



May 15, 2002

**Summary of Financial Results for the Fiscal Year Ended March 31, 2002
(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 financial results: May 15, 2002
 Parent company (Stock code): Not applicable
 Percentage of the Company's equity stake in the parent company: Not applicable
 SEC accounting standards: The Company does not apply SEC accounting standards

1. Financial Results for the Fiscal Year Ended March 2002 (April 1, 2001-March 31, 2002)

(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 %
Fiscal year ended March 2002	146,829	3.4	12,564	1.1	12,374	(1.5)
Fiscal year ended March 2001	142,039	3.1	12,434	7.6	12,563	11.5

	Net income		Net income per share, (basic)	Net income per share, (diluted)
	Million yen	%	Yen	Yen
Fiscal year ended March 2002	6,482	-	175.30	-
Fiscal year ended March 2001	(4,588)	-	(136.40)	-

	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary profit to net sales
	%	%	%
Fiscal year ended March 2002	10.1	8.7	8.4
Fiscal year ended March 2001	(7.2)	9.3	8.8

Notes

- Equity in earnings of unconsolidated subsidiaries
 Fiscal year ended March 2002: None
 Fiscal year ended March 2001: 1 million yen
- Average number of shares outstanding
 Fiscal year ended March 2002: 36,981,136 shares
 Fiscal year ended March 2001: 33,641,738 shares

3. Changes in accounting principles applied: None
4. The percentages shown for net sales, operating income, ordinary income, and net income represent changes from the previous fiscal year.

(2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
Fiscal year ended March 2002	144,667	67,355	46.6	1,627.65
Fiscal year ended March 2001	139,044	61,196	44.0	1,774.43

Note 1:

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

Fiscal year ended March 2002: 41,381,984 shares

Fiscal year ended March 2001: 34,487,849 shares

(3) Cash flow position

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2002	7,778	(2,377)	(2,552)	18,220
Fiscal year ended March 2001	8,787	(6,237)	(2,943)	15,294

(4) Matters concerning the scope of consolidation and the application of the equity method

Consolidated subsidiaries: 29

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:

New: 3

Excluded: 1

Affiliates accounted for under the equity method:

New: 0

Excluded: 1

2. Forecast for the Fiscal Year ending March 2003 (April 1, 2002-March 31, 2003)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Interim	74,029	4,504	4,382
Full Year	150,800	12,000	7,300

Reference: Estimated net income per common share for the fiscal year ending March 2003: ¥176.41

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

1. The KOSÉ Group

The KOSÉ Group includes KOSÉ Corporation and 32 subsidiaries. The principal activities and the relationship of group companies is as follows:

