March 2001 Term Kessan Tanshin (Nonconsolidated)

May 24, 2001

Name of listed company: BELLUNA CO., LTD

Exchange where listed: TSE

Company code number: 9997

Location of headquarters (prefecture): Saitama

Please address all communications to:

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Phone: 81-48-771-7753

Date of Board of Directors' meeting for approval of financial results: May 24, 2001
Has company adopted system of interim dividends? Yes
Date of Regular General Meeting of Shareholders: June 28, 2001

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

(1) Nonconsolidated 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	72,970	22.8	7,380	26.3	7,303	27.4
March 2000 period	59,445	6.8	5,844	68.8	5,732	67.2

	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	4,240	26.9	236.66	236.50	15.9	11.7	10.0
March 2000 period	3,341	92.9	228.08	226.96	14.8	10.7	9.6

(Notes)
1. Average outstanding shares during term: March 2001 period: 17,919,006 shares March 2000 period: 14,652,401 shares
2. Changes in accounting methods: Yes
3. The percentages shown next to net sales, operating profit, recurring profit and net income represent year-on-year changes

(2) Dividends

	Annual dividend per share	Interim period	Term end	Dividend payment	Dividend payout ratio	The ratio of dividend to shareholders' equity
	(Yen)	(Yen)	(Yen)	(Millions of yen)	%	%
March 2001 period	25.00	0.00	25.00	444	10.5	1.6
March 2000 period	25.00	0.00	25.00	376	11.2	1.5

(Notes) Breakdown of dividend paid out at the end of the year ended March 2001
Commemorative dividend: none Special dividend: none

(3) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
March 2001 period	67,777	28,010	41.3	1,574.54
March 2000 period	57,581	25,254	43.9	1,675.29

(Notes) Number of shares outstanding at end of period (consolidated):
March 2001 period: 17,789,461 shares March 2000 period: 15,074,945shares

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

	Net sales	Recurring profi	Net income	Annual dividend per share		
				Interim period	Term end	
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)	(Yen)	(Yen)
Interim period	36,050	3,000	1,750	0.00	-	-
Annual	82,600	8,150	4,720	-	25.00	25.00

(N.b.) 1. Estimated earnings per share (annual): 241.21 yen

2. Estimated earnings per share (annual) is calculated based on a total of 19,568,407 shares issued (taking into account the 1.1-for-1 stock split (free distribution) carried out on May 21, 2001).

Group Information

The Belluna group consists of the parent company (the "Company") and six consolidated subsidiaries (as of March 31, 2001). The group's primary businesses are its Catalog Business, *Hanpukai* Special Order Products and Financial Services. The details of these businesses, and the relationships between the Company and its subsidiaries, are as follows:

(1) Catalog Business

The Catalog Business is engaged in mail-order sales of lifestyle-related products using catalogues and other media, and related businesses. The business's main products are clothing, household goods, and personal accessories and hobby items. In addition to the Company, Toyo Kanpou, Bellnet International H.K., and B.N.International USA Inc. are also engaged in mail-order sales.

(2) *Hanpukai* (Special Order Products)

The Company is engaged in mail-order businesses using the mass media, which primarily take the form of distribution. The main products are foodstuffs and gardening materials.

