



K O S É

November 14, 2003

**Summary of Interim Financial Results for the Fiscal Year Ending March 31, 2004
(Consolidated)**

Company name: **KOSÉ Corporation**
 Stock code: 4922
 Stock Exchange listing: Tokyo Stock Exchange, First Section
 Company Domicile: 3-6-2, Nihonbashi, Chuo-ku, Tokyo 103-8251, Japan
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Date of board meeting for approving interim financial results: November 14, 2003
 Parent company (Stock code): Not applicable
 Parent company shareholding: Not applicable
 Accounting principle: Japanese GAAP

1. Financial Results for the First Half Ended September 2003 (April 1, 2003- Sep. 30, 2003)

(1) Financial results

Rounded down to million yen

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %
First half ended Sep. 2003	78,442	3.7	7,502	14.4	7,341	14.3
First half ended Sep. 2002	75,675	5.3	6,559	30.1	6,424	30.7
Fiscal year ended March 2003	154,329	-	15,278	-	14,995	-

	Net income		Net income per share, (basic)	Net income per share, (diluted)
	Million yen	%	Yen	Yen
First half ended Sep. 2003	5,468	4.5	120.15	-
First half ended Sep. 2002	5,233	17.0	126.47	-
Fiscal year ended March 2003	6,906	-	149.97	-

Notes: 1. Average number of shares outstanding (consolidated)
 First half ended September 2003: 45,511,701 shares
 First half ended September 2002: 41,381,630 shares
 Fiscal year ended March 2003: 45,517,346 shares

2. Changes in accounting principles applied: None

3. The percentages shown for net sales, operating income, ordinary income, and net income represent changes from the same period in the previous fiscal year.

(2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of Sep.30, 2003	157,694	77,884	49.4	1,711.33
As of Sep.30, 2002	148,785	71,814	48.3	1,735.43
As of March 31, 2003	153,621	72,862	47.4	1,599.17

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

As of September 30, 2003: 45,511,282 shares

As of September 30, 2002: 41,381,396 shares

As of March 31, 2003: 45,512,583 shares

(3) Cash flow position

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
	Million yen	Million yen	Million yen	Million yen
First half ended Sep. 2003	853	965	(1,671)	23,197
First half ended Sep. 2002	2,990	(1,583)	(1,116)	18,403
Fiscal year ended March 2003	11,173	(3,505)	(2,730)	23,044

(4) The scope of consolidation and the application of the equity method

Consolidated subsidiaries: 32

Unconsolidated subsidiaries accounted for under the equity method: -

Affiliates accounted for under the equity method: -

(5) Changes in the scope of consolidation and affiliates accounted for under the equity method

Consolidated subsidiaries:

Newly added: 1

Excluded: -

Affiliates accounted for under the equity method:

Newly added: -

Excluded: -

2. Forecast for the Fiscal Year Ending March 2004 (April 1, 2003- March 31, 2004)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Full Year	159,300	15,600	8,000

Reference: Estimated net income per common share for the fiscal year ending March 2004: ¥ 175.78

Note: The above forecasts are based on assumptions and other relevant factors discussed in the section on Supplementary Information (Pages: 10).

1. The KOSÉ Group

The KOSÉ Group includes KOSÉ Corporation and 35 subsidiaries. The principal activities and the relationship of group companies is as follows:

(1) Manufacturing

Company name		Principal activities
Domestic		
Parent company	KOSÉ Corporation	Manufacture of cosmetics
Consolidated subsidiary	COSME LABO. CO., LTD.	Manufacture of cosmetics
Consolidated subsidiary	ADVANCE CO., LTD.	Manufacture of cosmetics
Consolidated subsidiary	TOPAC CO., LTD.	Manufacture of cardboard containers
Consolidated subsidiary	INTERCOSME INC.	Manufacture of plastic containers and cosmetics
Consolidated subsidiary	ALBION CO., LTD.	Manufacture of cosmetics
N-cons. Subsidiary accounted for by the equity method	COSMETICS CREATION CO., LTD.	Manufacture of cosmetics
N-cons. Subsidiary accounted for by the equity method	IGNIS CO., LTD.	Manufacture of cosmetics
Consolidated subsidiary	TECHNOLABO CO., LTD.	Manufacture and processing of cosmetics
Overseas		
Consolidated subsidiary	KOSÉ COSMETICS CO., LTD. (CHINA)	Manufacture of cosmetics
Consolidated subsidiary	TAIWAN KOSÉ CO., LTD.	Manufacture, import and marketing of cosmetics