(1) Manufacturing

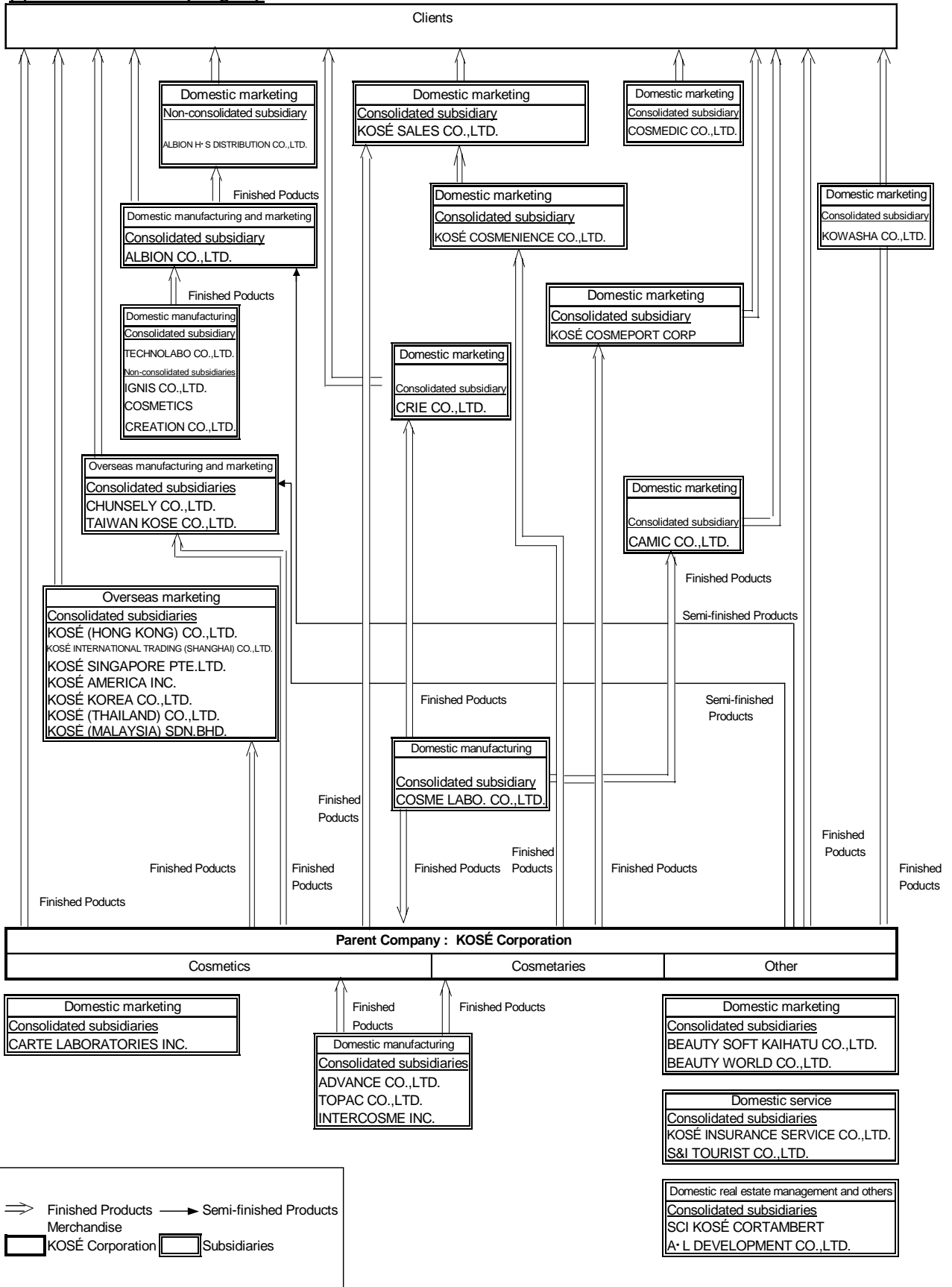
Company name		Principal Activities
Domestic		
Parent company	KOSÉ Corporation	Manufacture of cosmetics
Consolidated subsidiary	COSME LABO. CO., LTD.	Manufacture of cosmetics
Consolidated subsidiary	ADVANCE CO., LTD.	Manufacture of cosmetics
Consolidated subsidiary	TOPAC CO., LTD.	Manufacture of cardboard 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	CHUNSELY CO., LTD.	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.	Wholesaling 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	CAMIC CO. LTD.	Wholesaling of cosmetics
Consolidated subsidiary	COSMEDIC CO., LTD.	Wholesaling of cosmetics
Consolidated subsidiary	CRIE 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.	Travel agency and leasing
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	SCI KOSÉ CORTAMBERT	Real estate leasing

Note: CAMIC CO., LTD. is being liquidated.

(3) Business relationship in group



2. Management Policies

1. Fundamental policies

The nucleus of the KOSÉ Group's management policy is the pursuit of greater productivity in line with the theme of "consistently managing to heighten corporate value." The fundamental spirit for all operations is "creating cosmetics of the highest quality to earn the true satisfaction of our customers." In line with this spirit, the group conducts a "distinctive brand marketing program" to supply products through the most suitable retail channels so as to address the diversifying needs of consumers. Through these efforts, the group has been making steady progress. Underlying all these activities are an industry-leading product development capability, production technology that always aims for the highest quality standards, and the collective strengths of all group companies. To achieve further advances in corporate value, the group aims to increase the value of its brands by effectively utilizing all three of these strengths. Furthermore, the group strives to become an even more profitable organization by further improving operating efficiency. At the same time, even greater priority will be placed on fulfilling obligations to society through quality assurance and environmental protection programs.

2. Profit allocation policy

KOSÉ places the highest priority on increasing its corporate value and profits for shareholders by taking actions to increase earnings. The company follows a policy of returning earnings to shareholders through dividend increases and other means. Dividend payments are based on the need to retain sufficient earnings to support future growth, the company's financial condition and operating results, and the dividend payout ratio.

The company plans to increase the year-end dividend per share by ¥2 to ¥14 from the standpoint of its operating results and the policy of returning earnings to shareholders. Including an interim dividend per share of ¥12 paid on December 7, 2001, this will result in a dividend per share applicable to the fiscal year of ¥26.

