

Consolidated Financial Results for the Fiscal Year Ended 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: February 17, 2005
 SEC accounting standards: The Company does not apply SEC accounting standards

1. Consolidated Financial Results for the Year Ended December 31, 2004 (Jan. 1, 2004 – Dec. 31, 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 %
Year ended Dec. 2004	16,456	17.1	630	(2.5)	637	(1.3)
Year ended Dec. 2003	14,047	6.6	647	(14.4)	646	(16.9)

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change %	Yen	Yen
Year ended Dec. 2004	(234)	-	(3,655.66)	-
Year ended Dec. 2003	613	59.9	28,328.05	28,197.43

	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to net sales
	%	%	%
Year ended Dec. 2004	(7.2)	10.4	3.9
Year ended Dec. 2003	19.4	12.6	4.6

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

Year ended December 2004: -

Year ended December 2003: -

2. Weighted average number of shares outstanding (consolidated)

Year ended December 2004: 64,109.27 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.

(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 December 31, 2004	6,837	3,053	44.7	47,786.63
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 December 31, 2004: 63,897.68 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
Year ended December 2004	935	(580)	(130)	2,328
Year ended December 2003	351	8	(121)	2,104

(4) Matters Concerning the Scope of Consolidation and Affiliates Accounted for under 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

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

Newly: 0

Excluded: 0

2. Forecast for the Year Ending December 2005 (Jan. 1, 2005 – Dec. 31, 2005)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Interim	11,000	340	170
Full Year	24,000	850	420

Reference: Estimated net income per common share for the year ending Dec. 2005: 6,573.00 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 10) 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. and two consolidated companies.

Bell Park Co., Ltd. and one consolidated company, which are engaged primarily in the sale of mobile phones, and the other 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.

Both Bell-Park and Nikka are engaged in the following sales activities for mobile communication devices.

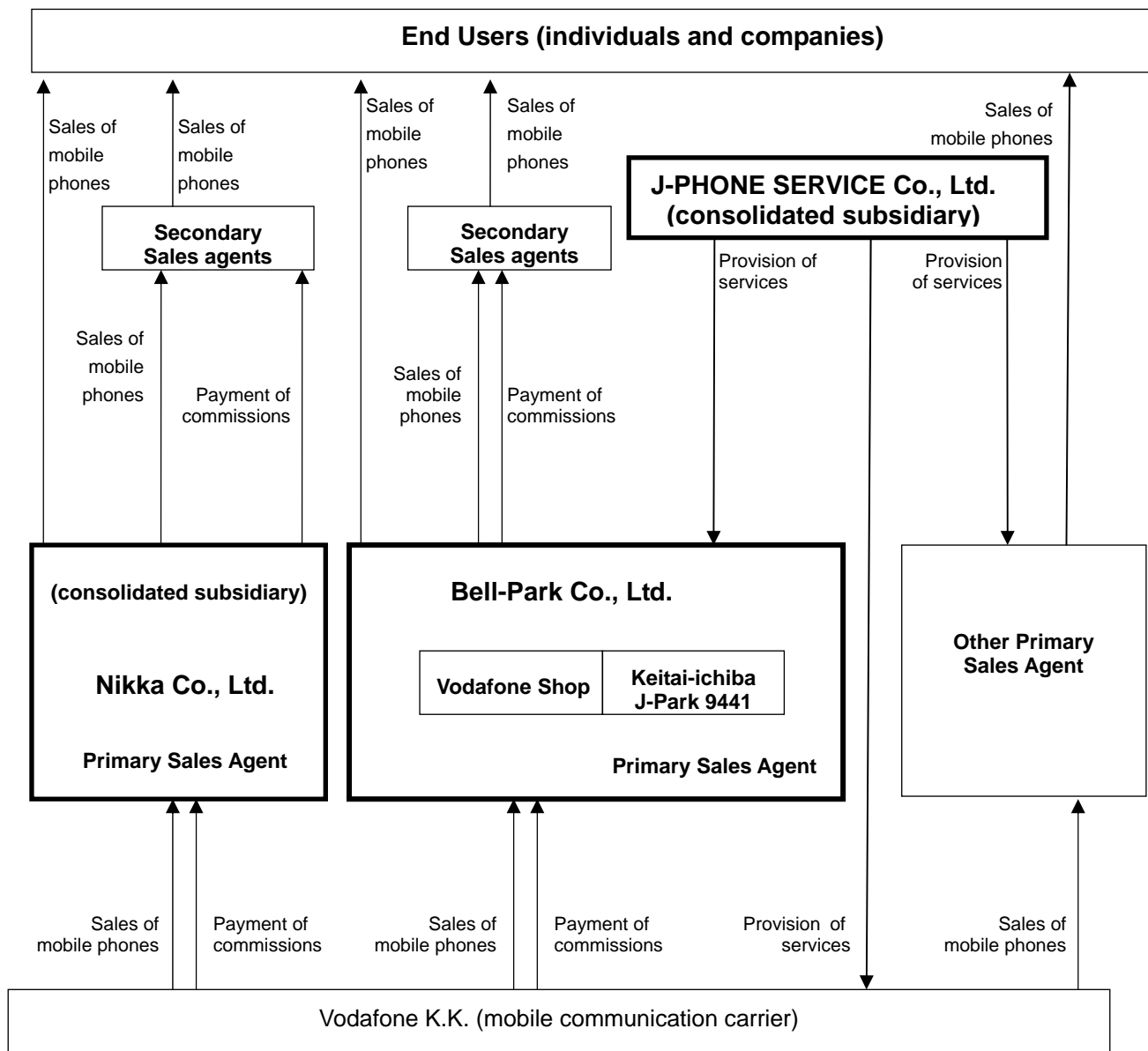
- 1) Accepts applications for mobile communication service contracts from new users as an agent of mobile communication carriers, and sales of mobile phones to users.
- 2) Accepts applications from current mobile communication service subscribers for a change to a new model of phone as an agent of mobile 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) Supplies sales personnel with specialized knowledge to work at retail stores selling mobile communication products.
- 2) Trains sales personnel as an agent for mobile communication carriers operating retail stores selling mobile communication products.

A flowchart of business operations is shown below.



Note: Consolidated subsidiary J-PHONE SERVICE Co., Ltd. changed its name to JAPAN PRO STAFF Inc. on January 1, 2005.

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 3,564 by December 31, 2004.

