

Financial Summaries for the Fiscal Year ended December 2001 – Consolidated*(“Kessan Tanshin”)*

Name of Company Quoted: Bell- Park Co., Ltd. (JASDAQ)
 Code Number: 9441
 Company Domicile: Tokyo
 Office Location: 1-6 Kojimachi, Chiyoda-ku Tokyo
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Date of Board of Directors Meeting for approving financial results for the period: February 20, 2002

1. Business Performance for the Fiscal Year Ended December 2001
(From January 1, 2001 to December 31, 2001)

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

	Sales		Operating income		Ordinary income	
	Million Yen	Growth Rate (%)	Million Yen	Growth rate (%)	Million Yen	Growth Rate (%)
Fiscal year ended Dec. 2001	14,942	74.6	714	8.9	738	30.4
Fiscal year ended Dec. 2000	8,557	-	655	-	566	-

	Net income		Net income per share	Net income per share after dilution	ROE	Ratio of ordinary income to total capital	Ordinary income to sales
	Million Yen	%	Yen	Yen	%	%	%
Fiscal year ended Dec. 2001	307	-	43,563.33	43,536.28	12.5	17.1	5.0
Fiscal year ended Dec. 2000	(473)	-	(73,370.68)	-	(20.4)	13.2	6.6

(Notes)

- Equity in earnings of affiliates
 Fiscal year ended December 2001: - Million Yen
 Fiscal year ended December 2000: - Million Yen
- Unrealized holding gain (loss) on securities: - Million Yen
 Unrealized holding gain (loss) on derivative contracts: - Million Yen
- Change in Accounting Principle during the period: None
- ROE and Ratio of ordinary income to total capital for the year ended December 2000 are based on the figures at the end of the period.
- Net income per share after dilution for the fiscal year ended December 2000 was not disclosed since loss was incurred for the period.

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Equity to total assets ratio	Equity per share
	Million Yen	Million Yen	%	Yen
Fiscal year ended Dec. 2001	4,338	2,579	59.5	365,933.57
Fiscal year ended Dec. 2000	4,294	2,323	54.1	329,577.92

Consolidated Financial Statements

Consolidated Balance Sheet

Items	Fiscal Year	Previous Fiscal Year (As of December 31, 2000)		Current Fiscal Year (As of December 31, 2001)	
		thousand Yen	%	thousand Yen	%
(Assets)					
Current assets					
1 . Cash and cash equivalents	1	208,835		210,586	
2 . Accounts receivable and operating unearned income		1,396,451		1,530,098	
3 . Securities		1,365,395		36,560	
4 . Inventories		391,910		554,243	
5 . Deposits		-		938,048	
6 . Deferred tax assets		16,700		20,510	
7 . Other current assets		65,309		70,965	
Allowances for doubtful accounts		(3,535)		(1,737)	
Total current assets		3,441,067	80.1	3,359,276	77.4
Fixed assets					
1 . Tangible fixed assets					
(1) Buildings	1	192,605		224,897	
Accumulated		18,889	173,716	37,032	187,864
(2) Vehicles		1,200		-	
Accumulated		1,121	78	-	-
(3) Furniture and fixtures		48,191		55,403	
Accumulated		12,831	35,359	25,587	29,815
(4) Land	1		85,400		85,400
Total tangible fixed assets			294,555		303,080
			6.9		7.0
2 . Intangible fixed assets					
			6,183		11,570
			0.1		0.3
3 . Investments and other assets					
(1) Investment securities			-		61,624
(2) Deposits	1		315,752		365,637
(3) Deferred tax assets			64,362		56,999
(4) Others			173,064		180,328
Allowances for doubtful accounts			(44)		(78)
Total investments and other assets			553,135		664,510
			12.9		15.3
Total fixed assets			853,874		979,161
			19.9		22.6
Total assets			4,294,941		4,338,437
			100.0		100.0

Fiscal Year Items	Previous Fiscal Year (As of December 31, 2000)		Current Fiscal Year (As of December 31, 2001)	
	thousand Yen	%	thousand Yen	%
(Liabilities)				
Current liabilities				
1 . Accounts payable and operating accrued expenses	1,122,803		1,375,845	
2 . Short-term borrowings	134,137		-	
3 . Corporate tax payable	155,761		90,255	
4 . Accrued bonuses	13,980		14,840	
5 . Others	145,304		221,900	
Total current liabilities	1,571,988	36.6	1,702,842	39.2
Fixed liabilities				
1 . Long-term borrowings	263,933		-	
2 . Reserve for retirement allowances	11,079		-	
3 . Reserve for retirement benefits	-		9,794	
4 . Reserve for retirement allowances for directors	110,114		25,337	
5 . Others	14,130		20,624	
Total fixed liabilities	399,257	9.3	55,756	1.3
Total liabilities	1,971,245	45.9	1,758,598	40.5
(Shareholders' equity)				
Capital stock	1,073,676	25.0	1,073,676	24.8
Additional Paid-in Capital	1,492,267	34.7	1,492,267	34.4
Consolidated retained earnings (deficit)	(241,786)	(5.6)	13,964	0.3
Net unrealized holding gain (loss) on other securities	-		392	0.0
	2,324,157	54.1	2,580,300	59.5
Treasury stocks	(461)	(0.0)	(461)	(0.0)
Total Shareholders' equity	2,323,695	54.1	2,579,839	59.5
Total Liabilities and Shareholders'	4,294,941	100.0	4,338,437	100.0

