

First Half of Fiscal Year ending March 31, 2007 Corporate Presentation



Main Catalog
'BELLUNA'



www.belluna.net/
BELLUNA web shop



www.ryuryu.jp/m/
Mobile phone web site
'Ryu Ryu'

Belluna Co., Ltd.

1. Introduction

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1. Company Overview 2. Operating Indicators 3. Market Trend 4. Medium-term Business Plan

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3. Results by Segments

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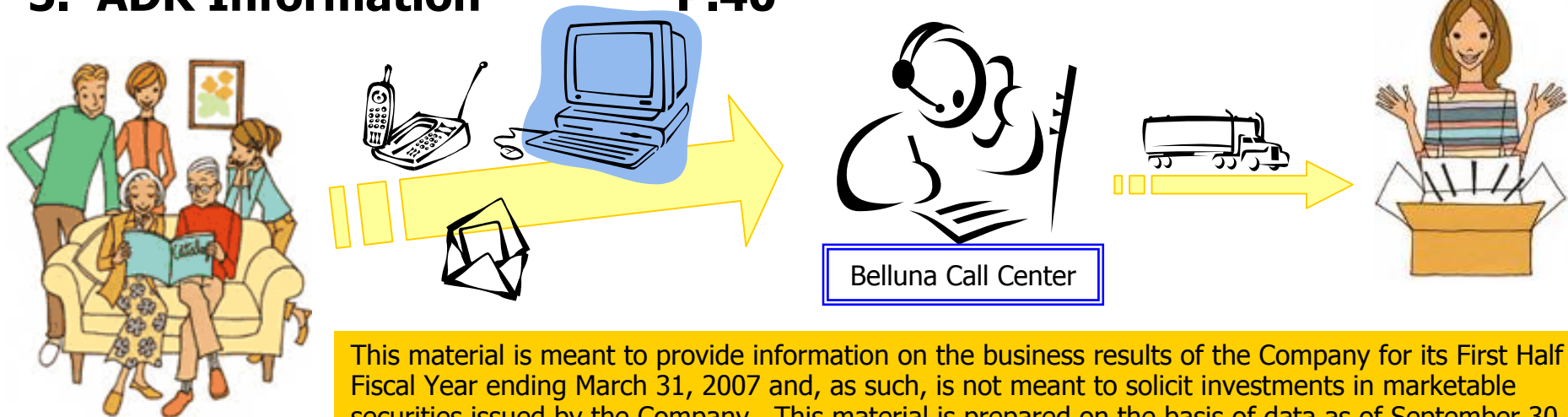
1. Catalog Business 2. Single-item Mail Order Business 3. Advanced Finance Business
4. BOT (Outsourcing) Business 5. Karemu (Exhibition Sales) Business 6. Other Business

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This material is meant to provide information on the business results of the Company for its First Half of Fiscal Year ending March 31, 2007 and, as such, is not meant to solicit investments in marketable securities issued by the Company. This material is prepared on the basis of data as of September 30, 2006. The opinions and forecasts contained in this material reflect the judgments of the Company as of the time of the preparation of this material, the information contained herein is neither warranted nor promised as to its accuracy or completeness, and may be subject to change without prior notice.

1. Introduction

BELLUNA

1. Company Overview
2. Operating Indicators
3. Market Trend
4. Medium-term Business Plan
 - 1) Summary of "ASUNARO" Plan
 - 2) Numerical Targets of "ASUNARO" Plan

1-1. Company Overview

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Established:	June 1977
Capital:	10,601 million yen (as of September 30, 2006)
Consolidated Sales:	121,938 million yen (year ended March 31, 2006)
Consolidated Recurring Profit:	12,118 million yen (year ended March 31, 2006)
Consolidated Employees:	1,157 (as of September 30, 2006)

【Businesses】

■ **Catalog Business:**

Mail order shopping services through catalogs, Internet, and other media (non-consolidated) [see P.4]

■ **Single-item Mail Order Business:**

A specialized mail order operation focusing on the areas of foods, cosmetics and health-foods [see P.4]

*Food, flowers and wine: non-consolidated business

*Cosmetics: operated by a subsidiary, OZIO Co., Ltd.

*Health-foods: operated by a subsidiary, Refre Co., Ltd.

*Cosmetics and Supplements from overseas: operated by subsidiaries, Bell-Net International HK Ltd. and B.N. International USA Inc.

■ **Advanced Finance (A·F) Business:**

Consisted of 3 businesses

*B to C loan services: non-consolidated business, mainly targeting customers of Catalog Business

*B to B mortgage loans: operated by a subsidiary, Sunstage Finance Co., Ltd.

*Financial service in South Korea: operated by a subsidiary, Bell-net Credit Co., Ltd.

■ **BOT Business:** Enclosing and mailing services and Outsourcing (contracted) business

■ **Karemu Business:** Exhibition Sales Business, selling Kimonos (Japanese traditional cloths) and jewelry

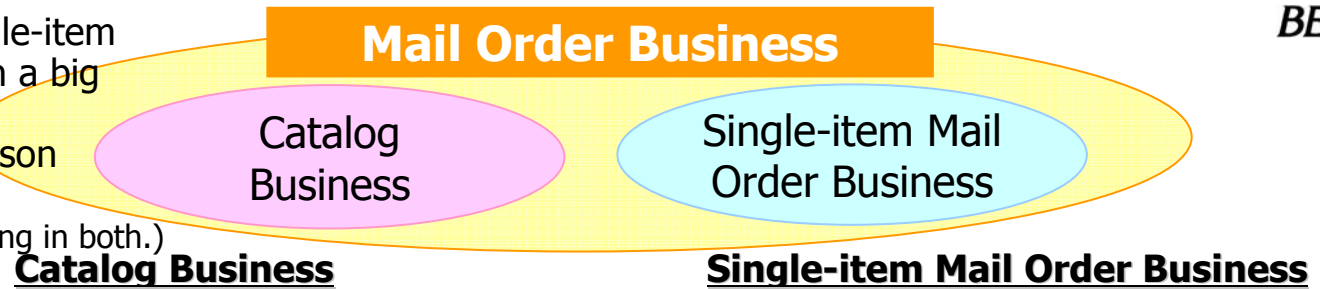
■ **Other Business:** Real Estate Business and Wholesales Business

Ref. Comparison of Catalog and Single-item Mail Order

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⇒ Both Catalog business and Single-item Mail Order Business are included in a big “**Mail Order business**” category. The following table shows comparison of 2 businesses.

(Note: Exceptional instances are including in both.)



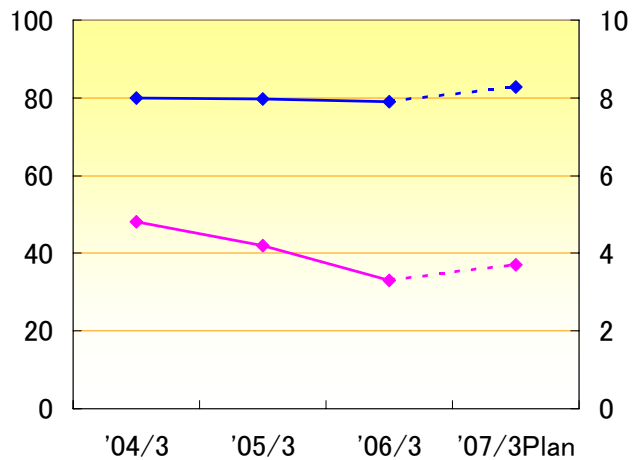
	Catalog Business	Single-item Mail Order Business
1. Type of business	<ul style="list-style-type: none"> ■ <u>Department Store or General catalog type:</u> The key point is having a large choice of items, such as apparel, underwear, goods, furniture and so on. ■ <u>Item-focused type business</u> ■ <u>Catalogs:</u> BELLUNA (for mid-aged), LUAR (for 30s), RYURYU (for 20s), Sutekina Seikatsu (furniture and goods), Refrant (apparel and goods) etc. 	<ul style="list-style-type: none"> ■ <u>Specialty Store or Specialized catalog type:</u> Featuring 1 category of items, such as cosmetics and health foods, in 1 catalog. (eg; in cosmetics catalog, customers can find many of cosmetics-related items, such as face cream, lip stick, etc.) ■ <u>”Private Brand” type business</u> ■ <u>Catalogs:</u> Iki-iki Kazoku/Lively Family (foods), My Wine Club (wine), OZIO (cosmetics), Refre (supplements) etc.
2. Merchandising	<ul style="list-style-type: none"> ■ Different items are introduced in every catalogs. 	<ul style="list-style-type: none"> ■ Publicity is visually changed, but the very same items are introduced in every seasonal or monthly catalogs. ■ Detail information and usage of each item are mentioned in catalogs.
3. Enclosure & Repeat orders	<ul style="list-style-type: none"> ■ It is slightly difficult to enclose customers. Rate of repeat orders is relatively low. 	<ul style="list-style-type: none"> ■ Rate of repeat orders is higher. Because of item’s characteristic, it is easy to enclose customers.
4. Other		<ul style="list-style-type: none"> ■ Gross margin rate of cosmetics and health foods is higher than that of catalog business. While, that of foods is similar to of catalog business.

Ref. Trend of Sales and Operating Profit by Segments

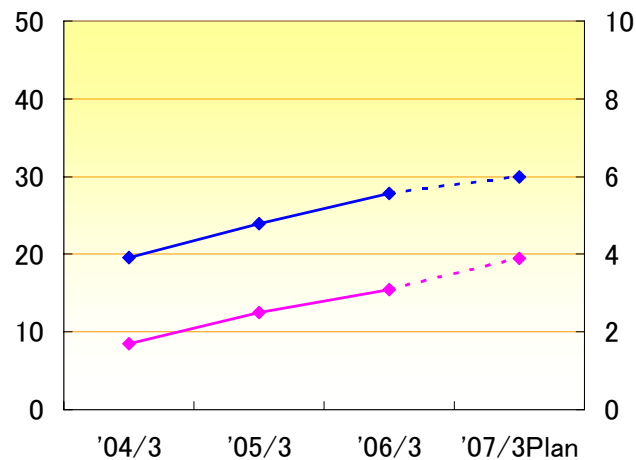
BELLUNA

* — Net Sales (Left axis) / — Op. Profit (Right axis): ¥ billion

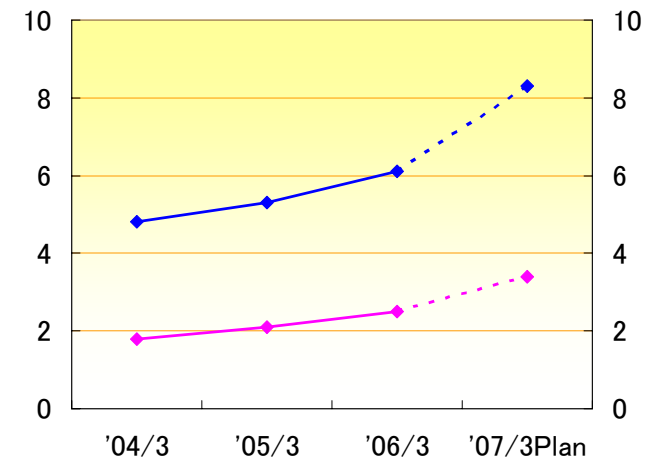
Catalog



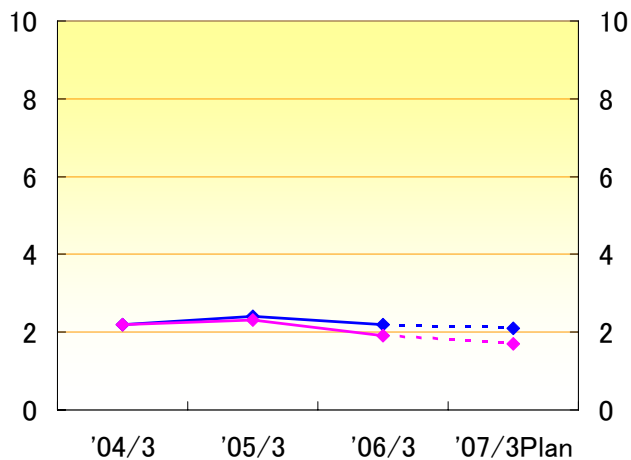
Single-item Mail Order



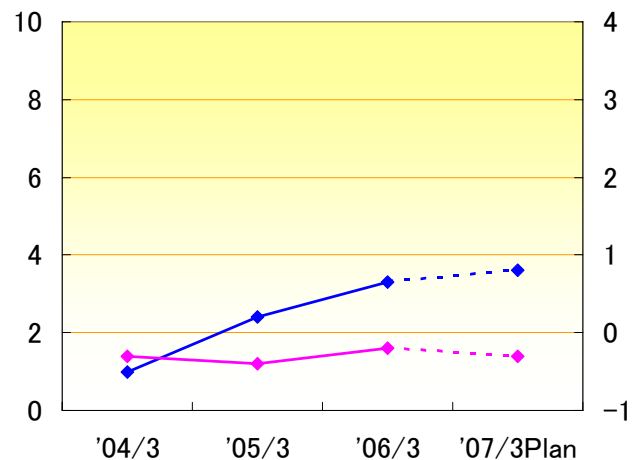
Advanced Finance



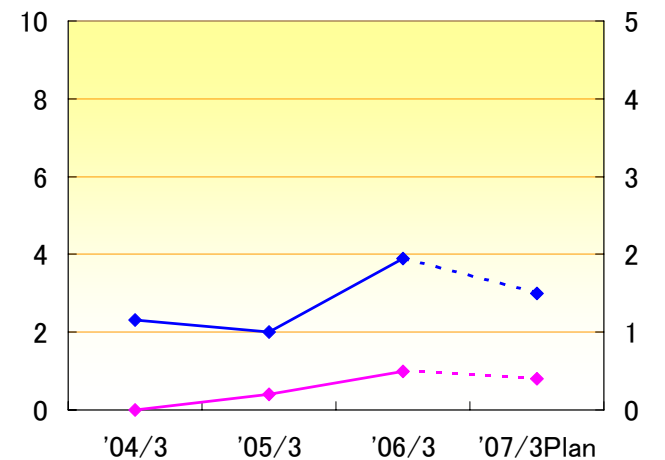
BOT



Karemu



Other



1-2. Operating Indicators (Consolidated)

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**Achieved Net Sales Increase
for 14th Consecutive Year!**

Full Year	95/3	96/3	97/3	98/3	99/3	00/3	01/3	02/3	03/3	04/3	05/3	06/3
Sales Growth (%)	16.8	6.9	14.2	5.7	1.3	10.3	25.8	16.6	16.8	4.3	5.0	5.9
Operating Profit (¥billion)	1.9	2.0	2.5	2.4	3.5	6.2	7.6	9.2	10.7	10.2	10.9	11.3
Operating Profit Ratio(%)	4.4	4.3	4.9	4.3	6.2	10.1	9.8	10.2	10.2	9.3	9.5	9.2
Recurring Profit Ratio(%)	3.6	4.1	4.4	4.2	6.2	9.9	9.6	10.1	10.3	10.1	10.1	10.0
ROA (%)	6.6	5.9	6.4	5.2	7.0	10.6	11.0	12.0	12.5	11.3	12.0	10.9
ROE (%)	12.8	10.6	9.5	7.5	9.0	15.8	15.4	16.3	17.8	16.2	14.8	13.1
EPS (yen)	112.0	92.6	87.4	93.0	121.0	246.9	232.3	254.2	291.6	306.6	293.6	275.0
Revised EPS (yen)	42.4	47.6	49.8	52.9	69.0	136.6	159.8	191.0	243.7	255.7	266.9	275.0
BPS (yen)	1,075	920	1,204	1,283	1,404	1,698	1,592	1,682	1,761	2,035	2,119	2,220

Sep/94 JASDAQ registration

Jan/98 TSE 2nd listing

Mar/00 TSE 1st listing

*Consolidated financial statements were prepared from the year ended Mar/00.
Figures between Mar/94 and Mar/99 are on a non-consolidated basis.