(4) Medium- and Long-Term Strategies

The market for mobile communication phones is expected to benefit from even greater demand sparked by the full-scale use of third-generation (3G) mobile phone services. However, most of this demand will be for upgrading existing handsets because more than 60% of Japan's population already uses mobile phones. Significant growth in the number of new customers is therefore unlikely. Due to this situation, companies that sell mobile communication devices continue to face a difficult operating environment that is expected to lead to more consolidations and withdrawals.

In response, the Bell-Park Group is taking steps to strengthen its mobile phone sales business. One way is by further developing the staffing and training business, activities that is related to sales of these phones. To establish a new source of earnings, Bell-Park plans to leverage its strengths to begin handling applications for contracts for fixed-line service contracts as an agent of communication carriers.

With regard to the sale of mobile communication phones, the Group's core business, the goal is to operate stores efficiently in order to maintain strong earnings amid a market that is expanding slowly. Regarding wholesale sales, the Group is working on increasing the number of sales channels while monitoring industry trends. In addition, plans call for bolstering sales to corporate users and other customer categories where the Group does not yet have a significant presence. Through these steps, the Group aims to benefit from demand created from the full-scale transition to 3G mobile phone technology.

In the staffing and training business, the policy is to continue developing these services to offer staffing and training services that meet customer needs in fields outside the mobile communication sector.

In addition, the Group has leveraged its strengths to start a new business: handling applications for fixed-line communication service contracts. In this sector, work is proceeding on establishing a framework able to meet the needs of communication carriers. The objective is to develop this business into one of the Group's new sources of earnings.

(5) 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, 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.

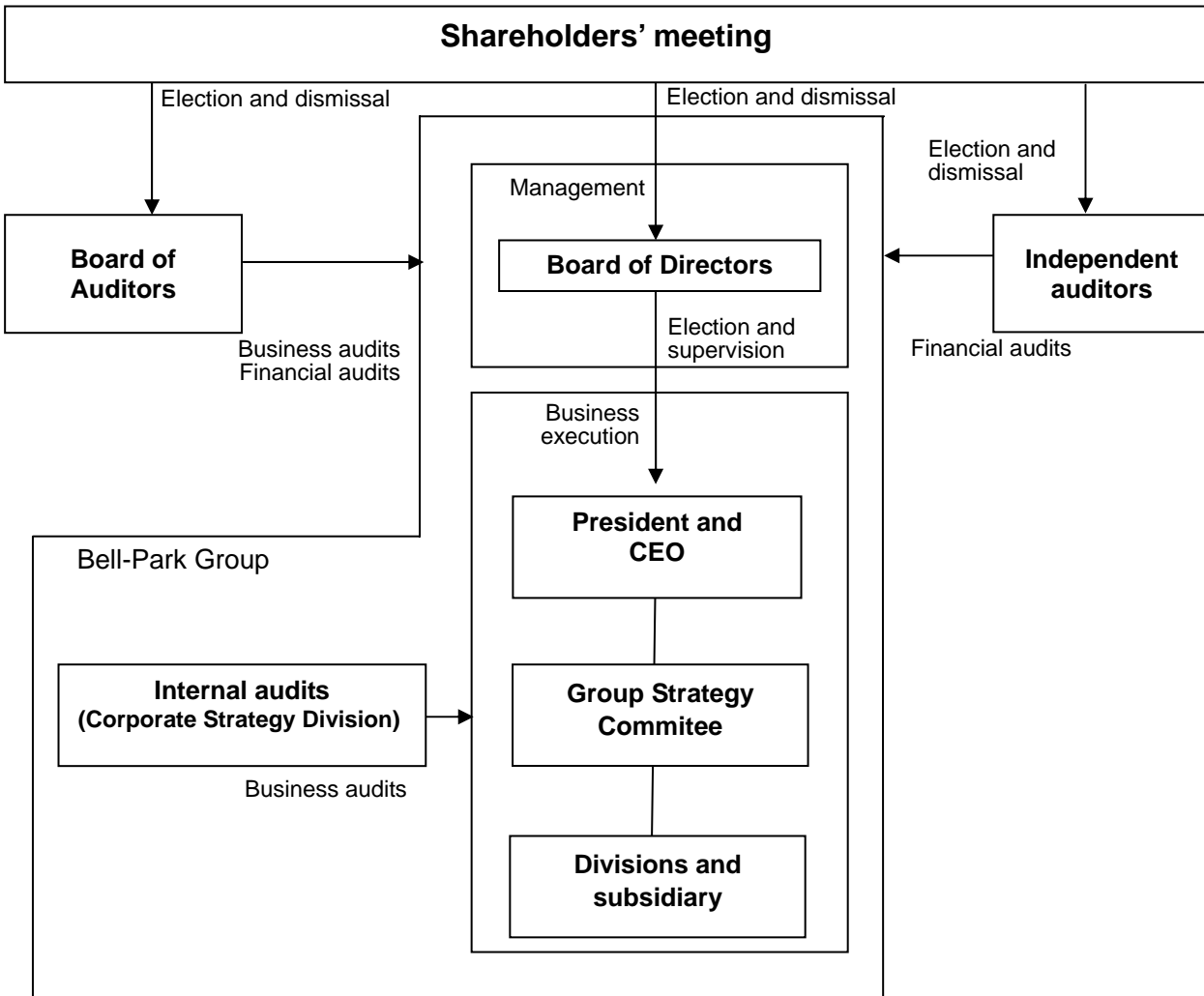
(Internal audit)

At Bell-Park, the Corporate Strategy Division is responsible for internal audits. The main objectives of audits are constantly reviewed and strengthened to reflect changes in the operating environment.

(Operation of meetings)

For the purpose of reaching decisions and conducting business activities faster, the Company has a Group Strategy Committee that is chaired by the Company president and made up of key division general managers and higher ranking executives. As a rule, this committee meets weekly to examine progress in executing strategies, share views on new management issues and other important matters, propose ideas for dealing with issues, and reach decisions on important matters concerning the Group's operations.

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 needed from an attorney at a law office and has selected this attorney to serve as its outside auditor.

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

3) Personal, financial, business and other significant relationships with external directors and outside auditors
 The Company has no significant personal, financial or business relationships with its external directors. The Company receives legal advice, as required, from the law office to which its outside auditor belongs.

4) Actions to strengthen corporate governance during past year
 During 2004, the Company reviewed management methods and operating systems for the purpose of reinforcing its internal management framework for the protection of personal information.

