p> <p>Inventories Merchandise Same as on the left.</p>

	FY2002 interim (Jan.1 – Jun.30. 2002)	FY2003 interim (Jan.1– Jun.30, 2003)	FY2002 (Jan.1 – Dec.31, 2002)
	Supplies Supplies are stated at cost, cost being determined by the last purchase price method.	Supplies Same as on the left.	Supplies Same as on the left.
(2) Depreciation and amortization of significant depreciable assets	Property, plant and equipment Depreciation of property, plant and equipment is primarily computed by the declining-balance method. Useful life of principle assets is as follows: Buildings: 3-50 years Furniture & Fixtures: 3-10 years Intangible assets Intangible assets (except software for internal use) are amortized by the straight-line method over their estimated useful lives. The development costs of software intended for internal use are amortized over an estimated useful life of 5 years by the straight-line method. Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method.	Property, plant and equipment Same as on the left Useful life of principle assets is as follows: Buildings: 3-50 years Furniture & Fixtures: 3-10 years Intangible assets Same as on the left. Long-term prepaid expenses Same as on the left.	Property, plant and equipment Same as on the left Useful life of principle assets is as follows: Buildings: 13-50 years Furniture & Fixtures: 4-8 years Intangible assets Same as on the left. Long-term prepaid expenses Same as on the left.
(3) Accounting for deferred tax assets	Deferred tax assets New stock issue expenses New stock issue expenses are charged to income as incurred.	Deferred tax assets _____	Deferred tax assets New stock issue expenses New stock issue expenses are charged to income as incurred.
(4) Recognition of significant allowances	Allowance for doubtful accounts To prepare for credit losses on accounts receivable and loans receivable etc., allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility. Reserves for employees' bonuses As a means of providing for bonus obligations, the Company designates in the reserve account an amount estimated to have accrued for the current period.	Allowance for doubtful accounts Same as on the left. Reserves for employees' bonuses Same as on the left.	Allowance for doubtful accounts Same as on the left. Reserves for employees' bonuses Same as on the left.

	FY2002 interim (Jan.1 – Jun.30. 2002)	FY2003 interim (Jan.1– Jun.30, 2003)	FY2002 (Jan.1 – Dec.31, 2002)
		<p>Allowance for early subscription cancellations The Company refunds subscription commission to the telecom carrier, with which it has an agency agreement, if a subscriber cancels his subscription early. To provide for repayment of subscription commission related to such early subscription cancellations, the Company provides an allowance equal to the estimated amounts of refund for early subscription commission based on the historical refund ratio.</p> <p>(Changes in accounting treatment) In prior period, the Company deducted refunds for early subscription commissions related to short-period subscription cancellations from the gross sales amount. Effective the current consolidated interim period, to provide for refund of subscription commission for early subscription cancellation, the Company provide an allowance equal to the estimated amount of refund of subscription commission related to early subscription cancellations based on the historical refund ratio. Competition is intensifying in the mobile communications industry. Furthermore, replacement demand is expected to increase as mobile phones with more powerful functions are introduced and win acceptance and it has now become possible to more precisely estimate the level of early subscription Cancellations. The Company believe that establishment of an “allowance for early subscription cancellations” will provide a more accurate balance between applicable income and expenses. The effect of this change was to decrease net sales by ¥16,848 thousand and decrease operating income, ordinary</p>	