Consolidated Income Statements

Items	Fiscal Year		Previous Fiscal Year (From January 1 to December 31, 2000)		Current Fiscal Year (From January 1 to December 31, 2001)	
			thousand Yen	%	thousand Yen	%
Sales			8,557,909	100.0	14,942,747	100.0
Costs of Sales			6,880,799	80.4	12,514,063	83.7
Gross Profit			1,677,109	19.6	2,428,684	16.3
Selling, general and administrative expenses	1		1,021,367	11.9	1,714,466	11.5
Operating income			655,742	7.7	714,218	4.8
Non-operating income						
1 . Interest income		3,720			4,857	
2 . Capital gains on sales of securities		3,586			-	
3 . Capital gains on sales of investment securities		-			11,281	
4 . Sales promotion income		5,500			-	
5 . Rents received		-			9,792	
6 . Other non-operating income		13,284	26,090	0.3	4,635	30,568
0.2						
Non-operating expenses						
1 . Interest paid		3,052			3,220	
2 . Stock issuance expenses		10,932			-	
3 . IPO expenses		31,976			-	
4 . Losses on valuation of securities		63,114			-	
5 . Other non-operating expenses		6,323	115,398	1.4	3,119	6,339
0.0						
Ordinary income			566,434	6.6	738,446	5.0
Extraordinary income						
1 . Reversal of allowance for doubtful accounts		-			1,015	
2 . Capital gains on sales of investment securities	4	-	-		770	1,785
0.0						
Extraordinary losses						
1 . Amortization of consolidated adjustment accounts		758,847			-	
2 . Losses on sales of fixed assets	2	1,149			-	
3 . Losses on disposal of fixed assets	3	9,391			3,731	
4 . Losses on sales of investment securities	4	-			48,921	
5 . Amortization of goodwill		-			114,285	
6 . Others		-	769,389	9.0	650	167,588
1.1						
Income (loss) before income taxes and minority interests			(202,954)	(2.4)	572,642	3.9
Income taxes – current		260,663			262,253	
Income taxes - deferred		(156)	260,507	3.0	3,267	265,520
1.8						
Minority interests (deduct)			10,422	0.1	-	
Net income (loss)			(473,885)	(5.5)	307,122	2.1

Consolidated Retained Earnings Statements

Fiscal Year	Previous Fiscal Year (From January 1 to December 31, 2000)		Current Fiscal Year (From January 1 to December 31, 2001)	
	thousand Yen		thousand Yen	
Consolidated retained earnings (accumulated deficit) at beginning of year				
1 . Consolidated retained earnings (accumulated deficit) at beginning of year	219,096		(241,786)	
2 . Tax adjustments from previous years	23,667	242,763	-	(241,786)
Decrease in retained earnings or increase in accumulated deficit				
Dividends	10,664	10,664	51,371	51,371
Net income (loss)		(473,885)		307,122
Consolidated retained earnings (accumulated deficit) at end of year		(241,786)		13,964

Consolidated Cash Flows Statement

Fiscal Year Items	Previous Fiscal Year (From January 1 to December 31, 2000)	Current Fiscal Year (From January 1 to December 31, 2001)
	thousand Yen	thousand Yen
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(202,954)	572,642
Depreciation and amortization	19,273	31,583
Amortization of consolidation adjustment accounts	758,847	-
Increase (Decrease) in allowances for doubtful accounts	1,686	(1,762)
Increase (Decrease) in accrued bonuses	6,714	859
Increase (Decrease) in reserve for retirement allowances	11,009	(11,079)
Increase (Decrease) in reserve for retirement benefits	-	9,794
Increase (Decrease) in reserve for retirement allowances for directors	-	(84,777)
Losses on valuation of securities	63,114	-
Interest and dividend income	(4,320)	(6,541)
Interest expenses	3,052	3,220
Gains on sales of investment securities	-	36,869
Losses on disposal of fixed assets	9,391	3,731
Amortization of goodwill	-	114,285
Decrease (Increase) in receivables	(362,637)	(133,647)
Decrease (Increase) in inventories	(188,724)	(160,671)
Increase (Decrease) in payables	172,078	253,041
Other	(2,744)	60,237
Subtotal	283,788	687,786
Interest and dividend received	4,320	6,541
Interest expenses	(3,052)	(3,220)
Income taxes	(332,603)	(327,759)
Net cash provided (used) by operating activities	(47,547)	363,348
Cash flows from investing activities		
Proceeds from time deposits	-	40,351
Purchases of securities	(409,591)	-
Proceeds from sales of securities	88,137	-
Purchases of investment securities	-	(129,759)
Proceeds from sales of investment securities	-	293,410
Purchases of fixed assets	(111,376)	(32,784)
Payments for a subsidiary that involves change in consolidation	(749,904)	-
Payments for acquisition of business	-	(120,455)
Other, net	(32,152)	(51,886)
Net cash used in investing activities	(1,214,887)	(1,124)

