

Consolidated Interim Financial Results for the Fiscal Year Ending December 2004

Company name: Bell-Park Co., Ltd.
 Stock code: 9441
 Stock exchange listing: JASDAQ
 Company domicile: Tokyo, Japan
 URL: <http://www.bellpark.co.jp>
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Date of board meeting for approving consolidated financial results: August 9, 2004
 SEC accounting standards: The Company does not apply SEC accounting standards

1. Consolidated Financial Results for the First Half Year Ended June 30, 2004 (Jan. 1, 2004 – Jun. 30, 2004)

(1) Results of Operations

Million yen, 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 2004	6,977	0.5	259	(24.9)	269	(24.0)
First half year ended June 2003	6,944	8.4	345	(1.6)	354	(3.9)
Year ended December 2003	14,047		647		646	

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change %	Yen	Yen
First half year ended June 2004	72	(40.7)	1,123.75	1,110.81
First half year ended June 2003	121	(33.2)	5,595.01	-
Year ended December 2003	613		28,328.05	28,197.43

Notes: 1. Equity in earnings of non-consolidated subsidiaries and affiliates

First half year ended June 2004: -
 First half year ended June 2003: -
 Year ended December 2003: -

2. Weighted average number of shares outstanding (consolidated)

First half year ended June 2004: 64,179.84 shares
 First half year ended June 2003: 21,743.21 shares
 Year ended December 2003: 21,580.15 shares

3. Changes in accounting principles applied: None

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 since the Company has no potential stock outstanding.

(2) Financial Position

Million yen, rounded down

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of June 30, 2004	5,054	3,397	67.2	52,823.99
As of June 30, 2003	4,538	2,960	65.2	137,307.49
As of December 31, 2003	5,465	3,419	62.6	159,887.98

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

As of June 30, 2004: 64,310.68 shares

As of June 30, 2003: 21,560.56 shares

As of December 31, 2003: 21,372.56 shares

(3) Cash Flows Position

Million yen, rounded down

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
First half year ended June 2004	253	(103)	(93)	2,160
First half year ended June 2003	137	73	(87)	1,999
Year ended December 2003	351	8	(121)	2,104

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

Consolidated subsidiaries: 1

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: 1

Non-consolidated subsidiaries and affiliates accounted for under the equity method

Newly: 0

Excluded: 0

2. Forecast for the Year Ending December 2004 (Jan. 1, 2004 – Dec. 31, 2004)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Full Year	14,000	623	252

Reference: Estimated net income per common share for the year ending Dec. 2004: 3,918.47 yen

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. Readers are advised to refer to Supplementary Information (Page 7 and 8) for details on business forecasts, and assumptions and other relevant factors on which they are based.

1. 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.

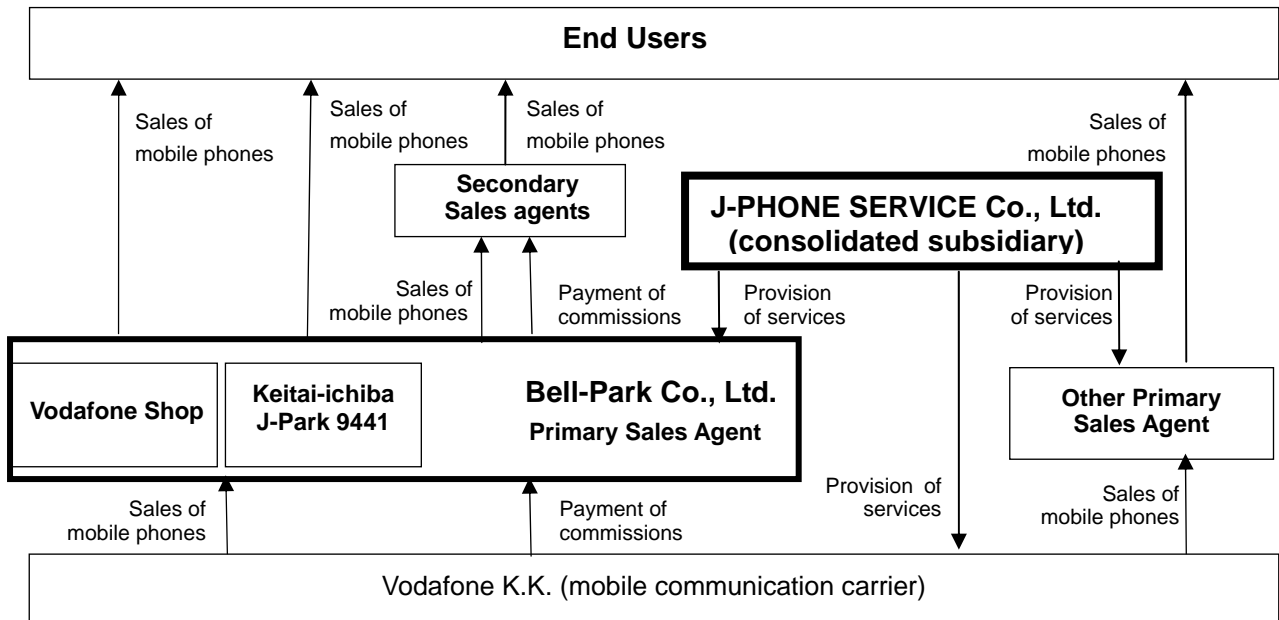
- 1) Accepts applications for mobile communication service contracts from new users as an agent of mobile communication carriers, and sales of mobile phones to users.
- 2) Accepts applications from current mobile communication service subscribers for a change to a new model of phone as an agent of mobile 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 secondary sales agents.
- 5) Outright sales of mobile phones and other devices to Bell-Park's secondary 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.

A flowchart of business operations is shown below.



2. Management Policies

(1) Fundamental Management Policies

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 which reflecting the Group's operating results. Dividend payments will also take into consideration the need to maintain sufficient retained earnings to preserve financial soundness and support aggressive future 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.

The Company has taken the following actions in order to increase the liquidity of its shares and the number of shareholders.

3-for-1 stock split on February 20, 2002

3-for-1 stock split on February 20, 2004

As a result, the number of shareholders increased from 654 as of December 31, 2001 to 1,041 as of December 31, 2002. The shareholder base continued to expand, rising to 1,543 as of December 31, 2003 and reached 2,454 by June 30, 2004.