(2) Marketing and service

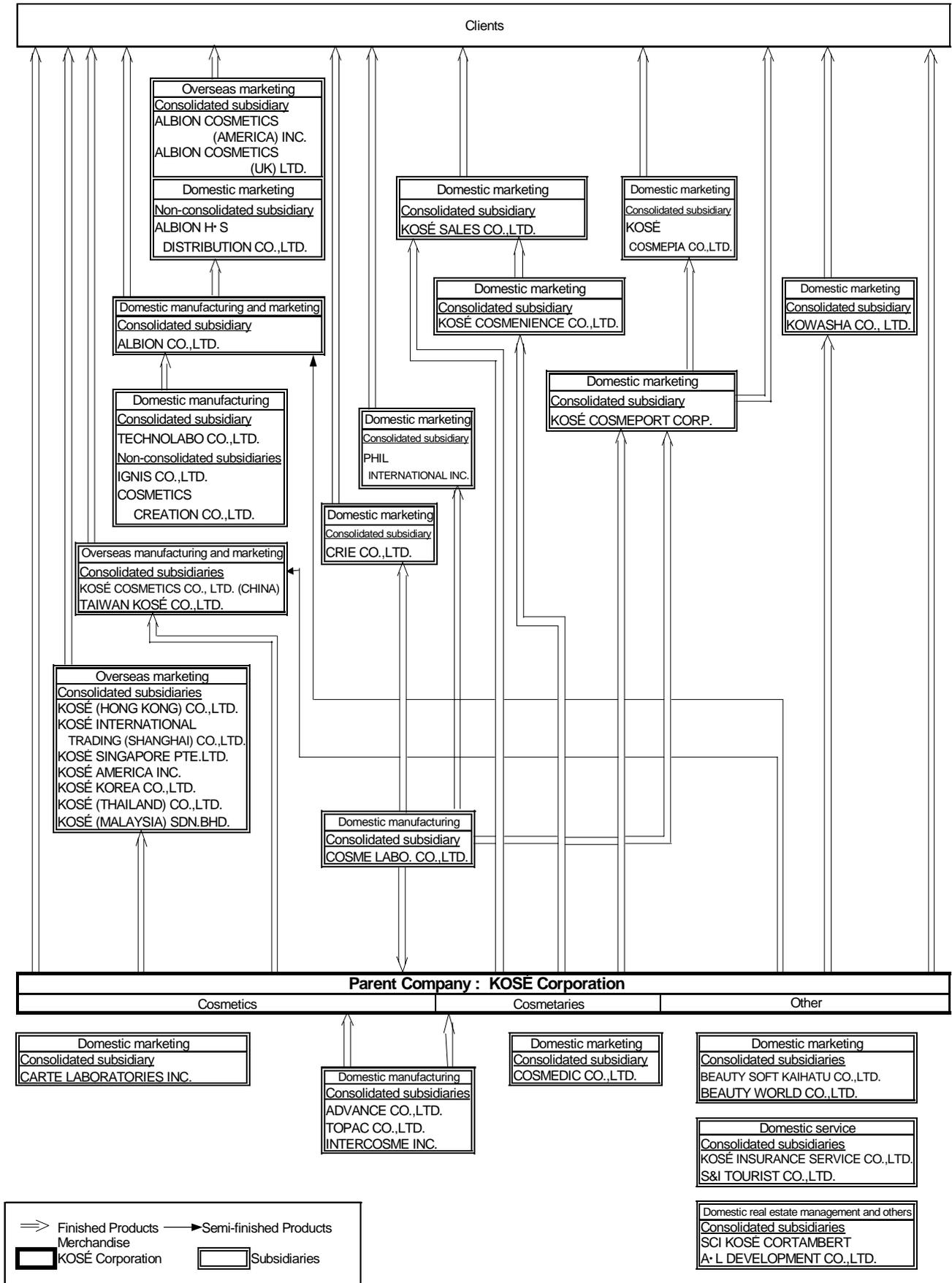
Company name		Principal activities
Domestic		
Consolidated subsidiary	KOSÉ SALES CO., LTD.	Wholesale and consigned sale of cosmetics
Consolidated subsidiary	KOSÉ COSMENIENCE CO., LTD.	Wholesaling of cosmetics
Consolidated subsidiary	KOSÉ COSMEPORT CORP	Wholesaling of cosmetics
Consolidated subsidiary	CARTE LABORATORIES INC.	Marketing of cosmetics on consignment
Consolidated subsidiary	COSMEDIC CO., LTD.	Wholesaling of cosmetics
Consolidated subsidiary	CRIE CO., LTD.	Wholesaling of cosmetics
Consolidated subsidiary	PHIL INTERNATIONAL INC.	Wholesaling of cosmetics
Consolidated subsidiary	KOSÉ COSMEPIA CO., LTD.	Wholesaling of cosmetics
Consolidated subsidiary	BEAUTY WORLD CO., LTD.	Wholesaling of beauty materials
Consolidated subsidiary	BEAUTY SOFT KAIHATU CO., LTD.	Wholesaling of beauty materials
Consolidated subsidiary	KOSÉ INSURANCE SERVICE CO., LTD.	Casualty insurance agency
N-cons. Subsidiary accounted for by the equity method	ALBION H*S DISTRIBUTION CO., LTD.	Door-to-door sales of cosmetics
Consolidated subsidiary	S&I TOURIST CO., LTD.	Leasing and mobile phone agency
Consolidated subsidiary	KOWASHA CO., LTD.	Marketing of commercial-use cosmetics
Consolidated subsidiary	A*L DEVELOPMENT CO., LTD.	Real estate brokerage
Overseas		
Consolidated subsidiary	KOSÉ (HONG KONG) CO., LTD.	Import and marketing of cosmetics
Consolidated subsidiary	KOSÉ INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	Import, export and marketing of cosmetics
Consolidated subsidiary	KOSÉ SINGAPORE PTE. LTD.	Import and marketing of cosmetics
Consolidated subsidiary	KOSÉ AMERICA INC.	Import and marketing of cosmetics
Consolidated subsidiary	KOSÉ KOREA CO., LTD.	Import and marketing of cosmetics
Consolidated subsidiary	KOSÉ (THAILAND) CO., LTD.	Import and marketing of cosmetics
Consolidated subsidiary	KOSÉ (MALAYSIA) SDN. BHD.	Import and marketing of cosmetics
Consolidated subsidiary	ALBION COSMETICS (AMERICA) INC.	Import and marketing of cosmetics
Consolidated subsidiary	ALBION COSMETICS (UK) LTD.	Import and marketing of cosmetics
Consolidated subsidiary	SCI KOSÉ CORTAMBERT	Real estate leasing