*ROA= (Operating profit + Interest & dividend income) / Total assets

1-3. Market Trend

- **The market for mail order sales remains growing.** (Reference: JADMA)

*Major 3 companies = Senshukai, Nissen, Cecile

(Unit: ¥billion)	Industry Total			Increase/Decrease at Major 3 Companies
	Net Sales	YOY	Increase/Decrease	
FY1997	2,200	-1.3%	-30	-55.0
FY1998	2,180	-0.9%	-20	-48.3
FY1999	2,270	+4.1%	+90	-33.1
FY2000	2,390	+5.3%	+120	-15.4
FY2001	2,490	+4.2%	+100	-6.2
FY2002	2,630	+5.6%	+140	-18.7
FY2003	2,790	+6.1%	+160	+1.4
FY2004	3,040	+9.0%	+250	+3.9
FY2005	3,360	+10.5%	+320	-14.0

- Though the sales declining of major specialized mail-order houses bottomed out, their results are divided into two types; developing or shrinking. On the other hand, companies with large growth in single-item, B-to-B sales and new media business such as Internet and mobile phone internet are standing out. The overall market is expanding.
- The aggregate 109 companies sales of board or other member companies of Japan Direct Marketing Association for the half year from Apr/06 to Sep/06 amounted to 774.9 billion yen (+4.0%, YOY). In detail, household goods and apparels all grew up, while foods fell below the result of last year.

1-4. Medium-term Business Plan

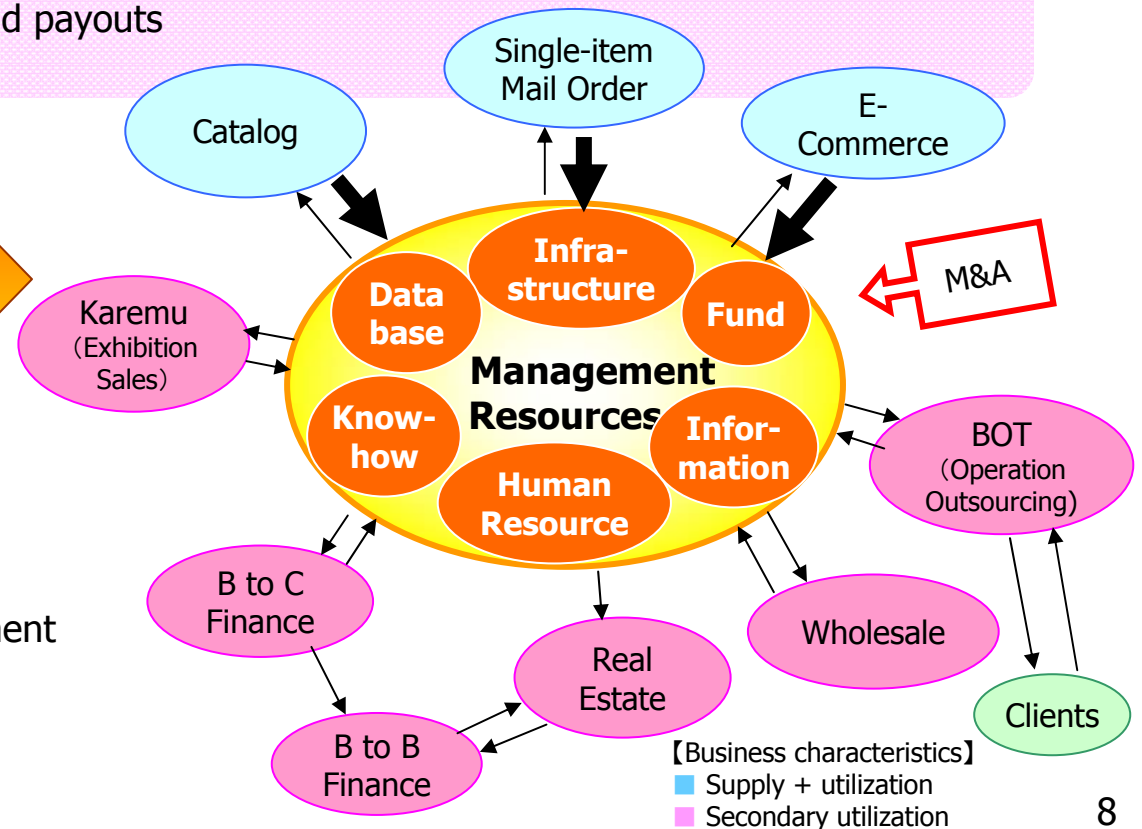
(1) Summary of “ASUNARO” Plan

- “Asunaro” Plan is the new medium-term business plan formulated in December 2005, from FY 2007 to FY 2011.
- Concentrating to profits, and aiming to reach 20 billion yen of Op. Profits at the end of the plan.
- The followings are features of the plan.
 - 1) **Innovation of Business model:** To a “diversified conglomerate” with an advanced business model including upstream and downstream strategy.
 - 2) **Development of policies for returning value to shareholders:**
Aiming to return 30% of total profits with dividend payouts and stock repurchases.

Long-term Vision:

Growing into a “**Diversified Conglomerate**” with an advanced business model actively using database

- Using not only database but all of Belluna’s infrastructures.
- The catalog business is one of the “supply + utilization businesses”, playing a role of enrichment of management resources.
- Implementing **M&A** strategies as a way for business expansion.



1-4. Medium-term Business Plan

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(2) Numerical Targets of “ASUNARO” Plan

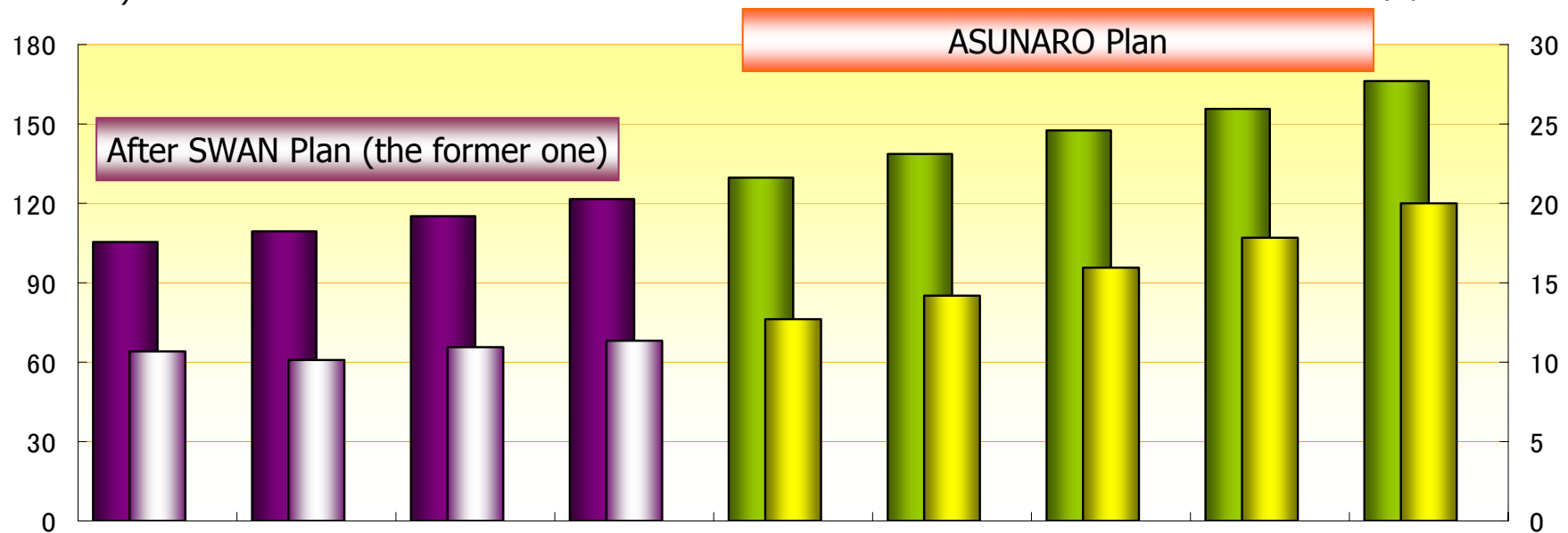
*As of December 15, 2005

*Net sales under ASUNARO Plan is for reference.

Op. Profit ¥20 billion/ Op. Profit Ratio 10%/ROE 13%

(Net Sales: ¥ billion)

(Op. Profit:¥ billion)



Consolidated	03/3	04/3	05/3	06/3	07/3	08/3	09/3	10/3	11/3
■ Net Sales	105.1	109.6	115.1	121.9	129.5	138.7	147.3	155.9	166.0
■ Op. Profit	10.7	10.2	10.9	11.3	12.7	14.2	15.9	17.8	20.0
Op. Profit Ratio	10.2%	9.3%	9.5%	9.2%	9.8%	10.2%	10.8%	11.4%	12.1%

1-4. Management Policy

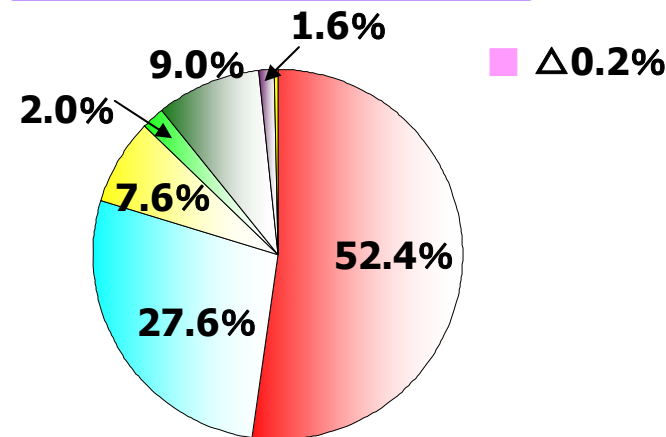
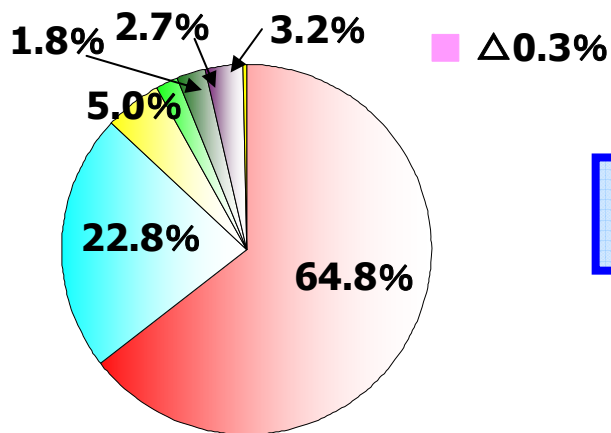
BELLUNA

Change in Breakdown of Consolidated Net Sales and Operating Profit

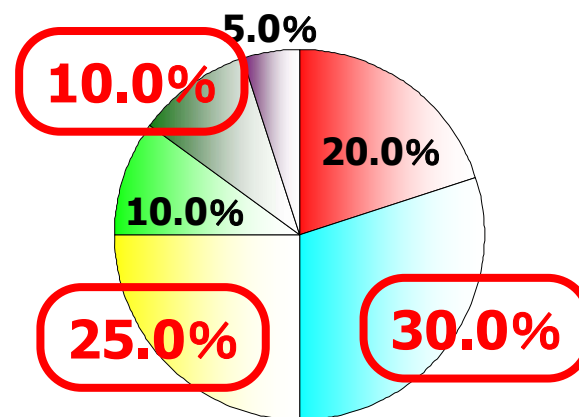
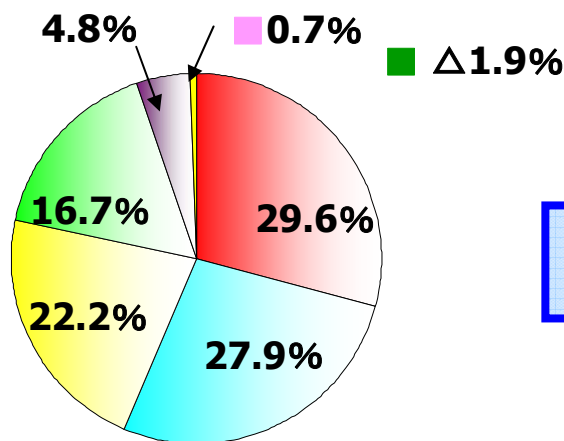
FY (Mar. 31, 06)

FY (Mar.31, 11)

Net Sales



Op. Profit



■ Catalog business
 ■ Single-item Mail Order business
 ■ Advanced Finance business
 ■ BOT business (Operation outsourcing)
■ Karemu business (Exhibition Sales)
 ■ Other business
 ■ Elimination or Corporate

※Breakdown of FY ending March 31, 2011 is as an aim. Details of changes for each year are disclosed separately.10

2. Financial Highlights

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1. Consolidated Results
2. Sales and Operating Profit by Segments
3. Consolidated Sales Breakdown
4. Operating Indicators

A subsidiary in South Korea, Bell-Net Credit Co., Ltd., is consolidated from this fiscal year ending March 31, 2007.

2-1. Consolidated Results

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Consolidated Income Statement

(Units: ¥ billion, ±Y/Y%)

Consolidated	First Half of FY (March 31, 2007)				FY (March 31,)2007	
	Plan	Actual	vs. Plan	Change	Plan	Change
Net Sales	60.4	58.8	-2.6	4.3	129.4	6.1
Gross Profit	35.4	34.6	-2.2	6.3	75.9	7.6
Selling&General Expenses	30.5	29.3	-3.7	4.8	63.2	6.6
Operating Profit	4.9	5.3	6.7	15.8	12.7	12.8
Recurring Profit	5.3	5.3	0.9	8.0	13.4	10.6
Current Net Income	3.1	3.0	-2.9	2.9	7.7	11.0
EPS(yen) ^(*)	57.9	56.2	-2.9	-51.0	144.6	-47.4
Depreciation&Amortization	0.5	0.5	-2.2	-6.3	1.0	4.6
Capital Expenditure	1.6	1.5	-4.6	24.9	4.0	138.9

Outstanding averaged number of shares: 53,052,320 shares

- This fiscal year the Company launched the “Asunaro Plan”, our medium-term business plan.
- While sales didn't't to reach the target for the first half, profits exceeded their first half target. The Company made a good start in the first half of the first year of our plan.