(3) Financial Services

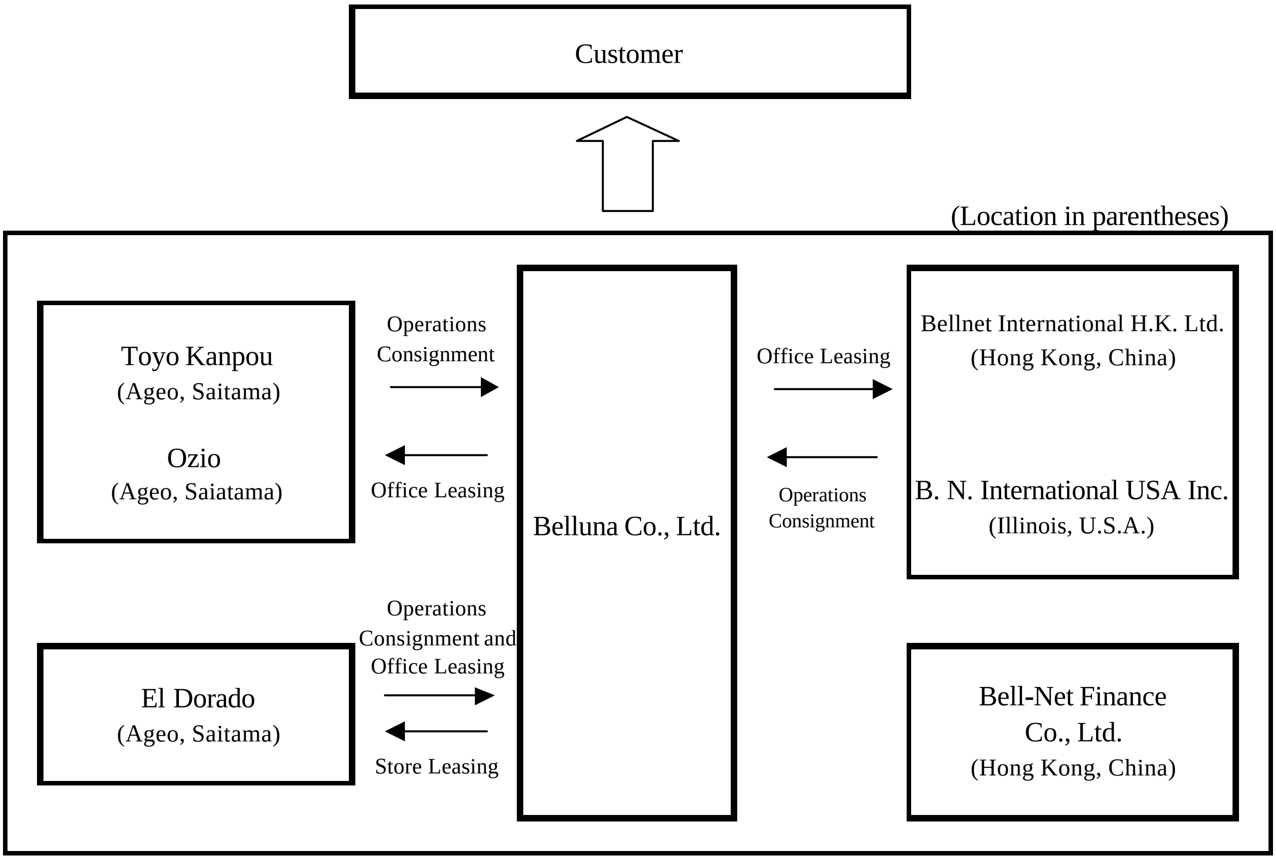
The Company provides consumer finance services, primarily for customers of its mail-order businesses. In Hong Kong, the Bell-Net Finance Co., Ltd. provides consumer finance services for general customers.

(4) Other Businesses

Other businesses include enclosure and mailing commissions (enclosing other companies' advertising materials when sending catalogues and products), an Internet business, cosmetics, building leasing and restaurants.

Enclosure and mailing commissions	Belluna Co., Ltd.
Internet	Belluna Co., Ltd.
Cosmetics	Ozio Co., Ltd.
Building leasing and restaurants	El Dorado

[Organization Chart]



<u>**Basic Management Policy**</u>

(1) Basic management policy

The Company's basic management policy is to meet the expectations of shareholders and investors by aiming to be a truly excellent company that achieves a balance between stability, continuity, profitability and activity, with its fundamental business objective "To contribute to society by providing customers with an abundance of food, clothing, lifestyle and recreational products with a high degree of convenience, economy and fashion."

(2) Policy regarding the distribution of profits

It is the Company's policy to maintain a stable level of dividends while maintaining a sufficient operating base and the ability to respond to long-term developments. In addition, in order to return profits to shareholders, the Company repurchased and retired 314,000 shares in the amount of 1,128 million yen during the term, and also carried out a 1.1-for-1 stock split on March 31, 2001. The Company will continue to emphasize the return of profits to shareholders as an important management issue in the future.

With regard to free cash flow, the company intends to give priority to investments made from a long-term perspective, in order to increase the value of the company in the future.

(3) Medium- to long-term management strategy

The Company approaches overseas markets with a policy of "sound risks," and aims for continuous growth in results by entering new business areas and aggressively developing businesses. As ways to achieve this, during the fiscal year under review the Company (1) transferred its cosmetics business to Ozio in order to grow the business, and (2) entered the Internet mail-order market by establishing an Internet business division and launching the *Happy Market* on-line shopping mall. In addition, at overseas divisions, (3) the Company established Bell-Net Finance Co., Ltd., with the aim of strengthening our lending to high-quality customers, and in October 2000 the finance division of Bellnet International H. K. Ltd. transferred its business to the new company. In the U.S., (4) B.N. International USA Inc.was established to develop and sell American products, and began operations in March 2001.

(4) Issues facing the company

a. Business issues

As the Company's operating environment becomes increasingly difficult, the group (the Company and its consolidated subsidiaries) intends to create the following structure to facilitate the generation of stable profits.

{1} Recognizing that more effective use of media and customer data is an important issue for improving earnings strength, the Catalog and *Hanpukai* (Special Order Products) businesses intend to use the mass media to increase the number of active customers, improve services for preferred customers, and develop products that have value for customers.

{2} The Financial Services business considers growth in loans outstanding to high-quality customers an important means of securing earnings. In order to achieve reasonable growth in response to customers' needs and acquire new customers, the business is establishing a structure that can provide customers with increased convenience and more specialized services that reflect differing regional circumstances.