3. Goals and performance indicators

The KOSÉ Group has three components of its policy of consistently managing to heighten corporate value: strengthen brand marketing, aggressively expand outside Japan, and improve managerial efficiency and profitability. In this manner, the group is conducting management that seeks to achieve both growth and greater efficiency.

In the pursuit of these goals, the company regards the operating margin and ROA as the best indicators of progress. In terms of concrete targets, KOSÉ aims to raise operating income to 10% of net sales and raise the ROA to 11% by the fiscal year ending in March 2005.

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

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

Amid the current uncertain economic outlook, even more fierce competition is foreseen in the cosmetics market in Japan and overseas. At this time when companies must adapt to dramatic changes in the operating environment, even greater demands will be placed on every company's ability to draw on the comprehensive strengths required to compete successfully. A company's skill at formulating strategies with the flexibility to adapt to changing market conditions will also become increasingly valuable.

The KOSÉ Group employs a "rolling management plan" system under which the group establishes a new three-year medium-term management plan each year. The plan for the three-year period beginning in April 2002 is rooted in the premise of management capable of

continuously raising corporate value. All of the group's resources will be channeled to achieving the plan's goals.

The first core element of the plan is the powerful implementation of brand marketing, the group's greatest strength, in Japan and overseas markets. This will make core brands even more competitive and firmly establish the value of the group's brands in the marketplace. In the cosmetics business, KOSÉ will develop major brands backed by even more distinctive identities. This will be accomplished by conducting the optimum allocation of brands in response to market undercurrents, with a focus on increasing the sales of high-value-added brands. In the cosmetaries business, which mainly handles products sold through stores where consumers select cosmetics products themselves, the company will make its brands even more competitive. This will be accomplished by working steadily on high-profile mass-media advertising campaigns and the addition of new business partners in a drive to increase the number of customers.

The second core element is increasing sales through the aggressive development of overseas markets, especially growing markets in Asia. The goal is to increase overseas sales to at least 9% of total sales by the fiscal year ending in March 2005. As in Japan, brand marketing will be the key to reaching this goal. KOSÉ will also move quickly to make inroads in 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 the company is planning to deal with other issues critical to earnings such as retirement benefit liabilities and the need to assemble a supply chain management system that can cut inventories while preventing shortages of products. Overall, the group is planning to bring about dynamic structural reforms.

Through these initiatives, KOSÉ is aiming for an operating margin of 10% and an ROA of 11% by the fiscal year ending in March 2005. In the same fiscal year, KOSÉ plans to generate net sales of ¥162,000 million, operating income of ¥16,200 million, ordinary income of ¥15,900 million and net income of ¥8,000 million.

5. Measures to Improve the Management Structure

From the standpoint of conducting management that consistently raises corporate value, the KOSÉ Group is taking steps to build an organization capable of effectively performing corporate governance functions. Goals include making operations more transparent, increasing fairness and conducting businesses more efficiently. Regarding the Board of Directors, the company has been reducing the number of members to achieve a suitable size, transferring authority and responsibility, and taking other steps. The March 2001 introduction of a corporate executive officer system allowed the Board of Directors to focus exclusively on corporate management activities. The system better enables the six corporate executive officers to take the actions needed in each business sector to achieve their respective goals. Under this system, the group will seek to improve even more the effectiveness of the Board of Directors and the ability of executives to operate the group's businesses.

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

Unit: Millions of yen, %

Operating segment	FY ended March 2001		FY ended March 2002		Change	Change
	Amount	% comp.	Amount	% comp.	Amount	% YoY
Cosmetics	108,484	76.4	110,343	75.1	1,858	1.7
Cosmetaries	28,428	20.0	31,649	21.6	3,220	11.3
Other	5,126	3.6	4,837	3.3	(289)	(5.6)
Total net sales	142,039	100.0	146,829	100.0	4,790	3.4

Item	FY ended March 2001		FY ended March 2002		Change	Change
	Amount	% comp.	Amount	% comp.	Amount	% YoY
Operating income	12,434	8.8	12,564	8.6	130	1.1
Ordinary income	12,563	8.8	12,374	8.4	(188)	(1.5)
Net income	(4,588)	(3.2)	6,482	4.4	11,071	-

During the past fiscal year, Japan's economy was held back by a number of negative factors including declining exports and capital expenditures as the global economy weakened and deflationary forces became more pronounced.