(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 Group's core mobile phone sales business, consistently generating earnings is the most important issue with regard to being one of the few winners in this industry. In this regard, priorities for the time being will be further strengthening management systems, training store sales personnel to meet the increasingly diverse and sophisticated needs of customers as 3G mobile communication services become widespread, and further enhancing the organizational framework for store operations.

Regarding new businesses, work will continue on developing the staffing and training businesses with the goal of consistently generating earnings.

In addition, expertise in sales, one of the Company's greatest strengths, was used to start in January 2005 an agency business for the sale of fixed-line communication services. Therefore, rapidly making this business profitable and building a powerful sales organization are important issues for the Company.

(7) Fundamental Policy Regarding Related Party Interests

The Company's fundamental policy is to conduct related party transactions, as needed to conduct its business activities, under the same terms as for transactions with other business partners.

(8) Targeted Performance Indicators

The Group's medium- and long-term strategy is to expand and reinforce its mobile phone sales business; develop its training, staffing and other businesses that are associated with mobile phone sales; and develop an agency business for fixed-line communication services.

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.

The Group places importance on the consistent generation of cash from its core business. Accordingly, operations will continue to be managed while monitoring the cash flow margin.

Thousand yen rounded down

	FY2002 (Jan. 1 – Dec. 31, 2002)	FY2003 (Jan. 1 – Dec. 31, 2003)	FY2004 (Jan. 1 – Dec. 31, 2004)
Net sales	13,180,776	14,047,426	16,456,319
Cash flows from operating activities	743,929	351,411	935,597
Cash flow margin	5.6 %	2.5 %	5.7 %

3. Results of Operations and Financial Position

(1) Results of Operations

1) Summary of the fiscal year

In 2004, Japan's economy exhibited encouraging signs in some sectors, notably an upturn in corporate earnings and a gradual improvement in household spending that began in July. However, the economy's recovery remained weak due to persistent concerns about the future.

In this environment, the Bell-Park Group focused on generating earnings in its mobile phone sales business and building a more powerful operating base, as well as on developing staffing and training operations, a new business for the Group.

In the mobile phone sales industry, the cumulative number of mobile phone service contracts in Japan was 85,483 thousand lines at the end of December 2004. Notable trends in the industry were a further increase in the penetration rate and the full-scale shift to 3G technology by major mobile communication carriers. As a result, there is an increasingly pronounced shift in sales to individuals from sales to first-time users to sales to users who are replacing their handsets with new models. This is causing a shift in the source of earnings from new service contracts to after-sales service contracts associated with the replacement of handsets with new models. Slowing growth in the number of new users is bringing about structural change in the phone sales industry. Sales agents are facing a challenging environment as a result. Due to this situation, 2004 again witnessed an acceleration in the sale of midsize and small mobile phone sales agents as companies consolidated and shut down their operations.

In response, the Company concentrated on maximizing earnings from its sales operations. At the same time, the Company targeted opportunities spawned by the ongoing industry consolidation. By acquiring other mobile phone sales companies in March and December 2004 and taking other steps, the Company strengthened its operating base by expanding the scale of business activities. Another theme was further enhancing the ability to serve the consistently growing number of customers who visit stores to upgrade handsets and receive after-sales service. In this regard, initiatives were taken to establish an operating framework able to respond smoothly to these needs and to further refine the skills of the employees who conduct these operations. In 2004, the Company amortized all goodwill that had been booked due to the acquisition of Nikka Co., Ltd., and recorded the resulting charge as an extraordinary loss.

In the recently launched staffing and training business, 2004 was positioned as a time to expand staffing operations. To accomplish this, the Company focused on increasing the number of customers along with the number of workers available for assignments. In the training business, aggressive sales activities were conducted because 2004 was positioned as a time to increase the number of clients for established services.

2) Analysis of Results

(Net sales)

Net sales increased 17.1% to 16,456 million yen. One reason was growth in the sales volume, mainly because of growth in the mobile phone sales network due to acquisitions. In addition, an increase in commissions received offset the impact of retail sales prices of phones falling below the procurement price due to the rising cost of handsets.

(Operating income)

Operating income decreased 2.5% to 630 million yen. Although selling, general and administrative expenses declined 0.7 percentage point to 14.0% of net sales, the higher cost of procuring handsets caused the gross margin to increase 1.4 percentage point to 82.1%.

(Ordinary income)

Ordinary income decreased 1.3% to 637 million yen despite the inclusion in non-operating income of payments on termination of insurance policies and a tax refund.

(Income before income taxes)

Income before income taxes decreased 86.8% to 73 million yen. Extraordinary losses included a 51 million yen charge for the amortization of all goodwill associated with the acquisition of the Tokai regional operations of Tanaka Commerce Co., Ltd., and 467 million yen for the amortization of all goodwill associated with Nikka Co., Ltd.

(Net income)

Income taxes include corporate income tax, residents tax, enterprise tax and deferred taxes. Since taxes were reduced in 2003 due to the sale of a subsidiary, there was a substantial net increase of 366 million yen in income taxes in 2004 to 307 million yen. As a result, there was a net loss of 234 million yen compared with net income of 613 million yen in 2003.

3) Outlook for full year

In 2005, Japan's economy is expected to continue to slow during the year's first half, but the recovery is projected to continue in the second half along with an upturn in the global economy. Nevertheless, the operating environment is likely to remain unclear because of uncertainty about the direction of consumer spending. In this environment, companies that sell mobile phones cannot count on rapid growth in new contracts as in the past. However, the transition to 3G services is gaining momentum. Consequently, Bell-Park believes that there will be growth in demand during 2005 that is fueled chiefly by sales of handsets to replace existing ones.

In its mobile phone sales business, the Company will work on improving earnings at the stores that were acquired in 2004. In addition, emphasis will continue to be placed on employee training in order to improve customer service. In the training and staffing business and sales promotion support business, the Company will focus on meeting the demand for trained employees at Vodafone shops and large retailers.

Moreover, to develop a new source of earnings, Bell-Park will begin a sales agency business for the fixed-line services of communication carriers.

Based on this outlook, Bell-Park is forecasting consolidated net sales of 24,000 million yen (145.8%, compared to the previous year), ordinary income of 850 million yen (133.3%) and net income of 420 million yen in 2005.

(2) Financial Position

1) Assets, liabilities and shareholders' equity

(Current assets)

Current assets increased 1,131 million yen to 5,796 million yen. The main reasons were a 224 million yen increase in cash on hand and in banks, a 751 million yen increase in accounts receivable-trade and accounts receivable-other, and a 261 million yen increase in inventories, mainly due to the purchase of stock in subsidiaries.