(4) Medium- and Long-Term Strategies

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 almost 65%. There are no prospects for a large increase in the number of new users. Consequently, mobile phone sales industry continue for some years to face a difficult operating climate, a situation that is likely to cause more consolidations and realignments within the industry.

To develop other market sectors, the Group's policy over the medium- and long-terms is to expand and strengthen the mobile phone sales business; enter business fields related to the sale of mobile phones; and seek opportunities in new businesses such as the provision of content for mobile communication phones.

In the mobile phone sales business, the Group's primary source of earnings, the Group plans to rapidly expand its sales network in order to remain one of the industry's few winners and remain consistently profitable. Viewing industry realignments and integrations as opportunities, the Group will continue to make frequent use of mergers and acquisitions, as it did in March 2004. Regarding wholesaling sector sales as well, the Group plans to further enlarge sales channels by establishing new channels through ties with discount stores, home improvement centers and other retailers. Through these activities, the Group intends to capture a large share of the demand for third-generation mobile phones once this technology gains widespread acceptance. Furthermore, the Group will continue to strengthen sales activities targeting corporate clients and other underdeveloped market segments.

Regarding businesses related to the sale of mobile phones, the Group launched staffing, training and marketing assistance businesses in January 2003. Based on results thus far, emphasis is now being placed on the staffing and training businesses due to their earnings potential. The Group's policy is to continue

enlarging these two businesses, which have already achieved steady growth, to develop them into sources of stable earnings.

In addition, to establish new sources of earnings in the future, the Group continues to explore opportunities in the provision of content to mobile phones and in other new business fields, a process that may include mergers, acquisitions and other bold actions.

(5) Fundamental Position and Measures Regarding 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)

1) 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 director)

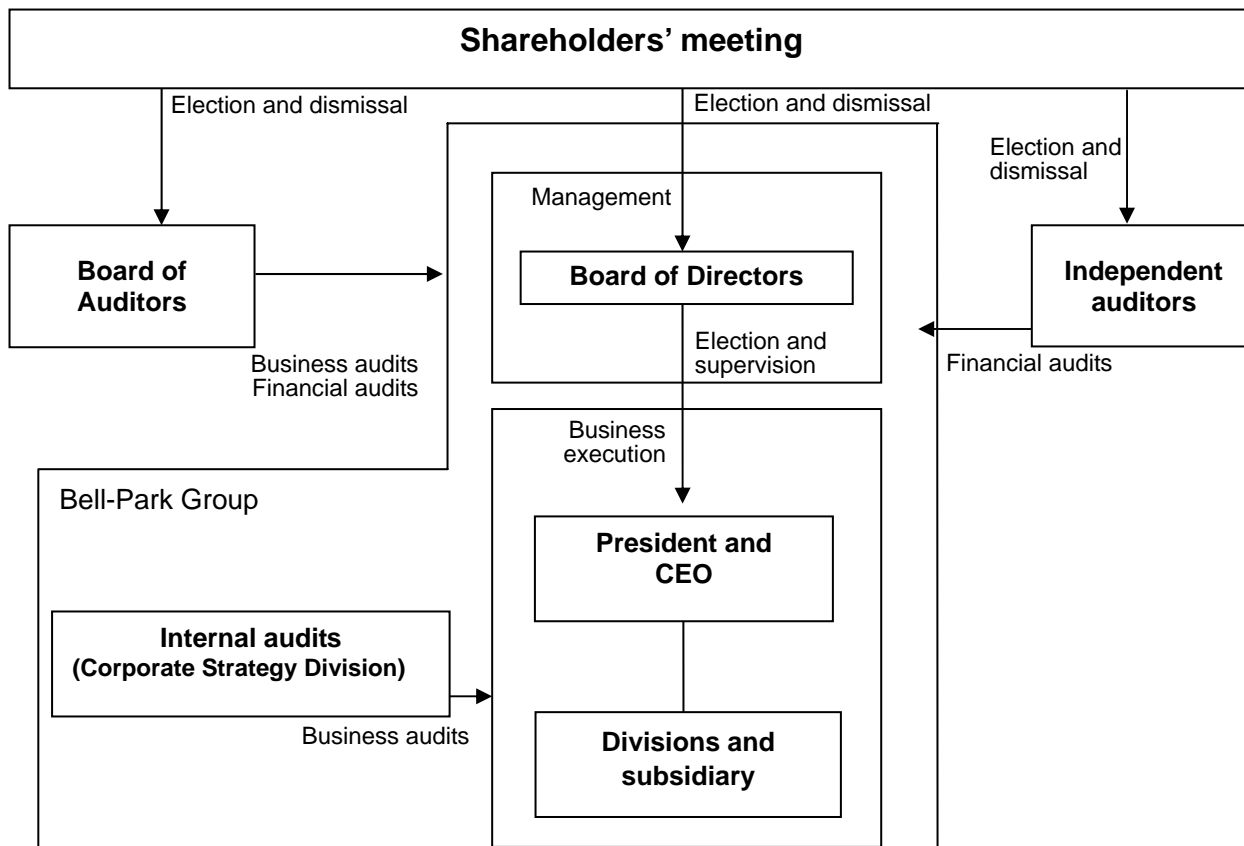
The Company has one external director. By participating in management from an objective standpoint, external director provides for the effective supervision of the Company's management.

No employees are assigned exclusively to the external director.

(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.

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



2) Participation in corporate governance by attorneys, independent accountants and other external parties

The Company receives advice as required from attorneys and independent accountants.

3) Personal, financial, business and other significant relationships with external directors and outside auditors
One outside auditor is an attorney who provides legal advice to the Company as required. The other two outside auditors and the external director have no significant relationship with the Group.

4) Actions to strengthen corporate governance during past year

To make the Board of Directors more effective and raise the efficiency of management, the decision-making and business execution supervision functions of the board have been clearly separated from the execution of business operations. For this purpose, the Board of Directors on March 26, 2004 approved the adoption of the executive officer system. The Company will continue to take actions to enhance corporate governance.