In the cosmetics industry, total sales were about the same as in the previous fiscal year and sales volumes climbed despite bankruptcies and store closings at major retailers, challenges posed by the Mad Cow Disease fears and other unfavorable developments. These figures indicate that demand for cosmetics remains solid.

In this environment, the group forcefully conducted brand marketing, its greatest strength, in a drive to cater to the diversifying needs of consumers. The group concentrated on making core brands more competitive by conducting strategic investments in growing market sectors and effectively implementing various measures. Due to these efforts, KOSÉ was able to achieve continued growth in its operating results.

With regard to the Mad Cow Disease fears, the group began shifting to substitutes for bovine-derived oils early in 2001, completing this process in a relatively short period of time. Risks associated with the bovine-derived oils previously used have been estimated at an infinitesimal one in ten billion based on a report issued by the Japanese Ministry of Health, Labour and Welfare. Nevertheless, to go still one more step to prevent any potential problem, KOSÉ decided on its own to recall from stores all products incorporating these oils. The recall was completed in December 2001. The group made every effort to generate sales to offset the ¥1,642 million impact of the recall. An extraordinary loss of ¥694 million was recorded due to expenses related to the recall and the disposal of inventories of affected products.

On August 31, 2001, a contract was signed for the sale of all preferred stock of Japanese subsidiary of L'Oréal to L'Oréal of France. The sale will generate total proceeds of ¥8,863 million in relation to a book value of ¥289 million. Of this amount, ¥3,323 million was sold during the past fiscal year, resulting in an extraordinary income of ¥3,215 million.

Due to these factors, net sales increased 3.4% to ¥146,829 million. This includes the net increase of 0.5% due yen's depreciation relative to the previous fiscal year. Including the benefits of cost cutting efforts, operating income increased 1.1% to ¥12,564 million and ordinary income decreased 1.5% to ¥12,374 million. Net income rose to an all-time high of ¥6,482 million.

KOSÉ has been moving quickly to comply with the upcoming requirement to list all ingredients by the revised Pharmaceutical Affairs Law. Such labeling has been placed on all new products since April 2001. As prescribed by the revised law, by September 2002 we plan to complete applying new labels to products which we will ship to the market. Furthermore, all stores selling KOSÉ products have been supplied with documents providing data on the contents of major products. This information will also be provided on the company's Web site. In addition, the company has established a system for replying to inquiries from customers.

In March 2002, KOSÉ purchased land and a building in Tokyo's Kita Ward, Sakae-cho for a new research facility. The new facility stands adjacent to an existing research facility for new products. The existing facility is to be rebuilt to create an even more powerful R&D infrastructure for the group. Construction of the new building is to be completed by the end of the fiscal year ending in March 2004.

(2) Results by Business Segment

a. Cosmetics Business

Unit: Millions of yen, %

Item	FY ended March 2001	FY ended March 2002	Change (amount)	Change (%)
Sales to third parties	108,484	110,343	1,858	1.7
Intragroup sales and transfers	89	82	-	-
Total sales	108,573	110,425	-	-
Operating income	13,161	13,167	5	0.0
Operating margin	12.1	11.9	-	-

Three members of the upscale COSME DECORTE brand, the high-prestige AQ series, WHITE SCIENCE, a line of whitening products, and Micro Performance, posted steady growth in sales. High-value-added cosmetics market remained vibrant. KOSÉ's AQ cream meliority, which sells for ¥90,000, attracted much media attention as the pioneer in the high-end skin cream market. At subsidiary ALBION CO., LTD., which handles premium cosmetics, the EXSAGE series produced strong sales growth. In September, the new BEAUTÉ de KOSÉ brand is sales channels to department stores. At the same time, the CHÉRINI series was added to the PRÉDIA brand, is sales channels to high-end specialty cosmetics stores. This bolstered KOSÉ's point-make-up series and led to higher sales.

Regarding the KOSÉ brands, high-profile advertising and sales promotion initiatives were conducted, mainly for the VISÉE, RUTINA and LUMINOUS series, leading to an increase in the number of customers using these products. In overseas operations, which are mainly in Asia, KOSÉ introduced powerful new products and conducted effective marketing campaigns. Numerous actions were taken to establish a presence in new markets. For example, sales channels for the FASIO brand, which was introduced in June 2001 to target the so-called "middle-mass" market, were expanded. The group also entered the market in South Korea in October 2001. As a result, overseas sales increased in the past fiscal year. In China, the group is still in the process of restructuring wholesale distribution channels and reviewing brand strategies.