(Fixed assets)

Fixed assets increased 240 million yen to 1,040 million yen. The main components were a 70 million yen increase in property, plant and equipment, and a 197 million yen increase in leasehold deposits, mainly the result of the purchase of stock in subsidiaries and the relocation of the head office and certain stores.

(Current liabilities)

Current liabilities increased 1,731 million yen to 3,704 million yen. There was a 692 million yen increase in accounts payable-trade and accounts payable-other, a 551 million yen increase in accrued payable-other and a 302 million yen increase in accrued income taxes. These increases mainly reflect the purchase of stock in subsidiaries, an increase in the purchase of merchandise to prepare for the year-end selling season, and

growth in taxable income.

(Long-term liabilities)

Long-term liabilities increased 5 million yen to 79 million yen. This was mainly due to an increase in the liability for employees' retirement benefits in conjunction with the purchase of stock in subsidiaries.

(Shareholders' equity)

Shareholders' equity decreased 365 million yen to 3,053 million yen. This was the result of the net loss of 234 million yen, cash dividend paid of 106 million yen and an increase of 44 million yen in treasury stock.

2) Cash Flows

There was a net increase of 224 million yen in cash and cash equivalents to 2,328 million yen compared with December 31, 2003. This increase was due mainly to growth in operating cash flows.

Net cash provided by operating activities was 935 million yen (compared with 351 million yen in 2003).

Major sources of cash were income before income taxes of 73 million yen, amortization of goodwill of 51 million yen, consolidated goodwill of 467 million yen a non-cash expense, a 479 million yen increase in account payables and income taxes refund of 162 million yen.

Major uses of cash were a 472 million yen increase in account receivables and a 147 million yen increase in inventories.

Net cash provided by investing activities was 580 million yen (compared with net cash provided of 8 million yen in 2003). There were payments of 105 million yen from the sale of property, plant and equipment, a 419 million yen for payment for purchase of subsidiary stock involving changes in the scope of consolidation, and a 51 million yen of payment for business transfer.

Net cash used in financing activities was 130 million yen (compared with 121 million yen in 2003). The main uses of cash were 44 million yen for the purchase of treasury stock and 106 million yen for cash dividends paid.

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

On May 25, 2000, Bell-Park procured 1,770 million yen, 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 yen were planned to be used as follows: 372 million yen for capital expenditures for stores and other requirements; 173 million yen for working capital; and 1,225 million yen 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 yen was used for capital expenditures at stores and other requirements and 1,320 million yen was used for investments, loans and acquisitions of companies and businesses.

5. 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) Customer information

Bell-Park takes steps to maintain an internal management system for customer information. However, in the event of an inadvertent leak of customer information, there could be an adverse impact on the Company's financial condition and operating results due to an erosion in public confidence or a requirement to pay financial damages. In addition, there may be an increase in expenses required to establish a customer information protection system in the future.

(3) 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 business outlook 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.

6. Consolidated Financial Statements
(1) Consolidated Financial Statements
1) Consolidated Balance Sheets

Account	*	FY2003 (As of Dec. 31, 2003)		FY2004 (As of Dec. 31, 2004)	
		Thousand yen	%	Thousand yen	%
Assets					
I. Current assets					
1. Cash on hand and in banks		2,104,387		2,328,908	
2. Accounts receivable - trade and accounts receivable - other		1,458,007		2,209,836	
3. Inventories		797,686		1,059,253	
4. Deferred tax assets		83,808		53,144	
5. Other current assets		222,049		145,980	
Allowance for doubtful accounts		(187)		(177)	
Total current assets		4,665,751	85.4	5,796,946	84.8
II. Fixed assets					
1. Property, plant and equipment					
(1) Buildings		169,631		222,419	
Accumulated depreciation		49,076	120,554	51,788	170,631
(2) Structures		2,195		2,592	
Accumulated depreciation		37	2,157	525	2,066
(3) Vehicles		-		1,530	
Accumulated depreciation		-	-	273	1,256
(4) Furniture and fixtures		61,273		92,784	
Accumulated depreciation		38,712	22,561	50,903	41,880
Total property, plant and equipment			145,273	215,835	3.1
2. Intangible assets			13,928	12,114	0.2
3. Investments and other assets					
(1) Leasehold deposits			390,831	588,811	
(2) Deferred tax assets			54,242	60,900	
(3) Others			197,165	166,299	
Allowance for doubtful accounts			(1,770)	(3,609)	
Total investments and other assets			640,469	812,402	11.9
Total fixed assets			799,670	1,040,352	15.2
Total assets			5,465,421	6,837,298	100.0

Account	*	FY2003 (As of Dec. 31, 2003)		FY2004 (As of Dec. 31, 2004)	
		Thousand yen	%	Thousand yen	%
Liabilities					
I. Current liabilities					
1. Accounts payable - trade and accounts payable - other		1,585,940		2,278,854	
2. Accrued payable-other		-		639,052	
3. Accrued income taxes		179		302,860	
4. Reserve for employees' bonuses		29,100		35,811	
5. Allowance for early subscription cancellations		12,597		36,305	
6. Other current liabilities		345,209		411,838	
Total current liabilities		1,973,027	36.1	3,704,722	54.2
II. Long-term liabilities					
1. Liability for employees' retirement benefits		15,870		24,309	
2. Accrued directors' severance benefits		42,019		-	
3. Other long-term liabilities		15,288		54,811	
Total long-term liabilities		73,178	1.3	79,120	1.1
Total liabilities		2,046,206	37.4	3,783,843	55.3
Shareholders' equity					
I. Common stock	*1	1,074,301	19.7	1,085,035	15.9
II. Capital surplus		1,528,708	28.0	1,539,443	22.5
III. Retained earnings		885,782	16.2	542,557	8.0
IV. Treasury stock	*2	(69,576)	(1.3)	(113,581)	(1.7)
Total shareholders' equity		3,419,215	62.6	3,053,454	44.7
Total liabilities and shareholders' equity		5,465,421	100.0	6,837,298	100.0