	FY2002 interim (Jan.1 – Jun.30. 2002)	FY2003 interim (Jan.1– Jun.30, 2003)	FY2002 (Jan.1 – Dec.31, 2002)
	<p>Liability for employees' retirement benefits To provide for employee retirement benefits, the Company provides an allowance for retirement benefits in the amount deemed to have accrued, determined (simple method) on the basis of the estimated retirement benefit obligation on the balance sheet date.</p> <p>Accrued directors' severance benefits To provide for accrued officers' severance benefits, the Company provides an allowance for the aggregate amount payable at the end of the interim consolidated period pursuant to the Company's rules on directors' retirement benefits.</p>	<p>income and net income before income taxes by equivalent amounts, compared to the amounts that would have been reported if the previous method had been applied consistently.</p> <p>Liability for employees' retirement benefits Same as on the left.</p> <p>Accrued directors' severance benefits Same as on the left.</p>	<p>Liability for employees' retirement benefits To provide for employee retirement benefits, the Company provides an allowance for retirement benefits in the amount deemed to have accrued, determined (simple method) on the basis of the estimated retirement benefit obligation on the fiscal year balance sheet date.</p> <p>Accrued directors' severance benefits To provide for accrued officers' severance benefits, the Company provides an allowance for the aggregate amount payable at the end of the consolidated period pursuant to the Company's rules on directors' retirement benefits.</p>
(5) Other significant accounting policies in the preparation of consolidated financial statements	Accounting for consumption tax All amounts stated are exclusive of consumption tax.	Accounting for consumption tax Same as on the left.	Accounting for consumption tax Same as on the left.
4. Scope of cash and cash equivalents on interim consolidated statements of cash flows	For the purpose of interim consolidated statements of cash flows, cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and present insignificant risk of change in value.	Same as on the left.	For the purpose of consolidated statements of cash flows, cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible known amounts of cash and present insignificant risk of change in value.

Change in Description

FY2002 interim (Jan.1- Jun.30, 2002)	FY2003 interim (Jan.1- Jun.30, 2003)
At the end of the fiscal year 2002 interim, "Buildings" are included into property, plant and equipment 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

FY2002 interim (Jan.1- Jun.30, 2002)	FY2003 interim (Jan.1- Jun.30, 2003)	FY2002 (Jan.1- Dec.31, 2002)
<p>Treasury stock</p> <p>After April 1, 2002, the Company has adopted the new accounting standards for treasury stock and reduction of legal reserves (Financial Accounting Standard No.1, Accounting Standard for Treasury Stock and Reduction of Legal Reserves, Business Accounting Deliberation Council, Feb.21, 2002). The effect of this change on profit/ loss is insignificant.</p>		
		<p>According for treasury stock and reduction in legal reserves</p> <p>Effective the current consolidated year, the Company has adopted the new accounting standards for treasury stock and reduction of legal reserves (Financial Accounting Standard No.1, Accounting Standard for Treasury Stock and Reduction of Legal Reserves, Business Accounting Deliberation Council, Feb.21, 2002). The effect of this change on profit/ loss is insignificant.</p> <p>Effective the current consolidated period, the Company has adopted the amended "Regulations regarding Terminology, Forms and Methods of Preparation of Consolidated Financial Statements, (Cabinet Office Ordinance No.11, Supplementary Provision No.2, March 26, 2002). Accordingly, the shareholders' equity section and the consolidated statements of retained earnings conform with the amended Regulation of Consolidated Financial Statements.</p>
	<p>Interim consolidated balance sheet and statement of retained earnings</p> <p>Effective the current interim consolidated period, the Company has adopted the amended "Regulations Regarding Terminology, Forms, and Methods of Preparation of Interim Consolidated Financial Statements." Accordingly, the shareholders' equity section in the consolidated balance sheet and the consolidated statement of retained earnings conform to the amended regulations.</p>	

Notes to Interim Consolidated Financial Statements

Notes to Interim Consolidated Balance Sheets

FY2002 interim (As of Jun.30, 2002)	FY2003 interim (As of Jun.30, 2003)	FY2002 (As of Dec.31, 2002)
#1: Accumulated depreciation of Property, plant and equipment 78,337 thousand yen	#1 Accumulated depreciation of Property, plant and equipment 99,379 thousand yen	#1 Accumulated depreciation of Property, plant and equipment 94,105 thousand yen