Due to these factors, cosmetics sales increased 1.7% to ¥110,343 million and operating income was ¥13,167 million, about the same as in the previous fiscal year.

Major new products introduced during the fiscal year were as follows:

COSME DECORTE AQ emulsion meliority (skin care product)
 PRÉDIA CHERINI (make-up series)
 BEAUTÉ de KOSÉ (skin care series)
 GRANDAINE (skin care series / renewal)
 VISÉE good curl mascara EX [super volume] (make up product)
 RUTINA fine cover pact (make-up product)

b. Cosmetaries Business

Unit: Millions of yen, %

Item	FY ended March 2001	FY ended March 2002	Change amount	Change (%)
Sales to third parties	28,428	31,649	3,220	11.3
Intragroup sales and transfers	0	0	-	-
Total sales	28,428	31,650	-	-
Operating income	1,406	1,519	112	8.0
Operating margin	4.9	4.8	-	-

As the polarization of prices in this market continues, KOSÉ concentrated on strengthening its powerful brands to increase sales of cosmetics that consumers choose on their own. Many steps were taken to conduct effective advertising campaigns and high-profile sales promotion initiatives. The company continued to develop the SPORTS BEAUTY FASIO series, which combines functionality and fashion. Targeting women in their 30s, the ELSIA series made its debut. Both of these brands generated good results. SALON STYLE, a member of the hair care series, was revised to offer a premium shampoo and rinse. In the SOFTYMO facial washing and cleansing series, the introduction of products that meet specific market needs contributed to sales growth.

Overall, cosmetaries sales increased 11.3% to ¥31,649 million and operating income climbed 8.0% to ¥1,519 million.

Major new products introduced during the fiscal year were as follows:

SPORTS BEAUTY FASIO power stay mascara (make-up product)

CELLFUL ELSIA (make-up series)

SALON STYLE (hair care series / renewal)

SOFTYMO WHITE cleansing wash (skin care product)

c. Other Business

Unit: Millions of yen, %

Item	FY ended March 2001	FY ended March 2002	Change (amount)	Change (%)
Sales to third parties	5,126	4,837	(289)	(5.6)
Intragroup sales and transfers	2,011	1,832	-	-
Total sales	7,137	6,669	-	-
Operating income	480	517	36	7.6
Operating margin	6.7	7.8	-	-

In the amenities category, sales increased due to sales promotion initiatives targeting sales agents. However, orders from Japanese subsidiary of L'Oréal for the manufacture of products declined. The result was a 5.6% decrease in segment sales to ¥4,837 million and a 7.6% increase in operating income to ¥517 million.

2. Outlook for Next Fiscal Year

Although there are reports and other signs that Japan's economy has stopped declining, the economy is expected to continue being held back by deflation and weak consumer spending. In the cosmetics industry, competition to capture a larger share of the domestic market is expected to become still more fierce.

In response, the KOSÉ Group will continue to forcefully promote brand marketing. Core brands will be made even more competitive and widespread structural reforms will be conducted to raise efficiency and profitability.

In the cosmetics business, efforts will focus on becoming more competitive by increasing sales of COSME DECORTE and other high-value-added cosmetics products and making strategic investments in core brands. In the cosmetaries business, the goal is capturing a larger share of the self-selection cosmetics market sector through mass-media advertising and the addition of more sales channels, primarily for core brands. In business outside Japan, mainly in Asia, the company will introduce powerful new products and conduct aggressive sales promotion activities. Measures include the full-scale development of FASIO, a strategic brand targeting the "middle-mass" market, and a drive to increase sales through department stores in South Korea.

In addition, the group will conduct a sweeping review of its infrastructure and work flows while continuing to take steps to reduce cost of sales and personnel expenses as a percentage of sales and cut inventories. These measures are aimed at boosting profit margins and utilizing assets more productively.

In the fiscal year ending March 31, 2003, the company is forecasting an increase of 2.7% in net sales to ¥150,800 million, an increase of 0.3% in operating income to ¥12,600 million, a decrease of 3.0% in ordinary income to ¥12,000 million, and an increase of 12.6% in net income to ¥7,300 million. Operating income and ordinary income will be affected by amortization of unrecognized actuarial loss of ¥956 million resulting from the lower investment returns on pension assets in the 2000 and 2001 fiscal years.