*The Company made a stock split for each share into 2 shares on April 1, 2006.

2-2. Sales and Operating profit by Segments

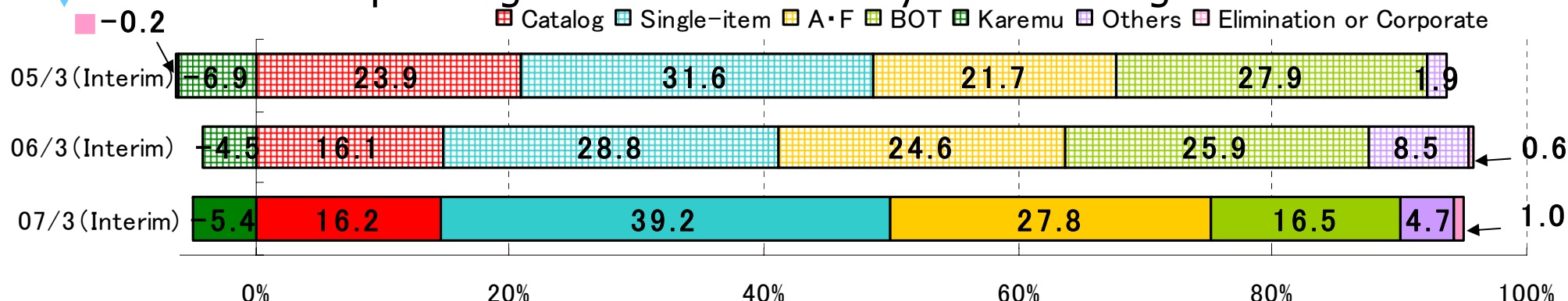
BELLUNA

Consolidated Sales and Operating Profit by Business Segment

(Units:¥ billion, %)

Sep. 07 Actual	Net Sales	Change	Op. Profit	Change	Op. Profit Ratio	Difference
Catalog	37.2	5.3	0.9	16.6	2.3	0.2
Single-item Mail Order	13.5	4.4	2.1	57.6	15.2	5.1
A·F	4.0	37.5	1.5	30.6	36.3	-1.9
BOT	1.1	-18.3	0.9	-26.5	80.0	-8.8
Karemu	1.6	14.3	-0.3	-37.5	-17.2	-2.9
Others	1.5	-41.8	0.3	-36.1	16.3	1.4
Elimination or Corporate	-0.2		0.1			
Total	58.8	4.3	5.3	15.8	8.9	0.8

Consolidated Operating Profit Break down by Business Segment



The single-item mail order business achieved substantial growth. A combination of the single-item mail order and advanced finance business now accounts for about two-thirds of the total operating profit.

2-3. Consolidated Sales Breakdown

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Consolidated Sales Breakdown (Total 8 subsidiaries)

(Units:¥ billion, %)

Consolidated	Segment	First Half of FY (March 31, 2007)				FY (March 31, 2007)	
		Plan	Actual	vs. Plan	Change	Plan	Change
Belluna		51.0	49.0	-3.8	5.7	108.2	5.7
Ozio	Single-item	3.3	2.9	-11.8	-2.5	6.8	3.5
Refre	Single-item	2.4	2.3	-5.4	4.8	4.9	9.3
Bell-Net International Group (HK&USA)	Single-item	2.2	2.1	-3.7	-5.1	4.4	-0.1
Sunstage Finance	AF	0.4	0.6	68.4	219.8	1.4	145.0
Bell-Net Credit (Korea) ^(*)	AF	0.3	0.5	112.0	—	1.1	—
El Dorado	Other	0.5	0.9	81.3	-58.2	1.4	-45.8
Friendly	Other	0.6	0.7	18.2	35.2	1.6	23.3
Subsidiaries Total		9.6	10.0	4.5		21.6	
Consolidated Adjustment		-0.2	-0.2			-0.4	
Consolidated Net Sales		60.4	58.8	-2.6	4.3	129.4	6.1

*Bell-Net Credit Co., Ltd. is consolidated from this first half of FY ending March 31, 2007.

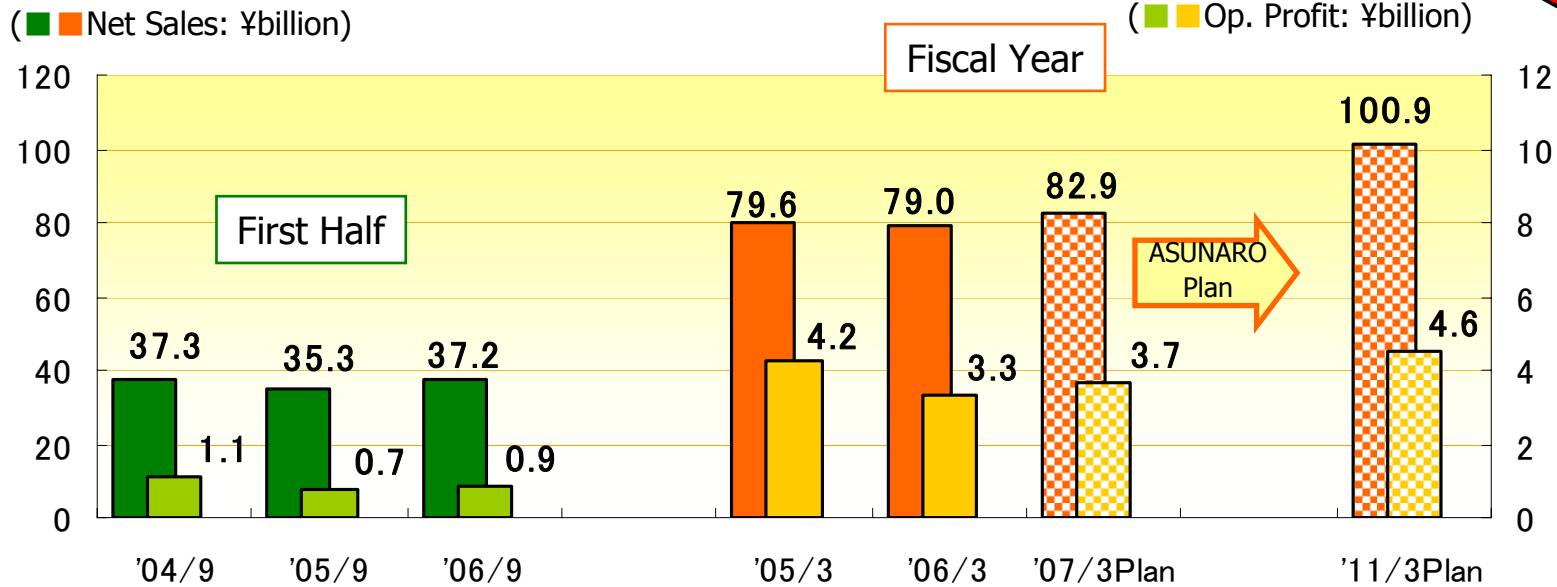
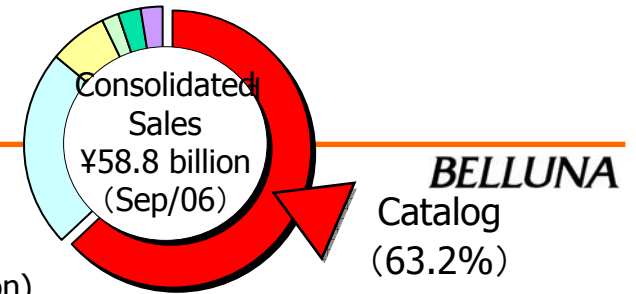
3. Results by Segments

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1. Catalog Business
2. Single-item Mail Order Business
3. Advanced Finance Business
4. BOT (Outsourcing) Business
5. Karemu (Exhibition Sales) Business
6. Other Business

3-1. Results by Segment

(1) Catalog Business



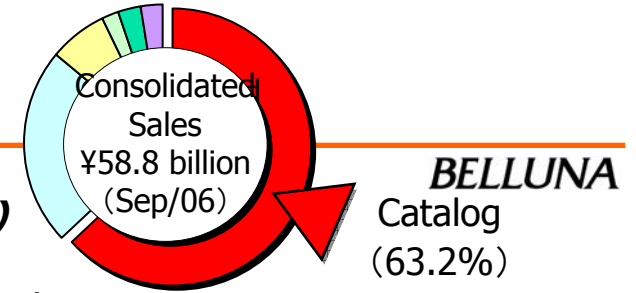
■ Issues and problems

1. Development and establishment of new catalogs
2. Promotion of repeat purchases
 - Enhancement of quality
 - Shortening of lead time
3. Promotion of E-commerce (EC)

■ Measures

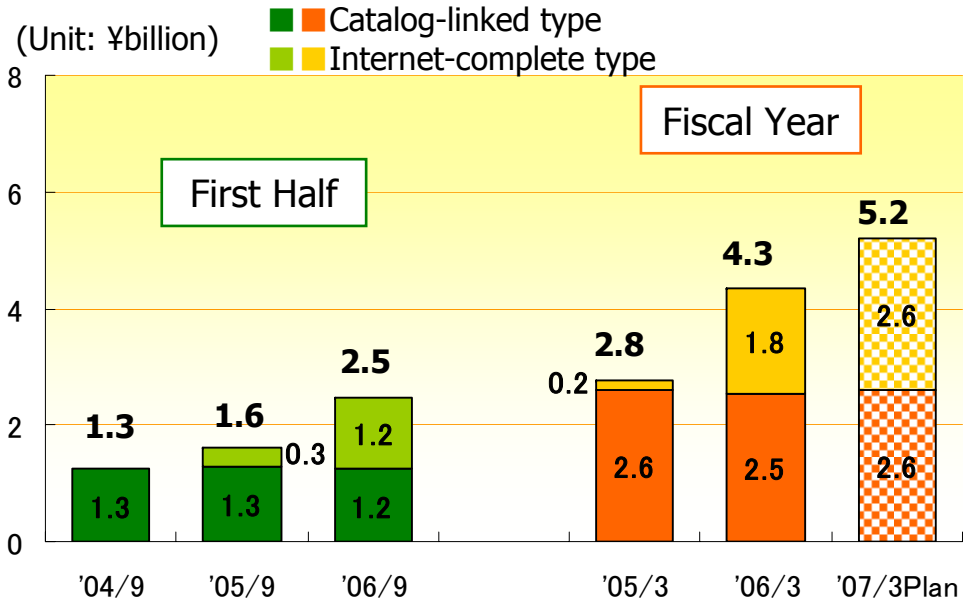
1.
 - Adjustment of media overlaps
 - Reediting and enhancement of men's catalogs
2.
 - Structuring SCM (Supply Chain Management) system (see P.14)
 - Enhancement of receipt and inspection system
 - Scraping and building of venders
3. Enhancement of EC (see P.9)

3-1. Results by Segments

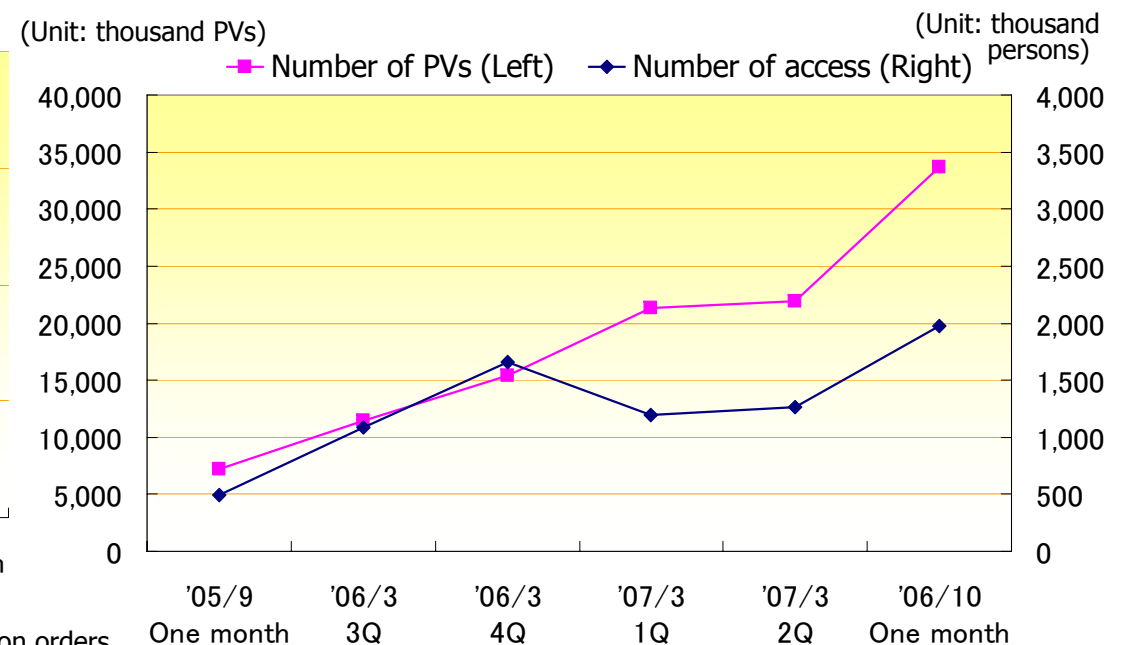


Focal Point of Catalog Business 1-1: EC Business (Total)

Net Sales(*) Change



Number of accesses and page views (monthly average)



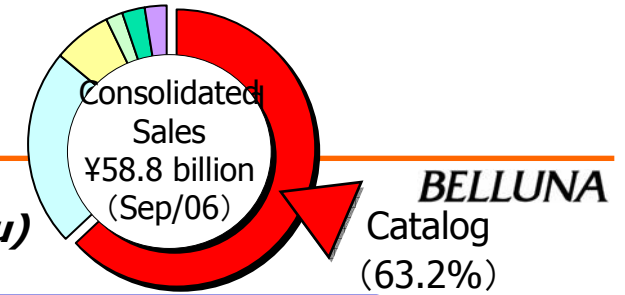
*Showing net sales amount from this reporting period (only orders in the past)
*Reference figures for sales for FY Mar/05 and FY Mar/06 are calculated based on orders.