Notes to Interim Consolidated Statements of Income

Yen in thousands

FY2002 interim (Jan.1- Jun.30, 2002)	FY2003 interim (Jan.1- Jun.30, 2003)	FY2002 (Jan.1- Dec.31, 2002)
#1: Significant components of selling, general and administrative expenses	#1: Significant components of selling, general and administrative expenses	#1 Significant components of selling, general and administrative expenses
Wages and allowances 244,633	Wages and allowances 239,844	Wages and allowances 507,400
Miscellaneous wages 165,467	Miscellaneous wages 137,766	Miscellaneous wages 309,258
Rent 163,676	Rent 145,126	Rent 307,523
Provision of reserve for employees' bonuses 11,573	Provision of reserve for employees' bonuses 16,820	Provision of reserve for employees' bonuses 11,934
Retirement benefit expenses 197	Retirement benefit expenses 2,409	Retirement benefit expenses 1,712
Provision of accrued directors' severance benefits 7,359	Provision of accrued directors' severance benefits 3,778	Provision of accrued directors' severance benefits 15,059
Provision of allowance for doubtful accounts 740	Provision of allowance for doubtful accounts -	Provision of allowance for doubtful accounts 1,706
#2: Refund from filing amended tax return		#2: Refund from filing amended tax return
	#3: Significant components of loss on sale of fixed assets	
	Buildings 16,553	
	Furniture & fixture 223	
	Land 27,060	
	Total 43,838	
#4: Significant components loss on removal of fixed assets	#4: Significant components loss on removal of fixed assets	#4: Significant components loss on removal of fixed assets
Buildings 11,207	Buildings 8,216	Buildings 11,162
Furniture & fixture 570	Furniture & fixture 173	Furniture & fixture 616
Total 11,778	Total 8,379	Total 11,778

Notes to Interim Consolidated Statements of Cash Flows

Yen in thousands

FY2002 interim (Jan.1- Jun.30, 2002)	FY2003 interim (Jan.1- Jun.30, 2003)	FY2002 (Jan.1- Dec.31, 2002)																		
<p>(1) Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the period is made as follows:</p> <p style="text-align: right;">As of Jun.30, 2002</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Cash on hand and in banks</td> <td style="text-align: right;">1,523,912</td> </tr> <tr> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">1,523,912</td> </tr> </table>	Cash on hand and in banks	1,523,912	-	-	Cash and cash equivalents	1,523,912	<p>(1) Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the period is made as follows:</p> <p style="text-align: right;">As of Jun.30, 2003</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Cash on hand and in banks</td> <td style="text-align: right;">1,965,740</td> </tr> <tr> <td style="width: 80%;">Deposits received</td> <td style="text-align: right;">33,830</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">1,999,571</td> </tr> </table>	Cash on hand and in banks	1,965,740	Deposits received	33,830	Cash and cash equivalents	1,999,571	<p>(1) Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the period is made as follows:</p> <p style="text-align: right;">As of Dec.31, 2002</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Cash on hand and in banks</td> <td style="text-align: right;">1,865,683</td> </tr> <tr> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">1,865,683</td> </tr> </table>	Cash on hand and in banks	1,865,683	-	-	Cash and cash equivalents	1,865,683
Cash on hand and in banks	1,523,912																			
-	-																			
Cash and cash equivalents	1,523,912																			
Cash on hand and in banks	1,965,740																			
Deposits received	33,830																			
Cash and cash equivalents	1,999,571																			
Cash on hand and in banks	1,865,683																			
-	-																			
Cash and cash equivalents	1,865,683																			
<p>(2) _____</p>	<p>(2) Assets and liabilities of newly consolidated subsidiary (acquired through and exchange of stock)</p> <p>Assets and liabilities of subsidiary newly included in the consolidation due to acquisition through an exchange of stock. A summary of assets and liabilities of J-PHONE SERVICE Co., Ltd., newly included in the consolidation due to acquisition through an exchange of stock, is as follows. No cash payment was made for the acquisition.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Current assets</td> <td style="text-align: right;">132,004</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">4,368</td> </tr> <tr> <td style="border-top: 1px solid black;">Total assets</td> <td style="text-align: right; border-top: 1px solid black;">136,372</td> </tr> <tr> <td style="width: 80%;">Current liabilities</td> <td style="text-align: right;">100,556</td> </tr> <tr> <td>Long-term liabilities</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="border-top: 1px solid black;">Total liabilities</td> <td style="text-align: right; border-top: 1px solid black;">100,556</td> </tr> </table>	Current assets	132,004	Fixed assets	4,368	Total assets	136,372	Current liabilities	100,556	Long-term liabilities	-	Total liabilities	100,556	<p>(2) _____</p>						
Current assets	132,004																			
Fixed assets	4,368																			
Total assets	136,372																			
Current liabilities	100,556																			
Long-term liabilities	-																			
Total liabilities	100,556																			
<p>(3) _____</p>	<p>(3) Significant non-cash transactions</p> <p>Capital surplus increased as follows, a result of acquisition of J-PHONE SERVICE Co., Ltd. during the current consolidated interim period.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Increase in capital surplus due to exchange of stock</td> <td style="text-align: right;">35,816</td> </tr> </table>	Increase in capital surplus due to exchange of stock	35,816	<p>(3) _____</p>																
Increase in capital surplus due to exchange of stock	35,816																			

Leases

No reportable information.