(6) Key Issues

As was noted earlier, operating conditions in the mobile phone sales industry are expected to remain challenging due to realignments and integrations. In this environment, the Group is placing the highest priority on raising its profile as a winner in the core mobile phone sales business while establishing consistently profitable businesses in new fields of business.

In the core mobile phone sales business, the Group will for the time being concentrate on strengthening management systems to prepare for mergers and acquisitions to achieve further growth; and further upgrading store operations, such as by enhancing the skills of sales personnel, to prepare for the full-scale market acceptance of third-generation mobile phones.

Regarding new businesses, work will continue on developing the staffing and training businesses with the goal of consistently generating earnings. In addition, the Group is placing priority on constant and aggressive measures, including mergers, acquisitions and other bold steps, in order to further enlarge the earnings base.

(7) Targeted Performance Indicators

Bell-Park's medium- and long-term business strategies are to expand the sales network in the mobile phone sales business, staffing and training businesses, and seek opportunities to begin a business for the provision 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 specific target, Bell-Park is aiming for a margin of 5% for the time being.

Recently cash flow margin is shown below.

Thousand yen rounded down

	FY2003 interim (Jan. 1 – Jun. 30, 2003)	FY2004 interim (Jan. 1 – Jun. 30, 2004)	FY2003 (Jan. 1 – Dec. 31, 2003)
Net sales	6,944,582	6,977,942	14,047,426
Cash flows from operating activities	137,380	253,042	351,411
Cash flow margin	2.0%	3.6%	2.5%

3. Results of Operations and Financial Position

(1) Results of Operations

1) Summary of first half of 2004

During the first half of 2004, the growth in capital expenditures and exports that began early in the year began to produce higher corporate earnings in April, supporting a steady recovery in the Japanese economy. However, adversity continued throughout the first half in consumer spending and other household financial trends, which have a significant effect on the Group's operating results. While there began signs of definite upturn in consumer spending to be seen, individuals still continued to be concerned about the economic outlook.

In this economic environment, the Group concentrated on generating earnings from the mobile phone sales business, building an operating framework for the future, and developing the staffing and training businesses, which were started in January 2003.

In the mobile phone industry, growth in new subscriber contracts is slowing and the realignment and integration of sales agents continued. At the end of June 2004, domestic cumulative mobile phone and PHS subscriptions were 87,742 thousand, including 82,713 thousand mobile phone subscriptions. The further growth in the market penetration rate is causing the number of new subscriptions to decline. As a result, there is a clear shift in mobile phone sales from new subscribers to individuals who already have a mobile phone but want to switch to a better handset. This is shifting the primary source of sales and earnings from new service contracts to trade-ins for more advanced handsets and the provision of after-sales services. The decline in new customers is bringing about structural changes in the mobile phone retail sector that continue to create difficulties for sales agents. During the first half of 2004 as well, there was a continuation in the realignment and integration of sales agents that began several years ago.

In response, Bell-Park focused on achieving profitability during the first half while creating stores that cater to customers' diverse demands by adapting rapidly to shifts in market needs. One initiative was to further enhance the ability to serve customers who visit stores to upgrade a handset or request after-sales servicing, a category of demand that is rising steadily as Japan's mobile phone penetration rate climbs. Steps were taken to establish an operating system to serve these customers efficiently, including the further training of store personnel. In the first half of 2004, an extraordinary loss was recorded due to the lump-sum amortization of 51 million yen in goodwill that resulted from the purchase during the first half of 2004 of the Tokai region operations of Tanaka Commerce Co., Ltd.

With regard to the recently launched staffing and training businesses, the staffing business, now in its second year, positioned the first half of 2004 as a period for improving its operating results. Efforts focused on increasing the number of customers and the number of individuals available for assignment. In the training business, the first half of 2004 was a period of aggressive sales activities in order to use the improvements and advances in the service lineup enacted in 2003 to increase the number of individuals undergoing training. Due to these factors, consolidated net sales increased 100.5% to 6,977 million yen, compared to the first half of previous year, operating income decreased 75.1% to 259 million yen, ordinary income decreased 76.0% to 269 million yen and net income was down 59.3% to 72 million yen.

2) Outlook for full year

In the second half of 2004, Japan's economic recovery is expected to recover due to the global economic upturn and steady growth in domestic private-sector demand. However, as the economy strengthens, there is still uncertainty about how much consumer spending will improve. In this environment, members of the mobile phone retailing sector can no longer count on rapid growth in new subscribers. However, the entire mobile phone sales industry is expected to begin benefiting from the shift to third-generation mobile phone services, which is already occurring at some carriers. These trends indicate that demand is likely to increase to some extent, primarily for sales linked to handset upgrades.

Based on this outlook, mobile phone sales business 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 staffing business, the goal is further growth in the provision of staffing in targeted market segments. In the training business, the Company is concentrating on capturing orders for training sales personnel in preparation for the full-scale introduction of third-generation handsets.

Based on this outlook, Bell-Park is forecasting consolidated net sales of 14,000 million yen (up 99.7%, compared to the previous year), ordinary income of 623 million yen (up 96.4%) and net income of 252 million yen (down 41.1%) in 2004.

(2) Financial Position

Cash flows

There was a net increase of 56 million yen in cash and cash equivalents to 2,160 million yen compared with the first half of 2003.

Net cash provided by operating activities was 235 million yen compared with 137 million yen one year earlier. Major sources of cash were income before income taxes of 208 million yen, a 120 million yen decrease in accounts receivable, a 207 million yen decrease in inventories and income tax refund of 162 million yen. Major uses of cash were a 516 million yen decrease in accounts payable.

Net cash used in investing activities was 103 million yen compared with net cash provided of 73 million yen one year earlier. Major uses of cash were 36 million yen for the purchase of property, plant and equipment, 35 million yen for the purchase of investment securities and 51 million yen for the purchase of a business.

Net cash used in financing activities was 93 million yen compared with 87 million yen one year earlier. The primary items were proceeds of 13 million yen from the issuance of stock and cash dividends paid of 106 million yen.

4. Business Risk and Other Risks

The following is a list of the primary items that represent risks with regard to Bell-Park's business activities. The Company discloses all items that it believes are significant with regard to investment decisions, including items that do not represent business-related risks. However, investors should be aware that this is not a complete risk of risks that can affect operating results.

