



November 15, 2002

**Summary of Interim Financial Results for the Fiscal Year Ending March 31, 2003
(Consolidated)**

Company name: **KOSÉ Corporation**
 Stock code: 4922
 Stock Exchange listing: Tokyo Stock Exchange, First Section
 Company Domicile: Tokyo, Japan
 URL: <http://www.kose.co.jp/>
 President: Yasukiyo Kobayashi
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Date of board meeting for approving interim financial results: November 15, 2002
 Parent company (Stock code): Not applicable
 Parent company shareholding: Not applicable
 SEC accounting standards: The Company does not apply SEC accounting standards

1. Financial Results for the First Half Ended September 2002 (April 1, 2002-Sep. 30, 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 %
First half ended Sep. 2002	75,675	5.3	6,559	30.1	6,424	30.7
First half ended Sep. 2001	71,836	2.6	5,043	3.2	4,916	(0.3)
Fiscal year ended March 2002	146,829	-	12,564	-	12,374	-

	Net income		Net income per share, (basic)	Net income per share, (diluted)
	Million yen	%	Yen	Yen
First half ended Sep. 2002	5,233	17.0	126.47	-
First half ended Sep. 2001	4,474	-	129.75	-
Fiscal year ended March 2002	6,482	-	175.30	-

Notes:

- Average number of shares outstanding (consolidated)
 First half ended September 2002: 41,381,630 shares
 First half ended September 2001: 34,487,862 shares
 Fiscal year ended March 2002: 36,981,136 shares
- Changes in accounting principles applied: Yes
- 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, 2002	148,785	71,814	48.3	1,735.43
As of Sep.30, 2001	146,940	65,539	44.6	1,900.37
As of March 31, 2002	144,667	67,355	46.6	1,627.65

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

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

As of September 30, 2001: 34,487,852 shares

As of March 31, 2002: 41,381,984 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. 2002	2,990	(1,583)	(1,116)	18,403
First half ended Sep. 2001	4,297	(888)	(551)	18,150
Fiscal year ended March 2002	7,778	(2,377)	(2,552)	18,220

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

Consolidated subsidiaries: 31

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: 2

Excluded: -

Affiliates accounted for under the equity method:

Newly added: -

Excluded: -

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
Full Year	152,400	12,700	8,200

Reference: Estimated net income per common share for the fiscal year ending March 2003: ¥180.14

Net income per common share is calculated based on the estimated average number of shares outstanding (45,519,793 shares) during the fiscal year, adjusted for a 1.1-for-1.0 stock split scheduled for November 20, 2002.

Note: The above forecasts are based on assumptions and other relevant factors discussed in the section on Supplementary Information (Pages: 10- 12).

1. The KOSÉ Group

The KOSÉ Group includes KOSÉ Corporation and 34 subsidiaries. The principal activities and the relationship of group companies is as follows:

