

March 2001 Term Kessan Tanshin (Consolidated)

May 24, 2001

Name of listed company: BELLUNA CO., LTD

Exchange where listed: TSE

Company code number: 9997

Location of headquarters

Please address all communications to:

(prefecture): Saitama

Takeo Shimano, General Manager, Administration Division

Phone: 81-48-771-7753

Date of Board of Directors' meeting for approval of financial results: May 24, 2001

Name of parent company (code no.):

The Company's rate of ownership in the

Adoption of U.S. accounting standards [Yes/No]: No

shares of the parent company: %

1. Consolidated results for the period ended March 2001 (From April 1, 2000 to March 31, 2001)

(1) Consolidated financial results

(In millions of yen, with fractional amounts discarded)

	Net sales		Operating profit		Recurring profit	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
March 2001 period	77,215	25.8	7,581	21.9	7,391	21.5
March 2000 period	61,382	-	6,220	-	6,083	-

	Net income		Net income per common share	Net income per common share, fully diluted	Return on equity	Recurring profit to total assets	Recurring profit margin
	(Millions of yen)	%	(Yen)	(Yen)	%	%	%
March 2001 period	4,163	15.1	232.33	232.18	15.4	11.5	9.6
March 2000 period	3,617	-	246.92	245.71	15.8	11.1	9.9

(Notes)

- Gains or losses on investments through equity method accounting: March 2001 period: March 2000 period:
- Average number of outstanding shares during period (consolidated):
March 2001 period: 17,918,829 shares March 2000 period: 14,650,613 shares
- Changes in accounting methods: Yes
- The percentages shown next to net sales, operating profit, recurring profit and net income represent year-on-year changes.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
March 2001 period	69,893	28,315	40.5	1,591.70
March 2000 period	59,164	25,592	43.3	1,697.74

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

March 2001 period: 17,789,443 shares March 2000 period: 15,074,592 shares

(3) Consolidated cash flows statement

	Net cash used in operating activities	Net cash used in investing activities	Net cash provided by financing activities	Cash and cash equivalents at end of period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
March 2001 period	4,377	(4,239)	960	11,317
March 2000 period	5,434	(4,374)	2,262	10,120

(4) Scope of consolidation and application of the equity method

Consolidated subsidiaries: 6 Nonconsolidated subsidiary accounted for under equity method:
Affiliated company accounted for under equity method:

(5) Changes in scope of consolidation and in application of the equity method

Consolidation (new): 3 (elimination):
Equity method (new): (elimination):

2. Consolidated forecasts for March 2002 term (From April 1, 2001 to March 31, 2002)

	Net sales	Recurring profit	Net income
	(Millions of yen)	(Millions of yen)	(Millions of yen)
Interim period	38,680	3,180	1,850
Annual	88,780	8,710	5,080

(N.b.) 1. Estimated earnings per share (annual): 259.60 yen

2. Estimated earnings per share (annual) is calculated based on a total of 19,568,387 shares issued (taking into account the 1.1-for-1 stock split (free distribution) carried out on May 21, 2001).

Nonconsolidated Financial Statements and Others

(1) Nonconsolidated balance sheet

(Millions of yen)

Account	Term	Year ended March 2001		Year ended March 2000		year-on-year change
		Amount	Percentage of total	Amount	Percentage of total	Amount
Assets						
I. Current assets		45,681	67.4	39,142	67.9	6,539
Cash and deposits		9,300		7,239		2,061
Notes receivable		1		2		0
Accounts receivable - trade		10,898		8,759		2,139
Operating loan		14,990		12,046		2,943
Marketable securities		5,246		6,416		(1,169)
Merchandise		3,953		4,238		(284)
Supplies		691		538		153
Prepaid expense		239		197		41
Accounts receivable - other		478		76		402
Deferred tax assets		406		320		86
Others		80		85		(5)
Allowance for doubtful accounts		(607)		(780)		173
II. Fixed assets		22,095	32.6	18,439	32.1	3,656
1. Tangible fixed assets		16,344	24.1	15,596	27.1	748
Buildings		6,561		6,108		452
Structure		223		208		15
Machinery and equipment		183		195		(12)
Vehicles and delivery equipment		20		29		(9)
Tools and fixtures		180		137		43
Land		8,928		8,628		299
Construction in progress		247		288		(40)
2. Intangible fixed assets		157	0.2	92	0.2	65
Trade-mark rights		0		-		0
Leaseholds		3		3		0
Telephone subscription rights		54		52		2
Usage rights for facilities		17		18		(1)
Software		81		16		64
3. Investments and others		5,593	8.3	2,750	4.8	2,842
Investment securities		2,098		1,100		997
Investments in affiliated companies		264		113		150
Long-term loans		50		-		50
Long-term loans to affiliated companies		2,465		751		1,713
Long-term prepaid Expenses		64		74		(10)
Deferred tax assets		168		72		95
Other s		574		656		(82)
Allowance for doubtful accounts		(91)		(19)		(71)
Total assets		67,777	100.0	57,581	100.0	10,196