Fiscal Year Items	Previous Fiscal Year (From January 1 to December 31, 2000)	Current Fiscal Year (From January 1 to December 31, 2001)
	thousand Yen	thousand Yen
Cash flows from financing activities		
Repayments of short-term debts	(25,367)	(134,137)
Repayments of long-term debts	-	(263,933)
Proceeds from issuance of new shares	1,850,000	-
Payments to acquire treasury stock	(461)	-
Payments of dividends	(10,664)	(51,371)
Net cash provided (used) by financing activities	1,813,505	(449,441)
Foreign currency translation adjustments on cash and cash equivalents	-	-
Increase (Decrease) in cash and cash equivalents	551,071	(87,217)
Cash and cash equivalents at beginning of year	721,340	1,272,412
Cash and cash Equivalents at end of the year	1,272,412	1,185,195

Important Accounting Policies

	Previous Fiscal Year (From January 1 to December 31, 2000)	Current Fiscal Year (From January 1 to December 31, 2001)
1. Company Subject to Consolidation	Number of consolidated subsidiary: 1 Name of consolidated subsidiary: Telec Co., Ltd. We acquired share of Telec Co., Ltd. and it became subject to consolidation.	Number of consolidated subsidiary: 1 Name of consolidated subsidiary: Telec Co., Ltd.
2. Date of the Interim period for consolidated subsidiary	The fiscal year ended November 30, 2000 for Telec Co., Ltd.. We use financial statements for the period ended that day for this consolidation purpose. However, significant transactions that occurred from December 1, 2000 to December 31, 2000 were adjusted for consolidation purposes. Telec Co., Ltd. changed its fiscal year end from August 31, 2000 to November 30, 2000, so we used financial statements for the 3 month period ended November 30, 2000 for the purpose of consolidated financial statement preparation.	The fiscal year ended November 30, 2001 for Telec Co., Ltd.. We use financial statements for the period ended that day for this consolidation purpose. However, significant transactions that occurred from December 1, 2001 to December 31, 2001 were adjusted for consolidation purposes.
3. Accounting Principles (1) Basis of Asset Valuation and Methodology	<p>Securities</p> <p>Marketable securities Lowering of Cost or Market on Moving Average (Reversal Method)</p> <p>Non-marketable securities Cost method on moving average</p> <p>Inventories</p> <p>Merchandise Cost method on moving average</p> <p>Stored goods Last purchased cost method</p>	<p>Securities</p> <p>Other securities</p> <p>Marketable securities Market value method based on the market price on the end of the period. (Valuation gain or loss is recorded in shareholders' equity. Cost of securities sold is calculated using moving average method.)</p> <p>Non-marketable securities Cost method on moving average</p> <p>Inventories</p> <p>Merchandise Same as left</p> <p>Stored goods Same as left</p>

	Previous Fiscal Year (From January 1 to December 31, 2000)	Current Fiscal Year (From January 1 to December 31, 2001)
(2) Method of Depreciation of Fixed Assets	<p>Tangible fixed assets</p> <p>The declining balance method (buildings use the straight-line method under the prescription of the Corporation Tax Law).</p> <p>Intangible Fixed Assets</p> <p>Straight-line method under the prescription of the Corporation Tax Law</p> <p>Company software is depreciated according to the straight-line method on an estimated life cycle of 5 years.</p> <p>Long-term prepaid expenses</p> <p>Straight-line method under the prescription of the Corporation Tax Law.</p> <p>Deferred tax assets</p> <p>Stock issuance expenses</p> <p>Expensed at the time of issuance</p>	<p>Tangible fixed assets</p> <p>The declining balance method (buildings use the straight-line method).</p> <p>Buildings to be depreciated for respective prescribed period of 13 to 50 years</p> <p>Equipments to be depreciated for respective prescribed period of 5 to 8 years</p> <p>Intangible Fixed Assets</p> <p>Straight-line method.</p> <p>All the payments for goodwill are expensed at the time of payment.</p> <p>Company software is depreciated according to the straight-line method on an estimated life cycle of 5 years.</p> <p>Long-term prepaid expenses</p> <p>Straight-line method.</p>
(3) Recognition Standards for Important Reserves	<p>Allowances for doubtful accounts</p> <p>In order to properly reserve for losses from uncollectible accounts, reserve are set up under the prescription of the Corporation Tax Law and by examining collectability of each account.</p> <p>Accrued bonuses</p> <p>Reserve is provided for the payments of bonuses to the employees.</p> <p>Reserve for retirement allowances</p> <p>Reserve for retirement allowances were set up by estimating the necessary payments of retirement allowances on the assumption that some employees will retire for personal reasons at the end of the year.</p> <p>Reserve for retirement allowances for directors</p> <p>In order to properly provide for retirement allowances for directors, reserve is recorded in accordance with the company rules for the end of the year.</p>	<p>Allowances for doubtful accounts</p> <p>In order to properly reserve for losses from uncollectible accounts, average default rate is applied for normal accounts as well as examining the collectability of each doubtful account.</p> <p>Accrued bonuses</p> <p>Same as left</p> <p>Reserve for retirement benefits</p> <p>Reserve for retirement benefits were recorded at the amount deemed to incur during the period by estimating the necessary payments computed under the retirement allowance calculation method (simplified method.)</p> <p>Reserve for retirement allowances for directors</p> <p>Same as left</p>
(4) Other significant items in preparing the consolidated financial statement	<p>Accounting treatment for consumption taxes and others</p> <p>Revenue is recorded excluding collected consumption taxes.</p>	<p>Accounting treatment for consumption taxes and others</p> <p>Same as left</p>