{3} In Other businesses, building profitability is an issue for the cosmetics and Internet businesses, and for the time being the company will build earnings strength at these businesses while maintaining a balance between growth and profitability.

b. Financial issues

Operating activities generated a surplus cash flow of 4,344 million yen, and cash and cash equivalents outstanding at the end of the term stood at 11,317 yen. Therefore, no problems are anticipated with regard to operating capital for the foreseeable future.

In addition, as a means of diversifying funding sources and to proactively meet demand for funds for capital investments and loans, the Company issued straight bonds in the amount of 5,000 million yen in December 2000. The Company is also exploring new funding methods for future use.

Operating Results

(1) Fiscal year summary

a. Results

Although the Japanese economy saw relatively strong capital investment in the private sector during the fiscal year under review, the outlook for export growth darkened from the second half, and a difficult environment in general continued. In particular, retail consumption remained sluggish due to concerns about the future and limited wage growth, and the future remains uncertain.

In the retail industry, the trend of declining sales at department stores and supermarkets continued, and unit sales prices fell amid concerns of deflation.

The mail-order industry was also affected by this difficult operating environment, and with the rapid advance of specialty mail-order operators, competition became more intense overall for large-scale general mail-order companies.

Against this background, the Company worked to provide products that have value for customers, raise service levels, and improve expense efficiency.

As a result of these efforts, the group's consolidated sales grew by 25.8% from the previous fiscal year, to 77,215 million yen.

Profits were generally in line with forecasts; operating profit increased by 21.9% to 7,581 million yen, recurring profit increased by 21.5% to 7,391 million yen, and net income increased by 15.1%, to 4,163 million yen.

[Catalog Business]

Catalog sales of clothing and personal accessories and hobby items grew in general, and in particular, sales of household goods increased by 58.1% from the previous year. For the division as a whole, sales grew by 27.4%, to 62,511 million yen.

[*Hanpukai* (Special Order Products)]

Sales at the *Hanpukai* business totaled 8,844 million yen, a 14.7% increase from the previous year, from strong sales of gardening materials and foods.

[Financial Services]

The acquisition of new customers led to a 24.9% increase in loans outstanding, to 15,071 million yen, and as a result the business was able to achieve a 24.4% increase in interest income, to 3,926 million yen.

[Other Businesses]

As a result of steadily developing new clients, sales at the enclosure and mailing commission business grew by 5.5% to 623 million yen, and aggressive sales promotions at the cosmetics business resulted in 75.7% sales growth, to 1,207 million yen.

b. Cash flow

(Millions of yen)

	Year ended March 2001	Year ended March 2000	Year-on-year change
Net cash used in operating activities	4,344	5,434	(1,090)
Net cash used in investing activities	(4,239)	(4,374)	134
Net cash provided by financing activities	992	2,262	(1,269)
Conversion Differential	50	30	19
Increase/decrease in cash and cash equivalents	1,147	3,353	2,206)
Cash and cash equivalents at end of period	11,317	10,120	1,196

On a consolidated basis, cash and cash equivalents ("Cash") at the fiscal year end stood at 11,317 million yen, a 1,196 million yen increase from the previous fiscal year end, as the result of growth in pretax profit and the corporate bond issue.

(Net cash used in operating activities)

Operating activities generated a positive cash flow of 4,344 million yen during the fiscal year, which was 1,090 million yen less than in the previous year. Although pretax profit increased, this was more than offset by growth in negative cash flow from customers' receivables and operating loans.

(Net cash used in investing activities)

Cash flow from investment activities was at roughly the same level as in the previous fiscal year, due to similar levels of acquisitions of tangible fixed assets and securities.

The primary outlays for tangible fixed assets during the fiscal year were construction costs for a new distribution center and the taking over of a golf course business.

(Net cash provided by financing activities)

Cash flow from financing activities decreased by 1,269 million yen from the previous fiscal year. Although corporate bonds were issued in the amount of 5,000 million yen, a net decline resulted from the repayment of borrowings and the repurchase of the Company's own shares for the purpose of cancellation of profits.

(2) Outlook for the next fiscal year

Economic conditions are expected to become more difficult in the coming year, due to sluggish retail expenditures and the effects of the slowdown in the U.S. economy.

Against this background, the Company will strive to improve its level of services while developing products that have value for customers, and for the fiscal year ending March 31, 2002, we are forecasting sales of 88,780 million yen, recurring profit of 8,710 million yen, and net income of 5,080 million yen.