(Millions of yen)

Account	Term	Year ended March 2001		Year ended March 2000		year-on-year change
		Amount	Percentage of total	Amount	Percentage of total	Amount
Liabilities						
I. Current liabilities		28,961	42.7	25,421	44.2	3,539
Notes payable		16,009		12,510		3,498
Trade accounts payable		3,147		2,700		447
Short-term borrowings		1,680		3,019		(1,339)
Current portion of long-term borrowings		1,322		1,322		0
Accounts payable		125		78		47
Accrued expense		2,845		2,085		759
Corporate taxes payable, etc.		1,793		1,565		227
Advance receipt		271		242		29
Deposits		124		55		68
Allowance for bonuses		293		202		91
Unrealized profit on installment sales		1,333		1,636		(303)
Others		14		2		12
II. Long-term liabilities		10,805	16.0	6,904	11.9	3,900
Straight bonds		5,000		-		5,000
Convertible bonds		10		30		(20)
Long-term borrowings		5,552		6,632		(1,080)
Allowance for retirement and severance		-		0		0
Retirement and benefits		3		-		3
Allowance for bonuses to retiring officers		198		184		13
Others		40		56		(15)
Total Liabilities			58.7	32,326	56.1	7,440
Shareholders' equity						
I. Capital stock		6,769		6,759		9
II. Caç Leaseholds		7,166		7,156		9
III. Prc Usage rights for facilities		143		105		38
IV. Other surpluses		13,930		11,233		2,697
General reserve		10,383		7,483		2,900
Unappropriated retained earnings		3,547		3,750		(202)
Total Shareholders' equity		28,010	41.3	-	43.9	2,755
Total liabilities and shareholders' equity		67,777	100.0	57,581	100.0	10,195

(2) Nonconsolidated profit and loss statement

(Millions of yen)

Account	Term	Year ended March 31, 2001		Year ended March 31, 2000		year-on-year change
		Amount	Percentage of total	Amount	Percentage of total	Amount
I. Net sales		72,970	100.0	59,445	100.0	13,524
II. Cost of sales		33,373	45.7	27,011	45.5	6,361
III. Deferred profit on installment sales		(303)	(0.4)	(303)	(0.5)	0
Gross profit		39,900	54.7	32,737	55.0	7,162
IV. Selling, general and administrative expenses		32,519	44.6	26,893	45.2	5,625
Operating profit		7,380	10.1	5,844	9.8	1,536
V. Nonoperating income		356	0.4	308	0.5	48
Interest income		27		20		6
Interest income from securities		50		39		11
Dividends		13		31		(17)
Rental income		125		98		26
Other non-operating income		140		118		21
VI. Nonoperating expenses		434	0.5	420	0.7	14
Interest expense		177		182		(4)
Interest expenses on bonds		28		0		28
Issuing expenses on shares		-		109		(109)
Issuing expenses on bonds		32		-		32
Provision for allowance for doubtful accounts		70		-		70
Other Non-operating expense		124		127		(2)
Recurring Profit		7,303	10.0	5,732	9.6	1,570
VII. Extraordinary gains		45	0.0	(61)	0.1	(16)
Gain on credit collections		37		36		0
Gain on sales of investment securities		8		24		(16)
VIII. Extraordinary losses		139	0.2	(47)	0.0	(92)
Loss on retirement of fixed assets		2		1		0
Loss on sales of fixed assets		-		45		(45)
Losses on valuation of investment securities		107		-		107
Losses on valuation of memberships		25		-		25
Loss resulting from change in retirement benefit accounting standards		3		-		3
Net income before taxes		7,209	9.8	5,747	9.7	1,461
Corporate, inhabitant and enterprise taxes		3,150	4.2	2,498	4.2	652
Deferred taxes		(181)	(0.2)	(92)	(0.1)	(88)
Net income		4,240	5.8	3,341	5.6	898
Profits brought forward		435		408		27
Retirement of treasury stocks		1,128		-		1,128
Unappropriated profit		3,547		3,750		(202)

Assumptions Underlying Preparation of Nonconsolidated Financial Statements

1. Standards and methods of valuation for assets

Marketable and investment securities

Securities of subsidiaries: Valued at cost using the moving average method

Other marketable securities: Valued at cost using the moving average method

Inventories:

Merchandise: Valued at lower of cost or market, using the moving average method

Supplies: Valued at cost, using the final purchase cost method

2. Major depreciable assets and methods of depreciation

(1) Tangible fixed assets: Declining-balance method

Provided, however, that buildings acquired after April 1, 1998 (excluding appurtenances) are depreciated on a straight-line basis in accordance with the Corporation Tax Law

(2) Intangible fixed assets: The straight-line method is applied.