2) Consolidated Statements of Income

Account	*	FY2003 (Jan. 1 – Dec. 31, 2003)		FY2004 (Jan. 1 – Dec. 31, 2004)			
		Thousand yen	%	Thousand yen	%		
I. Net sales			14,047,426	100.0	16,456,319	100.0	
II. Cost of goods sold			11,341,439	80.7	13,515,747	82.1	
Gross profit			2,705,986	19.3	2,940,571	17.9	
III. Selling, general and administrative expenses	*1						
1. Advertisement		-			109,693		
2. Salaries		-			625,015		
3. Miscellaneous wages		-			312,690		
4. Welfare expenses		-			119,270		
5. Provision of accrued bonuses		-			37,108		
6. Retirement benefit expenses		-			11,647		
7. Rent		-			341,167		
8. Depreciation		-			33,921		
9. Others		-	2,058,902	14.7	719,399	14.0	
Operating income			647,084	4.6	630,655	3.9	
IV. Non-operating income							
1. Interest income		872			21		
2. Additional tax refund		-			3,996		
3. Payments on termination of insurance policies		-			5,598		
4. Income from rentals		2,278			9,313		
5. Other non-operating income		5,553	8,704	0.1	4,131	23,061	0.1
V. Non-operating expenses							
1. Interest expenses		1,603			2,205		
2. Foreign exchange loss		5,004			-		
3. Provision of allowance for doubtful accounts		1,050			-		
4. Leasing expenses		-			8,961		
5. Other non-operating expenses		2,062	9,721	0.1	4,806	15,973	0.1
Ordinary income			646,068	4.6		637,743	3.9
VI. Extraordinary income							
1. Gain on sale of investment securities		-			3,500	3,500	0.0
VII. Extraordinary loss							
1. Loss on sale of fixed assets	*2	48,787			3,257		
2. Loss on removal of fixed assets	*3	11,684			25,848		
3. Loss on revaluation of investment securities		30,000			-		
4. Officers' retirement benefits		-			17,400		
5. Amortization of goodwill		-			51,428		
6. Amortization of consolidated goodwill		-			467,195		
7. Other extraordinary loss		1,325	91,797	0.7	2,767	567,896	3.4
Income before income taxes			554,270	3.9		73,346	0.5
Income taxes - current		16,513			278,405		
Income taxes - deferred		(75,566)	(59,052)	(0.4)	29,303	307,708	1.9
Net income			613,323	4.3		(234,361)	(1.4)

3) Consolidated Statements of Retained Earnings

Account	*	FY2003 (Jan. 1 – Dec. 31, 2003)		FY2004 (Jan. 1 – Dec. 31, 2004)	
		Thousand yen		Thousand yen	
Capital surplus					
I. Capital surplus at beginning of year			1,492,892		1,528,708
II. Increase in capital surplus					
1. New stock issue for the exercise of stock options		-		10,734	
2. New stock issue for exchange of stock		35,816	35,816	-	10,734
III. Capital surplus at end of period			1,528,708		1,539,443
Retained earnings					
I. Retained earnings at beginning of year			335,839		885,782
II. Increase in retained earnings					
1. Net income		613,323	613,323	-	-
III. Decrease in retained earnings					
1. Cash dividends		52,881		106,862	
2. Directors' bonuses		10,500		2,000	
3. Net loss		-	63,381	234,361	343,224
IV. Retained earnings at end of period			885,782		542,557

4) Consolidated Statements of Cash Flows

	FY2003 (Jan. 1 – Dec. 31, 2003)	FY2004 (Jan. 1 – Dec. 31, 2004)
Account	Thousand yen	Thousand yen
I. Cash flows from operating activities		
Income before income taxes	554,270	73,346
Depreciation and amortization	29,951	32,701
Amortization of goodwill	-	51,428
Amortization of consolidated goodwill	-	467,195
Increase (decrease) in allowance for doubtful accounts	(1,433)	1,828
Increase (decrease) in reserve for employees' bonuses	15,955	(13,112)
Increase in allowance for early subscription cancellations	12,597	19,808
Increase in liability for employees' retirement benefits	7,047	3,349
Increase (decrease) in accrued directors' severance benefits	4,122	(42,019)
Interest and dividend income	(1,472)	(21)
Interest expenses	1,603	2,205
Loss on sale of investment securities	-	(3,500)
Loss on revaluation investment securities	30,000	-
Loss on sale of fixed assets	48,787	3,257
Loss on removal of fixed assets	11,684	25,848
Decrease (Increase) in account receivables	166,889	(472,339)
Decrease (Increase) in inventories	(415,562)	(147,632)
Increase (decrease) in account payables	317,337	479,670
Others	(25,082)	293,407
Subtotal	756,696	775,423
Interest and dividends received	1,472	21
Interest paid	(1,603)	(2,205)
Income taxes refund (paid)	(405,154)	162,358
Net cash provided by operating activities	351,411	935,597
II. Cash flows from investing activities		
Payment for purchase of investment securities	-	(35,000)
Proceeds from sale of investment securities	-	38,500
Payment for purchase of property, plant and equipment	(24,957)	(105,640)
Proceeds from sale of property, plant and equipment	109,347	500
Payment for purchase of subsidiary stock involving changes in the scope of consolidation	-	(419,733)
Deduction from income related to sale of subsidiary involving a change in the scope of consolidation	(2,298)	-
Payment for business transfer	-	(51,428)
Others	(73,736)	(7,700)
Net cash provided by (used in) investing activities	8,355	(580,503)
III. Cash flows from financing activities		
Proceeds from issuance of new stock	-	20,295
Payment for purchase of treasury stock	(68,727)	(44,005)
Cash dividends paid	(52,881)	(106,862)
Net cash used in financing activities	(121,609)	(130,572)
IV. Effect of exchange rate changes on cash and cash equivalents	(5,004)	-
V. Cash and cash equivalents at beginning of period	233,153	224,521
VI. Net increase in cash and cash equivalents	1,865,683	2,104,387
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	2,104,387	2,328,908