Notes: 1. CHUNSELY CO., LTD. was renamed KOSÉ COSMETICS CO., LTD. (CHINA) as of September 1, 2003.

2. INTERCOSME INC. and TOPAC CO., LTD. merged on October 1, 2003.

3. S&I TOURIST CO., LTD. and KOWASHA CO., LTD. are currently being liquidated.

(3) Business relationship in group



2. Management Policies

1. Fundamental Management Policy

The nucleus of the KOSÉ Group's management policy is "consistently managing to heighten corporate value" by pursuing growth and greater efficiency. The top priority is the provision of products and services of the highest quality to earn the true satisfaction of customers. The Group conducts a distinctive brand marketing program in which brands that match the needs of consumers are supplied through the most suitable retail channels. These activities are backed by three key components: industry-leading expertise in R&D in such fields of cosmetics as foundation products and beauty care creams; superior manufacturing expertise that draws on highly sophisticated equipment and technology; and the collective strengths of all group companies.

In conducting management so as to continuously increase corporate value, management makes effective use of these core competences to raise the value of its brands while boosting operating efficiency to become even more profitable. At the same time, the Group concentrates on fulfilling its social obligations by managing product quality and protecting the environment.

2. Profit Allocation Policy

KOSÉ's policy is to aggressively distribute earnings to shareholders by increasing dividends and through other means that take into account the Group's financial position, operating results and dividend payout ratio. At the same time, profit allocations also reflect the need to retain earnings to support future growth.

3. Goals and Performance Indicators

The Company is placing priority on improving the operating margin and return on assets (ROA). In terms of concrete targets, KOSÉ aims to raise operating income to 10.6% of net sales and raise the ROA to 11.0% by the fiscal year ending in March 2006.

Note: $ROA = \frac{\text{Operating income} + \text{Interest and dividends received}}{\text{Total assets (average of assets at beginning and end of year)}} \times 100$

4. Medium- and Long-Term Strategies and Important Issues

As Japan continues to struggle with deflation and a structural economic downturn, the cosmetics market is expected to be characterized by increasingly fierce competition among suppliers in Japan and around the world. In this environment, there will be growing demands on companies to tap their collective strengths to capture market share not only in Japan, but also in China and other overseas markets in order to continue to expand.

The KOSÉ Group is implementing a three-year medium-term management plan that began in April 2003 and has three primary elements: strengthening brand marketing; achieving aggressive growth in overseas markets, and improving operating efficiency and profitability. The entire group is focusing its resources on fulfilling these goals.

The first core element of this management plan is reinforcing KOSÉ's distinctive brand marketing activities, which represent the Group's greatest strengths. Efforts will be focused on becoming more competitive by raising the market value of core brands in each distribution channel. In the cosmetics industry, KOSÉ plans to achieve the optimal brand allocation to support an increasingly diverse range of distribution channels. Additionally, core brands will be developed into brands that are recognized worldwide as sources of significant value. In the "cosmetaries" business, which mainly handles products sold through stores where consumers select cosmetics products themselves, the Company aims to increase sales and earnings by improving the cost structure, primarily for "self-selection" cosmetics, which consumers select themselves, and introducing more brands that are highly competitive.

The second core element is the aggressive development of overseas markets, especially growing markets in Asia, to increase sales as well as the number of offices outside Japan. The goal is to increase overseas sales to at least 9% of total sales by the fiscal year ending in March 2006. As in Japan, the Company will concentrate on brand marketing. KOSÉ will make substantial investments in China, which is an important market for the Company, while moving quickly to make inroads in the Philippines and other countries where its products are not yet available.