Unit: Millions of yen, %

Operating segment	FY ended March 2002		FY ended March 2003		Change	Change
	Amount	% comp.	Amount	% comp.	Amount	% YoY
Cosmetics	110,343	75.1	113,025	75.0	2,681	2.4
Cosmetaries	31,649	21.6	33,212	22.0	1,562	4.9
Other	4,837	3.3	4,563	3.0	(274)	(5.7)
Total net sales	146,829	100.0	150,800	100.0	3,970	2.7

Item	FY ended March 2002		FY ended March 2003		Change	Change
	Amount	% comp.	Amount	% comp.	Amount	% YoY
Operating income	12,564	8.6	12,600	8.4	35	0.3
Ordinary income	12,374	8.4	12,000	8.0	(374)	(3.0)
Net income	6,482	4.4	7,300	4.8	817	12.6

II. Financial Position

Cash Flows

Unit: Millions of yen

	FY ended March 2001	FY ended March 2002	Change
Net cash provided by operating activities	8,787	7,778	(1,009)
Net cash used in investing activities	(6,237)	(2,377)	3,860
Net cash used in financing activities	(2,943)	(2,552)	391
Increase in cash and cash equivalents (Change due to merger and change in scope of consolidation)	17	2,925	2,907
Cash and cash equivalents at end of fiscal year	15,294	18,220	2,925

Net cash provided by operating activities declined ¥1,009 million to ¥7,778 million. Net income before income taxes and minority interests was ¥14,003 million and depreciation increased slightly to ¥4,030 million. There was an increase in notes and accounts receivable due to the growth in sales, but inventory reduction programs brought down inventories. Payments for income taxes declined ¥872 million to ¥7,711 million.

Net cash used in investing activities was ¥2,377 million. Purchases of property, plant and equipment were ¥4,658 million, mainly for the acquisition of land and a building for a new research facility. Proceeds from the sale of Japanese subsidiary of L'Oréal stock and transfer of intellectual property rights owned by Maybelline amounted to ¥4,809 million.

Net cash used in financing activities was ¥2,552 million. There was a net reduction of ¥1,629 million in debt and cash dividend paid totaled ¥909 million.

The result was a net increase of ¥2,925 million in cash and cash equivalents to ¥18,220 million.

These materials contain forward-looking statements and statements of this nature based on information current as of May 15, 2002. As such, these projections entail risks and uncertainties resulting from changes in the economic environment. Readers should be aware that actual results and events may differ substantially from these projections

4. Consolidated Financial Statements

(1) Consolidated balance sheets

Unit: Millions of yen

Item	Previous fiscal year As of March 31, 2001		Current fiscal year As of March 31, 2002		Change
	Amount	%	Amount	%	
Assets					
I. Current assets					
Cash and time deposits	8,824		11,843		3,019
Notes and accounts receivable	19,673		21,251		1,578
Short-term investments in securities	15,822		20,927		5,104
Inventories	18,095		17,823		(272)
Deferred tax assets - current	4,051		4,269		218
Other current assets	3,316		3,703		387
Allowance for doubtful accounts	(650)		(285)		364
Total current assets	69,134	49.7	79,533	55.0	10,399
II. Fixed Assets					
Property, plant and equipment					
Buildings and structures	11,270		10,875		(394)
Machinery and automotive equip.	3,740		3,647		(93)
Furniture and fixtures	5,369		5,494		124
Land	17,873		18,324		450
Construction in progress	171		691		519
Total property, plant and equipment	38,426	27.6	39,033	27.0	607
Intangible assets					
Software	1,294		1,147		(147)
Other intangible assets	313		329		16
Total intangible assets	1,608	1.2	1,477	1.0	(130)
Investments and Others					
Investments in securities	11,366		6,654		(4,712)
Long-term loans receivable	37		46		9
Long-term prepaid expenses	826		757		(68)
Deferred tax assets - noncurrent	14,798		14,385		(413)
Others	3,473		3,329		(144)
Allowance for doubtful accounts	(626)		(550)		75
Total investments and Others	29,876	21.5	24,622	17.0	(5,253)
Total fixed assets	69,910	50.3	65,133	45.0	(4,776)
Total Assets	139,044	100.0	144,667	100.0	5,622