(1) Business Operations

1) Sale of mobile phones

In the mobile phone retailing business, the number of new subscribers is falling as Japan's penetration rate climbs. Furthermore, handset life cycles are short and prices can easily drop because of the steady stream of new products incorporating new functions and other forms of added value.

2) Commissions received from mobile communication carriers

Bell-Park receives commissions from mobile communication carriers for acting as their agent in the sale of mobile communication service contracts. Depending on changes in the business policies of these carriers, there may be revisions in terms affecting these commissions, such as the amount paid, period over which commissions are paid, services for which commissions are paid, discounts for calling charges and other items. A major change in these terms could have a significant impact on the Company's results of operations.

3) Competition with other mobile phone retailers

New products and services are constantly emerging due to technological progress in the mobile communication industry. There are a large number of primary sales agents throughout Japan that have sales agent contracts with carriers as Bell-Park does. Furthermore, the rising penetration rate of mobile phones is reducing sales to new subscribers. These trends indicate that the Company and other mobile phone retailers will face an increasingly competitive environment. This competition could lower the Company's profit margins and have other negative effects on results of operations.

(2) Relationship with Vodafone K.K.

1) Reliance on a particular vendor

Vodafone accounts for 100% of the products that Bell-Park purchases and sells. Consequently, the operating results of the Company are highly vulnerable to changes in procurement terms, commissions and other transaction terms of Vodafone, the introduction of new products and services by this company, and other actions of Vodafone.

2) Sales agent contract

The Company operates Vodafone shops on the basis of a sales agent contract with Vodafone. This contract is automatically renewed each year, but can be cancelled at any time. Therefore, there is a risk that the sales agent contract may be cancelled.

3) Store opening plans

The opening of Vodafone shops is determined by the strategies of Vodafone. Therefore, changes in Vodafone's strategies can affect the Company's plans for new stores and its results of operations.

5. Interim Consolidated Financial Statements

(1) Interim Consolidated Financial Statements

1) Interim Consolidated Balance Sheets

Account	*	FY2003 interim (As of June 30, 2003)		FY2004 interim (As of June 30, 2004)		FY2003 Selected data (As of Dec. 31, 2003)	
		Thousand yen	%	Thousand yen	%	Thousand yen	%
Assets							
I. Current assets							
1. Cash on hand and in banks		1,965,740		2,160,662		2,104,387	
2. Accounts receivable - trade and accounts receivable - other		1,148,677		1,337,513		1,458,007	
3. Inventories		515,544		590,425		797,686	
4. Other current assets		118,032		133,305		305,858	
Allowance for doubtful accounts		(2,503)		(666)		(187)	
Total current assets		3,745,492	82.5	4,221,240	83.5	4,665,751	85.4
II. Fixed assets							
1. Property, plant and equipment							
(1) Buildings	*1	132,210		126,005		120,554	
(2) Others		22,302		33,528		24,718	
Total property, plant and equipment		154,512	3.4	159,533	3.2	145,273	2.7
2. Intangible assets		17,421	0.4	13,736	0.3	13,928	0.2
3. Investments and other assets							
(1) Investment securities		30,000		35,000		-	
(2) Leasehold deposits		373,121		396,498		390,831	
(3) Others		219,451		232,019		251,407	
Allowance for doubtful accounts		(1,550)		(3,484)		(1,770)	
Total investments and other assets		621,023	13.7	660,033	13.0	640,469	11.7
Total fixed assets		792,957	17.5	833,303	16.5	799,670	14.6
Total assets		4,538,449	100.0	5,054,544	100.0	5,465,421	100.0

Account	*	FY2003 interim (As of June 30, 2003)		FY2004 interim (As of June 30, 2004)		FY2003 Selected data (As of Dec. 31, 2003)	
		Thousand yen	%	Thousand yen	%	Thousand yen	%
Liabilities							
I. Current liabilities							
1. Accounts payable - trade and accounts payable - other		1,004,531		1,069,465		1,585,940	
2. Reserve for employees' bonuses		18,588		32,148		29,100	
3. Allowance for early subscription cancellations		16,848		18,863		12,597	
4. Other current liabilities		472,101		469,825		345,389	
Total current liabilities		1,512,039	33.3	1,590,302	31.5	1,973,027	36.1
II. Long-term liabilities							
1. Liability for employees' retirement benefits		10,295		16,293		15,870	
2. Accrued directors' severance benefits		39,675		-		42,019	
3. Other long-term liabilities		16,012		50,801		15,288	
Total long-term liabilities		65,983	1.5	67,094	1.3	73,178	1.3
Total liabilities		1,578,023	34.8	1,657,397	32.8	2,046,206	37.4
Shareholders' equity							
I. Common stock							
II. Capital surplus		1,074,301	23.7	1,081,636	21.4	1,074,301	19.7
III. Retained earnings		1,528,708	33.7	1,536,044	30.4	1,528,708	28.0
IV. Treasury stock		394,112	8.6	849,041	16.8	885,782	16.2
Total shareholders' equity		(36,695)	(0.8)	(69,576)	(1.4)	(69,576)	(1.3)
Total liabilities and shareholders' equity		2,960,426	65.2	3,397,146	67.2	3,419,215	62.6
		4,538,449	100.0	5,054,544	100.0	5,465,421	100.0