Consolidated Financial Statements and Other

(1) Consolidated balance sheet

(Millions of yen)

Account \ Term	Year ended March 2001 Amount	Year ended March 2001 Percentage of total	Year ended March 2000 Amount	Year ended March 2000 Percentage of total	year-on-year change Amount
Assets					
I. Current assets	47,306	67.7	39,783	67.2	7,523
Cash and deposits	10,011		7,645		2,366
Notes and accounts receivable	11,252		8,871		2,381
Operating loan	15,071		12,065		3,005
Marketable securities	5,475		6,415		(939)
Inventories	5,074		4,872		201
Deferred tax assets	413		326		86
Others	657		372		285
Allowance for doubtful accounts	(651)		(786)		135
II. Fixed assets	22,586	32.3	19,365	32.8	3,220
1. Tangible fixed assets	19,513	27.9	17,341	29.3	2,172
Buildings and structure	8,491		7,090		1,400
Machinery and delivery equipment	210		225		(14)
Tools and fixtures	214		146		67
Land	10,349		9,523		826
Construction in progress	247		355		(107)
2. Intangible fixed assets	160	0.2	94	0.2	66
3. Investments and others	2,911	4.2	1,930	3.3	981
Investment securities	2,169		1,171		998
Long-term loans	50		-		50
Deferred tax assets	137		42		95
Other s	646		737		(90)
Allowance for doubtful accounts	(91)		(19)		(71)
III. Foreign currency translation adjustments	-	-	15	0.0	(15)
Total assets	**69,893**	**100.0**	**59,164**	**100.0**	**10,728**

(Millions of yen)

Account \ Term	Year ended March 31, 2001 Amount	Year ended March 31, 2001 Percentage of total	Year ended March 31, 2000 Amount	Year ended March 31, 2000 Percentage of total	year-on-year change Amount
Liabilities					
I. Current liabilities	29,964	42.9	25,857	43.7	4,107
Notes and accounts payable	19,617		15,365		4,251
Short-term borrowings	3,094		4,427		(1,332)
Corporate taxes payable, etc.	3,117		2,168		948
Accrued expense	1,881		1,661		219
Allowance for bonuses	293		202		91
Others	1,961		2,033		(71)
II. Long-term liabilities	11,613	16.6	7,714	13.0	3,898
Straight bonds	5,000		-		5,000
Convertible bonds	10		30		(20)
Long-term borrowings	6,227		7,399		(1,172)
Reserve for retirement allowances	-		0		0
Retirement benefits	49		-		49
Allowance for bonuses to retiring officers	198		184		13
Others	127		98		29
Total Liabilities	**41,578**	**59.5**	**33,571**	**56.7**	**8,006**
Shareholders' equity					
I. Capital stock	6,769	9.7	6,759	11.4	9
II. Capital reserve	7,166	10.3	7,156	12.1	9
III. Retained earnings	14,335	20.5	11,677	19.8	2,657
IV. Foreign currency translation adjustments	44	0.1	-	-	44
V. Treasury stock	(0)	(0.1)	(0)	(0.0)	0
Total shareholders' equity	**28,315**	**40.5**	**25,592**	**43.3**	**2,722**

(2) Consolidated profit and loss statement

Millions of yen

Term / Account	Year ended March 2001		Year ended March 2000		year-on-year change
	Amount	Percentage of total	Amount	Percentage of total	Amount
I. Net sales	77,215	100.0	61,382	100.0	15,832
II. Cost of sales	34,742	45.0	27,700	45.1	7,041
Gross profit on sales	42,472	55.0	33,681	54.9	8,790
III. Deferred profit on installment sales	(303)	(0.4)	(303)	(0.5)	0
Realized gross profit	42,775	55.4	33,985	55.4	8,790
IV. Selling, general and administrative expenses	35,194	45.6	27,765	45.3	7,428
Operating profit		9.8	6,220	10.1	1,361
V. Non-operating income	268	0.4	299	0.5	(31)
Interest income	64		47		16
Dividends	13		31		(17)
Rental income	77		77		0
Other non-operating income	112		143		(31)
VI. Non-operating expenses	458	0.6	436	0.7	21
Interest expense	225		199		26
Issuing expenses on shares	-		109		(109)
Issuing expenses on bonds	32		-		32
Provision for allowance for doubtful accounts	70		-		70
Other Non-operating expense	129		128		1
Recurring Profit	7,391	9.6	6,083	9.9	1,308
VII. Extraordinary gains	45	0.1	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	1	0.0	137
Loss on retirement of fixed assets	2		1		1
Loss on sales of fixed assets	-		0		(0)
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	7,297	9.5	6,143	10.0	1,154
Corporate, inhabitant and enterprise taxes	3,317	4.3	2,604	4.2	712
Deferred taxes	(182)	(0.2)	(79)	(0.1)	(103)
Net income		**5.4**	**3,617**	**5.9**	**545**

(3) Consolidated appropriation of retained earnings

(Millions of yen)

Account \ Term	Year ended March 2001	Year ended March 2000
	Amount	Amount
I. Retained earnings, beginning of period	11,677	8,302
II. Deductions from retained earnings	1,505	242
Decrease accompanying increase in newly consolidated subsidiaries	0	-
Dividends	376	242
Retirement of treasury stock through the debiting of profit	1,128	-
III. Net income for the period	4,163	3,617
IV. Retained earnings, end of period	14,335	11,677

(4) Consolidated cash flow statement

(Millions of yen)

