

15 August 2003

## Outline of Business Results for the First Quarter of the Fiscal Year Ending on 31 March 2004 ([Non-Consolidated])

Name of listed company: C Two-Network Co., Ltd. (the *Company*) (Code number: 7588 (TSE))  
(URL <http://www.internetir.jp/c2>)

Representative: Representative Director and President (Tel: 03-5405-9891)  
Kazusa Sakurai

Contact person: Kiyoshi Mizushima  
(Manager of Administration Department)

### 1. Matters relating to the preparation, etc. of the outline of the quarter business results

- (1) Does the method of treatment of accounting in respect of sales amount (or any matter equivalent thereto) differ from the method for the most recent fiscal year? No
- (2) Is there any involvement by a certified public accountant or an auditing firm? No

### 2. Outline of business results for the first quarter of the fiscal year ending on 31 March 2004 (1 April 2003 ~ 30 June 2003) (the *Quarter*)

#### (1) Sales amount

(Note: any amount less than ¥1 million is rounded down)

First quarter of fiscal year ending on 31 March 2004:	¥13,754 million	(--%)
First quarter of fiscal year ending on 31 March 2003:	¥--	(--%)
(For reference) Fiscal year ending on 31 March 2003	¥54,344 million	(7.1%)

#### Note:

- (1) The sales amount is the total amount for the period up until the end of the Quarter.
- (2) Since the disclosure of the quarterly business results commenced this Quarter, we have not set out the results for the same quarter of the previous year or the rate of increase as compared with the same quarter of the previous year.

### Supplementary explanation with respect to sales amount

The sales amount of the Company for the Quarter was ¥13,754 million, which constitutes 52.7% of the estimated sales amount for the first half of this fiscal year. With respect to the opening and closing of stores, everything is proceeding in accordance with the plan made at the beginning of this fiscal year.

- (2) Events that seriously affected the financial condition and business results of the Company in the Quarter

None.

3. Estimate of business results for the fiscal year ending on 31 March 2004 (1 April 2003 ~ 31 March 2004)

Everything is going as initially planned.

For your information, the estimated business results for the fiscal year ending on 31 March 2004 (publicly announced on 13 May 2003) are as follows:

	Estimated sales amount	Estimated ordinary profit	Estimated net profit	Estimated net profit per share
For first half of the fiscal year	¥26,100 million	¥1,900 million	¥940 million	¥98.48
For full fiscal year	¥53,000 million	¥4,000 million	¥2,100 million	¥220.01

4. Other events

As a result of the tender offer conducted on a friendly basis by Tesco PLC (UK's leading retailer) and other companies of its group (collectively, the "**Tesco Group**") to acquire shares in the Company (such tender offer concluded on 10 July 2003, and shall hereinafter be referred to as the "**Tender Offer**"), the Tesco Group acquired approximately 94.54% of all the issued shares in the Company, which made the Company into a member of the Tesco Group.

The Tender Offer was conducted in order to achieve a new expansion of business in the Japanese retail market as a part of its international expansion, which is one of the Tesco Group's growth strategies. The Company decided that the Tender Offer would contribute to the Company's future expansion of business and improvement of business results and, therefore, expressed its support for the Tender Offer.

In order to provide products and service that properly meet the needs of the customers and gain more support from the customers in a management environment that changes from day to day, the Company will strengthen its business cooperation with the Tesco Group and achieve a speedy decision-making process and efficient management.