Unit: Millions of yen

Item	Previous fiscal year As of March 31, 2001		Current fiscal year As of March 31, 2002		Change
	Amount	%	Amount	%	
Liabilities					
I. Current liabilities					
Notes and accounts payable	12,136		12,790		654
Short-term borrowings	5,210		4,857		(353)
Current portion of long-term debt	1,498		1,554		56
Accounts payable-other	5,097		6,018		920
Accrued expenses	6,232		6,477		245
Accrued income taxes	4,461		4,056		(405)
Accrued consumption tax	900		930		29
Reserve for loss on investment in unconsolidated subsidiaries	47		-		(47)
Reserve for returned goods unsold	831		955		123
Other current liabilities	734		718		(16)
Total current liabilities	37,150	26.7	38,356	26.5	1,206
II. Long-term liabilities					
Bonds with collateral	1,000		1,000		-
Long-term debt	4,649		3,095		(1,554)
Accrued employees' retirement benefits	30,674		30,129		(545)
Accrued officers' severance benefits	2,169		2,285		115
Other long-term liabilities	178		172		(5)
Total long-term liabilities	38,672	27.8	36,682	25.4	(1,989)
Total Liabilities	75,822	54.5	75,039	51.9	(783)
Minority interests	2,025	1.5	2,272	1.5	247
Shareholders' equity					
I. Common Stock	4,848	3.5	4,848	3.4	-
II. Capital surplus	6,390	4.6	6,390	4.4	-
III. Consolidated retained earnings	49,210	35.4	54,801	37.9	5,590
IV. Net unrealized holdings gains on other securities	(354)	(0.3)	(139)	(0.1)	214
V. Foreign currency translation adjustments	1,101	0.8	1,467	1.0	366
	61,196	44.0	67,368	46.6	6,171
VI. Treasury common stock	(0)	(0.0)	(12)	(0.0)	(12)
Total Shareholders' equity	61,196	44.0	67,355	46.6	6,159
Total Liabilities, Minority Interest and Shareholders' Equity	139,044	100.0	144,667	100.0	5,622

(2) Consolidated Statements of Income

Unit: Millions of yen

Item	Previous fiscal year 4.1.2000 – 3.31.2001		Current fiscal year 4.1.2001 – 3.31.2002		Change	
	Amount	Vs. sales %	Amount	Vs. sales %	Amount	YoY %
Net sales	142,039	100.0	146,829	100.0	4,790	103.4
Cost of sales	35,269	24.8	35,386	24.1	116	100.3
Gross profit	106,770	75.2	111,443	75.9	4,673	104.4
SG&A expenses	94,336	66.4	98,878	67.3	4,542	104.8
Operating income	12,434	8.8	12,564	8.6	130	101.1
Non-operating income						
Interest income	168		178		9	
Dividend income	53		13		(39)	
Equity in earnings of unconsolidated subsidiaries	1		-		(1)	
Rent	31		51		19	
Foreign exchange gains (loss)	200		37		(163)	
Miscellaneous revenue	309		197		(111)	
Total non-operating income	765	0.5	477	0.3	(287)	62.5
Non-operating expenses						
Interest expense	384		320		(64)	
IPO expenses	75		-		(75)	
Bad debts written-off	-		34		34	
Miscellaneous loss	176		314		137	
Total non-operating expenses	636	0.5	668	0.5	32	105.1
Ordinary income	12,563	8.8	12,374	8.4	(188)	98.5
Extraordinary income						
Gain on transfer of intellectual property rights	1,382		1,382		0	
Adjustment to previous year earnings	126		-		(126)	
Gain on sales of property, plant and equipment	1		471		469	
Gain on sale of investments in securities	-		3,235		3,235	

Unit: Millions of yen

Item	Previous fiscal year 4.1.2000 – 3.31.2001		Current fiscal year 4.1.2001 – 3.31.2002		Change	
	Amount	Vs. sales %	Amount	Vs. sales %	Amount	YoY %
Other extraordinary income	98		28		(69)	
Extraordinary income	1,609	1.1	5,118	3.5	3,509	318.1
Extraordinary loss						
Amortization of net retirement benefit obligation at transition	18,405		-		(18,405)	
Adjustment to previous year loss	144		-		(144)	
Loss on disposal of property, plant and equipment	396		595		198	
Loss on sale of investments in securities	128		14		(113)	
Unrealized holding loss on investment securities	481		1,000		519	
Provision for doubtful accounts	579		463		(115)	
Loss on disposal of inventories	-		1,286		1,286	
Other extraordinary loss	665		128		(536)	
Total extraordinary loss	20,801	14.6	3,489	2.4	(17,311)	16.8
Net income before income taxes and minority interests	-	-	14,003	9.5	14,003	-
Net loss before income taxes and minority interests	6,628	4.7	-	-	(6,628)	-
Income taxes						
Current	7,350	5.2	7,368	5.0	18	
Deferred	(9,307)	(6.6)	(10)	(0.0)	9,297	
Minority interest in income of consolidated subsidiaries	-	-	162	0.1	162	
Minority interest in loss of consolidated subsidiaries	82	0.1	-	-	(82)	
Net income (for the period)	-	-	6,482	4.4	6,482	-
Net loss (for the period)	4,588	3.2	-	-	(4,588)	-