Account \ Term	Year ended March 2001	Year ended March 2000
I. Net cash used in operating activities		
Net income before taxes	7,297	6,143
Depreciation	642	556
Issuing expenses on shares	-	109
Increase (decrease) in allowance for doubtful	(64)	74
Increase (decrease) in other allowances	107	20
Interest and dividend income	(26)	(39)
Interest expense	196	199
Loss (gain) on valuation and sales of marketable	5	(3)
Loss (gain) on valuation and sales of investment	99	(17)
Loss (gain) on valuation and sales of treasury	-	(3)
Loss (gain) on disposal and sales of tangible fixed	2	1
Decrease (increase) in trade receivables	(2,365)	(575)
Decrease (increase) in operating loan	(3,005)	(1,622)
Decrease (increase) in inventories	(189)	419
Decrease (increase) in other current assets	(209)	(146)
Increase (decrease) in trade payables	6,322	1,963
Increase (decrease) in other current liabilities	(1,310)	726
Increase (decrease) in other long-term liabilities	29	(143)
Others	70	45
(Subtotal)	7,600	7,707
Corporate taxes paid	(3,101)	(2,118)
Interest and dividend received	26	42
Interest Paid	(180)	(196)
Net cash used in operating activities	4,344	5,434

(Millions of yen)

Account \ Term	Year ended March 2001	Year ended March 2000
II. Net cash used in investing activities		
Proceeds from decrease in time deposits	165	244
Increase in time deposits	(158)	(154)
Proceeds from sales of marketable securities	8,386	92
Payment for purchase of marketable securities	(9,194)	(653)
Proceeds from sales of investment securities	301	223
Payments for investment in securities	(891)	(752)
Payments for acquisition of tangible fixed assets	(1,651)	(3,152)
Payments for acquisition of intangible assets	0	(3)
Proceeds from collection of other investments	78	57
Expenditure for other investments	(41)	(276)
Payments of loans	(145)	-
Proceeds from collection of loans	60	-
Payments for acquisition of business	(1,150)	-
Net cash used in investing activities	(4,239)	(4,374)
III. Net cash provided by investing activities		
Increase (decrease) in short-term borrowings	(1,339)	(493)
Proceeds from increase in long-term debt	739	3,012
Payments of long-term debt	(1,903)	(1,514)
Proceeds from issuing of securities	-	1,495
Proceeds from issuing of bonds	5,000	-
Payment for purchase of treasury stock for retiring	(1,128)	-
Proceeds from sales of treasury stock	47	272
Payments for purchase of treasury stock	(44)	(266)
Dividends paid	(376)	(242)
Net cash provided by investing activities	992	2,262
IV. Effect of exchange rate changes on cash and cash equivalents	50	30
V. Cash and cash equivalents	1,147	3,353
VI. Cash and cash equivalents at beginning of period	10,120	6,767
VII. Cash and cash equivalents held by newly consolidated subsidiary at beginning of period	49	-
VIII. Cash and cash equivalents at end of period	**11,317**	**10,120**

Assumptions Underlying Preparation of Consolidated Financial Statements

1. Item relating to scope of consolidation

(Year ended March 2001)

(a) Number of consolidated subsidiaries: 6

(Domestic) Toyo Kanpou, El Dorado and Ozio

(Overseas) Bellnet International H.K. Ltd., Bell-Net Finance Co., Ltd. and B.N. International USA Inc.

The consolidated subsidiaries Bell-Net Finance Co., Ltd. and BN International USA Inc. were newly established and began operations during the fiscal year under review, and Ozio Co., Ltd. was added to the scope of consolidation as its actual effect on group results was deemed to be significant.

(b) Number of unconsolidated subsidiaries: 3

The three non-consolidated subsidiaries are excluded from the scope of consolidation due to the fact that the scale of their businesses is small and their total assets, sales, net income and retained earnings are deemed to have an insignificant effect on the consolidated financial statements.

2. Item relating to application of the equity method

The equity method is not applied to the three nonconsolidated subsidiaries as their effect on consolidated profit and loss and consolidated retained earnings is insignificant, and their importance to the group as a whole is limited.

3. Item relating to the fiscal years etc. of consolidated subsidiaries

All consolidated subsidiaries end their fiscal years on March 31.

4. Items related to accounting standards

(a) Standards and methods of valuation for important assets

{1} 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} Marketable and investment securities:

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

(b) Major depreciable assets and methods of depreciation

Tangible fixed assets:	Declining-balance method is applied at the Company and domestic consolidated subsidiaries. However, for buildings (excluding fixtures) acquired after April 1, 1998, the straight-line method is applied. Straight-line method is applied at overseas consolidated subsidiaries.
Intangible fixed assets:	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).

(c) 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.

Prior service liabilities are booked as an expense using the straight-line method based on a fixed number of years (5) that is no more than the average number of years of service remaining for those employees when the liability arises. Differences from mathematical calculations are booked as an expense from the fiscal year in which they emerge, using the straight-line method based on a fixed number of years (5) that is no more than the average number of years of service remaining for those employees when they arise.