	Previous Fiscal Year (From January 1 to December 31, 2000)	Current Fiscal Year (From January 1 to December 31, 2001)
4 . Valuation of assets and liabilities of consolidated subsidiary	Valuation of assets and liabilities of consolidated subsidiary is based on market price method.	Same as left
5 . Treatment of amortization of consolidation adjustment account	The entire amount in Amortization of consolidation adjustment account due to the acquisition of shares in Telec Co., Ltd. is expensed at the time of the acquisition considering the situation of the industry.	_____
6 . Treatment of appropriation of retained earnings	Consolidated Retained Earnings Statements are prepared for appropriation of retained earnings of consolidated group of the companies based of the amount of appropriation approved during the fiscal year.	Same as left
7 . Definition of Cash and Cash Equivalents for the consolidated cash flows statement	Cash and cash equivalents for the period cash flows statement are cash on hand, savings that are easily with drawable and short-term investments that mature within 3 months and carry little risk in valuation.	Same as left

Change in Description

Previous Fiscal Year (From January 1 to December 31, 2000)	Current Fiscal Year (From January 1 to December 31, 2001)
_____	<p>(Consolidated Income Statements)</p> <p>“Rents received” which was included in “Other non-operating income” previous fiscal year is separately indicated for current fiscal year because the income exceeded 10% of total non-operating income.</p> <p>“Rent received” previous fiscal year is 2,405 thousand Yen.</p>

Previous Fiscal Year (From January 1 to December 31, 2000)	Current Fiscal Year (From January 1 to December 31, 2001)
<hr/>	<p>(Consolidated Cash Flows Statement)</p> <p>“Increase in reserve for retirement allowances for directors” which were included in “Increase in reserve for retirement allowances” till previous fiscal year are separately indicated for current fiscal year from the viewpoint of clarification.</p> <p>For the reference purpose, the amount of “Increase in reserve for retirement allowances for directors” included in “Increase in reserve for retirement allowances” for previous fiscal year is 5,954 thousand Yen.</p>

(Consolidated Cash Flows Statement)

Previous Fiscal Year (From January 1 to December 31, 2000)	Current Fiscal Year (From January 1 to December 31, 2001)
<p>(1) Cash and cash equivalents balance for the fiscal year</p> <p>Cash and saving accounts 208,835 thousand Yen</p> <p>Securities maturing within 3 months 1,103,928 thousand Yen</p> <p>CD's maturing later than 3 months <u>(40,351) thousand Yen</u></p> <p>Cash and Cash Equivalents 1,272,412 thousand Yen</p>	<p>(1) Cash and cash equivalents balance for the fiscal year</p> <p>Cash and saving accounts 210,586 thousand Yen</p> <p>Securities maturing within 3 months <u>974,608 thousand Yen</u></p> <p>Cash and cash equivalents 1,185,195 thousand Yen</p>
<p>(2) Details of assets and liabilities of newly joined consolidated subsidiary</p> <p>Due to the stock acquisition of Telec Co., Ltd., following are the details of the balance sheet at the beginning of the consolidation period and related costs incurred at the time of stock acquisition.</p> <p>Current assets 906,486 thousand Yen</p> <p>Fixed assets 437,791 thousand Yen</p> <p>Amortization of consolidation adjustment account 751,978 thousand Yen</p> <p>Current liabilities (756,456) thousand Yen</p> <p>Fixed liabilities (528,788) thousand Yen</p> <p>Minority interests <u>(21,251) thousand Yen</u></p> <p>Stock purchase price 789,760 thousand Yen</p> <p>Telec Co.,Ltd. cash and cash equivalents <u>(39,855) thousand Yen</u></p> <p>Payments for stock purchase <u>749,904 thousand Yen</u></p>	<p>(2) _____</p>
<p>(3) _____</p>	<p>(3) Breakdown of assets acquired by the acquisition</p> <p>Current assets 1,660 thousand Yen</p> <p>Fixed assets <u>118,795 thousand Yen</u></p> <p>Total assets <u>120,455 thousand Yen</u></p>

(Lease Transaction)

None

(Securities related)

Previous Fiscal Year (As of December 31, 2000)