(1) Manufacturing

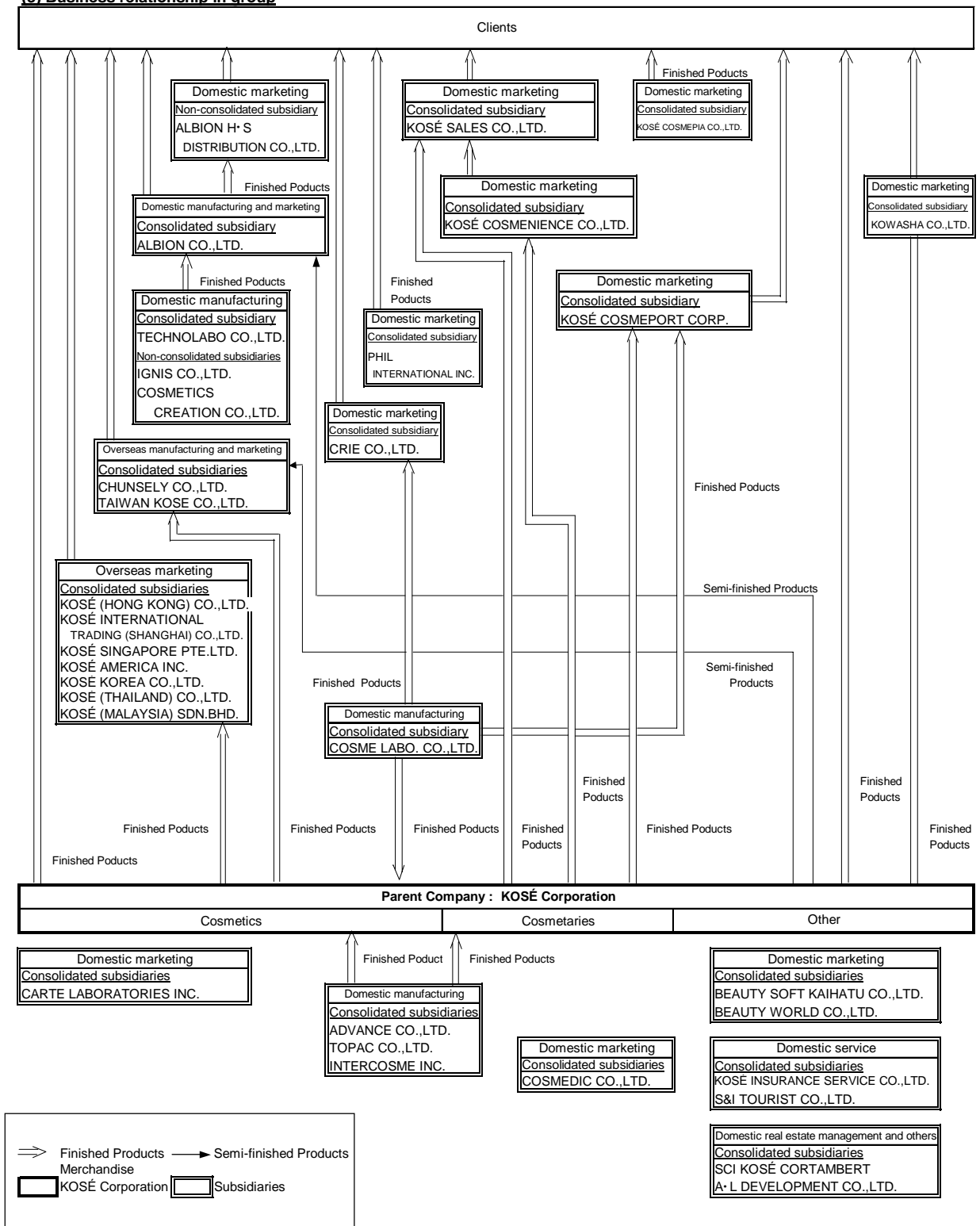
Company name		Principal Activities
Domestic		
Parent company	KOSÉ Corporation	Manufacture of cosmetics
Consolidated subsidiary	COSME LABO. CO., LTD.	Manufacture of cosmetics
Consolidated subsidiary	ADVANCE CO., LTD.	Manufacture of cosmetics
Consolidated subsidiary	TOPAC CO., LTD.	Manufacture of cardboard 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	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	SCI KOSÉ CORTAMBERT	Real estate leasing

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

(3) Business relationship in group



2. Management Policies

1. Fundamental Management Policy

The central element of the KOSÉ Group's management policy is "consistently managing to heighten corporate value." To this end, the Group places priority on maximizing efficiency. The guiding philosophy of the Group is "creating cosmetics of the highest quality to earn the true satisfaction of our customers." The Group conducts a "distinctive brand marketing program" to distribute through the optimum channels products that match the diverse needs of consumers. Through these efforts, the group has been making steady progress.

All these activities are rooted in three strengths: industry-leading expertise in new product development; manufacturing technology that constantly aims for the highest possible level of quality; and the collective skill of all Group companies. To consistently increase corporate value, all these resources are effectively used so as to increase the value of KOSÉ's brands. Additionally, by raising operating efficiency, the Group is aiming to become even more profitable. At the same time, the Group will work harder at enhancing quality assurance and environmental protection activities to fulfill its obligations to society.