【Challenges/Measures】 **Developing websites so as to place more emphasis on people in their 30s as core Internet shopping customers**

- Number of PVs increase and conversion rate hike (inventory preparation)
- Expanding product lineups in accordance with the mindsets of specific customer age-groups
- Establishing exclusive products and services for Internet shopping
- Promoting alliances with other companies

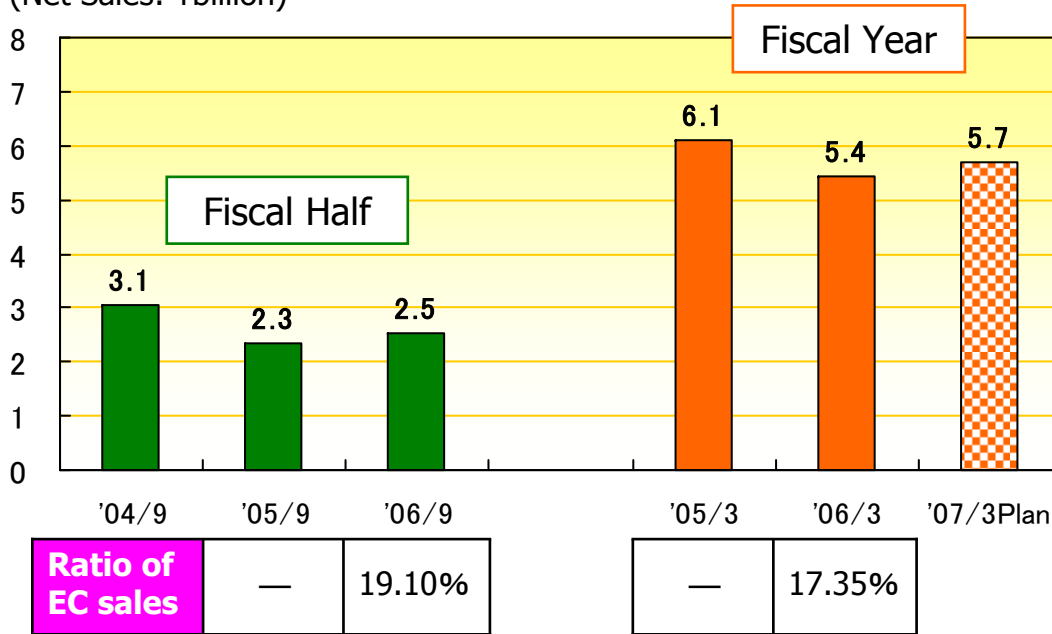


3-1. Results by Segments

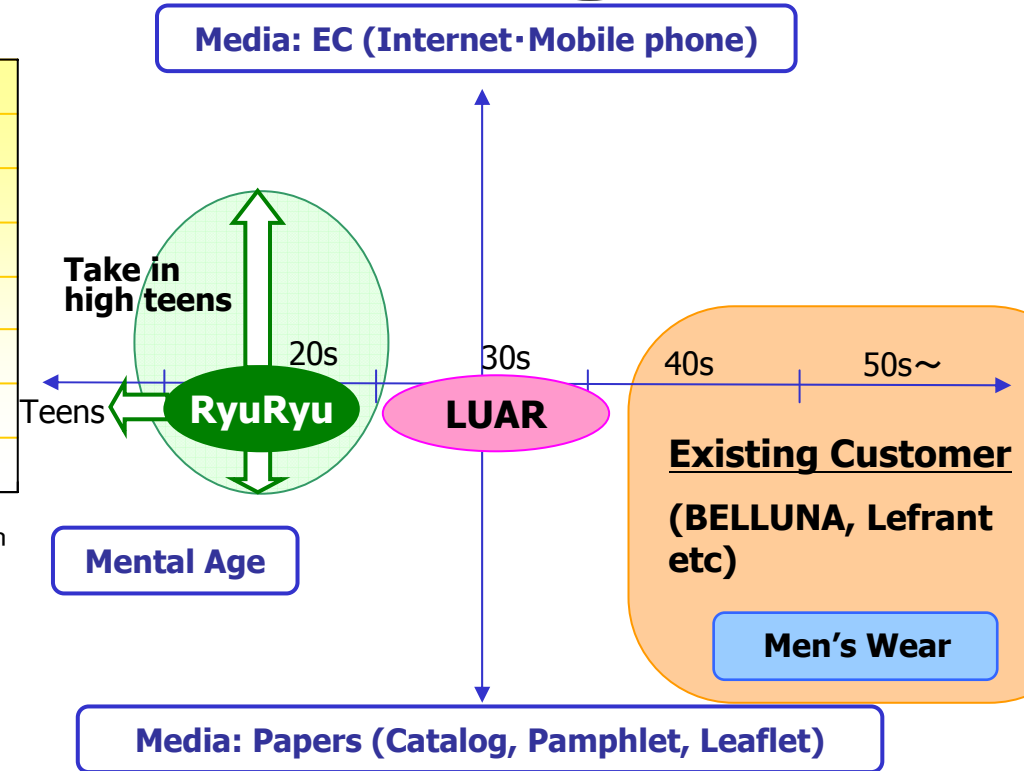


Focal Point of Catalog Business 1-2: EC Business (RyuRyu)

(Net Sales: ¥billion)



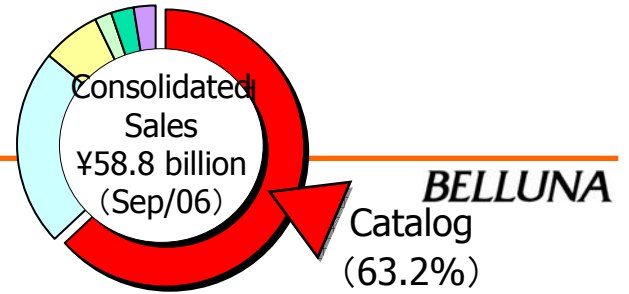
*Ratio of EC sales: for reference



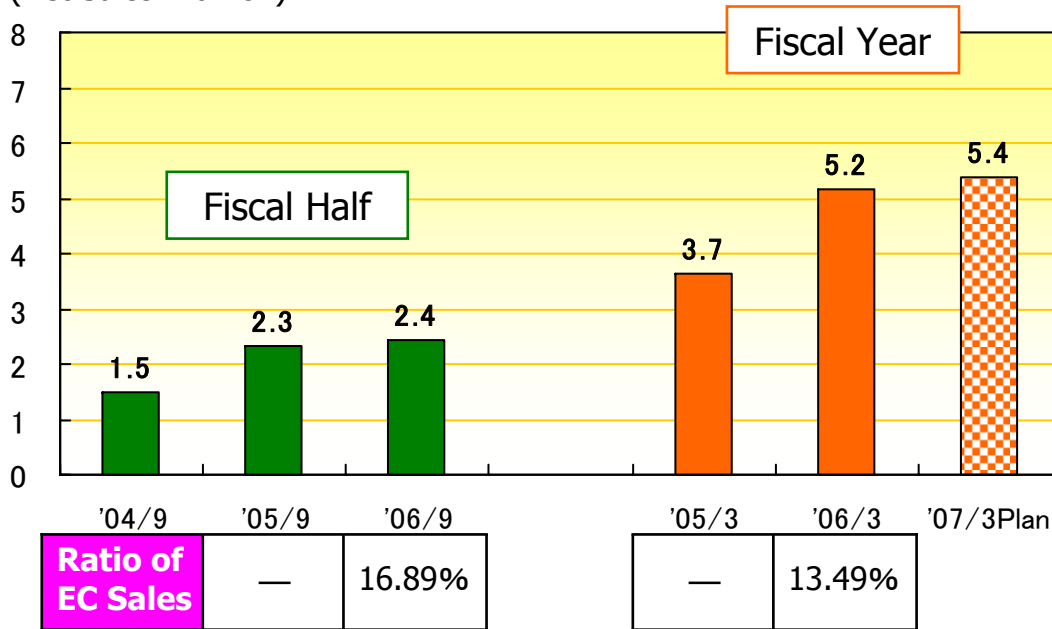
- Unification of media has enhanced efficiency.
- Aiming to increase sales with enhancement of product planning ability.
- Enhancing mobile phone shopping services.
- • • Effective advertisement to increase the ability to attract more customers.

3-1. Results by Segments

Focal Point of Catalog Business 1-3: EC Business (LUAR)



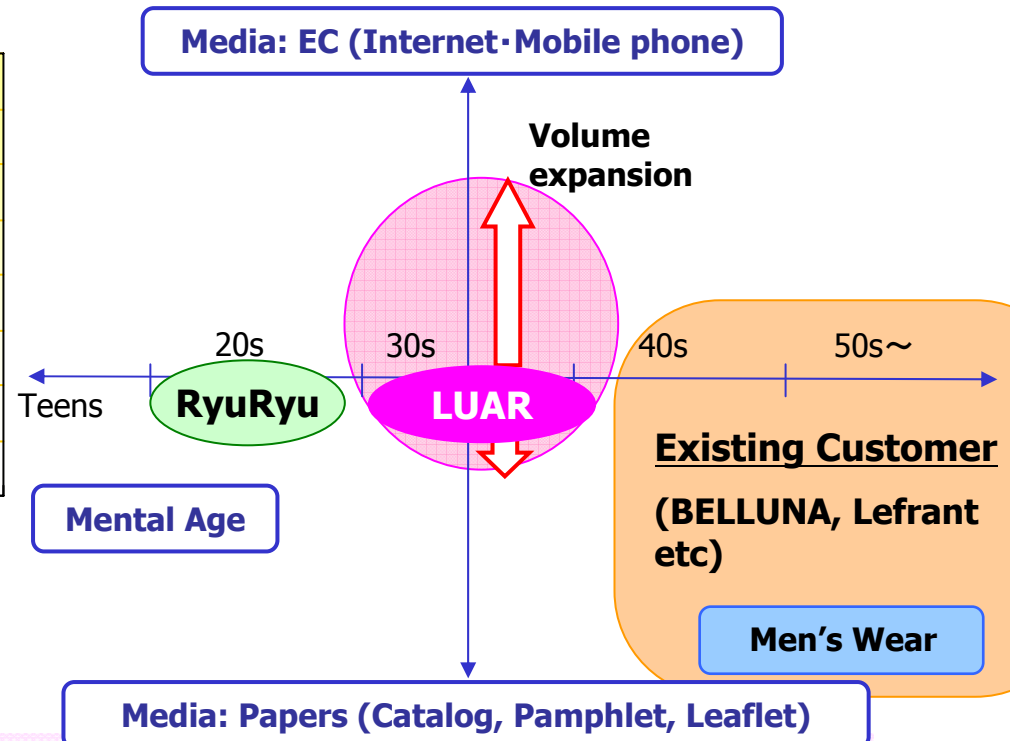
(Net Sales: ¥billion)



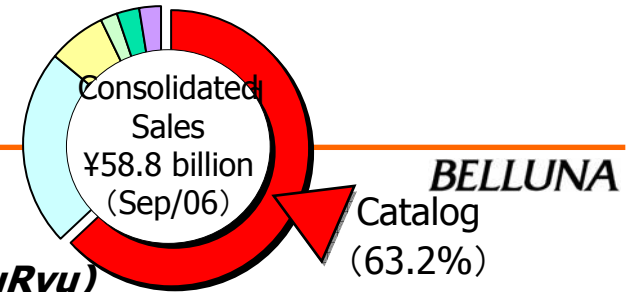
*Ratio of EC sales: for reference



- Media include "Luar" and "Sutekina-Zakka To Interior."
- The website will be renewed to improve customer navigability (the renewed site is scheduled to be fully operational as of April).
 - 1. A greater number of products will be displayed.
 2. An exclusive category for Internet shopping will be established.
- Start a mobile phone shopping service (in January as planned).
- Launching the development of media for secondary use of customer's database.



3-1. Results by Segments



Focal Point of Catalog Business 2: Changes in number of members (excluding RyuRyu)

	04/9		05/9		06/9	
	Actual	Change from 2003	Actual	Change from 2004	Actual	Change from 2005
(Unit: thousands persons)						
Active members	4,094	6.5%	4,166	1.8%	4,299	3.2%
Registered members	8,342	8.0%	8,975	7.6%	9,821	9.4%

- As a result of continuous cultivation of new customers, the number of them for FY ending March 31, 2007 will be kept more than 800 thousands. The number of active members was increased.

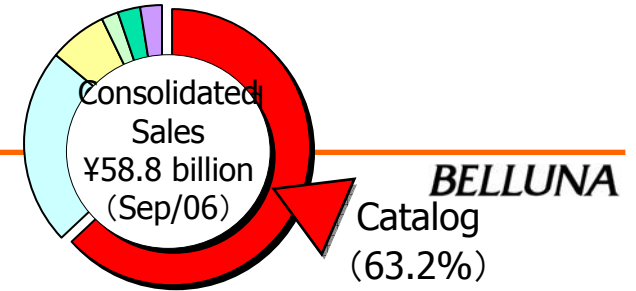
➔ The number of active members expected at the end of March 2007 is 4,400 thousands.

Reference

	04/4~9	05/4~9	06/4~9
(Unit: thousands persons)			
Number of new customers	383	333	359

Continuing the regular methods for acquiring new customers such as the active use of mass media (newspaper leaflets, free catalogs, etc.) and leaflets enclosed in catalogs.

3-1. Results by Segments

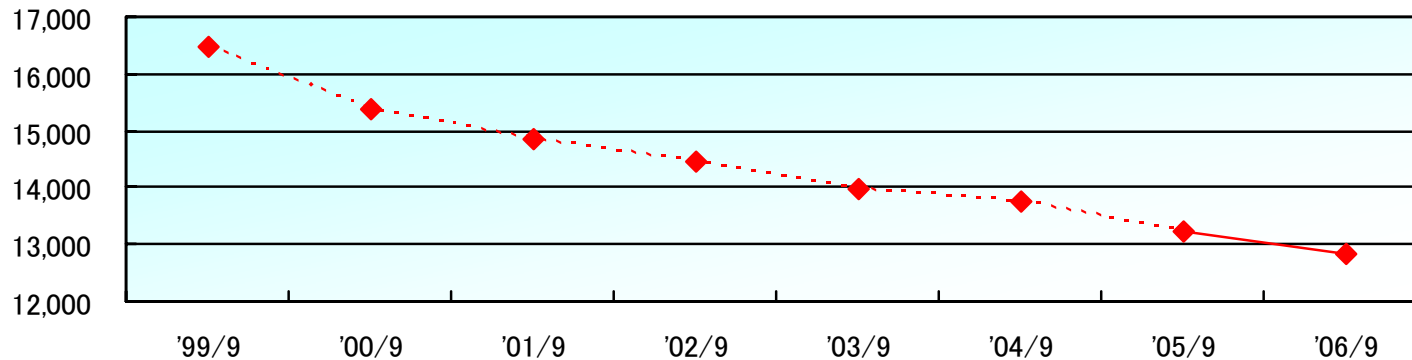


Focal point of catalog business 3:

Amount purchased per order

(Unit: Yen)	'04/9	Change	'05/9	Change	'06/9	Change
Amount per order	13,736	-1.8%	13,220	-3.8%	12,825	-3.0%

(Unit: Yen)

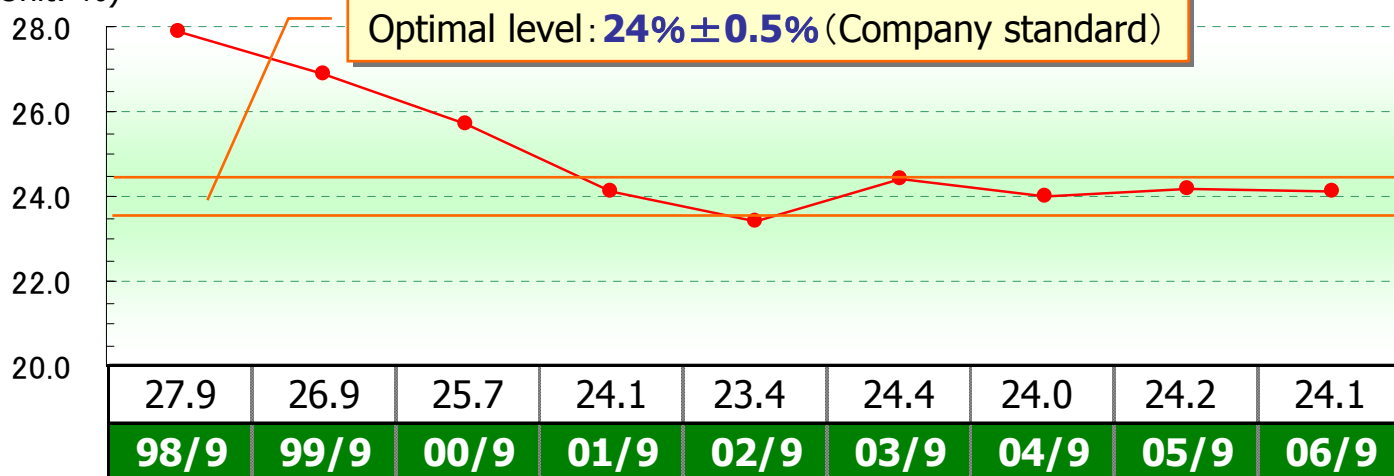


The reasons for the decline are;

- 1) a lower portion of heavy clothing (coats, jackets, etc.) sales as a percentage of total sales
- 2) an increase of coordinate clothing (breaking a set).