Valuation of Securities

Items	Previous Fiscal Year (As of December 31, 2000)		
	Book value	Market value	Difference
(1)Current assets			
Equities	106,192 thousand Yen	104,311 thousand Yen	(1,881) thousand Yen
Other securities	155,275 thousand Yen	135,258 thousand Yen	(20,016) thousand Yen
Subtotal	261,467 thousand Yen	239,569 thousand Yen	(21,897) thousand Yen
(2)Fixed assets	-	-	-
Total	261,467 thousand Yen	239,569 thousand Yen	(21,897) thousand Yen

(Notes) 1. Market valuation method

Listed securities

Last Price on Tokyo Stock Exchange

OTC traded securities

Quoted Prices available from Japan Securities Dealers Association

Securities of investment trust (Unlisted)

Base price

2. Securities not included above disclosure

(Current assets)

Previous Fiscal Year

 Money Management Fund

552,930 thousand Yen

 Free Financial Fund

450,649 thousand Yen

 Medium-term govt. bond Fund

100,347 thousand Yen

 Others

1 thousand Yen

Current Fiscal Year

Securities

1 . Other securities with market price (As of December 31, 2001)

	Type	Acquisition	Book value	Difference
Securities with market value exceeding amount initially listed on balance sheet	(1) Equities	29,873 thousand Yen	39,424 thousand Yen	9,550 thousand Yen
	(2)Bonds			
	Government Bonds, Municipal Bonds	-	-	-
	Corporate Bonds	-	-	-
	Other Bonds	-	-	-
	(3)Others	-	-	-
	Subtotal	29,873 thousand Yen	39,424 thousand Yen	9,550 thousand Yen
Securities with market value not exceeding amount initially listed on balance sheet	(1) Equities	31,072 thousand Yen	22,200 thousand Yen	(8,872) thousand Yen
	(2)Bonds			
	Government Bonds, Municipal Bonds	-	-	-
	Corporate Bonds	-	-	-
	Other Bonds	-	-	-
	(3)Others	-	-	-
	Subtotal	31,072 thousand Yen	22,200 thousand Yen	(8,872) thousand Yen
Total		60,946 thousand Yen	61,624 thousand Yen	677 thousand Yen

2. Other securities sold during the current Fiscal Year (From January 1 to December 31, 2001)

Sales proceeds	Gains on sales	Losses on sales
293,410 thousand Yen	12,051 thousand Yen	48,921 thousand Yen

3. Securities with no market value (As of December 31, 2001)

Type	Book value	Reference
(1) Other securities Money Reserve Fund	36,560 thousand Yen	

(Derivatives)

Previous Fiscal Year (As of December 31, 2000)

The company did not use derivative transactions; thus no disclosure is required on derivatives

Current Fiscal Year (From January 1 to December 31, 2001)

The company did not use derivative transactions; thus no disclosure is required on derivatives

(Retirement benefits)

1 . Retirement and severance benefits

Current Fiscal Year (As of December 31, 2001)	
The Company and the consolidated subsidiary have retirement allowance payment arrangement based on in-house rules of Company retirement rules.	

2. Projected benefit obligation

	Current Fiscal Year (As of December 31, 2001)
(1) Projected benefit obligation	(9,794) thousand Yen
(2) Reserve for retirement benefits	(9,794) thousand Yen

For the computation of projected benefit obligation, simplified method is adopted.

3 . Retirement benefit cost

	Current Fiscal Year (From January 1 to December 31, 2001)
Retirement benefit cost	
(1) Reserve for retirement allowance for previous fiscal year	11,079 thousand Yen
(2) Payment for retirement benefits for current fiscal year	5,593 thousand Yen
(3) Balance	5,485 thousand Yen
(4) Reserve for retirement benefits for current fiscal year	9,794 thousand Yen
(5) Retirement benefit cost	4,308 thousand Yen

4. Basis of computation of projected benefit obligation

	Current Fiscal Year (As of December 31, 2001)
(1) Computation of projected benefit obligation	Amount of projected benefit obligation is equal to the amount of retirement benefit on the assumption that all the employees belonged to the Company shall retire for personal reasons at the end of the fiscal year.
(2) Adjustment Period for the difference due to change in Accounting Principles	None

(Deferred tax related)

Previous Fiscal Year (From January 1 to December 31, 2000)	Current Fiscal Year (From January 1 to December 31, 2001)
Deferred tax assets details	Deferred tax assets details
Deferred tax assets	Deferred tax assets
Allowance for doubtful accounts exceeding tax deductible amount	Write-off of assets
560 thousand Yen	2,303 thousand Yen
Write-off of Assets	Accrued enterprise tax
2,503 thousand Yen	7,538 thousand Yen
Accrued enterprise tax	Amortization of consolidation adjustment account exceeding tax deductible amount
12,715 thousand Yen	38,491 thousand Yen
Accrued bonuses exceeding tax deductible amount	Accrued bonuses exceeding tax deductible amount
1,883 thousand Yen	1,844 thousand Yen
Reserve for retirement allowances exceeding tax deductible amount	Reserve for retirement benefits exceeding tax deductible amount
3,232 thousand Yen	3,179 thousand Yen
Reserve for retirement allowances for directors exceeding tax deductible amount	Reserve for retirement allowances for directors exceeding tax deductible amount
46,314 thousand Yen	10,665 thousand Yen
Valuation variance of assets of subsidiary	Valuation variance of assets of subsidiary
13,853 thousand Yen	13,771 thousand Yen
Total deferred tax assets	Others
81,062 thousand Yen	(285) thousand Yen
	Total deferred tax assets
	77,509 thousand Yen
	Notes of details of items generating a difference between effective tax rates after tax effect accounting and legal effective tax rates are omitted because the difference is not more than 5% of legal effective tax rates.