2. Profit Allocation Policy

Increasing corporate value and providing more profits for shareholders by raising the Group's ability to generate earnings is positioned as a key management theme. Regarding the return of earnings to shareholders, the Group is adopting an aggressive stance by increasing dividends and other means. Such actions will be taken while considering the need to retain earnings to fund future business expansion and in accordance with the Group's financial condition, operating results and dividend payout ratio.

3. Goals and Performance Indicators

To "consistently manage to heighten corporate value," the KOSÉ Group bases its operations on three fundamental policies: strengthening brand marketing, aggressively expanding outside Japan, and improving managerial efficiency and profitability. Through this stance, the Group aims to achieve growth and raise efficiency.

To measure progress, the Group places priority on the operating margin and the return on assets. In concrete terms, the Group has established the goals of raising the operating income margin to 10% and the return on assets to 11% by the fiscal year ending in March 2005.

Note: $\text{Return on assets} = \frac{\text{Operating income} + \text{Interest and dividend income}}{\text{Total assets (average of beginning and year-end figures)}} \times 100$

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

Against a backdrop of uncertain economic trends, the cosmetics industry is expected to encounter increasingly intense competition in Japan and overseas. As the operating environment changes, competitive superiority will depend increasingly on the ability of companies to draw on their aggregate strengths. Furthermore, there will be a greater need for companies to formulate management strategies that provide the flexibility to adapt to marketplace changes.

The KOSÉ Group employs a "rolling management plan system" in which the medium-term management plan for the following three years is revised annually. A three-year medium-term management plan for the three-year period that began in April 2002 has been formulated in line with the theme of continuously increasing corporate value, and the entire Group is concentrating on the plan's implementation.

One core element of the plan is forcefully conducting brand marketing, the Group's greatest strength, in Japan and overseas. The aim is to firmly establish the value of KOSÉ's brands in the marketplace by making core brands even more competitive. In the Cosmetics Business, the Group is concentrating on achieving the optimal deployment of brands in response to market trends. This drive chiefly involves further raising sales of high-value-added brands. The goal is developing major brands having even more distinctive characteristics. In the Cosmetics Business, which handles primarily cosmetics that consumers choose on their own, the Group is constantly conducting mass-media advertising campaigns and working on increasing the number of merchants to expand the customer base.

Another core element of the current medium-term management plan is the rapid expansion of overseas activities, mainly in expanding Asian markets, to increase the Group's sales. The goal is to raise the share of overseas sales to more than 9% in the fiscal year ending in March 2005. This is to be achieved by conducting brand marketing initiatives just as the Group does in Japan. To grow overseas, the Group will work aggressively to enter countries where its products are not yet sold.

A third core element is the forceful enactment of structural reforms in order to achieve further gains in operating efficiency and profitability. The Group has already generated significant benefits from actions targeting the three key management themes of reducing the cost of manufacturing, cutting inventories and bringing down personnel expenses as a share of sales. Looking ahead, the Group will also address the pension issue, a subject that is having a significant impact on overall earnings, and build an effective supply chain management system that can prevent product shortages while reducing inventory levels. Through these and other measures, the Group aims to conduct a dynamic restructuring program.

By taking the actions outlined above, the Group plans to achieve its goals of an operating margin of 10% and a return of assets of 11% in the fiscal year ending in March 2005. In this fiscal year, the Group also aims 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. Management Structure and Policies

From the standpoint of continuously implementing the central management policy of increasing corporate value, the KOSÉ Group is taking steps to ensure that it has an effective corporate governance system. The Group is working to build a management structure that is more transparent, fair and allows businesses to be conducted more efficiently.

Regarding the Board of Directors, the Group strives to maintain the suitable number of members and to transfer authority and responsibilities appropriately. The Group adopted the corporate executive officer system in March 2001. This system has the main benefits of giving directors more time to devote exclusively to management duties while creating a more effective operations function by naming six corporate executive officers who are responsible for reaching goals in their respective businesses. The Group will continue to take aggressive steps to make the Board of Directors even more effective and conduct business activities more efficiently.