Focal point of catalog business 4: Media cost to sales ratio

(Unit: %)

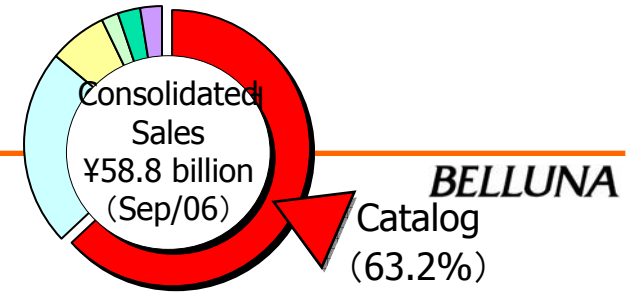


The result of this term was controlled within this range, because of;

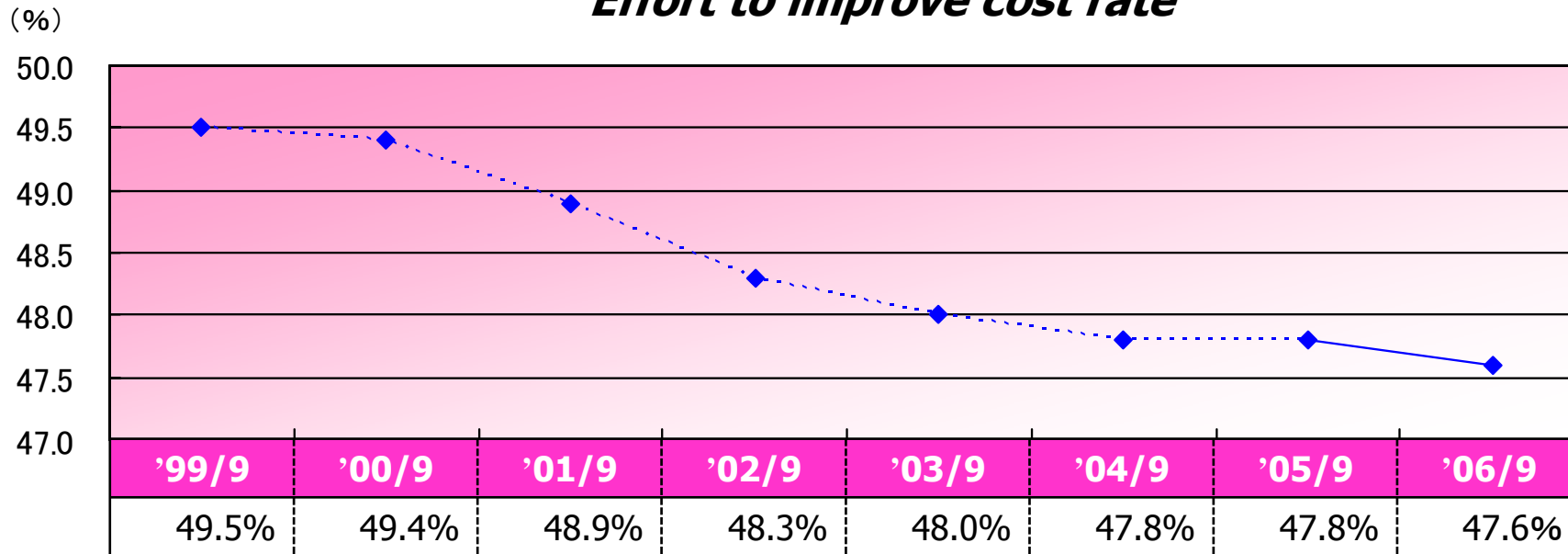
- 1) the scrapping of old catalogs and the building of new catalogs, profit-oriented approach (More efficient catalog delivery)
- 2) review of catalog delivery costs.

* From Interim for FY Mar/06, the ratio has been calculated excluding Karemu and BOT Business due to the higher composition rate of businesses with very low media costs.

3-1. Results by Segments



▼ Focal point of catalog business 5: *Effort to improve cost rate*



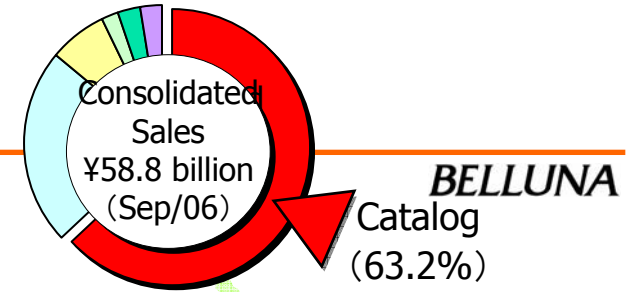
■ Factors and Efforts

- The Company has proceeded with a shift towards overseas business (by way of developmental imports and overseas production for domestic transactions). However, the cost-cutting effects of this shift have been limited.
- Overall earnings improved slightly, although they were affected by foreign exchange market developments (namely the yen's depreciation), inventory clearances, etc.

(*Inventory clearances have been implemented twice as fast as in the previous year.)

→ In future, the Company will streamline the production process to further reduce costs.

3-1. Results by Segments



Focal point of catalog business 6: *Global SCM Structuring*

● SCM System/Aims

Belluna support operations

- Quality improvement
- Control of cost
- In-house designed/planned products
- Margin/Distribution cost reduction

OEM operations

Chinese domestic sales operations

■ Progress

- Continue to expand the parameters of our business mainly in the area of apparel.
- In future, the Company will launch a system to create and sell popular home furnishings and sundry goods while continuing to promote established business areas.

■ Efforts

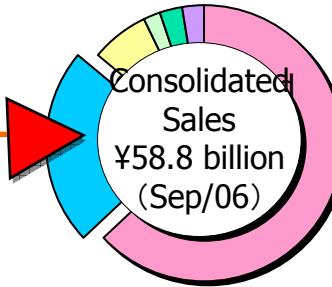
- As our SCM business matures.
 1. Review of production management system (Margin reduction)
 2. Direct transactions with factories are to expand (Quality improvement, In-house production, Margin reduction)
- Consolidation of trade (Reduction of operation cost, Shortening lead time)
 1. Overseas warehouse stock → consolidated export
 2. Utilization of "Through Centers" (Kobe, Kawasaki)



[Receipt and inspection in Shanghai (CHINA)]

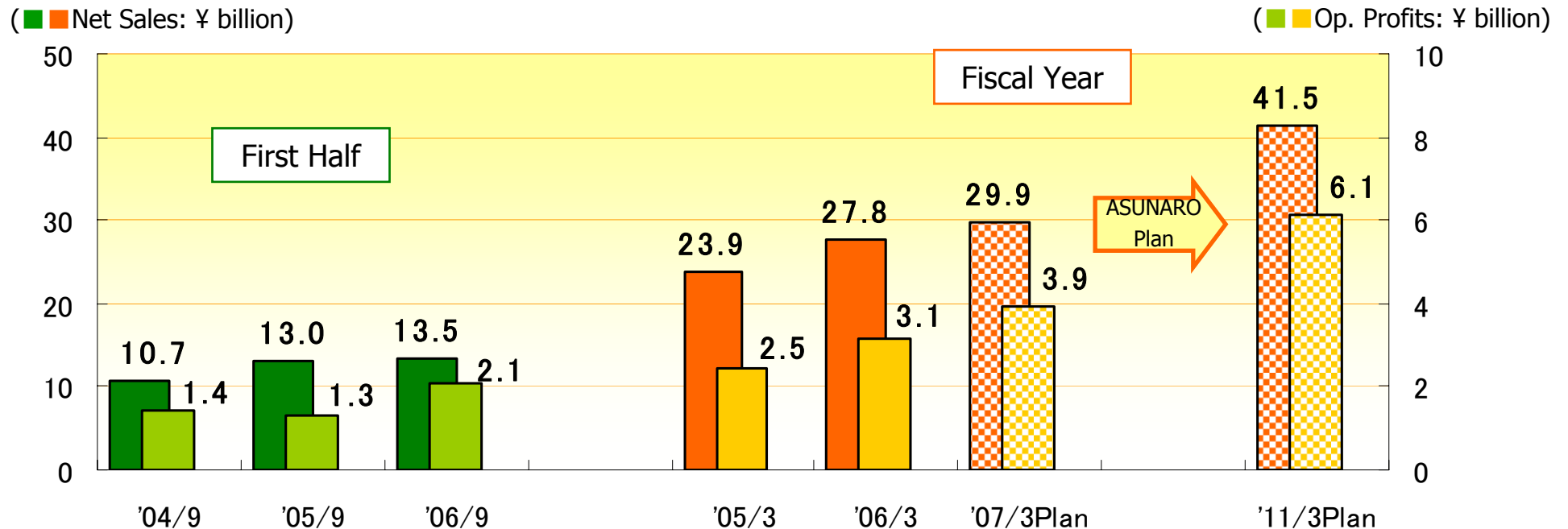
3-2. Results by Segments

Single-item
(23.0%)



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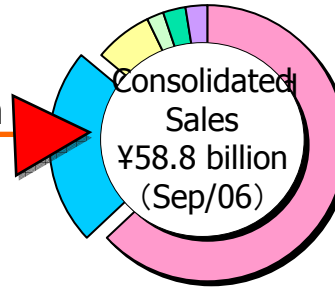
(2) Single-item Mail Order Business



- Consists of *Hanpu*, monthly delivery, business of food, flowers and wine, and four subsidiaries (Ozio, Refre, Bell-Net International Hong Kong, and B.N. International USA).
- Business performance is spotty. Sales of food, flowers, and wine are brisk. Refre's sales are sluggish but its profit contribution is high.
- Enhancement of new product development is required.

3-2. Results by Segments

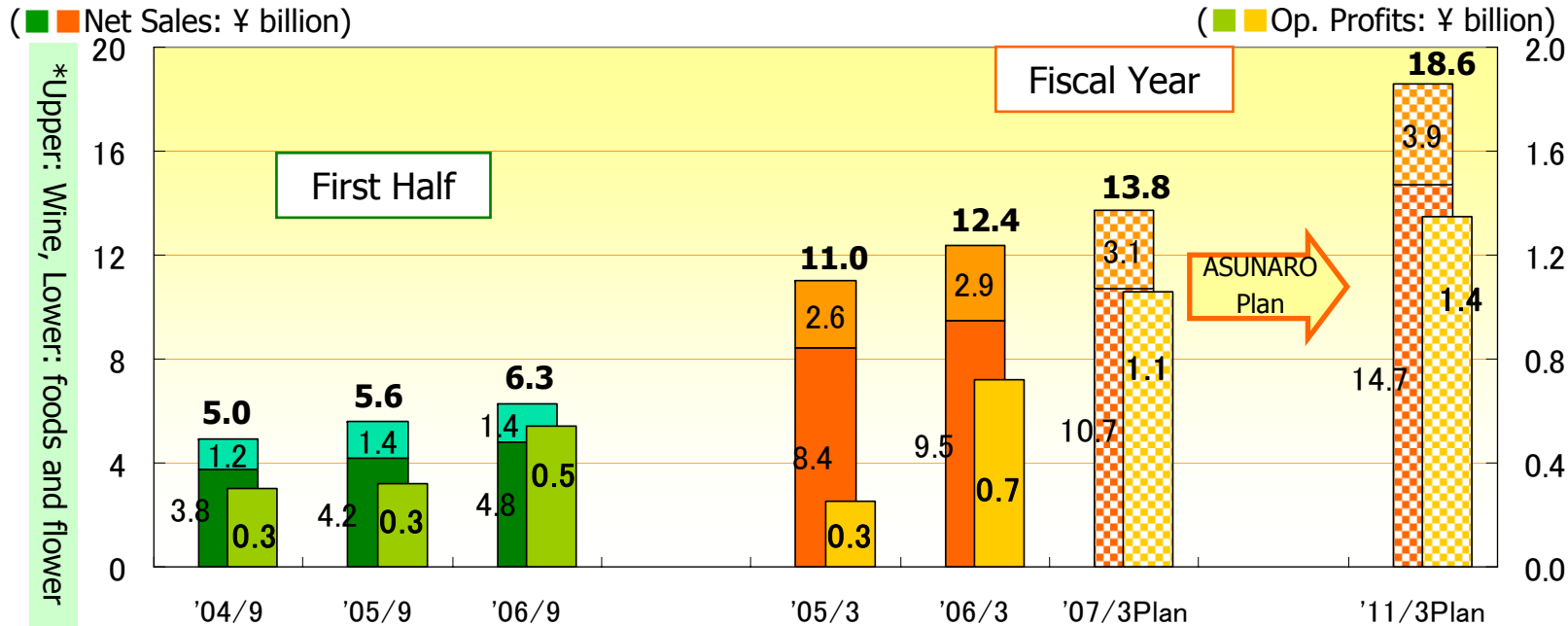
Single-item
(23.0%)



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Single-item Mail Order Business 1:

Food, Flowers and Wine



[Food/Flowers] - Both markets have been bullish. In particular, improvements to the *hanpu*, monthly delivery, repeat subscription rate has supported earnings.

- B to B commerce is showing high potential demand and has achieved substantial sales growth.
- Last-minute shopping demand for seasonal goods predominates among internet shopping customers at present. In future, the Company will conduct further exploration of new growth areas.

[Wine] - Growth has recently slowed. Obtaining new customers is proving to be a major challenge.