2) Interim Consolidated Statements of Income

Account	*	FY2003 interim (Jan. 1 – Jun. 30, 2003)		FY2004 interim (Jan. 1 – Jun. 30, 2004)		FY2003 Selected data (Jan. 1 – Dec. 31, 2003)				
		Thousand yen	%	Thousand yen	%	Thousand yen	%			
I. Net sales			6,944,582	100.0		6,977,942	100.0		14,047,426	100.0
II. Cost of goods sold			5,651,963	81.4		5,638,102	80.8		11,341,439	80.7
Gross profit			1,292,619	18.6		1,339,839	19.2		2,705,986	19.3
III. Selling, general and administrative expenses	*1		946,883	13.6		1,080,261	15.5		2,058,902	14.7
Operating income			345,735	5.0		259,577	3.7		647,084	4.6
IV. Non-operating income										
1. Interest income		509			10			872		
2. Foreign exchange gain		4,880			-			-		
3. Income from rentals		2,278			5,107			2,278		
4. Income tax refunds		-			3,996			-		
5. Payments on termination of insurance policies		-			5,598			-		
6. Other non-operating income		3,924	11,592	0.1	3,281	17,994	0.3	5,553	8,704	0.1
V. Non-operating expenses										
1. Interest expenses		921			1,004			1,603		
2. Leasing expenses		-			3,584			-		
3. New stock issue expenses		-			1,173			-		
4. Other non-operating expenses		2,030	2,951	0.0	2,307	8,070	0.1	8,117	9,721	0.1
Ordinary income			354,376	5.1		269,500	3.9		646,068	4.6
VI. Extraordinary income										
1. Reversal of allowance for doubtful accounts		168	168	0.0	-			-		
VII. Extraordinary loss										
1. Loss on sale of fixed assets	*2	43,838			1,102			48,787		
2. Loss on removal of fixed assets	*3	8,379			6,317			11,684		
3. Amortization of goodwill		-			51,428			-		
4. Loss on valuation of investment securities		-			-			30,000		
5. Other extraordinary loss		1,295	53,513	0.8	2,360	61,209	0.9	1,325	91,797	0.7
Income before income taxes			301,030	4.3		208,291	3.0		544,270	3.9
Income taxes - current		180,077			92,007			16,513		
Income taxes - deferred		(700)	179,377	2.6	44,162	136,169	2.0	(75,566)	(59,052)	(0.4)
Net income			121,653	1.7		72,122	1.0		613,323	4.3

3) Interim Consolidated Statements of Retained Earnings

Account	*	FY2003 interim (Jan. 1 – Jun. 30, 2003)		FY2004 interim (Jan. 1 – Jun. 30, 2004)		FY2003 Selected data (Jan. 1 – Dec. 31, 2003)	
		Thousand yen		Thousand yen		Thousand yen	
Capital surplus							
I. Capital surplus at beginning of year			1,492,892		1,528,708		1,492,892
II. Increase in capital surplus							
1. New stock issue for the exercise of stock options		-		7,335		-	
2. New stock issue for exchange of stock		35,816	35,816	-	7,335	35,816	35,816
III. Capital surplus at end of period			1,528,708		1,536,044		1,528,708
Retained earnings							
I. Retained earnings at beginning of year			335,839		885,782		335,839
II. Increase in retained earnings							
1. Net income		121,653	121,653	72,122	957,904	613,323	613,323
III. Decrease in retained earnings							
1. Cash dividends		52,881		106,862		52,881	
2. Directors' bonuses		10,500	63,381	2,000	108,862	10,500	63,381
IV. Retained earnings at end of period			394,112		849,041		885,782

4) Interim Consolidated Statements of Cash Flows

	FY2003 interim (Jan. 1 - Jun. 30, 2003)	FY2004 interim (Jan. 1- Jun. 30, 2004)	FY2003 Selected data (Jan. 1 - Dec. 31, 2003)
Account	Thousand yen	Thousand yen	Thousand yen
I. Cash flows from operating activities			
Income before income taxes	301,030	208,291	544,270
Depreciation and amortization	14,406	14,941	29,951
Amortization of goodwill	-	51,428	-
Increase (decrease) in allowance for doubtful accounts	661	2,192	(1,433)
Increase (decrease) in reserve for employees' bonuses	5,414	3,047	15,955
Increase (decrease) in allowance for early subscription cancellations	16,848	6,266	12,597
Increase (decrease) in liability for employees' retirement benefits	1,472	422	7,047
Increase (decrease) in accrued directors' severance benefits	1,778	(42,019)	4,122
Interest and dividend income	(1,109)	(10)	(1,472)
Interest expenses	921	1,004	1,603
Loss on sale and removal of fixed assets	43,918	7,420	60,472
Decrease (Increase) in account receivables	476,219	120,494	166,889
Decrease (Increase) in inventories	(133,420)	207,260	(415,562)
Increase (decrease) in account payables	(264,071)	(516,474)	317,337
Payment of bonuses to directors	(10,500)	(2,000)	-
Others	(77,374)	29,542	4,918
Subtotal	376,195	91,809	756,696
Interest and dividends received	509	10	1,472
Interest paid	(921)	(1,004)	(1,603)
Income taxes paid	(238,403)	162,227	(405,154)
Net cash provided by operating activities	137,380	253,042	351,411
II. Cash flows from investing activities			
Payment for purchase of property, plant and equipment	(12,425)	(36,068)	(24,957)
Proceeds from sale of property, plant and equipment	117,262	250	109,347
Payment for purchase of investment securities	-	(35,000)	-
Payment for purchase of business	-	(51,428)	-
Others	(30,985)	18,845	(76,034)
Net cash provided by (used in) investing activities	73,850	(103,402)	8,355
III. Cash flows from financing activities			
Proceeds from issuance of new stock	-	13,497	-
Payment for purchase of treasury stock	(35,846)	-	(68,727)
Cash dividends paid	(51,927)	(106,862)	(52,881)
Net cash used in financing activities	(87,774)	(93,364)	(121,609)
IV. Effect of exchange rate changes on cash and cash equivalents	4,880	-	(5,004)
V. Cash and cash equivalents at beginning of period	128,337	56,275	233,153
VI. Net increase in cash and cash equivalents	1,865,683	2,104,387	1,865,683
VII. Increase in cash and cash equivalents due to inclusion of additional subsidiary in the consolidation	5,550	-	5,550
VIII. Cash and cash equivalents at end of period	1,999,571	2,160,662	2,104,387

Significant Accounting Policies in the Preparation of Interim Consolidated Financial Statements