To achieve further improvements in the transparency and fairness of management, the Group will retain its solid commitment to the timely and proper public 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	First half ended Sep. 2001		First half ended Sep. 2002		Change	Change
	Amount	% comp.	Amount	% comp.	Amount	% YoY
Cosmetics	53,374	74.3	55,988	74.0	2,613	4.9
Cosmetaries	16,100	22.4	17,552	23.2	1,452	9.0
Other	2,361	3.3	2,133	2.8	(227)	(9.6)
Total net sales	71,836	100.0	75,675	100.0	3,839	5.3

Item	First half ended Sep. 2001		First half ended Sep. 2002		Change	Change
	Amount	%	Amount	%	Amount	% YoY
Operating income	5,043	7.0	6,559	8.7	1,516	30.1
Ordinary income	4,916	6.8	6,424	8.5	1,508	30.7
Net income	4,474	6.2	5,233	6.9	758	17.0

During the first half of the current fiscal year, Japan's economy continued to turn downward. Capital expenditures fell and a deteriorating employment situation caused consumer spending to remain soft as the global economy weakened.

In the cosmetics industry, sales volumes in Japan posted a solid gain during January to September 2002 according to data on shipments compiled by the Ministry of Economy, Trade and Industry. There was a small increase in monetary sales, too. Nevertheless, challenging market conditions are expected to continue.

In this environment, the KOSÉ Group concentrated on its central management policies, particularly bolstering brand marketing activities, to make core brands even more powerful and competitive. As a result, the Group was able to increase sales and earnings.

Net sales were ¥75,675 million, 5.3% higher than in the first half of the previous fiscal year. Excluding the negative effect of the yen's strength on overseas sales, net sales would have increased 5.4% on a year-on-year basis.

Regarding earnings, the combination of higher sales and a decline in expenses as a percentage of sales led to a 30.1% increase in operating income to ¥6,559 million and a 30.7% increase in ordinary income to ¥6,424 million. After the inclusion of a gain on sale of investments in securities and a gain on transfer of intellectual property rights, net income rose 17.0% to ¥5,233 million.

Regarding the listing of all ingredients as prescribed by the Pharmaceutical Affairs Law, the Group has been working toward complying with the new regulations prior to their enforcement. All newly introduced products were in full compliance by the end of the previous fiscal year and the switch to full disclosure of ingredients in existing products was completed by the end of September 2002.

(2) Results by Business Segment

(a) Cosmetics Business

Unit: Millions of yen, %

Item	First half ended Sep. 2001	First half ended Sep. 2002	Change (amount)	Change (%)
Sales to third parties	53,374	55,988	2,613	4.9
Intragroup sales and transfers	39	32	-	-
Total sales	53,413	56,021	-	-
Operating income	6,136	6,542	406	6.6
Operating margin	11.5	11.7	-	-

Sales rose steadily in the core cosmetics business. In KOSÉ's finest brand COSME DECORTE, the high-end AQ series, the INTUICE makeup series and the BLANCENT series of whitening products all posted solid growth. At ALBION CO., LTD., which sells high-value-added cosmetics, sales increased as all major brands performed well. BEAUTÉ de KOSÉ -branded products, which are sold exclusively through department stores, introduced point-makeup lines to cover more market categories. PRÉDIA, which is sold exclusively through high-end specialty cosmetic stores, added the SPA et MER series of high-end skin care products to make this brand even more powerful. Among KOSÉ -branded products, sales of the GRANDINE and SEKKISEI were particularly favorable.

Overseas, sales increased due to efforts to expand sales channels and conduct effective marketing activities. FASIO-branded products, which were introduced to target the "middle-mass" market, posted higher sales as there was steady growth in retailers selling these products. In China, the AVENIR brand of prestige products sold through department stores and the RECIFE-O brand of products for wholesalers both achieved sales growth.

In April 2002, KOSÉ purchased PHIL INTERNATIONAL INC., which sells the PHIL NATURNT brand of cosmetics that is developed in consultation with a dermatologist. KOSÉ will leverage this company's product development expertise and expand its sales channels with the aim of increasing sales in the "cosmeceutical" market.