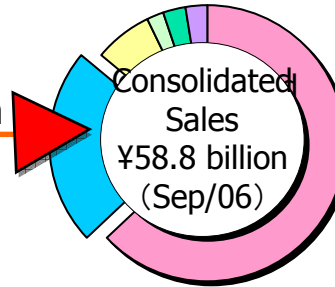
- 1. Selection of and concentration in customer-attracting strategies and goods
2. Development of products geared towards cross-selling

- Continuing to emphasize wholesales

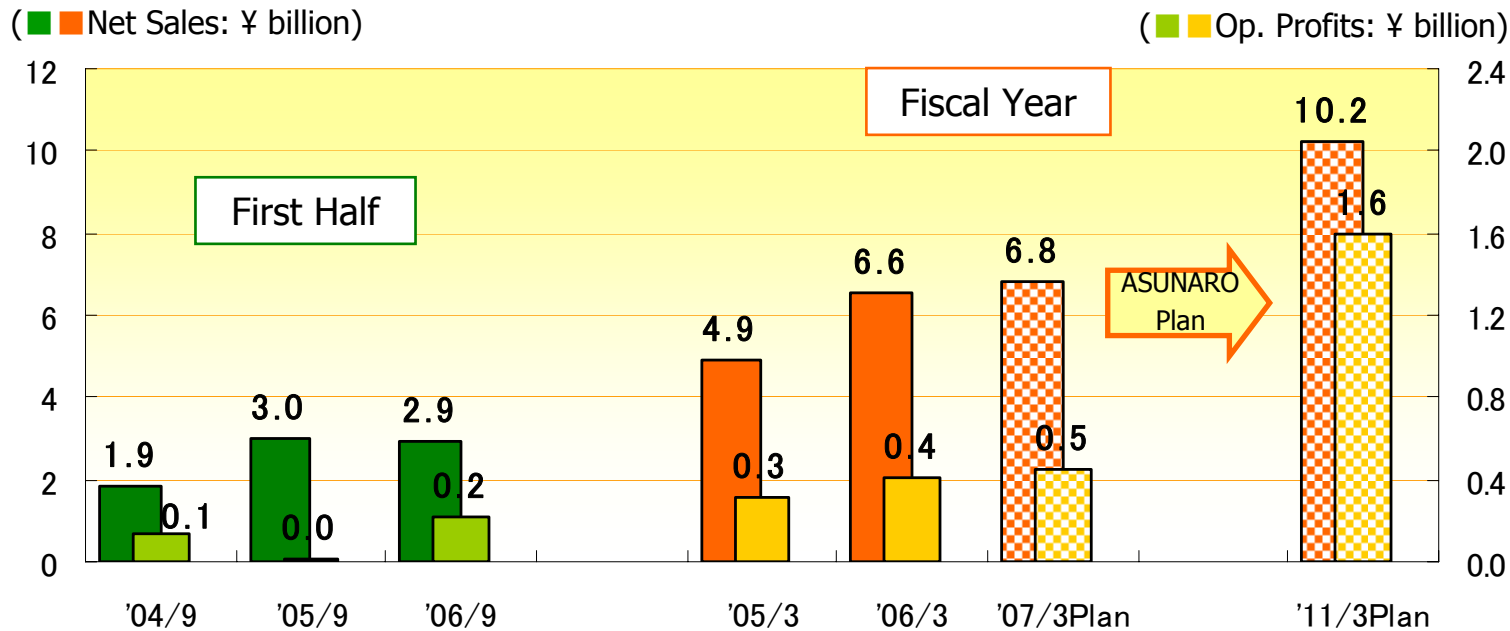
3-2. Results by Segments

Single-item Mail Order Business 2: OZIO

Single-item
(23.0%)



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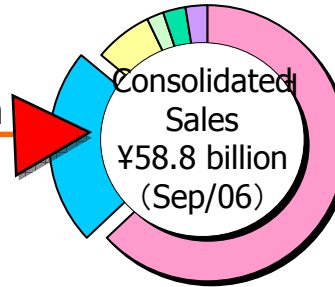


- Developing cosmetics under the OZIO brand name.
- Best sales are skin care item for anti-aging, and these have a great influence on total sales.
- Growth has slowed since the beginning of the current year (in particular, the primary series has recorded a growth slowdown). Development of future products and sales channel strategies is a challenge.
 - 1. Price revisions (from October) to enhance search for new customers
 - 2. Development of new goods and renewal of existing goods
 - 3. Improvement of customer-attraction efforts through Internet and mobile phone shopping services (including expansion of product lineups for young customers)
 - 4. Implementation of premium campaigns
- Development of new line of leading products is an ongoing challenge.

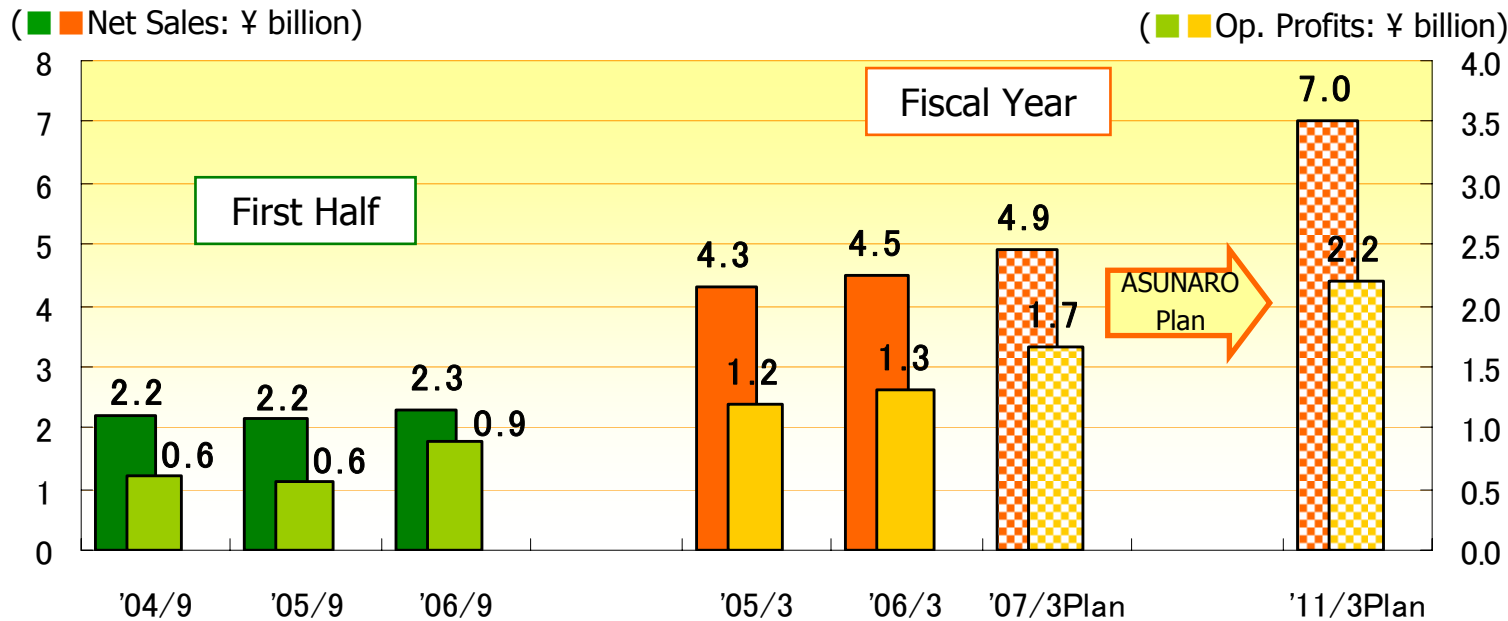
3-2. Results by Segments

Single-item Mail Order Business 3: Refre

Single-item
(23.0%)



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- Primarily engaged in sales of functional/health foods. Best sales are 'Black Vinegar' and 'Blueberry and Lutein'.
- Product renewals (increases in key product components and in volume) and cost reviews succeeded in improving profitability in the first half.

→ Newspaper advertisements, TV commercials and direct mail will be actively utilized for enhancing customer attraction in the second half.

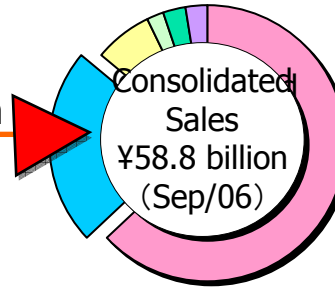
Great effort will be also put into transforming new products into standard goods to enhance growth potential.

- Acceleration of new product development is a challenge. A system will be created to quicken test sales.
- We will enhance Internet shopping services and promote the development of exclusive products for Internet shopping.

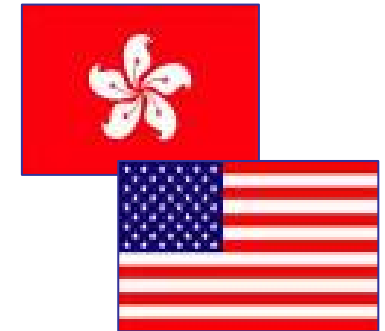
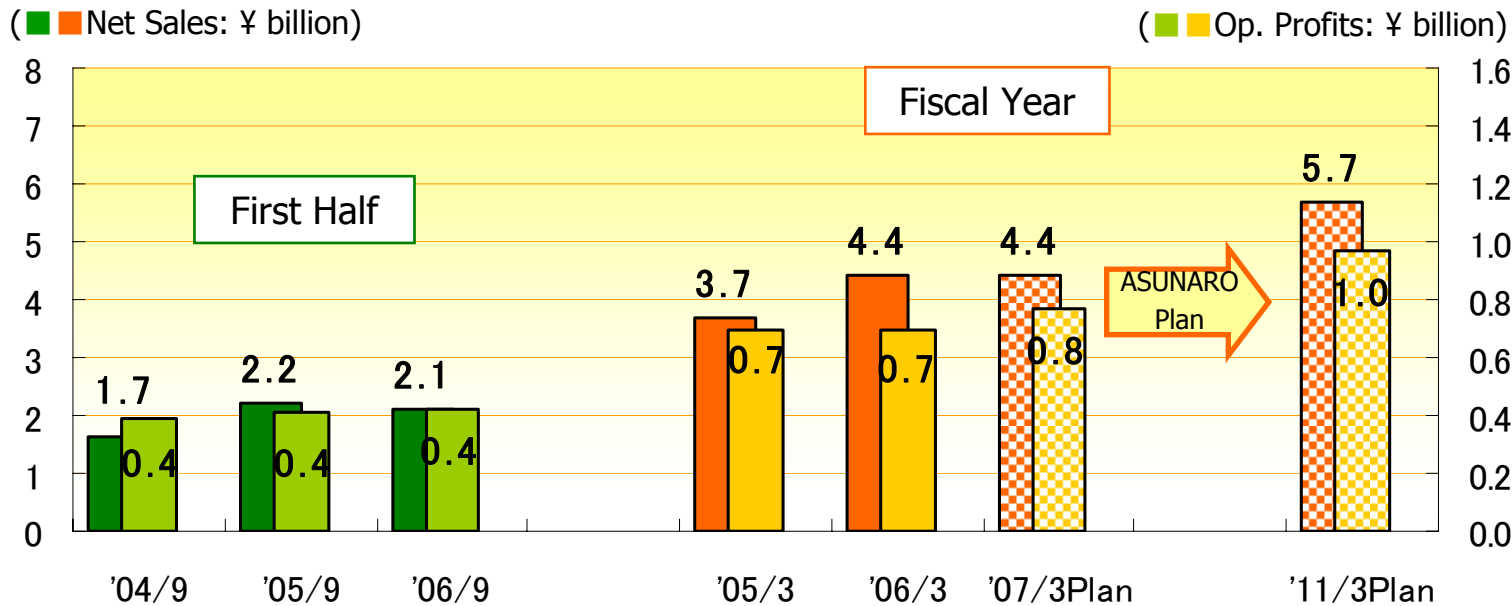
3-2. Results by Segments

Single-item Mail Order Business 4: Bell-Net Group (Hong Kong, USA)

Single-item
(23.0%)



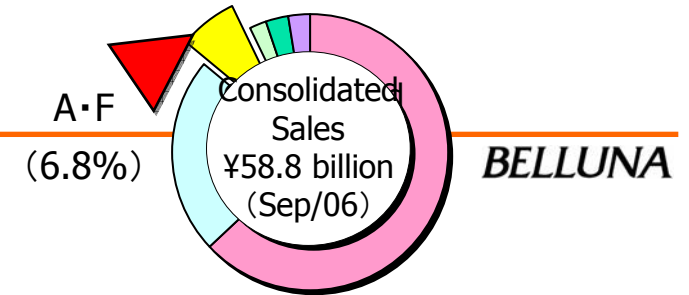
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- Dispatched overseas goods to customers in Japan.
- Expanding customers list segment, enriching items and promoting the scrap and build of items.
- Items made in USA are growing up, of which cost of sales ratio is lower. Expanding those items.
- Focusing on getting new customers – Development of products meeting specific needs is a challenge.
- Attracting customers through special benefits and enhancement of media outlets for loyal customers

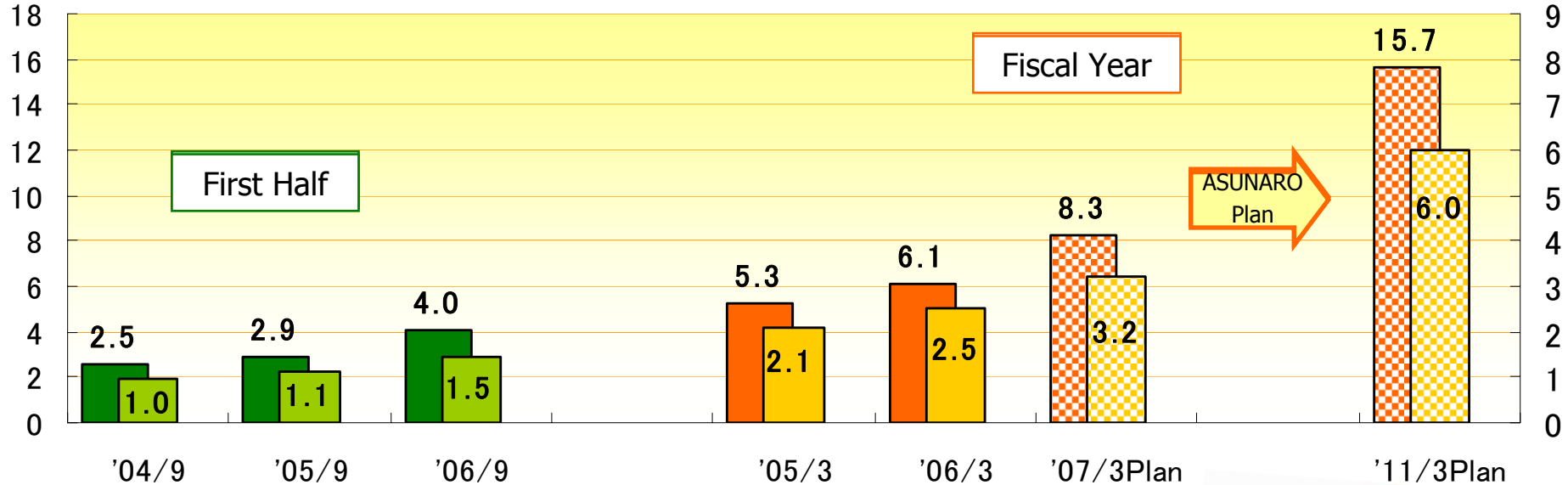
3-3. Results by Segments

(3) Advanced Finance (A·F) Business



(■ Net Sales: ¥ billion)