(3) Consolidated statement of retained earnings*Unit: Millions of yen*

Item	Previous fiscal year		Current fiscal year	
	4.1.2000 – 3.31.2001		4.1.2001 – 3.31.2002	
I. Consolidated retained earnings at beginning of year		53,722		49,210
II. Increase in consolidated retained earnings				
Transferred from WOOD CO., LTD.	1,046	1,046	-	-
III. Decrease in consolidated retained earnings				
Cash dividends paid	900		827	
Bonuses for directors	69		64	
[of which bonuses for auditors]	[-]	969	[4]	892
IV. Net income		-		6,482
Net loss		4,588		-
V. Consolidated retained earnings at end of year		49,210		54,801

(4) Consolidated Statements of Cash Flows

Unit: Millions of yen

Item	Previous fiscal year 4.1.2000 – 3.31.2001	Current fiscal year 4.1.2001 – 3.31.2002
I. Cash flows from operating activities		
Net income before income taxes and minority interests	(6,628)	14,003
Depreciation	3,868	4,030
Increase (decrease) in provision for allowance for doubtful accounts	351	(464)
Increase (decrease) in accrued employees' retirement benefits	18,351	(545)
Increase (decrease) in accrued officers' severance benefits for directors	175	115
Increase (decrease) in reserve for other allowances	(208)	247
Loss (Gain) on sales of property, plant and equipment	394	123
Interest and dividends income	(221)	(191)
Interest expense	384	320
Foreign exchange loss (gain)	(48)	8
Interest in loss (income) of non-consolidated subsidiaries	(1)	-
Loss (gain) on sale of investments in securities	128	(3,220)
Unrealized holding loss (gain) on investments in securities	481	1,000
Decrease (increase) in notes and accounts receivable	234	(1,771)
Decrease (increase) in inventories	534	500
Increase (decrease) in accounts payable	(125)	690
Proceeds from transfer of intellectual property rights	(1,382)	(1,382)
Decrease (increase) in other assets	835	1,135
Increase (decrease) in other liabilities	465	969
Directors' remuneration paid	(71)	(66)
Others	(6)	97
Subtotal	17,511	15,600
Interest and dividends received	240	209
Interest paid	(387)	(320)
Liability for damages received	7	-
Income taxes paid	(8,583)	(7,711)
Net cash provided by operating activities	8,787	7,778
II. Cash flows from investing activities		
Payments for time deposits placed	(48)	(145)
Proceeds from time deposit withdrawals	267	76
Payment for acquisition of short-term investments in securities	(11,694)	(14,943)
Proceeds from sale of short-term investments in securities	13,695	14,784
Payment for loans receivables	(173)	(67)
Proceeds from collection of loans receivables	21	6
Payment for purchases of property, plant and equipment	(7,522)	(4,658)
Proceeds from sales of property, plant and equipment	22	816

Payment for acquisition of investments in securities	(2,314)	(1,040)
Proceeds from sale of investments in securities	480	3,331
Proceeds from transfer of intellectual property rights	1,477	1,477
Increase (decrease) in other investments	(448)	(2,015)
Net cash used in investment activities	(6,237)	(2,377)
III. Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(1,195)	(131)
Proceeds from long-term debt	1,100	-
Repayment of long-term debt	(1,861)	(1,498)
Net change from purchase and sale of treasury common stock	5	(12)
Cash dividends paid	(900)	(827)
Dividends to minority shareholders	(92)	(81)
Net cash used in financing activities	(2,943)	(2,552)
IV. Effect of exchange rate changes on cash and cash equivalents	79	133
V. Increase (decrease) in cash and cash equivalents	(313)	2,981
VI. Adjustment for inclusion of subsidiaries in consolidation	-	(56)
VII. Transferred from WOOD CO.,LTD.	331	-
VIII. Cash and cash equivalents at beginning of year	15,277	15,294
IX. Cash and cash equivalents at end of year	15,294	18,220

This financial report is solely a translation of summary of Japanese "Kessan Tanshin (including attachments),"

which has been prepared in accordance with accounting principles and practices generally accepted in Japan,

for the convenience of readers who prefer English Translation.