Due to the above factors, net sales in this segment recorded a 4.9% year-on-year increase to ¥55,988 million and operating income rose 6.6% to ¥6,542 million.

Major new products introduced during the first half:

- COSME DECORTE / BLANCENT EX whitening spots concentration
- PRÉDIA / SPA et MER (skin-care)
- BEAUTÉ de KOSÉ makeup line
- GRANDAINE velvet couture foundation
- RUTINA light on pact
- VISÉE mascara visualizer [dolly finish]
- Medicated SEKKISEI emulsion

(b) Cosmetaries Business*Unit: Millions of yen, %*

Item	First half ended Sep. 2001	First half ended Sep. 2002	Change (amount)	Change (%)
Sales to third parties	16,100	17,552	1,452	9.0
Intragroup sales and transfers	0	0	-	-
Total sales	16,100	17,553	-	-
Operating income	875	1,188	313	35.8
Operating margin	5.4	6.8	-	-

In this segment, KOSÉ made progress in creating more appealing brands by differentiating its products from those of competitors through a focus on offering high-value-added products targeting consumers who select cosmetics on their own. In addition, the company focused on constant mass-media advertising and signing up retailers handling these products. The introduction of new products and effective promotional activities generated higher sales of SPORTS BEAUTY FASIO products, which combine functionality and fashion, and the ELSIA branded makeup products. The SALON STYLE hair-care series and SOFTYMO facial rinse and cleansing series both posted much higher sales, backed by new products to target emerging market needs and effective television and magazine advertisements.

As a result, segment sales increased 9.0% to ¥17,552 million and operating income was up 35.8% to ¥1,188 million.

Major new products introduced during the first half:

- SPORTS BEAUTY FASIO crystal glossy rouge
- WHITIST double perfection
- JUNKISEI (skin-care)
- SOFTYMO super cleansing wash
- CLEAR TURN white face mask

(c) Other Business*Unit: Millions of yen, %*

Item	First half ended Sep. 2001	First half ended Sep. 2002	Change (amount)	Change (%)
Sales to third parties	2,361	2,133	(227)	(9.6)
Intragroup sales and transfers	878	1,019	-	-
Total sales	3,240	3,153	-	-
Operating income	170	182	11	6.8
Operating margin	5.3	5.8	-	-

In the other segment, sales of customized products, mainly through agents, were lower than one year earlier. In addition, original equipment manufacturing (OEM) orders from Nihon L'Oréal K.K. declined. As a result, segment sales decreased 9.6% to ¥2,133 million, but operating income increased 6.8% to ¥182 million.

2. Fiscal Year Forecast

(1) Forecast for Full-Year Operating Results

Unit: Millions of yen, %

Operating segment	FY ended March 2002		FY ending March 2003		Change	Change
	Amount	% comp.	Amount	% comp.	Amount	% YoY
Cosmetics	110,343	75.1	114,600	75.2	4,256	3.9
Cosmetaries	31,649	21.6	33,400	21.9	1,750	5.5
Other	4,837	3.3	4,400	2.9	(437)	(9.0)
Total net sales	146,829	100.0	152,400	100.0	5,570	3.8

Item	FY ended March 2002		FY ending March 2003		Change	Change
	Amount	%	Amount	%	Amount	% YoY
Operating income	12,564	8.6	13,200	8.7	635	5.1
Ordinary income	12,374	8.4	12,700	8.3	325	2.6
Net income	6,482	4.4	8,200	5.4	1,717	26.5

The current economic situation indicates that the operating environment is likely to remain extremely challenging. As uncertainty grows about the future direction of the global economy, there are no signs in Japan of a rebound in consumer spending or any other components of domestic demand.

In this environment, the KOSÉ Group will continue to emphasize brand marketing to make its core brands even more competitive and to conduct dynamic structural reforms aimed at improving operating efficiencies and raising profitability.

In the Cosmetics Business, the Group plans to increase sales of COSME DECORTE and other high-value-added brands and to make strategic investments in core brands to make them more competitive. In the Cosmetaries Business, efforts will focus on mass-media advertising and the addition of retailers to support core brands and capture a larger share of the market for cosmetics that consumers choose without the help of a sales consultant. Outside Japan, high-profile marketing initiatives will be conducted to raise the Group's presence in prestigious market sectors, particularly department stores. Concurrently, full-scale marketing activities will begin to support FASIO, a strategic overseas brand targeting the "middle-mass" market.