(■ Op. Profits: ¥ billion)

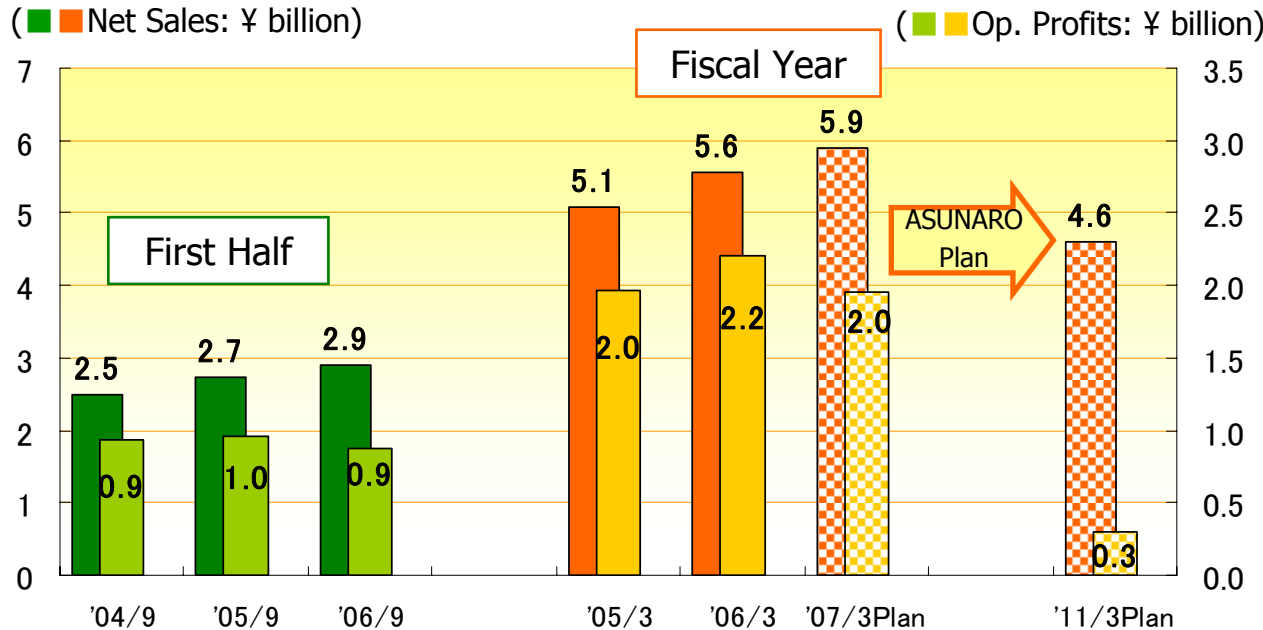
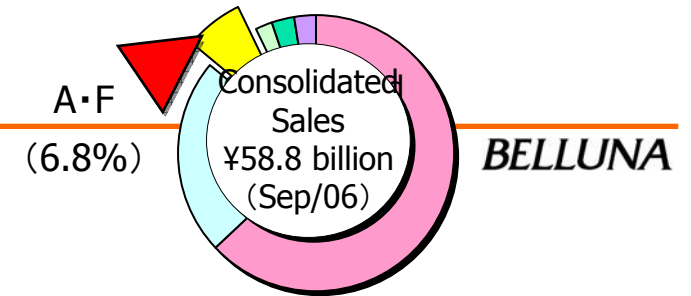


- There are 3 businesses in this Advanced Finance Segment;
 - 1) B to C Finance business called 'Belluna Notice'
 - 2) B to B Finance business operated by a subsidiary, Sunstage Finance Co., Ltd.
 - 3) Finance business in Korea operated by a subsidiary, Bell-net Credit Co., Ltd.
- While the planned Money-Lending Industry Law amendment to lower the lending rate ceiling and increasing claims to loss on interest refunds are expected to have a negative impact on the Belluna Notice business, we expect that brisk business on the part of Bell-Net Credit will compensate for any such negative impact.



3-3. Results by Segments

A·F Business 1: B to C Finance (Belluna Notice)



Conditions

- First-half interest refunds:
81 million yen (206,000 yen per person)
→ A total of 196 million yen has been provided for interest refunds for the entire year to March 2007.
- Loan loss rate: A slight increase.
Deteriorations were seen in such regions as Hokkaido, Tohoku and Kinki.

(Unit: ¥ billion)	00/3	01/3	02/3	03/3	04/3	05/3	05/9	06/3	06/9	07/3Plan
Balance at term end (after write-off of bad loans)	12.1	15.0	16.6	17.5	17.8	19.7	20.7	21.4	21.8	22.4
Average balance	11.3	13.5	15.5	17.1	17.6	18.6	—	20.6	—	21.9
	00/9	01/9	02/9	03/9	04/9	05/9	06/9			
Loan-loss charge	0.2	0.2	0.3	0.4	0.4	0.4	0.5			
Loan-loss rate	1.26%	1.25%	1.82%	2.30%	1.97%	2.01%	2.13%			
Loan-loss reserve	0.3	0.4	0.5	0.7	0.7	0.9	0.9			

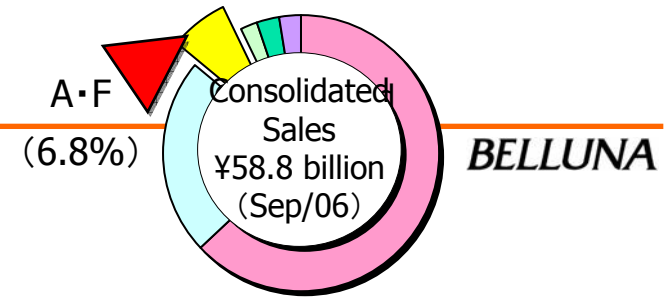
* Balance at term end after write-off of bad loans includes bankruptcy rehabilitation claims.

* The loan-loss rate was adjusted and modified in line calculated by "Loan-loss charge / Loan receivables before write-off of bad loans at term end (including bankruptcy rehabilitation claims)".

* Loss on interest refunds were 64 million yen for the term ended March 2006.

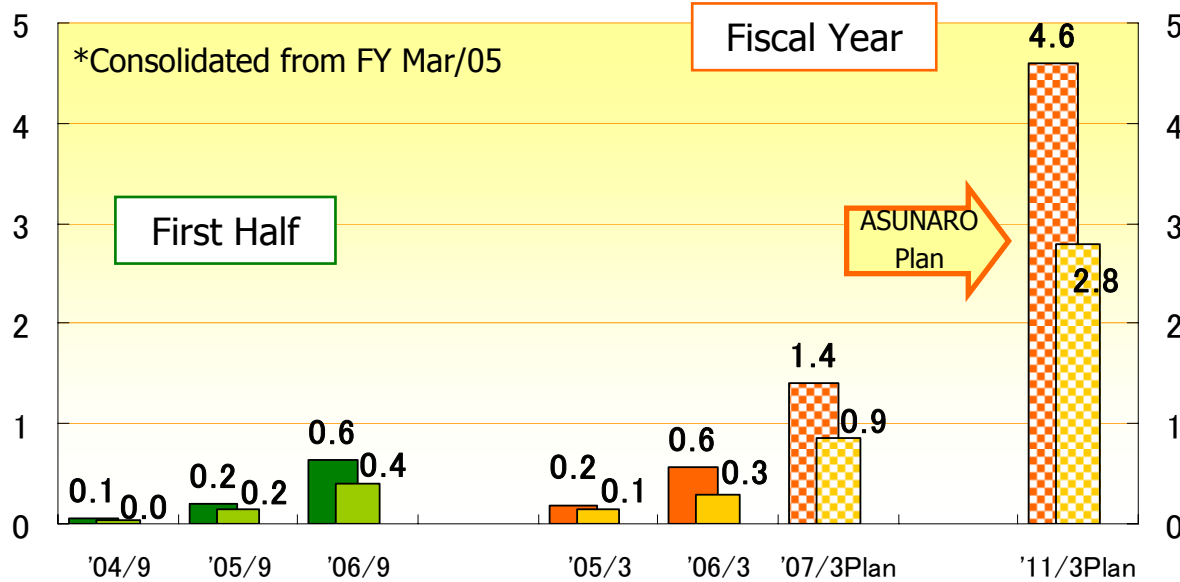
3-3. Results by Segments

A·F Business 2: B to B Finance (Sunstage Finance)



(■ Net Sales: ¥ billion)

(■ Op. Profits: ¥ billion)



Measures

[Summary of business]

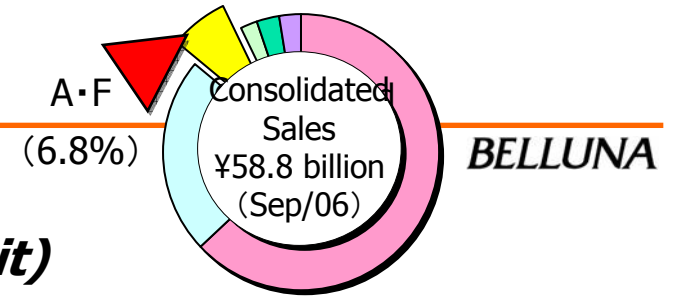
Collateralized corporate finance (lending against real estate) including bridge finance and back finance services

- 1) Setting strict screening standards and conservative assessment rate for collateral
- 2) Stable expansion through diversification of risk

(Unit: ¥ billion)	04/3	04/9	05/3	05/9	06/3	06/9	07/3Plan
Balance at term end (after write-off of bad loans)	0.0	1.7	2.8	4.1	10.1	16.8	21.0
Average balance	0.0	—	1.4	—	6.4	—	15.5
	04/9	05/9	06/9				
Loan-loss charge	0.0	0.0	0.0				
Loan-loss rate	0.00%	0.00%	0.00%				
Loan-loss reserve	0.0	0.0	0.1				

* The loan-loss rate was adjusted and modified in line calculated by "Loan-loss charge / Loan receivables before write-off of bad loans at term end (including bankruptcy rehabilitation claims)".

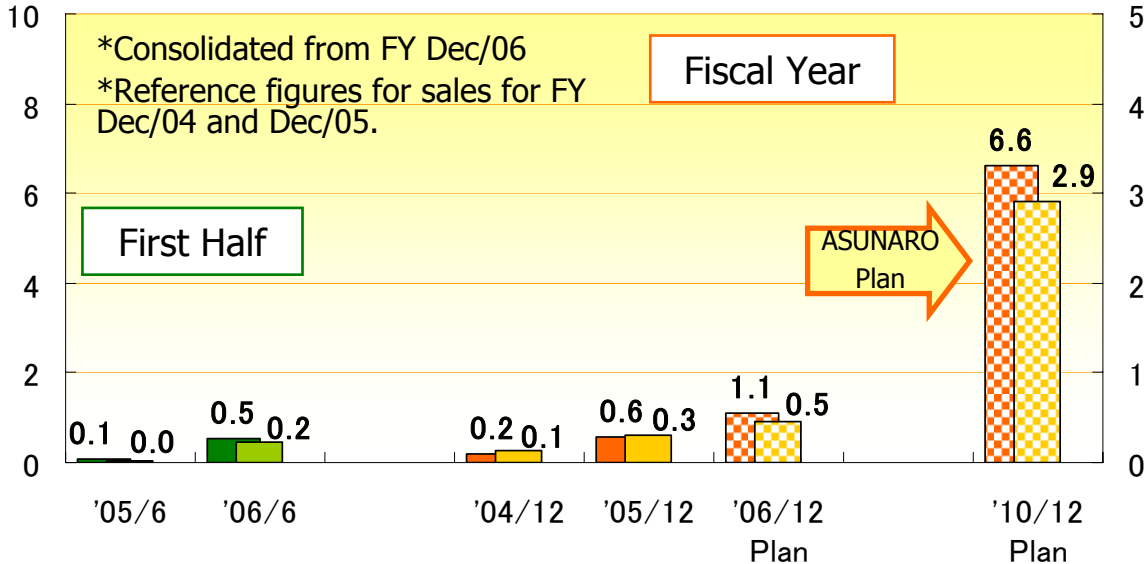
3-3. Results by Segments



A·F Business 3:

Finance business in South Korea (Bell-Net Credit)

(■ Net Sales: ¥ billion) (■ Op. Profits: ¥ billion)



Measures

1. Stable growth through strict screening
2. TV commercials are planned for Korea
→ Increasing public awareness of this service to increase numbers of new customers

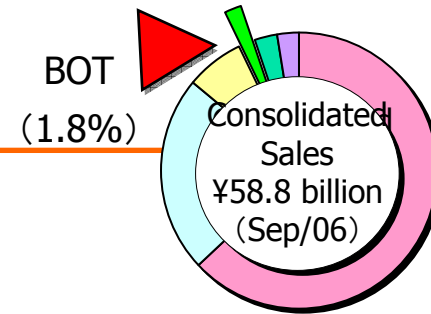
(Unit: ¥ billion)	04/12	05/6	05/12	06/6	06/12Plan
Balance at term end (after write-off of bad loans)	0.3	0.4	1.2	2.5	3.3
Average balance		—	0.7	—	2.2
	05/6	06/6			
Loan-loss charge	0.01	0.03			
Loan-loss rate	1.83%	1.21%			
Loan-loss reserve	0.0	0.1			



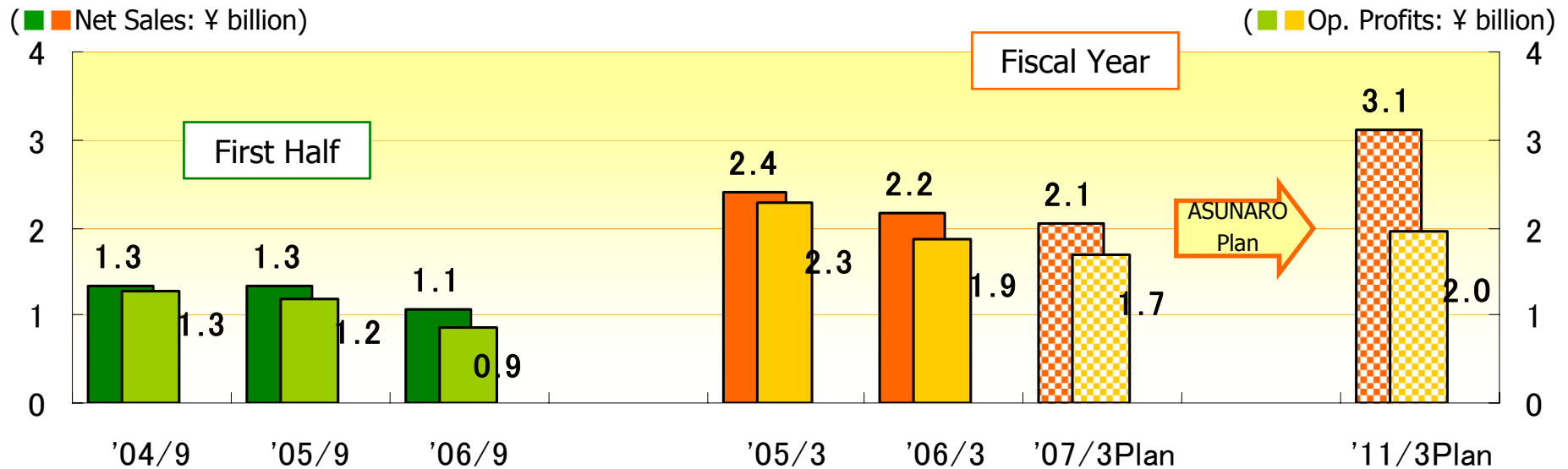
* The loan-loss rate was adjusted and modified in line calculated by "Loan-loss charge / Loan receivables before write-off of bad loans at term end (including bankruptcy rehabilitation claims)".