The third core element is the forceful implementation of structural reforms. The goals here are more gains in productivity and profitability. KOSÉ has made progress in the critical areas of bringing down the cost of sales relative to sales, inventories, and personnel expenses relative to sales. Now that improvements have been achieved in these areas, the Company is planning to increase its corporate value by achieving further gains in the efficient use of assets. For this purpose, the Company is assembling a supply chain management system and building a new accounting system. To put these two systems in place, all areas of the Company are working on streamlining their operations and adopting the best possible work practices. In manufacturing activities, inventories will be reduced by shortening lead times for producing goods and procuring raw materials. Additionally, a production system is being created that can immediately adapt to shifts in demand patterns.

Due to the above factors, KOSÉ is targeting net sales of ¥172,000 million, operating income of ¥18,200 million, ordinary income of ¥18,000 million and net income of ¥8,900 million in the fiscal year ending in March 2006.

5. Corporate Governance Policies and Actions

From the standpoint of conducting management that “consistently manages to heighten corporate value,” the nucleus of the KOSÉ Group’s fundamental management policies, the Group positions corporate governance as one of its most important issues. The Group is taking steps to build a management organization and framework that can consistently earn the trust of society. Risk management has been strengthened through actions such as enhancing internal checks and conducting a rigorous compliance program. The Group is determined to fulfill its social obligations by maintaining sound management systems.

Regarding the Board of Directors, the Company has been reducing the number of members to facilitate rapid decision-making. The March 2001 introduction of a corporate executive officer system allowed the Board of Directors to focus exclusively on corporate management activities. Another benefit is this system is a more effective business execution function that is performed by corporate executive officers, each of whom is responsible for meeting goals in a particular field of business. There are currently 10 directors, four corporate auditors (including two from outside the KOSÉ Group) and eight corporate executive officers.

KOSÉ will continue seeking ways to increase the effectiveness of the Board of Directors and execute business activities more efficiently. Furthermore, to make operations still more transparent and fair, KOSÉ will continue to take steps to ensure the timely and proper disclosure of information.

3. Results of Operations and Financial Condition

I. Results of Operations

1. Review of Operations

(1) Financial Results

Millions of yen, %

Operating segment	First half ended Sep. 2002		First half ended Sep. 2003		Change	
	Amount	% comp.	Amount	% comp.	Amount	% YoY
Cosmetics	55,988	74.0	58,269	74.3	2,280	4.1
Cosmetaries	17,552	23.2	18,015	23.0	462	2.6
Other	2,133	2.8	2,157	2.7	23	1.1
Total net sales	75,675	100.0	78,442	100.0	2,767	3.7

Item	First half ended Sep. 2002		First half ended Sep. 2003		Change	
	Amount	% comp.	Amount	% comp.	Amount	% YoY
Operating income	6,559	8.7	7,502	9.6	942	14.4
Ordinary income	6,424	8.5	7,341	9.4	917	14.3
Net income	5,233	6.9	5,468	7.0	234	4.5

In the first half of the current fiscal year, Japan's economy began to improve against a backdrop of a recovery in corporate earnings and rising stock prices. However, causes for concern remain, notably the sudden appreciation of the yen. Consequently, it appears that the economy is not yet prepared to stage a self-sustaining recovery.

Conditions in Japan's cosmetics industry continued to be difficult. According to Japan's Ministry of Economy, Trade and Industry, cosmetics sales increased in terms of volume but monetary sales fell slightly in the current fiscal year's first half.

In this environment, KOSÉ made bolstering brand marketing activities its fundamental management policy. Accordingly, initiatives were taken to make core brands even more competitive in order to increase sales and earnings.

Due to these activities, first half net sales were ¥78,442 million, 3.7% higher than one year earlier. Regarding earnings, sales growth together with an improvement in the gross margin led to a 14.4% increase in operating income to ¥7,502 million and a 14.3% increase in ordinary income to ¥7,341 million. Net income increased 4.5% to ¥5,468 million, a figure that includes gains on the sale of investments in securities and the transfer of intellectual property rights.

(2) Results by Business Segment

1. Cosmetics Business

Millions of yen, %

Item	First half ended Sep. 2002	First half ended Sep. 2003	Change	
			Amount	% YoY
Sales to third parties	55,988	58,269	2,280	4.1
Intragroup sales and transfers	32	14	-	-
Total net sales	56,021	58,283	-	-
Operating income	6,542	7,791	1,249	19.1
Operating margin	11.7	13.4	-	-

In the core cosmetics business, sales increased due to strong performances by high value-added brands and luxury cosmetics. KOSÉ worked on increasing sales through cosmetics stores as well as through large retailers and drug stores by strengthening brands created for specific retail categories and enlarging sales channels. Products bearing the KOSÉ brand were supported with a high-profile advertising campaign that used television commercials, magazine advertisements and other means that chiefly promoted core brands and the highly popular Medicated SEIKISHO WHITENING MASK.