{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.

(d) 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. The assets, liabilities, revenue and expenses of overseas subsidiaries are converted to yen in the spot foreign exchange market on the closing date of the fiscal year, with any difference from the conversion included in the foreign currency conversion adjustment account under shareholders' equity.

(e) 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.

(f) Other significant items associated with the preparation of financial statements

{1} Accounting for consumption taxes

Amounts shown are exclusive of consumption taxes.

5. Scope of funds in the consolidated cash flow statement

"Funds" (cash and cash equivalents) in the context of the consolidated cash flow statement comprise cash on hand, freely withdrawable deposits, and short-term investments maturing in less than three months from the date of their acquisition, which are easily converted to cash and subject to minimal risk of price fluctuations.

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. In addition, as a result of the revision of the guidelines for consolidated financial statements, the foreign exchange conversion adjustment account, which was included under "Assets" in the previous fiscal year, is now included under "Shareholders' Equity."

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
Equivalent amount of minority interest	—

Notes

(Relating to consolidated balance sheet)

(Millions of yen)

	Year ended March 2001	Year ended March 2000
1. Aggregate amount of depreciation on fixed assets	4,714	4,124

2. Collateral assets and secured liabilities

{1} Assets provided as collateral

(Millions of yen)

	Year ended March 2001	Year ended March 2000
Tangible fixed assets	16,678	16,067
Time deposits	100	300
Total	16,778	13,367

{2} Secured liabilities

(Millions of yen)

	Year ended March 2001	Year ended March 2000
Short-term borrowings	1,680	2,185
Current portion of long-term debt	1,414	1,230
Long-term debt	6,227	7,279
Total	9,322	10,695

{3} Amounts at nonconsolidated subsidiaries are as follows

(Millions of yen)

	Year ended March 2001	Year ended March 2000
Investments in securities (shares)	70	70

(Relating to consolidated profit and loss statement)

1. Primary items and amounts included under selling, general and administrative expenses

(Millions of yen)

Account	Year ended March 2001	Year ended March 2000
Sales promotion expenses	4,120	2,865
Packing and shipping expenses	5,393	3,826
Advertising expenses	9,660	6,583
Provision for allowance for doubtful accounts	473	791
Employees' salaries	3,975	3,285
Reserve provision for bonuses	293	202
Reserve provision for directors' retirement allowances	13	13
Communication expenses	5,793	5,163

(Relating to consolidated statement of cash flow)

1. Relationship between balance of cash and cash equivalents as of term end and balance sheet items

(Millions of yen)

	Year ended March 2001	Year ended March 2000
Cash and deposit accounts	10,011	7,645
Time deposits etc. of 3 months or longer	(3,057)	(3,070)
Short-term investments (securities) maturing within three months from the date of acquisition	4,363	5,546
Cash and cash equivalents	11,317	10,120

2. Primary non-cash transactions

(Millions of yen)

	Year ended March 2001	Year ended March 2000
Amount added to capital as the result of the conversion of convertible bonds	9	252

(Lease related)

Financing leases, which exclude leased assets whose titles are recognized as being conveyed to lessees

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

(Year ended March 2001) (Millions of yen)

	Machinery and equipment	Furniture and fixtures	Vehicles and delivery equipment	Software	Total
Acquisition cost	277	2,590	8	1,243	4,119
Accumulated depreciation	53	1,582	1	501	2,138
Net leased property	223	1,008	6	742	1,980

(Year ended March 2000)

	Machinery and equipment	Furniture and fixtures	Vehicles and delivery equipment	Software	Total
Acquisition cost	271	2,463	-	755	3,490
Accumulated depreciation	213	1,196	-	380	1,791
Net leased property	58	1,266	-	374	1,699

{2} Equivalent amount of unearned lease payments

(Millions of yen)

	Year ended March 2001	Year ended March 2000
Due within one year	759	665
Due after one year	1,265	1,080
Total	2,025	1,746

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

(Millions of yen)

	Year ended March 2001	Year ended March 2000
Lease rents	873	819
Equivalent depreciation	762	724
Equivalent amount of interest paid	52	55

(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.

Deferred Taxes

Breakdown of deferred tax assets and liabilities by primary reason

(Millions of yen)

	Year ended March 2001	Year ended March 2000
Deferred tax assets		
Allowance for doubtful accounts	29	29
Reserve for bonuses	70	30
Unrealized profit from installment sales	60	109
Enterprise taxes payable	163	143
Reserve for directors' retirement allowances	82	77
Loss on valuation of investments in securities	44	-
Revaluation loss of membership deposits	10	-
Others	119	9
Total	581	399
Deferred tax liabilities		
Unrealized loss from the sale of fixed assets	30	30
Total	30	30
Total deferred tax assets – net	551	368

Segment Information

1. Segment information by type of business

Year ended March 2001 (Millions of yen)