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

Item	FY2003 (Jan. 1 – Dec. 31, 2003)	FY2004 (Jan. 1 – Dec. 31, 2004)
1. Principles of consolidation	<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>	<p>The consolidated financial statements include the accounts of the Company and its two consolidated subsidiaries. Name of consolidated subsidiaries: J-PHONE SERVICE Co., Ltd. Nikka Co., Ltd. J-Phone Service Co., Ltd. was renamed Japan Pro-Staff Co., Ltd. on January 1, 2005.</p> <p>Effective the current consolidated fiscal year, Nikka Co., Ltd., converted into a subsidiary through acquisition of stock, is included in the consolidation.</p>
2. Fiscal year-end of consolidated subsidiaries	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.	The end of the fiscal year of the consolidated subsidiaries (J-PHONE SERVICE Co., Ltd., and Nikka Co., Ltd.) fiscal year is the same as that for the Company.
3. Significant accounting policies		
(1) Valuation criteria and methods for principal assets	<p>Securities Other securities 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. Supplies: Supplies are stated at cost, cost being determined by the last purchase price method.</p>	<p>Securities Other securities Securities without market quotations Same as on the left.</p> <p>Inventories Merchandise: Same as on the left.</p> <p>Supplies: Same as on the left.</p>
(2) Depreciation and amortization of significant depreciable assets	<p>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 Structures: 10 years Furniture & Fixtures: 3-15years</p> <p>Intangible assets Straight-line method. 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>Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method.</p>	<p>Property, plant and equipment: Same as on the left.</p> <p>Useful life of principle assets is as follows: Buildings: 3-24years Structures: 10-20 years Vehicles: 2-6 years Furniture & Fixtures: 2-15 years</p> <p>Intangible assets Same as on the left. The development costs of software intended for internal use are amortized over an estimated useful life of 5 years by the straight-line method. Goodwill recorded during the fiscal period was amortized in a lump sum.</p> <p>Long-term prepaid expenses Same as on the left.</p>

Item	FY2003 (Jan. 1 – Dec. 31, 2003)	FY2004 (Jan. 1 – Dec. 31, 2004)
(3) Recognition of significant allowances	<p>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>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>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> <p>The effect of this change was to decrease net sales by 12,597 thousand yen and decrease operating income, ordinary income and 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>Allowance for doubtful accounts Same as on the left.</p> <p>Reserves for employees' bonuses Same as on the left.</p> <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>

Item	FY2003 (Jan. 1 – Dec. 31, 2003)	FY2004 (Jan. 1 – Dec. 31, 2004)
(4) Other significant accounting policies in the preparation of consolidated financial statements	<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 projected benefit obligation on the fiscal year balance sheet date.</p> <p>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> <p>1) Accounting for consumption taxes All amounts stated are exclusive of consumption taxes.</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 Implementation Guideline No. 4). Please refer to the note concerning per-share information for the effect of this change.</p>	<p>Liability for employees' retirement benefits Same as on the left.</p> <p>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 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 40,494 thousand yen in directors' retirement benefits as of the end of this meeting have been transferred to "others" in long-term liabilities.</p> <p>1) Accounting for consumption taxes Same as on the left.</p> <p style="text-align: center;">-</p>
4. Valuation of assets and liabilities of consolidated subsidiaries	Assets and liabilities of consolidated subsidiaries are valued at market.	Same as on the left.
5. Amortization of goodwill	-	Charged to income as accrued.
6. Appropriation of retained earnings	The consolidated statements of retained earnings include cash dividends declared by consolidated subsidiaries during the current consolidated year.	Same as on the left.
7. Scope of cash and cash equivalents on consolidated statements of cash flows	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.	Same as on the left.

Supplementary Information

No reportable information.

Reclassifications

FY2003 (Jan. 1 – Dec. 31, 2003)	FY2004 (Jan. 1 – Dec. 31, 2004)																				
-	<p>(Consolidated balance sheet)</p> <p>Effective the current consolidated fiscal year, "Accrued payable-other," included in "Others" under "Current liabilities" in prior periods, is reclassified and presented as a separate line item since the amount of "Accrued payable-other," exceeded 5/100 of the "Total liabilities, Minority interests and Shareholders' equity".</p> <p>In the previous fiscal year, "Accrued payable-other," totaled 87,909 thousand yen.</p>																				
-	<p>(Consolidated statements of income)</p> <p>1. Effective the current consolidated fiscal year, selling, general and administrative expenses presented as a single item "Selling, general and administrative expenses" (with the breakdown of major items and corresponding expenses presented in the Notes to Consolidated Statements of Income) in prior periods are reclassified and presented as separate line items.</p> <p>The following is a restatement of the selling, general and administrative expenses for the previous fiscal year to make them conform to the current fiscal year presentation:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; width: 20%;">Thousand yen</th> </tr> </thead> <tbody> <tr> <td>Advertisement</td> <td style="text-align: right;">87,169</td> </tr> <tr> <td>Salaries</td> <td style="text-align: right;">530,623</td> </tr> <tr> <td>Miscellaneous wages</td> <td style="text-align: right;">276,246</td> </tr> <tr> <td>Welfare expenses</td> <td style="text-align: right;">96,111</td> </tr> <tr> <td>Provision of reserve for bonuses</td> <td style="text-align: right;">26,098</td> </tr> <tr> <td>Retirement benefits expenses</td> <td style="text-align: right;">7,828</td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">293,353</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">28,610</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">712,861</td> </tr> </tbody> </table> <p>2. Effective the current consolidated fiscal year, "Provision of allowance for doubtful accounts," presented as a separate line item under "Non-operating expenses" in the previous fiscal year, is reclassified and included in "Other non-operating expenses," given the reduced materiality of impact of the amount on the consolidated financial statements.</p> <p>In the current fiscal year, "Provision of allowance for doubtful accounts," included in "Other non-operating expenses" is 125 thousand yen.</p>		Thousand yen	Advertisement	87,169	Salaries	530,623	Miscellaneous wages	276,246	Welfare expenses	96,111	Provision of reserve for bonuses	26,098	Retirement benefits expenses	7,828	Rent	293,353	Depreciation	28,610	Others	712,861
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Others	712,861																				

Notes to Consolidated Financial Statements
Notes to Consolidated Balance Sheets

FY2003 (As of Dec. 31, 2003)	FY2004 (As of Dec. 31, 2004)
*1 Class and number of shares outstanding	*1 Class and number of shares outstanding
Common stock 21,882.06 shares	Common stock 65,931.18 shares
*2 Treasury stock	*2 Treasury stock
Common stock 509.5 shares	Common stock 2,033.5 shares

Notes to Consolidated Statements of Income

Thousand yen

FY2003 (Jan. 1 - Dec. 31, 2003)	FY2004 (Jan. 1 - Dec. 31, 2004)
*1 Significant components of selling, general and administrative expenses	*1 -
Wages and allowances 530,623	
Miscellaneous wages 276,246	
Rent 293,353	
Provision of accrued directors' severance benefits 6,122	
Provision of reserve for employees' bonuses 26,098	
Retirement benefit expenses 7,828	
*2 Significant components of loss on sale of fixed assets	*2 Significant components of loss on sale of fixed assets
Buildings 17,576	Buildings 3,257
Furniture & fixture 1,563	Total 3,257
Land 27,235	
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
Buildings 11,511	Buildings 23,695
Furniture & fixture 173	Furniture & fixture 995
Total 11,684	Software 766
	Trade mark rights 390
	Total 25,848