For the full fiscal year, the KOSÉ Group has revised its initial sales and earnings forecasts due to the strong first-half performances of high-value-added brands in the cosmetics and cosmetaries businesses. The Group is currently forecasting net sales of ¥152,400 million, up 3.8%, operating income of ¥13,200 million, up 5.1%, ordinary income of ¥12,700 million, up 2.6%, and net income of ¥8,200 million, up 26.5% compared to the previous fiscal year.

Due to operating results and other factors, the interim dividend per share has been raised from the initially projected ¥12 to ¥13. With the planned year-end dividend of ¥14, this will result in a dividend of ¥27 per share applicable to the current fiscal year.

(2) Assumptions for Full-Year Forecasts

(a) Revision in Pension System

KOSÉ Corporation is revising its pension system as part of actions to improve profitability, which is one of the Company's key issues.

The Company has already received approval (in October) from the Minister of Health, Labor and Welfare to return the substituted portion of the governmental welfare pension fund. A gain of approximately ¥10.3 billion on the return of these funds is expected to be recorded in the second half of this fiscal year.

At the same time apart from the return of these funds, the Company will switch from a defined-benefits plan to a cash-balance pension system under which future pension payments will vary. This switch will entail the lump-sum amortization of the unrecognized actuarial difference and unrecognized past service costs, the establishment of new discount rates and other actions. As a result, the transfer will reduce future asset management risks associated with pension fund assets and reduce liabilities associated with past unamortized expenses.

The effect on earnings of these changes in the pension system is estimated to be as follows based on the status of pension-related assets as of October 31, 2002.

1. Gain on return of substituted portion of the governmental welfare pension fund	10.3
2. Loss on adoption of new retirement benefit system	(9.0)
Net gain	1.3

(b) Projected Foreign Exchange Rates

Forecasts are based on exchange rates of ¥123 to the U.S. dollar, ¥3.5 to the Taiwan dollar and ¥15.0 to the Chinese yuan.

II. Financial Position

Cash Flows

Unit: Millions of yen

	First half ended Sep. 2001	First half ended Sep. 2002	Change (Amount)
Net cash provided by operating activities	4,297	2,990	(1,307)
Net cash used in investing activities	(888)	(1,583)	(695)
Net cash used in financing activities	(551)	(1,116)	(565)
Increase in cash and cash equivalents (Including change due to merger and change in scope of consolidation)	2,855	182	(2,672)
Cash and cash equivalents at end of fiscal period	18,150	18,403	253

In the first half of the fiscal year, net cash provided by operating activities was ¥2,990 million. This was ¥1,307 million less than one year earlier, the net result of a ¥1,855 million decline in cash from operating activities and a ¥539 million decline in income taxes paid.

Net cash used in investing activities was ¥1,583 million. This was mainly the result of payments for purchases of property, plants and equipment of ¥2,122 million, payment for acquisition of investments in securities of ¥678 million, and ¥1,477 million in proceeds from the transfer of intellectual property rights of Maybelline.

Net cash used in financing activities was ¥1,116 million, mainly the result of a net reduction of ¥475 million in debt and dividend payments of ¥638 million.

The result of these cash flows was an increase of ¥253 million in cash and cash equivalents compared with the end of the first half of the previous fiscal year to a balance of ¥18,403 million as of September 30, 2002.