	Catalog business	*Hanpukai* Special order products	Financial services	Other businesses	Total	Eliminations	Consolidated
I. Sales and operating income							
Sales							
(1) Outside customer sales	62,488	8,844	3,926	1,955	77,215	-	77,215
(2) Intersegment transactions and eliminations	23	-	-	211	234	(234)	-
Total	62,511	8,844	3,926	2,167	77,449	(234)	77,215
Operating expenses	57,331	8,238	2,125	2,200	69,896	(262)	69,633
Operating income	5,180	605	1,800	(30)	7,553	28	7,581
II. Assets, depreciation expenses, and capital expenditures							
Assets	45,747	1,533	15,782	5,164	68,227	1,666	69,893
Depreciation and	439	46	27	120	633	-	633
Capital expenditures	1,257	141	26	1,603	3,029	-	3,029

Year ended March 2000 (Millions of yen)

	Mail-order business	Financial services	Other businesses	Total	Eliminations	Consolidated
I. Sales and operating income						
Sales						
(1) Outside customer sales	56,779	3,156	1,446	61,382	-	61,382
(2) Intersegment transactions and eliminations	0	-	0	0	0	-
Total	56,779	3,156	1,447	61,382	0	61,382
Operating expenses	52,234	1,705	1,224	55,162	0	55,162
Operating income	4,545	1,451	223	6,220	-	6,220
II. Assets, depreciation expenses, and capital expenditures						
Assets	41,997	12,557	3,151	57,707	1,457	59,164
Depreciation and	498	19	42	560	0	561
Capital expenditures	1,628	1	1,510	3,140	-	3,140

(Notes)

1. Business classification method

   Businesses are classified based on their development within the group.

2. Primary activities of each business

   (1) Catalog Business:

   Sales of lifestyle-related products through catalogs and related businesses

   (2) *Hanpukai* (Special Order Products):

   Sales of foodstuffs, primarily through distribution clubs

   (3) Financial Services:

Consumer finance, primarily for customers of the mail-order business

(4) Other businesses:

Enclosure and mailing commissions (enclosing other companies' advertising materials when sending catalogues and products), an Internet business, cosmetics, building leasing and restaurants

3. There are no operating expenses under elimination or total consolidated that cannot be allocated.

4. Changes in business classifications

Previously, results were shown using three business segments – Mail Order, Financial Services, and Other businesses. With the growth of the Mail Order business, however, the division's catalog and *Hanpukai* businesses are now shown separately, in order to clarify the Company's internal management structure and to release information that more accurately reflects conditions at each business.

For purposes of comparison, the following is the segment information for the fiscal year under review, shown using the previous business classifications.

Year ended March 2001 (Millions of yen)

	Mail-order business	Financial services	Other businesses	Total	Eliminations	Consolidated
I. Sales and operating income						
Sales						
(1) Outside customer sales	71,333	3,926	1,955	77,215	-	77,215
(2) Intersegment transactions and eliminations	23	-	211	234	(234)	-
Total	71,356	3,926	2,167	77,449	(234)	77,215
Operating expenses	65,570	2,125	2,200	69,896	(262)	69,633
Operating income	5,786	1,800	(33)	7,553	28	7,581
II. Assets, depreciation expenses, and capital expenditures						
Assets	47,230	15,782	5,164	68,227	1,666	69,893
Depreciation and	486	27	120	633	-	633
Capital expenditures	1,399	26	1,603	3,029	-	3,029

2. Segment information by location of businesses

The portion of all segments' sales accounted for by Japan was more than 90% in both the fiscal year under review (April 1, 2000 – March 31, 2001) and in the previous fiscal year (April 1, 1999 – March 31, 2000). Accordingly, geographic segment information is omitted.

3. Overseas sales

The portion of overseas sales was less than 10% for both the fiscal year under review (April 1, 2000 – March 31, 2001) and in the previous fiscal year (April 1, 1999 – March 31, 2000). Accordingly, overseas sales information is omitted.

Sales

(Millions of yen)

Segment \ Term	Year ended March 2001		Year ended March 2000	
	Amount	Percentage of total	Amount	Percentage of total
Catalog business	62,488	80.9 %	49,068	79.9 %
Hanpukai (Special order products)	8,844	11.5	7,710	12.6
Financial services	3,926	5.1	3,156	5.1
Other businesses	1,955	2.5	1,446	2.4
Total	77,215	100.0	61,382	100.0

(Notes)

1. The above amounts are exclusive of income tax.
2. Changes in business classifications

   Business classifications were changed from the fiscal year under review. Accordingly, for purposes of comparison, the results of the previous fiscal year (ended March 31, 2000) have been adjusted according to the new business classifications.

Transactions with Related Parties

Year ended March 2001

Directors and major individual shareholders etc.