Item	FY2003 interim (Jan. 1 – Jun. 30, 2003)	FY2004 interim (Jan. 1 – Jun. 30, 2004)	FY2003 (Jan. 1 – Dec. 31, 2003)
1. Principles of consolidation	<p>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.</p> <p>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.</p>	<p>The consolidated financial statements include the accounts of the Company and its one consolidated subsidiary. Name of consolidated subsidiary: J-PHONE SERVICE Co., Ltd.</p>	<p>The consolidated financial statements include the accounts of the Company and its one consolidated subsidiary. Name of consolidated subsidiary: J-PHONE SERVICE Co., Ltd.</p> <p>J-Phone Service Co., Ltd., acquired through an exchange of stock, is included in the consolidation. Effective from November 25, 2003, Telec Co., Ltd. is excluded from the consolidation since the Company sold its entire capital stake in the entity. The consolidated financial results include the accounts of Telec Co., Ltd. up to November 25, 2003, the date of the transfer of stock.</p>
2. Fiscal year-end of consolidated subsidiaries	<p>The consolidated subsidiary's (Telec Co., Ltd.) first half fiscal year ends on the May 31, 2003. 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.</p>	<p>The end of the first half of the consolidated subsidiary's (J-PHONE SERVICE Co., Ltd.) fiscal year is the same as that for the Company.</p>	<p>The end of the fiscal year of the consolidated subsidiary's (J-PHONE SERVICE Co., Ltd.) fiscal year is the same as that for the Company.</p>
3. Significant accounting policies (1) Valuation criteria and methods for principal assets	<p>1) Securities Other securities Securities with market quotations</p> <p>Securities without market quotations Securities without market quotations are stated at cost, cost being determined by the moving-average method.</p> <p>2) Inventories Merchandise Inventories are stated at cost determined primarily by the moving-average method. Supplies Supplies are stated at cost, cost being determined by the last purchase price method.</p>	<p>1) Securities Other securities Securities with market quotations</p> <p>Securities without market quotations Same as on the left.</p> <p>2) Inventories Merchandise Same as on the left.</p> <p>Supplies Same as on the left.</p>	<p>1) Securities Other securities Securities with market quotations</p> <p>Securities without market quotations Same as on the left.</p> <p>2) Inventories Merchandise Same as on the left.</p> <p>Supplies Same as on the left.</p>

Item	FY2003 interim (Jan. 1 – Jun. 30, 2003)	FY2004 interim (Jan. 1 – Jun. 30, 2004)	FY2003 (Jan. 1 – Dec. 31, 2003)
(2) Depreciation and amortization of significant depreciable assets	<p>1) 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</p> <p>2) Intangible assets Straight-line method.</p> <p>The development costs of software intended for internal use are amortized over an estimated useful life of 5 years by the straight-line method.</p> <p>3) Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method.</p>	<p>1) Property, plant and equipment Same as on the left</p> <p>Useful life of principle assets is as follows: Buildings: 3-24 years Structures 10-20 years Furniture & Fixtures: 2-15 years Automotive Equipment: 2 years</p> <p>2) Intangible assets Same as on the left.</p> <p>The development costs of software intended for internal use are amortized over an estimated useful life of 5 years by the straight-line method.</p> <p>Goodwill recorded during the fiscal period was amortized in a lump sum.</p> <p>3) Long-term prepaid expenses Same as on the left.</p>	<p>1) Property, plant and equipment Same as on the left</p> <p>Useful life of principle assets is as follows: Buildings: 3-50 years Structures 10 years Furniture & Fixtures: 3-15 years</p> <p>2) Intangible assets Same as on the left.</p> <p>The development costs of software intended for internal use are amortized over an estimated useful life of 5 years by the straight-line method.</p> <p>3) Long-term prepaid expenses Same as on the left.</p>
(3) Recognition of significant allowances	<p>1) 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.</p> <p>2) 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.</p>	<p>1) Allowance for doubtful accounts Same as on the left.</p> <p>2) Reserves for employees' bonuses Same as on the left.</p>	<p>1) Allowance for doubtful accounts Same as on the left.</p> <p>2) Reserves for employees' bonuses Same as on the left.</p>

Item	FY2003 interim (Jan. 1 – Jun. 30, 2003)	FY2004 interim (Jan. 1 – Jun. 30, 2004)	FY2003 (Jan. 1 – Dec. 31, 2003)
	<p>3) 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 net sales. 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.</p>	<p>3) 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>3) 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 net sales. Effective the current consolidated fiscal year, 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.</p>

Item	FY2003 interim (Jan. 1 – Jun. 30, 2003)	FY2004 interim (Jan. 1 – Jun. 30, 2004)	FY2003 (Jan. 1 – Dec. 31, 2003)
	<p>The effect of this change was to decrease net sales by 16,848 thousand yen and decrease operating income, ordinary 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>4) 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 projected benefit obligation on the balance sheet date.</p> <p>5) Accrued directors' severance benefits To provide for accrued directors' 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>4) Liability for employees' retirement benefits Same as on the left.</p> <p>5) Accrued directors' severance benefits Previously, to provide for the accrued directors' severance benefits, the Company provided an allowance for the aggregate amount payable at the end of the interim period pursuant to the Company's rules on directors' retirement benefits. The directors' retirement benefit system was terminated at the March 26, 2004 shareholders meeting and amounts due to current directors as of the end of this meeting are to be paid upon the retirement of these directors. Accordingly, the balance of 46,119 thousand yen in directors' retirement benefits as of the end of this meeting have been transferred to "others" in long-term liabilities.</p>	<p>The effect of this change was to decrease net sales by 12,597 thousand yen and decrease operating income, ordinary 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>4) 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 projected benefit obligation on the fiscal year balance sheet date.</p> <p>5) Accrued directors' severance benefits To provide for accrued directors' 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>
(4) Other significant accounting policies in the preparation of consolidated financial statements	<p>1) Accounting for consumption taxes All amounts stated are exclusive of consumption taxes.</p> <p>2) Per-share information _____</p>	<p>1) Accounting for consumption taxes Same as on the left.</p> <p>2) Per-share information _____</p>	<p>1) Accounting for consumption taxes Same as on the left.</p> <p>2) Per-share information Beginning with the current fiscal year, the Company has adopted the "Standard Related to Net Income per Share" (Accounting Standards for Business Enterprises No. 2) and the "Application Guidelines for Accounting Standard Related to Net Income per Share" (Accounting Standards for Business Enterprises</p>

Item	FY2003 interim (Jan. 1 – Jun. 30, 2003)	FY2004 interim (Jan. 1 – Jun. 30, 2004)	FY2003 (Jan. 1 – Dec. 31, 2003)
			Implementation Guideline No. 4). Please refer to the note concerning per-share information for the effect of this change.
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.