For software used internally, the straight-line method is applied based on the period of expected use by the Company (5 years).

3. Treatment of deferred assets

The full amount of bond issuing expenses is booked at the time of payment.

4. Conversion of major foreign currency-denominated assets and liabilities to yen

Foreign currency-denominated monetary claims and obligations are converted to yen in the spot foreign exchange market on the closing date of the fiscal year, with any difference from the conversion booked as profit or loss.

5. Standards for important allowances

{1} Allowance for doubtful accounts

To provide for losses on doubtful accounts, the group recognizes amounts that it deems uncollectible on the basis of one of two standards: rates of actual default experienced, for accounts receivable generally; and consideration of the collectability of individual receivables, for specific receivables considered to be at risk of default.

{2} Reserve for bonuses

To provide for payments of bonuses to employees, the Company recognizes amounts owed for the term in question based on the standard of estimated payments.

{3} Reserve for employees' retirement benefits

In order to prepare for the payment of indemnities to employees upon their retirement, an amount is reserved based on the accrued retirement benefit obligations and plan assets as of the fiscal-year end.

The entire difference arising from the change in accounting standards (3 million yen) was booked as an expense during the fiscal year under review.

{4} Reserve for directors' retirement allowances

To provide for bonuses for special services to retiring directors, the group recognizes amounts required as of the end of each term on the basis of company regulations.

6. Accounting treatment for installment sales

Installment sales with a payment period of more than six months are treated in the same manner as ordinary sales during the fiscal year. The unrealized profit on the amount corresponding to the payments not yet due at the fiscal year end are treated as unrealized profit from installment sales, and is deducted from the gross profit on sales. By recording this as a liability, the unrealized profit from installment sales is deducted.

7. Accounting for significant lease transactions

Financing leases, which exclude leased assets for which title is recognized as being conveyed to lessees, are treated as ordinary rental transactions

8. Accounting for consumption taxes

Amounts shown are exclusive of consumption taxes and local taxes.

Additional information

(Accounting for retirement benefits)

From the fiscal year under review, accounting standards for retirement benefits are being applied as per the “Opinion Paper Regarding the Establishment of Accounting Standards for Retirement Benefits” (June 16, 1998, Business Accounting Council). As a result, recurring profit is unchanged and net income shown is 3 million yen less than would be the case using the previous accounting treatment.

(Accounting for financial instruments)

The “Opinion Paper Regarding the Establishment of Accounting Standards for Financial Instruments” (January 22, 1999, Business Accounting Council) is being applied from the fiscal year under review, with changes to the valuation standards and method for securities.

As a result, recurring profit and net income before taxes shown are 23 million yen and 156 million yen less than would be the case using the previous accounting treatment.

In addition, of the securities held at the beginning of the fiscal year, including other securities, those maturing within one year are shown as securities under current assets, with the remainder shown as investment securities. As a result, the amount of securities transferred from securities to investment securities was 568 million yen, and the amount of securities transferred from investment securities to securities was 10 million yen.

(Accounting treatment for foreign currency-denominated transactions)

From the fiscal year under review, revised accounting standards for foreign currency-denominated transactions are being applied as per the “Opinion Paper Regarding the Revision of Accounting Standards for Foreign Currency-Denominated Transactions” (October 22, 1999, Business Accounting Council). This change has no effect on the consolidated financial statements.

(Accounting treatment for bond issuing expenses)

Previously (in the fiscal year ended March 1996), the entire amount of bond issuing expenses was recorded as a deferred asset, and amortized on an equal basis over the (3 year) period stipulated by the Commercial Code. From the fiscal year under review, however, the entire amount is booked as an expense at the time of payment, in order to strengthen the Company’s financial position. As a result, non-operating expenses are 21 million yen greater than would be the case using the previous accounting treatment, and recurring profit is 21 million yen less.

Year ended March 2001

For the fiscal year under review, other securities for which the market value is available were not marked to market.