(Millions of yen)

Characteristic of company	Name	Address	Capital	Type of business or occupation	% of voting rights held (held by others)	Relationship		Type of transaction	Value of transactions	Accounting classification	Balance at term end
						Shareholder and director	Business relationship				
Companies, etc. in which directors (principal shareholders) or their close relatives hold a majority of the	Yukado	Ageo, Saitama	10	Sales of seals (inkan)	Ownership percentage 13.64%	1	Purchasing of merchandise	Purchasing of merchandise (Note 2)	2	Accounts payable - trade	0

(Notes)

1. 100% of the voting rights are directly held by Kiyoshi Yasuno, president of Belluna Co., Ltd.
2. With regard to the purchasing of merchandise, decisions are made in consideration of market prices and with conditions similar to general transaction conditions.

Marketable and Investment Securities

1. Year ended March 31, 2001

(1) Trading securities

Not applicable.

(2) Quoted bonds which are being held to maturity

Not applicable.

(3) Other quoted securities

Not described according to Ministry of Finance Ordinance No.9, Section 3, 2000.

(4) Other marketable securities that were sold during the year ended March 31, 2001

(Millions of yen)

Amount sold	Total gains on sales	Total losses on sales
347	9	6

(5) Primary details of securities for which a market value is not available, and amounts shown on the consolidated balance sheet.

(Millions of yen)

	Stated value on balance sheet
Other securities	
Money management fund and medium - term government bond funds	5,604
Unlisted bonds	120
Shares	399

(6) Scheduled redemptions of bonds with maturity dates and bonds being held to maturity (among holdings in the “other securities” account)

(Millions of yen)

	Up to 1 year	Greater than 1 and up to 5 years	Greater than 5 and up to 10 years	Greater than 10 years
{1} Bonds				
JGB, local government bonds, etc.	1	6	-	-
Corporate bonds	20	120	-	-
Others	-	-	-	-
{2} Others	10	545	56	-
Total	31	672	56	-

2. Year ended March 31, 2001

(Millions of yen)

Type of security	Year ended March 31, 2000		
	Stated value on consolidated balance sheet	Current value	Gain or loss on valuation
(1) Current assets			
Stocks	9	27	17
Bonds	-	-	-
Others	361	349	(12)
Subtotal	370	376	5
(2) Fixed assets			
Stocks	227	358	131
Bonds	28	29	1
Others	190	181	(9)
Subtotal	446	569	123
Total	817	946	129

(Notes)

1. Methods for calculating current value

{1} Listed securities: The closing price on the Tokyo Stock Exchange is primarily used

{2} Over-the-counter securities: Prices of trades announced by the Securities Dealers Association of Japan

{3} Beneficiary certificates for securities investment trusts: Calculated based on the base price

2. Stated value on consolidated balance sheet of marketable securities exempt from disclosure

(Millions of yen)

Type of security	Year ended March 31, 2000
Included among current assets	6,044
Included among fixed assets	724

Contract Amounts etc., Market Values, and Valuation Gains or Losses on Derivative Transactions

(Derivative transactions)

Year ended March 2001

The Belluna group does not engage in any derivative transactions, accordingly there are no items to report.

Retirement Benefits

1. Retirement benefit plans used

   The Company and its consolidated subsidiaries have established qualified pension plans and lump-sum retirement allowance systems as defined benefit plans.

2. Retirement benefit obligations (as of March 31, 2001)

	(Millions of yen)
{1} Retirement benefit obligations	(290)
{2} Pension plan assets	163
{3} Unfunded retirement benefit obligations ({1}+{2})	(126)
{4} Unappropriated difference from changes in accounting standards	—
{5} Unrealized differences from actuarial calculations	77
{6} Unrecognized prior service cost	—
{7} Net amount shown on the consolidated balance sheet ({3}+{4}+{5}+{6})	(49)
{8} Prepaid pension expenses	—
{9} Reserve for retirement benefits ({7}-{8})	(49)

(Notes) Certain subsidiaries use a simplified calculation method for calculating retirement benefit obligations.

3. Retirement benefit expenses (April 1, 2000 – March 31, 2001)

{1} Service cost	29
{2} Interest cost	4
{3} Anticipated return on plan assets	4
{4} Recognized loss resulting from changes in accounting standards	3
{5} Recognized actuarial loss	19
{6} Recognized prior service cost	—
{7} Periodic retirement benefit expenses ({1}+{2}+{3}+{4}+{5}+{6})	52

4. Basis for the calculation of retirement benefit obligations

{1} Discount rate	3.0%
{2} Anticipated return on plan assets	3.0%
{3} Method of period allocation for expected retirement benefit amounts	Periodical straight-line basis
{4} Number of years for covering past service obligations	5 years

(Booked as an expense using the straight-line method based on a fixed number of years that is no more than the average number of years of service remaining for those employees when the liability arises.)

{5} Number of years for covering differences from actuarial calculations	5 years

(Booked as an expense from the fiscal year in which they emerge, using the straight-line method based on a fixed number of years that is no more than the average number of years of service remaining for those employees when they arise.)

{6} Number of years for covering differences from changes in accounting standards 1 year
(The full amount is written off during the fiscal year under review.)