Notes to Consolidated Statements of Cash Flows

Thousand yen

FY2003 (Jan. 1 - Dec. 31, 2003)		FY2004 (Jan. 1 - Dec. 31, 2004)																											
<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> <table> <tr> <td>Cash on hand and in banks</td> <td>2,104,387</td> </tr> <tr> <td>Cash and cash equivalents</td> <td>2,104,387</td> </tr> </table>		Cash on hand and in banks	2,104,387	Cash and cash equivalents	2,104,387	<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> <table> <tr> <td>Cash on hand and in banks</td> <td>2,328,908</td> </tr> <tr> <td>Cash and cash equivalents</td> <td>2,328,908</td> </tr> </table>		Cash on hand and in banks	2,328,908	Cash and cash equivalents	2,328,908																		
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<p>*2 Assets and liabilities of newly consolidated subsidiary (acquired through and exchange of stock) 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. is as follows.</p> <table> <tr> <td>Current assets</td> <td>132,004</td> </tr> <tr> <td>Fixed assets</td> <td>4,368</td> </tr> <tr> <td>Total assets</td> <td>136,372</td> </tr> <tr> <td>Current liabilities</td> <td>100,556</td> </tr> </table>		Current assets	132,004	Fixed assets	4,368	Total assets	136,372	Current liabilities	100,556	<p>*2 Assets and liabilities of newly consolidated subsidiary (acquired through and exchange of stock) In connection with the consolidation of Nikka Co., Ltd. through the acquisition of its shares, details of assets and liability items at the time of the consolidation of Nikka Co., Ltd. and the relationship between the acquisition cost of the shares of Nikka Co., Ltd. and the expense (net) related to the acquisition of Nikka Co., Ltd. are summarized as follows</p> <table> <tr> <td>Current assets</td> <td>711,341</td> </tr> <tr> <td>Fixed assets</td> <td>200,196</td> </tr> <tr> <td>Amortization of goodwill</td> <td>467,195</td> </tr> <tr> <td>Current liabilities</td> <td>(655,491)</td> </tr> <tr> <td>Long-term liabilities</td> <td>(23,242)</td> </tr> <tr> <td>Acquisition value (Nikka Co., Ltd.)</td> <td>700,000</td> </tr> <tr> <td>Cash and cash equivalents (Nikka Co., Ltd.)</td> <td>(80,266)</td> </tr> <tr> <td>Accrued cost of stock transfer</td> <td>(200,000)</td> </tr> <tr> <td>Acquisition cost of Nikka Co., Ltd.</td> <td>419,733</td> </tr> </table>		Current assets	711,341	Fixed assets	200,196	Amortization of goodwill	467,195	Current liabilities	(655,491)	Long-term liabilities	(23,242)	Acquisition value (Nikka Co., Ltd.)	700,000	Cash and cash equivalents (Nikka Co., Ltd.)	(80,266)	Accrued cost of stock transfer	(200,000)	Acquisition cost of Nikka Co., Ltd.	419,733
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<p>*3 Principal assets and liabilities of the subsidiary excluded from the consolidation due to sale of equity interest Assets and liabilities at the time of sale, value of stock sold and deduction from income related to the sale of stock of Telec Co., Ltd. excluded from consolidation due to divesture of stock holding.</p> <table> <tr> <td>Current assets</td> <td>14,958</td> </tr> <tr> <td>Current liabilities</td> <td>2,328</td> </tr> </table>		Current assets	14,958	Current liabilities	2,328	<p>*3 -</p>																							
Current assets	14,958																												
Current liabilities	2,328																												

Leases

No reportable information.

Securities

1. Securities with market quotations

No reportable information.

2. Securities classified as "Other securities" sold during the previous and current consolidated fiscal years

Thousand yen

FY2003 (Jan. 1 - Dec. 31, 2003)			FY2004 (Jan. 1 - Dec. 31, 2004)		
Aggregate sales amount	Aggregate gain	Aggregate loss	Aggregate sales amount	Aggregate gain	Aggregate loss
-	-	-	38,500	3,500	-

3. Securities without market quotations

No reportable information.

Derivatives

FY2003 (Jan 1- Dec. 31, 2003)

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

FY2004 (Jan 1- Dec. 31, 2004)

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

Retirement Benefits

1. Retirement benefit plan

FY2003 (As of Dec. 31, 2003)	FY2004 (As of Dec. 31, 2004)
The Company and its domestic consolidated subsidiaries have defined benefit plan, i.e., a lump-sum pension plan.	Same as on the left.

2. The following table sets forth the funded and accrued status of the plans.

Thousand yen

	FY2003 (As of Dec. 31, 2003)	FY2004 (As of Dec. 31, 2004)
(1) Retirement benefit obligation	(15,870)	(24,309)
(2) Liability for employees' retirement benefits	(15,870)	(24,309)

* The projected retirement benefit obligation is computed by the simple method.

3. The following table sets forth the components of retirement benefit expenses.

Thousand yen

	FY2003 (Jan. 1 – Dec. 31, 2003)	FY2004 (Jan. 1 – Dec. 31, 2004)
Service cost	8,405	12,054
Retirement benefit expenses	8,405	12,054

4. The assumptions used in accounting for the above plans were as follows:

	FY2003 (As of Dec. 31, 2003)	FY2004 (As of Dec. 31, 2004)
(1) Method of computing retirement benefit obligation	To provide for employee retirement benefits, the Company provides an allowance for retirement benefits in the amount deemed to have accrued if all eligible employees terminated employment on the balance sheet date.	Same as on the left.
(2) Years for the amortization of the difference at transition	No reportable information.	Same as on the left.