Overseas, results were severely impacted in April and May by the SARS outbreak, but subsequently recovered due to measures to enlarge sales channels along with effective sales activities. As a result, overseas sales were higher than one year earlier. In China, the AVENIR brand of prestige products sold through department stores and the Medicated SEKKISEI series of products both posted higher sales. A new brand was introduced for products distributed through wholesalers to strengthen KOSÉ's line of brands for mass marketing.

Due to the above factors, net sales in the cosmetics business increased 4.1% to ¥58,269 million and operating income climbed 19.1% to ¥7,791 million.

Major new products introduced during the first half were as follows:

- COSME DECORTE VITAL-SCIENCE (skin-care series)
- BEAUTÉ de KOSÉ Hydro Energist (skin-care series)
- PRÉDIA MAQUIRÊVE (makeup series)
- RUTINA NANO-WHITE (makeup & skin-care series)
- Medicated SEIKISHO WHITENING MASK

2. Cosmetaries Business

Millions of yen, %

Item	First half ended Sep. 2002	First half ended Sep. 2003	Change	
			Amount	% YoY
Sales to third parties	17,552	18,015	462	2.6
Intragroup sales and transfers	0	0	-	-
Total sales	17,553	18,015	-	-
Operating income	1,188	1,062	(125)	(10.6)
Operating margin	6.8	5.9	-	-

In the cosmetaries business, KOSÉ achieved competitive differentiation and strengthened its brands by introducing products with a high degree of added value in its line of self-selection cosmetics. KOSÉ also concentrated on conducting continuous advertising and marketing campaigns and on establishing relationships with more new customers. Sales of the SALON STYLE series of hair care products and the SOFTYMO series of cleansing and face washing products were up substantially because of the introduction of new products that targeted market needs and the effective use of television commercials and magazine advertisements. Products in the STEPHEN KNOLL Collection also posted higher sales, backed by new products and effective sales promotions.

As a result, net sales in this segment increased 2.6% to ¥18,015 million and operating income decreased 10.6% to ¥1,062 million.

Major new products introduced during the first half were as follows:

- SOFTYMO COLLAGEN (skin-care series)
- Hair-care brand "STEPHEN KNOLL Collection"
- RELIVE (skin-care & makeup series)

3. Other Business

Millions of yen, %

Item	First half ended Sep. 2002	First half ended Sep. 2003	Change	
			Amount	% YoY
Sales to third parties	2,133	2,157	23	1.1
Intragroup sales and transfers	1,019	1,074	-	-
Total sales	3,153	3,231	-	-
Operating income	182	136	(45)	(25.2)
Operating margin	5.8	4.2	-	-

Sales increased in the amenities category, which primarily represents sales through sales agents. However, there was a decline in OEM orders for our products. Due to these factors, segment sales increased 1.1% to ¥2,157 million but operating income fell 25.2% to ¥136 million.

2. Outlook for Next Fiscal Year

Millions of yen, %

Operating segment	Fiscal year ended March 2003		Fiscal year ending March 2004		Change	
	Amount	% comp.	Amount	% comp.	Amount	% YoY
Cosmetics	116,382	75.4	120,200	75.5	3,817	3.3
Cosmetaries	33,809	21.9	35,100	22.0	1,290	3.8
Other	4,137	2.7	4,000	2.5	(137)	(3.3)
Total net sales	154,329	100.0	159,300	100.0	4,970	3.2

Item	Fiscal year ended March 2003		Fiscal year ending March 2004		Change	
	Amount	% comp.	Amount	% comp.	Amount	% YoY
Operating income	15,278	9.9	15,800	9.9	521	3.4
Ordinary income	14,995	9.7	15,600	9.8	604	4.0
Net income	6,906	4.5	8,000	5.0	1,093	15.8

Forecasts are based on foreign exchange rates of ¥108 to the U.S. dollar, ¥3.2 to the Taiwan dollar and ¥13.3 to the Chinese yuan.

The Japanese economy is likely to benefit from minor recoveries in consumer spending and other components of internal demand, but the outlook remains difficult due to concerns about the yen's appreciation. In this environment, KOSÉ will continue to conduct proprietary brand marketing, a core strength, in Japan and overseas to increase its market share. The Company will also aggressively implement structural reforms to become more profitable.

In the cosmetics business, the central themes are increasing sales of high-end brands while making strategic investments in core brands to become even more competitive. In the cosmetaries business, mass media advertising will be used to back mainstay brands to stimulate demand and attract more new customers in order to capture a greater share of the market for cosmetics that consumers choose themselves.