Segment information

1. Segment information by operation type

For previous Fiscal Year (From January 1 to December 31, 2000) and Current Fiscal Year (From January 1 to December 31, 2001), the consolidated group engages in mobile phone sales; we do not have any other segment.

2. Segment information by country

For previous Fiscal Year (From January 1 to December 31, 2000) and Current Fiscal Year (From January 1 to December 31, 2001), we do not have any overseas-consolidated subsidiaries or branches, thus this is not applicable.

3. Overseas Sales

For previous Fiscal Year (From January 1 to December 31, 2000) and Current Fiscal Year (From January 1 to December 31, 2001), we have no sales overseas, thus this is not applicable.

(Transactions with related parties)

Previous Fiscal Year (From January 1 to December 31, 2000)

None

Current Fiscal Year (From January 1 to December 31, 2001)

None

(Per share information)

Previous Fiscal Year (From January 1 to December 31, 2000)		Current Fiscal Year (From January 1 to December 31, 2001)	
Net asset per share	329,577.92 Yen	Net asset per share	365,933.57 Yen
Net loss per share	73,370.68 Yen	Net income per share	43,563.33 Yen
Net income per share after dilution	- Yen	Net income per share after dilution	43,536.28 Yen
<p>As for the period, net income per share after dilution, the company has a new stock option balance, but net income per share after dilution for the fiscal year ended December 31, 2000 was not disclosed since loss was incurred for the period.</p>			

(Significant events after the period)

Previous Fiscal Year (From January 1 to December 31, 2000)	Current Fiscal Year (From January 1 to December 31, 2001)
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Attachment to Consolidated Financial Statements

a. List of bonds

None

b. List of long-term borrowings

	Balance at the beginning	Balance at the end	Average interest	Maturity	Reference
Short-term borrowings	thousand Yen 40,000	-	% 1.875	-	
Long-term borrowings due within 1 year	94,137	-	1.944	-	
Long-term borrowings (excluding loans due within 1 year)	263,933	-	2.725	-	
Other borrowings with interest	-	-	-	-	
Total	398,070	-	-	-	

(Note) Average interest is weighted average interest rate against the balance at beginning of the period.

(2) Others

None

Production, Order and Sales Conditions

(1) Production

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

(2) Purchase of merchandise

See below for the period.

Business unit	Current Fiscal Year (From January 1 to December 31, 2001)	Comparison from Previous Fiscal Year
Mobile phone sales division	8,978,677 thousand Yen	186.3%

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

2. The amount above does not include consumption taxes.

(3) Back Orders outstanding

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

(4) Sales Performance

Business unit	Item	Current Fiscal Year (From January 1 to December 31, 2001)	Comparison from Previous Fiscal Year
Mobile phone sales division	Merchandise sales	4,121,067 thousand Yen	185.5%
	Commission received	10,821,680 thousand Yen	170.8%
	Total	14,942,747 thousand Yen	174.6%

(Notes)1. Gross sales and percentage of sales to major customers are as follows:

Customer	Previous Fiscal Year (From January 1 to December 31, 2000)		Current Fiscal Year (From January 1 to December 31, 2001)	
	Amount	Ratio	Amount	Ratio
J-PHONE CO., LTD.	6,281,715 thousand Yen	73.4%	10,814,977 thousand Yen	72.4%

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

2. The amounts above do not include consumption taxes.

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

(3) Consolidated Cash Flows Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year end
	Million Yen	Million Yen	Million Yen	Million Yen
Fiscal year ended Dec. 2001	363	(1)	(449)	1,185
Fiscal year ended Dec. 2000	(47)	(1,214)	1,813	1,272

(4) Subsidiaries subject to consolidation and Equity Method

Number of consolidated subsidiaries:	1
Number of non-consolidated subsidiaries subject to equity method:	0
Number of affiliates subject to equity method:	0

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

Consolidation (New):	0
Consolidation (Eliminated):	0
Equity Method (New):	0
Equity Method (Eliminated):	0

2. Forecasts for the Fiscal year ending December 2002 (From January 1, 2002 to December 31, 2002)

	Sales	Ordinary income	Net income
	Million Yen	Million Yen	Million Yen
First half	8,400	340	170
Full year	17,300	750	370

(Reference) Projected net income per share (Full year): 17,494.04 Yen

Consolidated companies

The main business of this Group (this company and a consolidated subsidiary) is to sell mobile phones.