3-4. Results by Segments

(4) BOT Business (Belluna Operation Trust)



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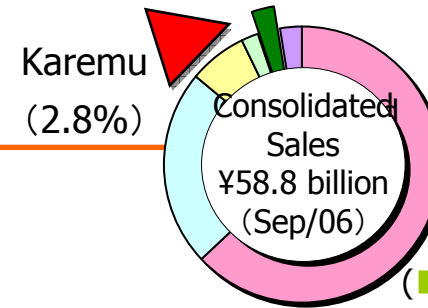


- The core of the business is enclosing and mailing services to earn commissions by introducing other companies' products and services to customers. In addition, trustee (outsourcing) business by utilizing the Company's infrastructure was started from this FY ending March 31, 2007.
- Enclosing and mailing services: Revenues have recently fallen due to tougher regulations on advertisement wording and checks to avoid competition with our other businesses.
→ The Company intends to increase clients other than those for the sale of goods, increase large-lot of clients, and make its new services popular.
- Outsourcing business: Promotion of infrastructure building and reinforcement of security measures for better business relationships, as well as development of clients.

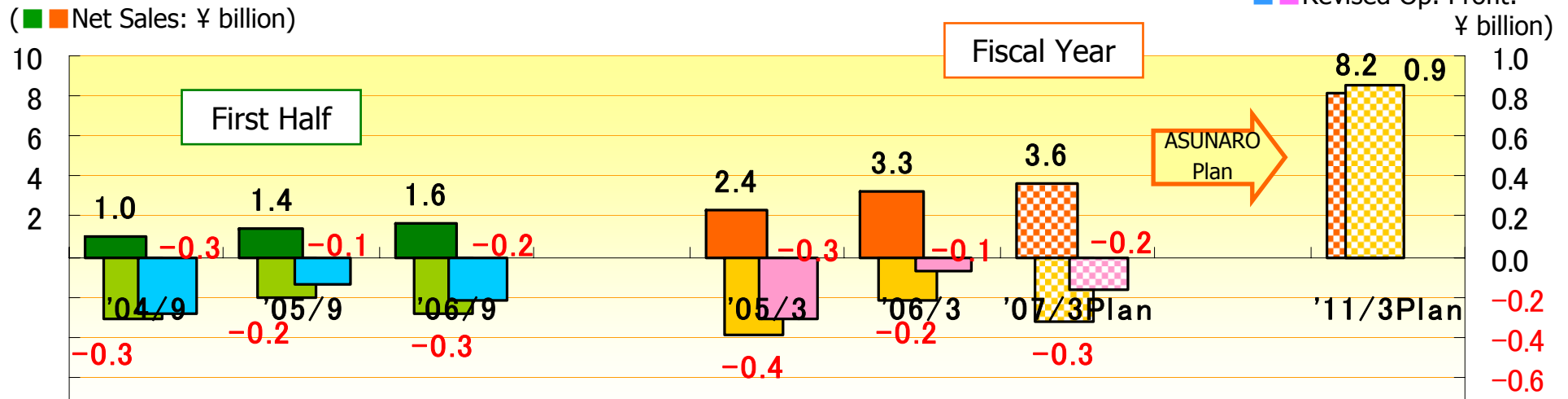


3-5. Results by Segments

(5) Karemu Business (Exhibition Sales)



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*Revised Op. Profit = Op. Profit + Credit card commission

- Sales of Kimonos, jewelry and wellness goods at exhibitions.
- The number of Karemu offices is 41 all over the Japan at present, Oct/06.
- Sales growth has decelerated as the sell tactics prevalent in the industry have led to the furtherance of social problems. The business is continuing to face an uphill battle.

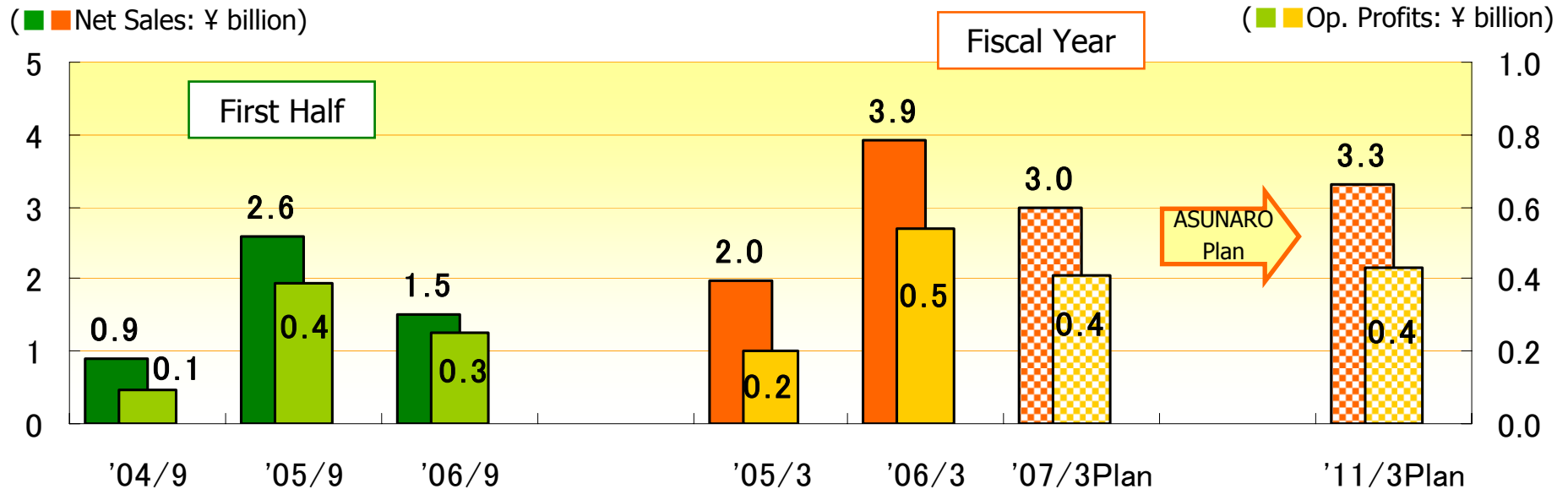
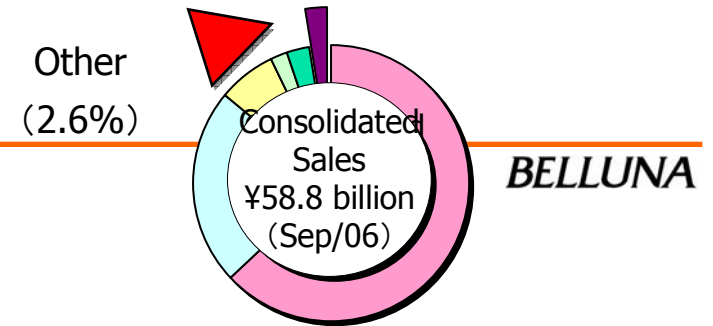
[Issues/Measures]

- Human resources development
→ Reinforcement of organization and education system
Aimed at "treatment of labor cost as variable cost + stability of organization" in the medium- and long-term.
- Enhancement of the compliance system: promotion of business operations giving priority to compliance with the law and rules.
- Retention of customers, securing repeaters: Enriching the style of exhibition, making the relationship of customers.



3-6. Results by Segments

(6) Other Business



[El Dorado]:

- Real estate lease and sales business
- Acquiring only profitable properties

[Friendly]:

- Wholesale to cooperatives, agricultural cooperatives and department stores
- Recent results are increasing favorably, and will continuously growing up.

4. Consolidated Financial Sheets

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1. Consolidated Income Statement
2. Consolidated Balance Sheet
3. Consolidated Cash Flows

4-1. Consolidated Financial Sheets

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(1) Consolidated Income Statement

(Units: ¥ billion, %)

	05/9		06/9	
	Amount	Ratio to Sales	Amount	Ratio to Sales
Net sales	56.4		58.8	
Cost of sales	23.8	42.3	24.2	(1) 41.2
Installment unrealized gains	-0.02	0	-0.01	0
Selling, general and administrative expenses	28.0	49.7	29.3	49.9
Operating income	4.5	8.0	5.3	8.9
Non-operating income and expenses	0.4	0.7	(2) 0.1	0.1
Ordinary income	4.9	8.7	5.3	9.0

(1) Cost to sales ratio (-1.1%, YOY)

▪ Excluded the influence of the sales of real estate for sales of FY Sep/05 and Sep/06 at a subsidiary, El Dorado Co., Ltd., the cost to sales ratio rose by 0.1 points.

(2) Non-operating income and expenses

(-320 million yen, YOY)

(Unit: ¥ million)

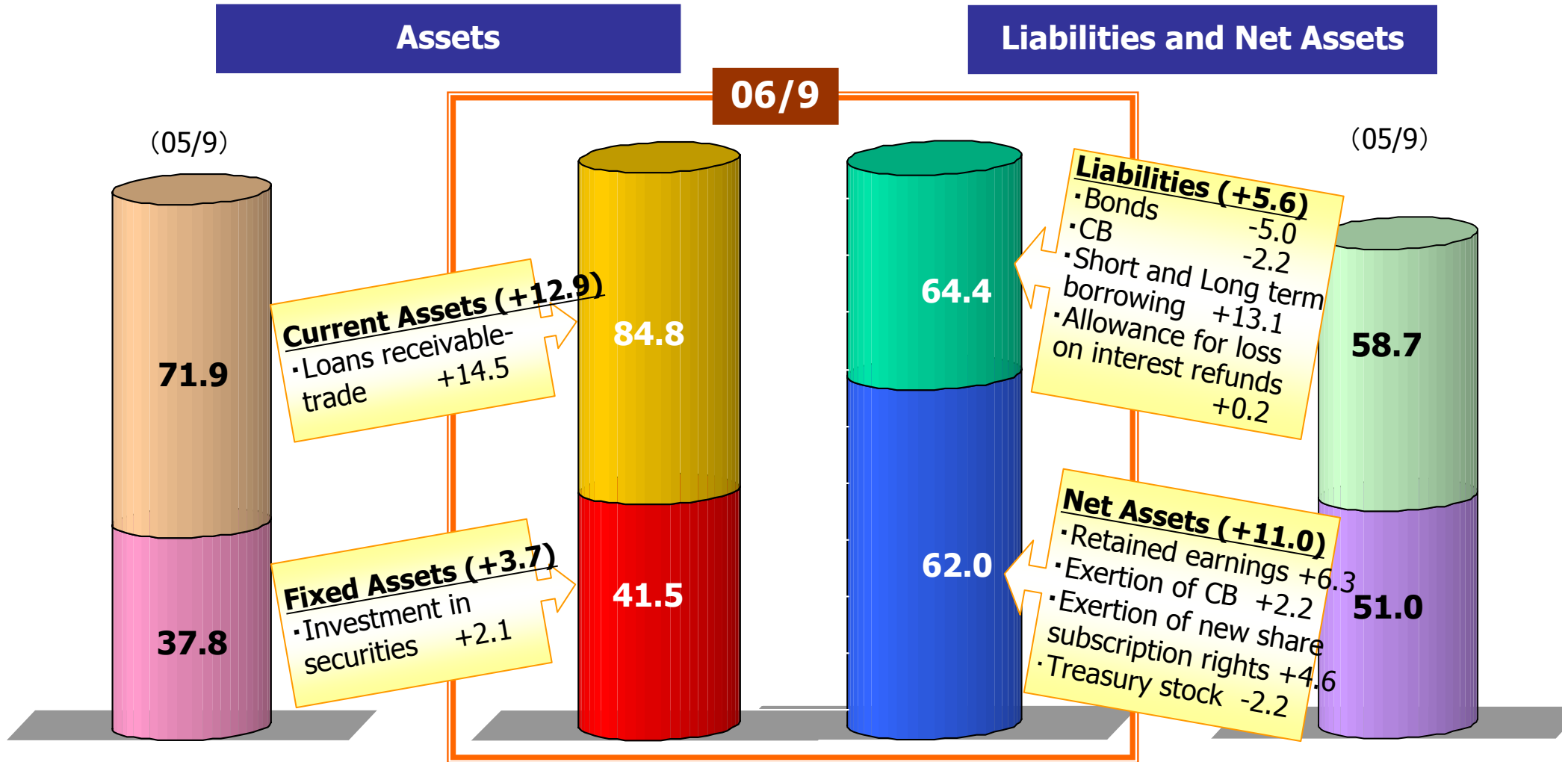
Main items	05/9	06/9	Difference
Dividend received	130	50	-80
Gain on sale of securities	70	40	-30
Appreciation on currency swap option	160	10	-140

4-2. Consolidated Financial Sheets

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(2) Consolidated Balance Sheet (esp. main changes)

(Units: ¥ billion)



Total Assets (¥ billion):

05/9 109.8

06/9 126.3

■ **Capital Ratio: 49.0%** (+2.6 points, YOY)

4-3. Consolidated Financial Sheets

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(3) Consolidated Cash Flows (esp. main changes)

(Unit: ¥ billion)

	05/9	06/9	Change
Cash flows from operating activities	-0.8	-6.9	-6.1
Increase/Decrease in loans receivable-trade	-2.3	-7.8	-5.5
Increase/Decrease in notes and accounts receivable trade	1.5	1.2	-0.2
Cash flows from investing activities	-1.7	-6.3	-4.6
Expenditure for purchase of tangible fixed assets	-1.3	-1.5	-0.3
Increase in investment securities	-0.4	-3.0	-2.5
Cash flows from financing activities	12.1	7.0	-5.2
Increase in short/ long term borrowings and in bonds	13.4	5.4	-8.0
Proceeds from new bond (New share subscription right)	0.1	4.1	4.1
Expenditure for purchase of treasury stock	-0.8	-1.8	-1.0
Translation differences on cash	0.1	-0.02	-0.1
Increase in cash	9.7	-6.2	-15.9

5. ADR Information

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■ ADRs Information

Ratio : 2 ADRs = 1 Ordinary Share

Exchange : OTC

Symbol : BLUNY

CUSIP : 07986W102

Depository : The Bank of New York
101 Barclay Street, New York, NY 10286, U.S.A.
Tel (212)815-2042
U.S. toll free 888-269-2377 (888-BNY-ADRS)

[URL] http://www.adrbny.com/dr_profile.jsp?cusip=07986W102