In overseas markets, KOSÉ will be conducting aggressive sales activities to make inroads in prestige market sectors. Another goal is increasing sales bases to serve the "middle mass" market. In addition, KOSÉ is moving quickly to increase its presence outside Japan, such as by converting TAIWAN KOSÉ into a wholly owned subsidiary and establishing a presence in the Philippines.

KOSÉ is enacting structural reforms in a number of areas. Most notable is the introduction of a supply chain management system to prevent shortages of products while reducing inventories and a new accounting system that will speed up earnings releases and facilitate quarterly reports on operating results.

In the fiscal year ending March 31, 2004, the Company is forecasting increases of 3.2% in net sales to ¥159,300 million, 3.4% in operating income to ¥15,800 million, 4.0% in ordinary income to ¥15,600 million, and 15.8% in net income to ¥8,000 million.

Shareholders will receive an interim dividend of ¥15 per share as has been originally planned and so determined. As KOSÉ is planning a year-end distribution of ¥15, shareholders are expected to receive a dividend of ¥30 per share applicable to the current fiscal year.

II. Financial Position

Cash Flows

Millions of yen

	First half ended Sep. 2002	First half ended Sep. 2003	Change (amount)
Net cash provided by operating activities	2,990	853	(2,136)
Net cash provided by (used in) investing activities	(1,583)	965	2,548
Net cash used in financing activities	(1,116)	(1,671)	(555)
Increase in cash and cash equivalents	182	153	(29)
Cash and cash equivalents at end of period	18,403	23,197	4,794

Net cash provided by operating activities was ¥853 million, ¥2,136 million less than in the first half of the previous fiscal year. Net income before income taxes and minority interests rose ¥656 million to ¥10,416 million, but income taxes paid increased to ¥5,863 million and cash was used for an increase in inventories and a reduction in accrued employees' retirement benefits.

Net cash provided by investing activities was ¥965 million. There were payments of ¥2,556 million for purchases of property, plant and equipment, mainly to expand manufacturing facilities, and ¥14,296 million for the purchase of securities. However, there were proceeds of ¥14,594 million from the sale of securities and proceeds of ¥3,702 million from the sale of shares in Nihon L'Oreal K.K. and the transfer of intellectual property rights to Maybelline.

Net cash used in financing activities was ¥1,671 million, mainly the result of a net reduction in debt of ¥637 million and cash dividend payments of ¥1,028 million.

As a result, cash and cash equivalents were ¥23,197 million, an increase of ¥4,794 million, or 26.1%, compared with one year earlier.

These materials contain forward-looking statements and statements of this nature based on information current as of November 14, 2003. As such, these projections entail risks and uncertainties resulting from changes in the economic environment. Readers should be aware that actual results and events might differ substantially from these projections.

Note: This is a translation of Japanese kessan Tanshin (including attachments), a summary of financial statements prepared in accordance with accounting principles generally accepted in Japan. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the report for complete information.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Unit: Millions of yen

Account title	Period	FY 2002 Interim As of Sep. 30, 2002		FY 2003 Interim As of Sep. 30, 2003		FY 2002 As of March 31, 2003	
		Amount	%	Amount	%	Amount	%
Assets							
I. Current assets							
Cash and time deposits		12,089		15,103		15,654	
Notes and accounts receivable		20,419		22,188		21,719	
Short-term investments in securities		23,950		19,820		18,921	
Inventories		18,363		19,348		16,284	
Deferred tax assets-current		4,531		4,567		4,322	
Other current assets		4,562		4,360		4,833	
Allowance for doubtful accounts		(270)		(373)		(362)	
Total current assets		83,646	56.2	85,016	53.9	81,373	53.0
II. Fixed Assets							
Property, plant and equipment							
Buildings and structures		10,825		11,844		11,805	
Machinery and automotive equip.		3,338		3,085		3,343	
Furniture and fixtures		5,538		6,159		5,798	
Land		18,739		19,018		18,677	
Construction in progress		871		451		423	
Total property, plant and equipment		39,313	26.4	40,559	25.7	40,048	26.1
Intangible assets							
Software		990		814		966	
Software under development		-		887		714	
Other intangible assets		373		291		352	
Total intangible assets		1,364	0.9	1,992	1.3	2,033	1.3
Investments and others							
Investments in securities		7,408		12,433		11,882	
Long-term loans receivable		35		28		28	
Deferred tax assets-non-current		14,492		15,530		15,933	
Others		3,019		2,497		2,750	
Allowance for doubtful accounts		(494)		(363)		(429)	
Total investments and others		24,461	16.5	30,126	19.1	30,165	19.6
Total fixed assets		65,138	43.8	72,678	46.1	72,248	47.0
Total Assets		148,785	100.0	157,694	100.0	153,621	100.0