Deferred Income Taxes

Thousand yen

FY2003 (Jan. 1 – Dec. 31, 2003)	FY2004 (Jan. 1 – Dec. 31, 2004)
1. Major components of deferred tax assets	1. Major components of deferred tax assets
Deferred tax assets	Deferred tax assets
Lump-sum amortized assets	Lump-sum amortized assets
1,378	1,558
Accrued enterprise taxes	Accrued enterprise taxes
(13,614)	23,092
Amortization of goodwill in excess of maximum amount allowed for inclusion in expenses	Amortization of goodwill in excess of maximum amount allowed for inclusion in expenses
18,605	26,048
Provision of reserve for employees' bonuses in excess of maximum amount allowed for inclusion in expenses	Provision of reserve for employees' bonuses in excess of maximum amount allowed for inclusion in expenses
10,473	15,740
Provision of reserve for loss on short-term contract cancellations not included in expenses	Provision of reserve for loss on short-term contract cancellations not included in expenses
5,303	14,761
Provision of liability for employees' retirement benefits in excess of maximum amount allowed for inclusion in expenses	Provision of liability for employees' retirement benefits in excess of maximum amount allowed for inclusion in expenses
3,385	8,032
Provision of accrued directors' severance benefits in excess of maximum amount allowed for inclusion in expenses	Provision of accrued directors' severance benefits in excess of maximum amount allowed for inclusion in expenses
17,081	12,787
Loss on revaluation of memberships not included in expenses	Loss on revaluation of memberships not included in expenses
1,581	1,581
Provision of allowance for doubtful accounts in excess of maximum amount allowed for inclusion in expenses	Provision of allowance for doubtful accounts in excess of maximum amount allowed for inclusion in expenses
787	1,192
Loss on revaluation of investment securities not included in expenses	Loss on revaluation of investment securities not included in expenses
12,210	12,210
Loss carried forward	Loss carried forward (subsidiary)
80,859	30,426
Total deferred tax assets	Sub-total
138,051	147,434
Deferred tax liabilities	Valuation reserve
-	(33,389)
Total deferred tax liabilities	Total deferred tax assets
-	114,045
Net deferred tax assets	Deferred tax liabilities
138,051	-
	Total deferred tax liabilities
	-
	Net deferred tax assets
	114,045
2. Significant sources of the difference between the statutory and effective tax rates	2. Significant sources of the difference between the statutory and effective tax rates
Statutory tax rate	Statutory tax rate
42.1%	42.1%
(Adjustments)	(Adjustments)
Entertainment expenses and other items not to be included in expenses indefinitely	Entertainment expenses and other items not to be included in expenses indefinitely
2.2%	12.4%
Dividends etc. received not included in income indefinitely	Residential tax for the period (straight-line)
(5.2)%	24.2%
Residential tax for the period (straight-line)	Tax on reserved income of family-owned companies
2.9%	49.2%
Temporary difference related to future impairment of investment in consolidated subsidiary	Unrecognized tax effect of subsidiary
(53.7)%	26.1%
Other	Amortization of consolidated goodwill
1.0%	268.2%
Effective tax rate	Others
(10.7)%	(2.7)%
	Effective tax rate
	419.5%

Segment Information

Operating segment information

FY 2003 (Jan.1 - Dec. 31, 2003)

FY 2004 (Jan.1 - Dec. 31, 2004)

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

Geographical Segment Information

FY 2003 (Jan.1 - Dec. 31, 2003)

FY 2004 (Jan.1 - Dec. 31, 2004)

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

Overseas Sales

FY 2003 (Jan.1 - Dec. 31, 2003)

FY 2004 (Jan.1 - Dec. 31, 2004)

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

Related Party Transactions

FY 2003 (Jan. 1 - Dec. 31, 2003)

No reportable information.

FY 2004 (Jan.1 - Dec. 31, 2004)

Thousand yen

Relationships	Name	Address	Capital contribution	Occupation	Voting Power	Dual roles in directorship	Business relationship
Corporate auditor	Takahisa Yamakawa	-	-	Attorney	-	-	-
Relationships	Name	Types of transaction	Transaction amount	Account	Balance at year-end		
Corporate auditor	Takahisa Yamakawa	Legal fees	4,967	-	-		

Note: The above amounts do not include consumption taxes.

Per Share Information

Yen

FY2003 (Jan. 1 - Dec. 31, 2003)		FY2004 (Jan. 1 - Dec. 31, 2004)	
Shareholders' equity per share	159,887.98	Shareholders' equity per share	47,786.63
Net income per share (basic)	28,328.05	Net loss per share	3,655.66
Net income per share (diluted)	28,197.43		
<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).</p> <p>Restatement of per-share information for the current fiscal year to conform with the previous standards:</p>		<p>Diluted net income per share is not presented since the company posted a net loss for the current fiscal year. A 3-for-1 stock split was conducted on February 20, 2004. Per-share information calculated as if this split had occurred at the beginning of 2003 is presented below.</p>	
Shareholders' equity per share	159,981.56	Shareholders' equity per share	53,295.99
Net income per share (basic)	28,420.73	Net income per share (basic)	9,442.68
Net income per share (diluted)	28,289.68	Net income per share (diluted)	9,399.14

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

Thousand yen

	FY 2003 (Jan. 1 - Dec. 31, 2003)	FY 2004 (Jan. 1 - Dec. 31, 2004)
Net income	613,323	(234,361)
Net income not available to common shareholders	2,000	-
[Of which bonuses to directors in the appropriation of retained earnings]	[2,000]	-
Net income available to common stock	611,323	(234,361)
Average number of shares outstanding	21,580.15	64,109.27
Net income per share (diluted)		
Increase in the number of common shares (shares)	99.97	486.31
[of which stock acquisition rights] (share)	[99.97]	[486.31]
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:</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 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> <p>(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</p>	-

Subsequent Events

No reportable information.

7. Production, Orders and Sales

1) Production

No reportable information since the Group has no manufacturing operations.

2) Procurement

Schedule of sales for the current fiscal year.

Thousand yen

Business unit	FY2004 (Jan. 1 - Dec. 31, 2004)	Vs. previous year
Mobile phone sales division	11,007,718	119.7%
Others	24,252	23.4%
Total	11,031,971	118.6%

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 fiscal year.

Thousand yen

Business unit	Item	FY2004 (Jan. 1 - Dec. 31, 2004)	Vs. previous year
Mobile phone sales division	Merchandise sales	3,544,349	101.9%
	Commissions received	12,418,361	122.7%
	Sub total	15,962,710	117.4%
Others	Sales	493,608	109.4%
Total		16,456,319	117.1%

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 (Jan. 1 - Dec. 31, 2003)		FY2004 (Jan. 1 - Dec. 31, 2004)	
		Amount	Share	Amount	Share
Mobile phone sales division	Vodafone K.K.	10,102,166	74.3%	12,413,844	77.8%
Others	Vodafone K.K.	410,480	91.0%	317,734	64.3%

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.