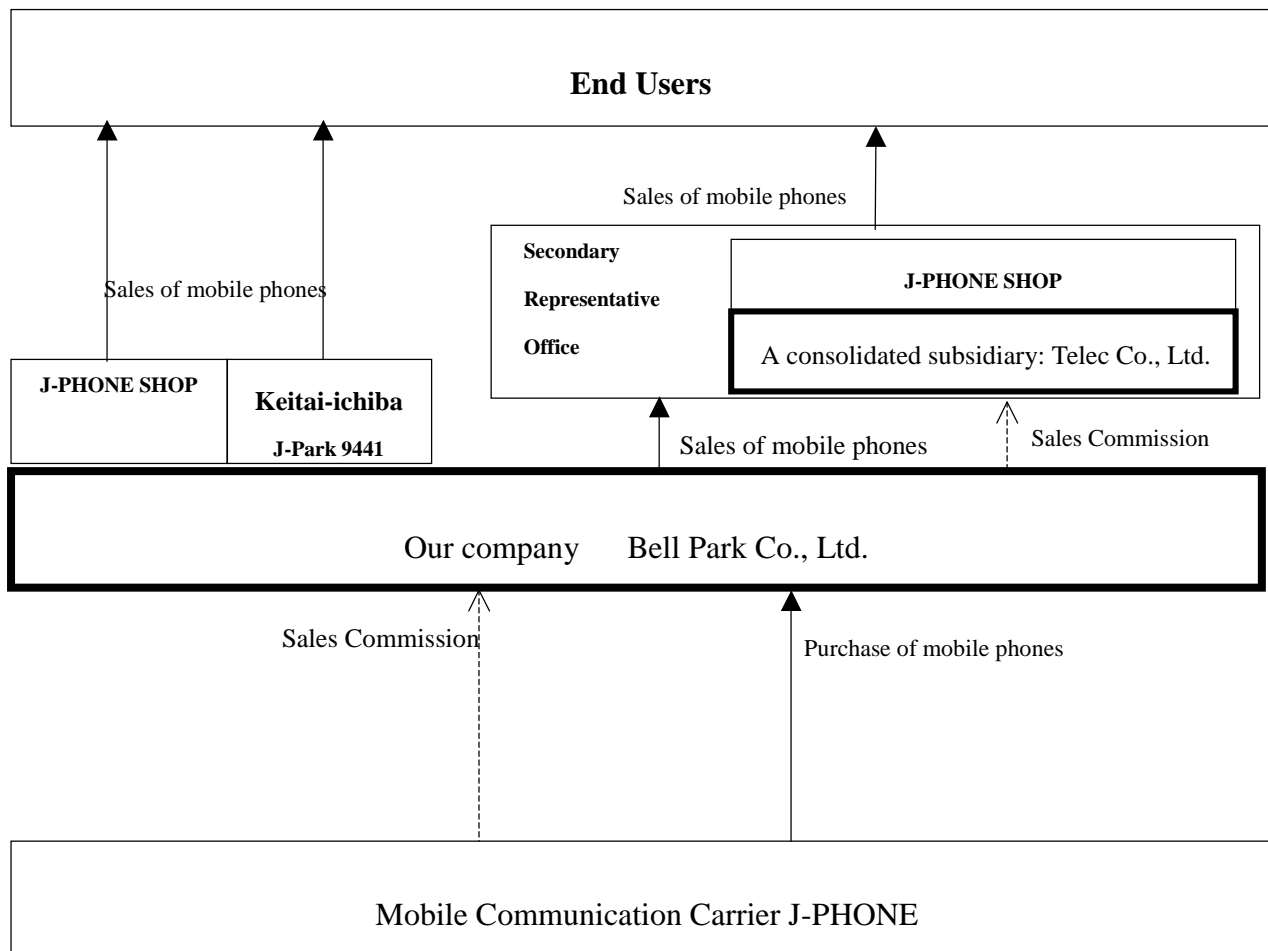
Following is the content of our business operation and our position in the industry.

Mobile Phone Sales Operation

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

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

The following is our operational chart:



Business Principles

(1) **Basic Principles of Business**

With our group's mission "that all may enjoy the convenience of mobile phones," we provide services with customer satisfaction as our first priority.

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

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

(3) **Current Challenges**

In the mobile phone retail industry, we forecast that demand for 2nd generation mobile phones will cool, while it will take quite some time for 3rd generation mobile phones demand to pick up. In this transition period from 2nd generation to 3rd generation mobile service, we expect customers will primarily upgrade their 2nd generation mobile phones to those units that have greater functionality (i.e. value-added mobile phones). In order to capture this demand, it will be essential to sell phones through service provider-certified retail outlets. Additionally, as mobile phones will have more complex functions, retail shops will be expected to provide customers with even greater service. Those shops that do not satisfy customers will be faced with declining sales and profit.