Unit: Millions of yen

Account title	Period	FY 2002 Interim As of Sep. 30, 2002		FY 2003 Interim As of Sep. 30, 2003		FY 2002 As of March 31, 2003	
		Amount	%	Amount	%	Amount	%
Liabilities							
I. Current liabilities							
Notes and accounts payable		12,821		14,706		11,944	
Short-term borrowings		4,555		3,741		4,238	
Current maturities of bonds with collateral		-		1,000		1,000	
Current portion of long-term debt		1,572		500		595	
Accounts payable-other		5,085		5,258		6,440	
Accrued expenses		6,293		6,716		6,912	
Accrued income taxes		4,959		4,293		5,460	
Accrued consumption taxes		791		731		1,023	
Reserve for returned goods unsold		893		872		924	
Other current liabilities		554		677		515	
Total current liabilities		37,527	25.2	38,499	24.4	39,054	25.4
II. Long-term liabilities							
Bonds with collateral		1,000		-		-	
Long-term debt		3,000		2,500		2,500	
Accrued employees' retirement benefits		30,624		32,914		33,641	
Accrued officers' severance benefits		2,403		2,556		2,468	
Other long-term liabilities		199		159		149	
Total long-term liabilities		37,226	25.0	38,130	24.2	38,759	25.3
Total Liabilities		74,754	50.2	76,630	48.6	77,814	50.7
Minority Interests		2,216	1.5	3,179	2.0	2,944	1.9
Shareholders' Equity							
I. Common stock		4,848	3.3	4,848	3.1	4,848	3.1
II. Capital surplus		6,390	4.3	6,390	4.1	6,390	4.2
III. Consolidated retained earnings		59,368	39.9	65,117	41.3	60,503	39.4
IV. Net unrealized holdings gains (losses) on other securities		(76)	(0.1)	231	0.1	(136)	(0.1)
V. Foreign currency translation adjustments		1,299	0.9	1,342	0.8	1,297	0.8
VI. Treasury stock		(15)	(0.0)	(45)	(0.0)	(40)	(0.0)
Total Shareholders' Equity		71,814	48.3	77,884	49.4	72,862	47.4
Total Liabilities, Minority Interests and Shareholders' Equity		148,785	100.0	157,694	100.0	153,621	100.0

(2) Consolidated Statements of Income

Unit: Millions of yen

Account title	Period	FY 2002 Interim Apr. 1, 2002 - Sep. 30, 2002		FY 2003 Interim Apr. 1, 2003 - Sep. 30, 2003		FY 2002 Apr. 1, 2002 - Mar. 31, 2003	
		Amount	%	Amount	%	Amount	%
Net sales		75,675	100.0	78,442	100.0	154,329	100.0
Cost of sales		17,965	23.7	18,382	23.4	36,766	23.8
Gross profit		57,709	76.3	60,060	76.6	117,562	76.2
SG&A expenses		51,150	67.6	52,558	67.0	102,284	66.3
Operating income		6,559	8.7	7,502	9.6	15,278	9.9
Non-operating income							
Interest income		72		89		201	
Dividend income		9		80		12	
Rent		28		15		53	
Miscellaneous revenue		108		75		208	
Total non-operating income		218	0.3	261	0.3	477	0.3
Non-operating expenses							
Interest expense		128		93		255	
Provision of allowance for doubtful accounts		6		-		-	
Bad debts written-off		3		-		19	
Plant removal expense		-		-		100	
Foreign exchange losses		125		283		180	
Miscellaneous loss		90		44		204	
Total non-operating expenses		353	0.5	421	0.5	760	0.5
Ordinary income		6,424	8.5	7,341	9.4	14,995	9.7
Extraordinary income							
Gain on transfer of intellectual property rights		1,381		1,381		1,381	
Gain on sales of property, plant and equipment		1		1		3	
Gain on sale of investments in securities		3,215		2,147		3,215	
Gain on change in equity interest in subsidiaries		-		-		134	
Gain on relinquishment of entrusted portion of governmental Welfare Pension Fund		-		-		7,024	
Other extraordinary income		13		-		13	
Total extraordinary income		4,612	6.1	3,530	4.5	11,773	7.6
Extraordinary loss							
Amortization of prior period long-term prepaid expenses		711		-		711	
Loss on prior-period earnings adjustment		-		14		-	
Loss on disposal of property, plant and equipment		181		280		499	
Unrealized holding loss on investments in securities		221		-		411	
Provision of allowance for doubtful accounts		53		-		121	
Loss on disposal of inventories		92		-		390	
Officers' retirement benefits		17		-		17	
Retirement incentive program		-		104		-	
Lump-sum amortization of consolidation goodwill		-		57		-	
Amortization of loss on transition to new pension system		-		-		10,093	
Other extraordinary loss		-		-		28	
Total extraordinary loss		1,277	1.7	456	0.6	12,273	7.9
Net income before income taxes and minority interests		9,759	12.9	10,416	13.3	14,494	9.4
Income taxes-current		4,974	6.6	4,695	6.0	9,073	5.9
Income taxes-deferred		(486)	(0.7)	(85)	(0.1)	(1,679)	(1.1)
Minority interests		37	0.1	337	0.4	194	0.1
Net income		5,233	6.9	5,468	7.0	6,906	4.5