In addition, amounts shown on the consolidated balance sheet for other securities, as per Ministry of Finance Ordinance No. 9, Section 3, 2000, are as follows:

	(Millions of yen)
Amount shown on the consolidated balance sheet	1,450
Market value	1,380
Equivalent amount of valuation differential	40
Equivalent amount of deferred tax assets	29

Notes to Nonconsolidated Balance Sheet and Profit and Loss Statement

	<u>Year ended March 2001</u>	<u>Year ended March 2000</u>
(Millions of yen)		
1. Aggregate amount of depreciation on fixed assets	4,601	4,087
2. Assets provided as collateral		
Cash and deposits	1	3
Buildings	6,385	6,015
Land	8,553	8,548
Investments in securities	4	4
3. Number of shares of treasury stock and amount shown on the balance sheet		
Number of shares (shares)	18	353
Amount shown on balance sheet	0	0
4. Increase / decrease in the number of shares issued		
{1} Increase from the conversion of convertible bonds		
Number of shares issued (shares)	13,927	293,017
Conversion price (yen)	1,435.80	1,722.90
Amount added to capital	9	252
{2} Capital increase through public offering		
Number of shares issued (shares)	-	500,000
Conversion price (yen)	-	3,210
Amount added to capital	-	802
{3} Retirement of shares		
Number of shares retired (shares)	314,400	-
Aggregate amount at which acquired	1,128	-
{4} Stock split		
Number of shares issued (shares)	3	-
	(Split 1.2 for 1)	
5. Guarantee liabilities	767	852

6. Primary items and amounts included under Selling, General and Administrative Expenses

(Millions of yen)

	<u>Year ended March 2001</u>	<u>Year ended March 2000</u>
Packing and shipping expenses	5,113	3,728
Advertising expenses	8,735	6,520
Sales promotion expenses	3,782	2,850
Provision for allowance for doubtful accounts	430	785
Employees' salaries	3,520	3,129
Reserve provision for bonuses	293	202
Reserve provision for directors' retirement allowances	13	13
Communication expenses	5,561	5,036
Depreciation expenses	541	509

7. Lease related

{1} Equivalent acquisition costs, equivalent accumulated depreciation, and equivalent book value at year end.

(Year ended March 2001)

(Millions of yen)

	<u>Machinery and equipment</u>	<u>Furniture and fixtures</u>	<u>Vehicles and delivery equipment</u>	<u>Software</u>	<u>Total</u>
Acquisition cost	277	2,572	8	1,094	3,952
Accumulated depreciation	53	1,569	1	430	2,055
Net leased property	223	1,003	6	663	1,897

(Year ended March 2000)

(Millions of yen)

	<u>Machinery and equipment</u>	<u>Furniture and fixtures</u>	<u>Vehicles and delivery equipment</u>	<u>Software</u>	<u>Total</u>
Acquisition cost	271	2,441	-	678	3,392
Accumulated depreciation	213	1,184	-	340	1,738
Net leased property	58	1,257	-	337	1,653

{2} Equivalent amount of unearned lease payments

(Millions of yen)

	<u>Year ended March 2001</u>	<u>Year ended March 2000</u>
Due within one year	724	646
Due after one year	1,215	1,053
Total	1,939	1,699

{3} Lease rents, equivalent depreciation and equivalent amount of interest paid

Lease rents	836	799
Equivalent depreciation	728	704
Equivalent amount of interest paid	50	54

{4} Method of calculating equivalent depreciation

The Company uses straight-line depreciation, assuming that lease periods are equal to estimated economic life and that residual values are zero.

{5} Calculation method for equivalent amount of interest

The equivalent amount of interest is the difference between the total amount of lease fees and the equivalent of the acquisition value of the leased property, with the interest method used for the allocation to each term.

8. Securities (shares of subsidiaries and affiliated companies)

There are no shares of subsidiaries or affiliated companies for which a market value exists.

9. Deferred taxes

Breakdown of deferred tax assets and liabilities by primary reason

	<u>Year ended March 2001</u>	<u>Year ended March 2000</u>
Deferred tax assets		(Millions of yen)
Allowance for doubtful accounts	29	29
Reserve for bonuses	70	30
Unrealized profit from installment sales	60	109
Enterprise taxes payable	156	137
Reserve for directors' retirement allowances	82	77
Loss on valuation of investments in securities	44	-
Revaluation loss of membership deposits	10	-
Others	119	9
<u>Total</u>	<u>574</u>	<u>393</u>
<u>Total deferred tax assets – net</u>	<u>574</u>	<u>363</u>

Proposed Appropriation of Profits

(Millions of yen)

Account	Term	Year ended March 2001	Year ended March 2000	year-on-year change
	Amount	Amount	Amount	
Unappropriated retained earnings		3,547	3,750	(202)
To be appropriated as follows:				
Legal reserves		45	38	7
Dividends		444	376	67
		25 yen per share	25 yen per share	
Special reserves		2,600	2,900	(300)
Retained earnings carried forward to next period		457	435	22

Changes in the Board of Directors

Director Tatsuya Kaneko retired on May 15, 2001.