Securities

(FY2002 interim)

1. Securities with market quotations classified as "Other securities"

Yen in thousands

	FY2002 interim (As of Jun.30, 2002)		
	Acquisition	Book value	Valuation gain/loss
(1) Equity securities	76,392	80,220	3,828
(2) Debt securities	-	-	-
(3) Others	-	-	-
Total	76,392	80,220	3,828

(FY2003 interim)

1. Securities without market quotations

Yen in thousands

	FY 2003 interim (As of Jun.30, 2003)
	Carrying value
Other securities	
Equity securities	30,000

(FY2002)

1. Securities without market quotations

Yen in thousands

	FY2002 (As of Dec.31, 2002)
	Carrying value
Other securities	
Equity securities	30,000

Derivatives

FY2002 interim (From Jan.1- Jun.30, 2002)

No reportable information. The Company did not have derivative transactions.

FY2003 interim (From Jan.1- Jun 30, 2003)

No reportable information. The Company did not have derivative transactions.

FY2002 (From Jan 1- Dec.31, 2002)

No reportable information. The Company did not have derivative transactions.

Segment Information

1. Operating segment information

FY2002 interim (Jan.1- Jun.30, 2002) and FY 2002 (Jan.1- Dec.31, 2002)

Operating segment information is not provided since the Companies operate in a single segment defined as mobile phone sales.

FY2003 interim (Jan.1-Jun.30, 2003)

Operating segment information is not presented since mobile communications equipment accounted for more than 90% of total sales and operating income.

2. Geographical Segment Information

FY2002 interim (Jan.1- Jun.30, 2002), FY2002 (Jan.1- Dec.31, 2002) and FY2003 interim (Jan.1-Jun.30, 2003)

Geographic segment information is not presented since the Companies did not have consolidated subsidiaries in areas other than Japan.

3. Overseas Sales

During FY2002 interim (Jan.1- Jun.30, 2002), the FY2002 (Jan.1- Dec.31, 2002) and FY2003 interim (Jan.1-Jun.30, 2003)

The Companies operate mainly in Japan and have no overseas sales.

Per Share Information

Yen

FY2002 interim (Jan.1- Jun.30, 2002)		FY2003 interim (Jan.1- Jun.30, 2003)		FY2002 (Jan.1- Dec.31, 2002)	
Shareholders' equity per share	127,787.41	Shareholders' equity per share	137,307.49	Shareholders' equity per share	137,202.53
Net income per share	8,614.03	Net income per share	5,595.01	Net income per share	18,134.43
Net income per share (diluted)	8,608.17	Net income per share (diluted)	-	Net income per share (diluted)	-
		Diluted interim net income per share is not presented since the Company has no outstanding potential stock likely to have a dilutive effect on income.		Diluted interim net income per share is not presented since the Company has no outstanding potential stock likely to have a dilutive effect on income.	
		Effective the current consolidated interim period, the Company adopted the new accounting standards for earnings per share (Accounting Standard No.2: "Accounting Standards for Earnings Per Share," and Accounting Standard Implementation Guidance No.4: "Implementation Guidance on Accounting Standards for Earnings Per Share,").			
		There is no change in the above amounts per share for the current consolidated interim period even if current term per-share information was restated to conform to the standards for the preparation of consolidated financial statements applied to the former consolidated interim period.			