Supplementary Information

FY2003 interim (Jan. 1 - Jun. 30, 2003)	FY2004 interim (Jan. 1 - Jun. 30, 2004)	FY2003 (Jan. 1 - Dec. 31, 2003)
Interim consolidated balance sheets and statements of retained earnings 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 sheets and the consolidated statements of retained earnings conform to the amended regulations.	_____	_____

Notes to Interim Consolidated Financial Statements

Notes to Interim Consolidated Balance Sheets

Thousand yen

FY2003 interim (As of Jun. 30, 2003)	FY2004 interim (As of Jun. 30, 2004)	FY2003 (As of Dec. 31, 2003)
*1: Accumulated depreciation of property, plant and equipment 99,379	*1 Accumulated depreciation of property, plant and equipment 98,398	*1 Accumulated depreciation of property, plant and equipment 87,826

Notes to Interim Consolidated Statements of Income

Thousand yen

FY2003 interim (Jan. 1 - Jun. 30, 2003)	FY2004 interim (Jan. 1 - Jun. 30, 2004)	FY2003 (Jan. 1 - Dec. 31, 2003)
*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 239,844	Wages and allowances 286,074	Wages and allowances 530,623
Miscellaneous wages 137,766	Miscellaneous wages 162,795	Miscellaneous wages 276,246
Rent 145,126	Rent 161,437	Rent 293,353
Provision of reserve for employees' bonuses 16,820	Provision of reserve for employees' bonuses 30,837	Provision of reserve for employees' bonuses 26,098
Retirement benefit expenses 2,409	Retirement benefit expenses 5,043	Retirement benefit expenses 7,828
Provision of accrued directors' severance benefits 3,778		Provision of accrued directors' severance benefits 6,122
*2 Significant components of loss on sale of fixed assets	*2 Significant components of loss on sale of fixed assets	*2 Significant components of loss on sale of fixed assets
Buildings 16,553	Buildings 1,102	Buildings 17,576
Furniture & fixture 223	Total 1,102	Furniture & fixture 1,563
Land 27,060		Land 27,235
Total 43,838		Telephone rights 2,412
		Total 48,787
*3 Significant components loss on removal of fixed assets	*3 Significant components loss on removal of fixed assets	*3 Significant components loss on removal of fixed assets
Buildings 8,206	Buildings 5,927	Buildings 11,511
Furniture & fixture 173	Furniture & fixture 390	Furniture & fixture 173
Total 8,379	Total 6,317	Total 11,684

Notes to Interim Consolidated Statements of Cash Flows

Thousand yen

FY2003 interim (Jan. 1 - Jun. 30, 2003)	FY2004 interim (Jan. 1 - Jun. 30, 2004)	FY2003 (Jan. 1 - Dec. 31, 2003)
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: As of Jun. 30, 2003	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: As of Jun. 30, 2004	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: As of Dec. 31, 2003
Cash on hand and in banks 1,965,740	Cash on hand and in banks 2,160,662	Cash on hand and in banks 2,104,387
Deposits received 33,830	Cash and cash equivalents 2,160,662	Cash and cash equivalents 2,104,387
Cash and cash equivalents 1,999,571		

Leases

No reportable information.

Securities

(FY2003 interim)

1. Securities without market quotations

Thousand yen

	FY 2003 interim (As of Jun. 30, 2003)
	Carrying value
Other securities	
Non-listed securities (excluding over-the-counter)	30,000

(FY2004 interim)

1. Securities without market quotations

Thousand yen

	FY 2004 interim (As of Jun. 30, 2004)
	Carrying value
Other securities	
Non-listed securities (excluding over-the-counter)	35,000

(FY2003)

1. Securities without market quotations

Thousand yen

	FY 2003 (As of Dec. 31, 2003)
	Carrying value
Other securities	
Non-listed securities (excluding over-the-counter)	-

Derivatives

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

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

FY2004 interim (Jan. 1- Jun 30, 2004)

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

FY2003 (Jan 1- Dec. 31, 2003)

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

Segment Information

Operating segment information

FY2003 interim (Jan. 1- Jun. 30, 2003), FY2004 interim (Jan. 1-Jun. 30, 2004) and FY 2003 (Jan. 1- Dec. 31, 2003)

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

Geographical Segment Information

FY2003 interim (Jan. 1- Jun. 30, 2003), FY2004 interim (Jan. 1-Jun. 30, 2004) and FY 2003 (Jan. 1- Dec. 31, 2003)

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

Overseas Sales

FY2003 interim (Jan. 1- Jun. 30, 2003), FY2004 interim (Jan. 1-Jun. 30, 2004) and FY 2003 (Jan. 1- Dec. 31, 2003)