(3) Consolidated Statements of Retained Earnings*Unit: Millions of yen*

Account title	Period	FY 2002 Interim Apr. 1, 2002 - Sep. 30, 2002		FY 2003 Interim Apr. 1, 2003 - Sep. 30, 2003		FY 2002 Apr. 1, 2002 - Mar. 31, 2003	
Capital surplus							
I. Balance at beginning of period			6,390		6,390		6,390
II. Balance at end of period			6,390		6,390		6,390
Retained earnings							
I. Balance at beginning of period			54,801		60,503		54,801
II. Increase in retained earnings							
Net income		5,233	5,233	5,468	5,468	6,906	6,906
III. Decrease in retained earnings							
Cash dividends		579		773		1,117	
Bonuses to officers		87	666	80	854	87	1,204
IV. Balance at end of period			59,368		65,117		60,503

(4) Consolidated Statements of Cash Flows

Unit: Millions of yen

Account title	Period	FY 2002 Interim Apr. 1, 2002 - Sep. 30, 2002	FY 2003 Interim Apr. 1, 2003 - Sep. 30, 2003	FY 2002 Apr. 1, 2002 - Mar. 31, 2003
I. Cash flows from operating activities				
Net income before income taxes and minority interests		9,759	10,416	14,494
Depreciation		1,633	1,798	3,547
Amortization of consolidation goodwill		7	57	39
Increase (decrease) in provision of allowance for doubtful accounts		(82)	(55)	(55)
Increase (decrease) in accrued employees' retirement benefits		494	(727)	3,511
Increase (decrease) in accrued officers' severance benefits for director		118	88	183
Increase (decrease) in reserve for other allowances		(224)	(51)	(30)
Loss (gain) on disposal of property, plant and equipment		180	278	495
Interest and dividend income		(81)	(170)	(214)
Interest expense		128	93	255
Foreign exchange loss (gain)		30	93	37
Gain on change in equity interest in subsidiaries		-	-	(134)
Loss (gain) on sale of investment in securities		(3,215)	(2,147)	(3,215)
Unrealized holding loss (gain) on investment in securities		221	-	411
Decrease (increase) in notes and accounts receivable		1,003	(468)	(257)
Decrease (increase) in inventories		(626)	(3,063)	1,439
Increase (decrease) in accounts payable		16	2,925	(1,177)
Proceeds from transfer of intellectual property rights		(1,381)	(1,381)	(1,381)
Decrease (increase) in other assets		129	578	223
Increase (decrease) in other liabilities		(1,007)	(1,542)	790
Officers' remuneration paid		(88)	(85)	(88)
Subtotal		7,014	6,638	18,876
Interest and dividends received		71	168	217
Interest paid		(126)	(90)	(260)
Income taxes paid		(3,968)	(5,683)	(7,659)
Net cash provided by operating activities		2,990	853	11,173
II. Cash flows from investing activities				
Payment for time deposits placed		(41)	(10)	(1,149)
Proceeds from time deposit		29	10	228
Payment for acquisition of short-term investments in securities		(11,995)	(14,296)	(23,089)
Proceeds from sale of short-term investments in securities		8,996	14,594	26,996
Payment for loans receivable		-	(2)	-
Proceeds from collection of loans receivable		11	11	23
Payment for purchase of property, plant and equipment		(2,122)	(2,556)	(4,708)
Proceeds from sale of property, plant and equipment		3	25	123
Payment for acquisition of intangible assets		(47)	(225)	(931)
Payment for acquisition of investments in securities		(1,003)	(510)	(5,732)
Proceeds from sale of investments in securities		3,323	2,224	3,325
Payment for acquisition of subsidiaries' stock resulting in change in the scope of consolidation		(21)	-	(21)
Proceeds from transfer of intellectual property rights		1,477	1,477	1,477
Decrease (increase) in other investments		(193)	222	(46)
Net cash provide by (used in) investment activities		(1,583)	965	(3,505)
III. Cash flows from financing activities				
Increase (decrease) in short-term borrowings		(329)	(542)	(593)
Repayment of long-term debt		(146)	(95)	(1,623)
Net change from purchase and sale of treasury stock		(2)	(4)	(27)
Proceeds from issuance of stock to minority interests		-	-	694
Cash dividends paid		(579)	(773)	(1,117)
Dividends to minority shareholders		(59)	(255)	(63)
Net cash used in financing activities		(1,116)	(1,671)	(2,730)
IV. Effect of exchange rate changes on cash and cash equivalents				
		(107)	6	(113)
V. Increase in cash and cash equivalents				
		182	153	4,824
VI. Cash and cash equivalents at beginning of period				
		18,220	23,044	18,220
VII. Cash and cash equivalents at end of period				
		18,403	23,197	23,044