The following is a reconciliation of interim basic net income per share to diluted net income per share

Yen in thousands

	FY2002 interim (Jan.1- Jun.30, 2002)	FY2003 interim (Jan.1- Jun.30, 2003)	FY2002 (Jan.1- Dec.31, 2002)
Net income per share			
Net income	-	121,653	-
Net income not available to common shareholders	-	-	-
(Of which bonuses to directors in the appropriation of retained earnings)	-	-	-
Interim net income available to common shareholders	-	121,653	-
Average number of shares outstanding	-	21,743.21	-
Summary of potential stock not included in the calculation of "interim net income per share (diluted)" since there was no dilutive effect	_____	<p>New stock acquisition rights under the provisions of Article 280-19 of the Commercial Code of Japan:</p> <p>(Pursuant to the resolution adopted at the General Meeting of Shareholders held on Nov.11, 1999). Number of shares to be issued:148.5 shares Exercise price: ¥277,778</p> <p>(Pursuant to the resolution adopted at the General Meeting of Shareholders held on Mar.15, 2000). Number of shares to be issued: 21 shares Exercise price: ¥283,334</p> <p>(Pursuant to the resolution adopted at the General Meeting of Shareholders held on Mar.29, 2001) 1.Beginning of exercise period: Apr.1, 2002 Number of shares to be issued:117 shares Exercise price: ¥219,064 2.Beginning of exercise period: Apr.1, 2003 Number of shares to be issued:159 shares Exercise price: ¥219,064</p> <p>(Pursuant to the resolution adopted at the General Meeting of Shareholders held on Mar.28, 2002) Number of shares to be issued:180 shares Exercise price: ¥221,662</p>	_____

Subsequent Events

FY2002 interim (Jan.1- Jun.30, 2002)	FY2003 interim (Jan.1- Jun.30, 2003)	FY2002 (Jan.1- Dec.31, 2002)						
-	-	<p>(1) Reasons for exchange of stock The Company acquired J-PHONE SERVICE Co., Ltd. on January 1, 2003, through an exchange of stock based on an agreement conclude on November 8, 2002. The acquisition of this wholly owned subsidiary is an initiative to diversify into staffing service.</p> <p>(2) J-PHONE SERVICE Co., Ltd.</p> <table border="1" data-bbox="1034 640 1409 775"> <tr> <td data-bbox="1034 640 1158 707">Name</td> <td data-bbox="1158 640 1409 707">J-PHONE SERVICE Co., Ltd.</td> </tr> <tr> <td data-bbox="1034 707 1158 741">Activities</td> <td data-bbox="1158 707 1409 741">Staffing service</td> </tr> <tr> <td data-bbox="1034 741 1158 775">Capital</td> <td data-bbox="1158 741 1409 775">¥100,000 thousand</td> </tr> </table> <p>(3) Stock exchange ratio</p> <p>a. One common share of J-PHONE SERVICE Co., Ltd. was exchanged for 0.363 shares of the Company</p> <p>b. Shares issued for the exchange of stock Common stock: 726 shares</p> <p>c. Increase in additional paid-in capital: ¥35,816 thousand</p> <p>d. Dividend reckoning date: January 1, 2003</p>	Name	J-PHONE SERVICE Co., Ltd.	Activities	Staffing service	Capital	¥100,000 thousand
Name	J-PHONE SERVICE Co., Ltd.							
Activities	Staffing service							
Capital	¥100,000 thousand							

2. Production, Orders and Sales

(1) Production

No reportable information since the Companies have no manufacturing operations.

(2) Procurement

Yen in thousands

Business unit	FY2003 interim (Jan.1- Jun.30, 2003)	Vs. previous year
Mobile phone sales division	4,390,545	115.0%
Others	47,129	-
Total	4,437,674	116.2%

Notes:

1. Amounts are based on purchase prices.
2. Amounts are exclusive of consumption tax.

(3) Orders

No reportable information since the Companies do not accept advance orders.

(4) Sales

Schedule of sales for the current interim period

Yen in thousands

Business unit	Item	FY2003 interim (Jan.1- Jun.30, 2003)	Vs. previous year
Mobile phone sales division	Merchandise sales	1,792,103	96.1%
	Commissions received	4,948,913	109.0%
	Sub total	6,741,016	105.2%
Others	Sales	203,565	-
Total		6,944,582	108.4%

For the current and previous interim period of sales to principal customers and their shares of total sales:

Yen in thousands

Customer		FY2002 interim (Jan.1- Jun.30, 2002)		FY2003 interim (Jan.1- Jun.30, 2003)	
		Amount	%	Amount	%
Mobile phone sales division	J-PHONE Co., Ltd.	4,537,278	70.8	4,940,807	71.1
Others	J-PHONE Co., Ltd.	-	-	193,314	2.8

Note: The above amount is exclusive of consumption tax.

** This financial report is solely a translation of summary of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*