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

Per Share Information

Yen

FY2003 interim (Jan. 1 - Jun. 30, 2003)	FY2004 interim (Jan. 1 - Jun. 30, 2004)	FY2003 (Jan. 1 - Dec. 31, 2003)																						
Shareholders' equity per share 137,307.49 Net income per share (basic) 5,595.01 Net income per share (diluted) -	Shareholders' equity per share 52,823.99 Net income per share (basic) 1,123.75 Net income per share (diluted) 1,110.81	Shareholders' equity per share 159,887.98 Net income per share (basic) 28,328.05 Net income per share (diluted) 28,197.43																						
<p>Diluted net income per share is not presented since the Company has no outstanding potential stock likely to have a dilutive effect on income.</p> <p>Additional information</p> <p>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</p>	<p>A 3-for-1 stock split was conducted on February 20, 2004. Net income per share and diluted net income per share have been computed as if the split occurred at the beginning of 2004. Per-share information calculated as if this split had occurred at the beginning of 2003 is presented below.</p> <table border="1" data-bbox="595 792 997 1016"> <tr><td colspan="2">FY 2003 interim</td></tr> <tr><td>Shareholders' equity per share</td><td>45,769.16</td></tr> <tr><td>Net income per share (basic)</td><td>1,865.00</td></tr> <tr><td colspan="2">Diluted net income per share is not presented as there were no dilutive common stock equivalents</td></tr> </table> <table border="1" data-bbox="595 1043 997 1240"> <tr><td colspan="2">FY 2003</td></tr> <tr><td>Shareholders' equity per share</td><td>53,295.99</td></tr> <tr><td>Net income per share (basic)</td><td>9,442.68</td></tr> <tr><td>Net income per share (diluted)</td><td>9,399.14</td></tr> </table>	FY 2003 interim		Shareholders' equity per share	45,769.16	Net income per share (basic)	1,865.00	Diluted net income per share is not presented as there were no dilutive common stock equivalents		FY 2003		Shareholders' equity per share	53,295.99	Net income per share (basic)	9,442.68	Net income per share (diluted)	9,399.14	<p>Effective the current fiscal year, the Company adopted the new accounting standards for earnings per share Accounting Standard No. 2: "Accounting Standards for Earnings Per Share," (ASBJ) and Accounting Standard Implementation Guidance No. 4: "Implementation Guidance on Accounting Standard for Earnings Per Share" (ASBJ). Restatement of per-share information for the current fiscal year to conform with the previous standards:</p> <table data-bbox="1029 931 1425 1099"> <tr><td>Shareholders' equity per share</td><td>159,981.56</td></tr> <tr><td>Net income per share (basic)</td><td>28,420.73</td></tr> <tr><td>Net income per share (diluted)</td><td>28,289.68</td></tr> </table>	Shareholders' equity per share	159,981.56	Net income per share (basic)	28,420.73	Net income per share (diluted)	28,289.68
FY 2003 interim																								
Shareholders' equity per share	45,769.16																							
Net income per share (basic)	1,865.00																							
Diluted net income per share is not presented as there were no dilutive common stock equivalents																								
FY 2003																								
Shareholders' equity per share	53,295.99																							
Net income per share (basic)	9,442.68																							
Net income per share (diluted)	9,399.14																							
Shareholders' equity per share	159,981.56																							
Net income per share (basic)	28,420.73																							
Net income per share (diluted)	28,289.68																							

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

Thousand yen

	FY2003 interim (Jan. 1 - Jun. 30, 2003)	FY2004 interim (Jan. 1 - Jun. 30, 2004)	FY2003 (Jan. 1 - Dec. 31, 2003)
Net income per share			
Net income	121,653	72,122	613,323
Net income not available to common shareholders	-	-	2,000
[Of which bonuses to directors in the appropriation of retained earnings]	[-]	[-]	[2,000]
Interim net income available to common shareholders	121,653	72,122	611,323
Average number of shares outstanding	21,743.21	64,179.84	21,580.15
Net income per share (diluted)			
Net income per share (adjusted)	-	-	-
Increase in the number of common shares	-	747.63	99.97
[of which of stock acquisition rights]	[-]	[747.63]	[99.97]
Summary of potential stock not included in the calculation of "net income per share (diluted)" since there was no dilutive effect in the current fiscal year	<p>New stock acquisition rights under the provisions of Article 280-19 of the Commercial Code of Japan: (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 yen</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 yen</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 yen 2.Beginning of exercise period: Apr. 1, 2003 Number of shares to be issued: 159 shares Exercise price: 219,064 yen</p>		<p>New stock acquisition rights under the provisions of Article 280-19 of the Commercial Code of Japan: (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 yen</p> <p>(Pursuant to the resolution adopted at the General Meeting of Shareholders held on Mar. 15, 2000). Number of shares to be issued: 18 shares Exercise price: 283,334 yen</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: 114 shares Exercise price: 219,064 yen 2.Beginning of exercise period: Apr. 1, 2003 Number of shares to be issued: 159 shares Exercise price: 219,064 yen</p>

	FY2003 interim (Jan. 1 - Jun. 30, 2003)	FY2004 interim (Jan. 1 - Jun. 30, 2004)	FY2003 (Jan. 1 - Dec. 31, 2003)
	(Pursuant to the resolution adopted at the General Meeting of Shareholders held on Mar. 28, 2002) 1.Beginning of exercise period: Apr. 1, 2003 Number of shares to be issued: 180 shares Exercise price: 221,662 yen 2.Beginning of exercise period: Apr. 1, 2004 Number of shares to be issued: 64 shares Exercise price: 221,662 yen		(Pursuant to the resolution adopted at the General Meeting of Shareholders held on Mar. 28, 2002) 1.Beginning of exercise period: Apr. 1, 2003 Number of shares to be issued: 174 shares Exercise price: 221,662 yen 2.Beginning of exercise period: Apr. 1, 2004 Number of shares to be issued: 64 shares Exercise price: 221,662 yen

Subsequent Events

No reportable information.

(2) Others

No reportable information.

6. Production, Orders and Sales

1) Production

No reportable information since the Group has no manufacturing operations.

2) Procurement

Schedule of sales for the current interim period

Thousand yen

Business unit	FY2004 interim (Jan. 1 - Jun. 30, 2004)	Vs. previous year
Mobile phone sales division	4,230,751	96.4%
Others	23,664	50.2%
Total	4,254,415	95.9%

Notes: 1. Amounts are based on purchase prices.

2. Amounts are exclusive of consumption taxes.

3) Orders

No reportable information since the Group has not accepts advance orders.

4) Sales

Schedule of sales for the current interim period

Thousand yen

Business unit	Item	FY2004 interim (Jan. 1 - Jun. 30, 2004)	Vs. previous year
Mobile phone sales division	Merchandise sales	1,601,660	89.4%
	Commissions received	5,135,536	103.8%
	Sub total	6,737,196	99.9%
Others	Sales	240,745	118.3%
Total		6,977,942	100.5%

Note: 1. For the current and previous interim period of sales to principal customers and their shares of total sales:

Thousand yen

Business unit	Customer	FY2003 interim (Jan. 1 - Jun. 30, 2003)		FY2004 interim (Jan. 1 - Jun. 30, 2004)	
		Amount	share	Amount	share
Mobile phone sales division	Vodafone K.K.	4,940,807	71.1%	5,135,286	73.6%
Others	Vodafone K.K.	193,314	2.8%	164,811	2.4%

2. The above amount is exclusive of consumption taxes.

* 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.