The following are current challenges our corporate group must face:

- (i) Maintaining and strengthening our financial foundation
- (ii) Expanding high quality shops certified by mobile communication carriers
- (iii) Increasing the level of customer satisfaction
- (iv) Conducting low cost operations
- (v) Achieving a higher direct sales ratio

(4) **Business Strategies**

Our corporate group aims at maximizing corporate value by implementing the following strategies:

- (i) Our shop opening strategy will center on the philosophy of "scrap and build," which means we will close non-performing shops immediately while at the same time opening new shops in areas of high demand.
- (ii) We will market in specific areas in order to capture as many customers in that area as possible. This strategy is sometimes known as "targeting and pinpoint sales marketing."
- (iii) Our "enclosure strategy" centers around providing customers with personalized attention (shop counselors, BP on line, etc.).

Business Performance

1. Summary of Business Performance for the current fiscal year

(1) Business Performance

The Japanese economy deteriorated considerably in 2001. Corporate sales and profits plunged, exports slumped due to a slowdown in the world's major economies, private sector capital spending weakened, and consumer spending remained depressed. On top of all this negative news, unemployment in Japan reached a post-war high, and fears persisted that an across-the-board slowdown in the world economy was near.

Despite the negative economic environment, the number of mobile communication lines reached 72,796,000 by the end of December 2001 (out of which, 67,101,000 lines were for mobile phones). Though overall growth of the mobile phone market has slowed, mobile phones continue to evolve: there are "i-mode" and "J-sky" mobile phones which provide Internet connections, there are mobile phones with color monitors and large screens, there are mobile phones with JAVA installed, and of course there are new 3rd generation mobile phones. We expect upgrade demand for more functional phones to continue to strengthen.

In order to expand our shop network to capture mobile phone upgrade demand, we (the Company and its consolidated subsidiary) not only opened new stores of our own, we acquired 3 J-PHONE shops from East Japan Carrier on November 1, 2001. As of the end of fiscal year 2001, the Company had 22 (as a group, 34) J-PHONE certified shops (including J-PHONE Hands Sign Centers), and 20 shops of its own including Keitai-ichiba and J-Park 9441. Furthermore, though in the past both the Company and its consolidated subsidiary had a licensing agreement with J-PHONE, in order to simplify paperwork, we concentrated licensing activities at the parent company level starting April 2001. As such, the consolidated subsidiary conducts business as a second-tier dealer of the Company.

The J-PHONE shops have been the centerpiece of our area marketing strategy. Additionally, in order to differentiate ourselves from competitors, we introduced a shop counseling system so as to increase customer satisfaction.

Our business performance for the current consolidated fiscal year was as follows: sales of ¥14,942,000,000 (174.6% increase over the previous fiscal year), ordinary income of ¥738,000,000 (130.4% increase over the previous fiscal year), and net income of ¥307,000,000 (previous fiscal year: net loss of ¥473,000,000).

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

(2) Cash Flows

Cash flow including cash equivalents (hereafter referred to as "cash") for fiscal year 2001 was as follows: there was a ¥120 million cash outflow from the acquisition of operations from East Japan Carrier, and a ¥398 million cash outflow for the repayment of loans by our consolidated subsidiary Telec Co., Ltd. Thus the cash balance at the end of the current fiscal year was ¥1.185 billion. The breakdown of cash flow by section is as follows:

(Cash flows from operating activities)

Cash flows from operating activities was ¥363 million. The increase in cash flow was mainly due to operating income of ¥714 million, and an increase of ¥253 million for accounts payable due to product procurement. The decrease in cash flow was due to an increase in accounts receivable of ¥133 million, an increase in inventories of ¥160 million, and payment of corporate tax of ¥327 million.

(Cash flows from investing activities)

Net cash out for investing activities was ¥1 million. Cash increases were due to the purchase of investment securities for ¥129 million, and the payment of ¥120 million for the acquisition of retail shop operations. Cash increases came from the sale of investment securities worth ¥293 million.

(Cash flows from financing activities)

Cash used for financing activities totaled ¥449 million. This was mainly due to the repayment of ¥134 million for short-term borrowings, and the repayment of ¥263 million for long-term borrowings.

2. Forecast for next fiscal year

Over the next few years in the mobile phone retail industry, we forecast that demand for 2nd generation mobile phones will cool, while it will take quite some time for 3rd generation mobile phone demand to pick up. In this transition period from 2nd generation to 3rd generation mobile service, we expect customers will primarily upgrade their 2nd generation mobile phones to those units that have greater functionality (i.e. value-added mobile phones). In order to capture this demand, it will be essential to sell phones through service provider-certified retail outlets. Additionally, as mobile phone units will have more complex functions, retail shops will be expected to provide customers with even greater service. Those shops that do not satisfy customers will be faced with declining sales and profit.

Under this environment, the Company aims for higher growth through maintaining a strong financial foundation, expanding high quality shops certified by mobile communication carriers, increasing the level of customer satisfaction, conducting low cost operations, and achieving a higher direct-sales ratio.

Based on our strategy, we forecast the following for fiscal year ending December 2002: sales of ¥17,300,000,000 (115.8% increase over the previous fiscal year), ordinary income of ¥750,000,000 (101.6% increase over the previous fiscal year), and net income of ¥370,000,000 (120.5% increase over the previous fiscal year).