These materials contain forward-looking statements and statements of this nature based on information current as of November 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

This financial report is solely a translation of summary of "Kessan Tanshin " (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Unit: Millions of yen

Account title	Period	FY 2001 Interim As of Sep. 30, 2001		FY 2002 Interim As of Sep. 30, 2002		FY 2001 As of March 31, 2002	
		Amount	%	Amount	%	Amount	%
Assets							
I. Current assets							
Cash and time deposits		11,682		12,089		11,843	
Notes and accounts receivable		19,616		20,419		21,251	
Short-term investments in securities		17,642		23,950		20,927	
Inventories		19,361		18,363		17,823	
Deferred tax assets - current		4,588		4,531		4,269	
Other current assets		5,482		4,562		3,703	
Allowance for doubtful accounts		(729)		(270)		(285)	
Total current assets		77,644	52.8	83,646	56.2	79,533	55.0
II. Fixed Assets							
Property, plant and equipment							
Buildings and structures		11,087		10,825		10,875	
Machinery and automotive equip.		3,703		3,338		3,647	
Furniture and fixtures		5,641		5,538		5,494	
Land		17,827		18,739		18,324	
Construction in progress		161		871		691	
Total property, plant and equipment		38,422	26.2	39,313	26.4	39,033	27.0
Intangible assets							
Software		1,120		990		1,147	
Other intangible assets		324		373		329	
Total intangible assets		1,445	1.0	1,364	0.9	1,477	1.0
Investments and Others							
Investments in securities		10,767		7,408		6,654	
Long-term loans receivable		43		35		46	
Long-term prepaid expenses		809		29		757	
Deferred tax assets - non-current		15,155		14,492		14,385	
Others		3,483		2,989		3,329	
Allowance for doubtful accounts		(831)		(494)		(550)	
Total investments and Others		29,427	20.0	24,461	16.5	24,622	17.0
Total fixed assets		69,295	47.2	65,138	43.8	65,133	45.0
Total Assets		146,940	100.0	148,785	100.0	144,667	100.0

Account title	FY 2001 Interim As of Sep. 30, 2001		FY 2002 Interim As of Sep. 30, 2002		FY 2001 As of March 31, 2002	
	Amount	%	Amount	%	Amount	%
Liabilities						
I. Current liabilities						
Notes and accounts payable	14,722		12,821		12,790	
Short-term borrowings	5,743		4,555		4,975	
Current portion of long-term debt	1,236		1,572		1,554	
Accounts payable-other	5,570		5,085		6,018	
Accrued expenses	6,005		6,293		6,477	
Accrued income taxes	4,960		4,959		4,056	
Accrued consumption tax	704		791		930	
Reserve for returned goods unsold	828		893		955	
Other current liabilities	719		554		600	
Total current liabilities	40,490	27.6	37,527	25.2	38,356	26.5
II. Long-term liabilities						
Bonds with collateral	1,000		1,000		1,000	
Long-term debt	4,495		3,000		3,095	
Accrued employees' retirement benefits	30,816		30,624		30,129	
Accrued officers' severance benefits	2,222		2,403		2,285	
Other long-term liabilities	179		199		172	
Total long-term liabilities	38,712	26.3	37,226	25.0	36,682	25.4
Total Liabilities	79,203	53.9	74,754	50.2	75,039	51.9
Minority Interests	2,196	1.5	2,216	1.5	2,272	1.5
Shareholders' Equity						
I. Common stock	4,848	3.3	4,848	3.3	4,848	3.4
II. Capital surplus	6,390	4.4	6,390	4.3	6,390	4.4
III. Consolidated retained earnings	53,207	36.2	59,368	39.9	54,801	37.9
IV. Net unrealized holdings gains (losses) on other securities	(126)	(0.1)	(76)	(0.1)	(139)	(0.1)
V. Foreign currency translation adjustments	1,220	0.8	1,299	0.9	1,467	1.0
VI. Treasury stock	(0)	(0.0)	(15)	(0.0)	(12)	(0.0)
Total Shareholders' Equity	65,539	44.6	71,814	48.3	67,355	46.6
Total Liabilities, Minority Interests and Shareholders' Equity	146,940	100.0	148,785	100.0	144,667	100.0

(2) Consolidated Statements of Income

Unit: Millions of yen

Account title	Period		FY 2001 Interim 4.1.01 – 9.30.01		FY 2002 Interim 4.1.02 – 9.30.02		FY 2001 4.1.01 – 3.31.02	
	Amount	%	Amount	%	Amount	%		
Net sales	71,836	100.0	75,675	100.0	146,829	100.0		
Cost of sales	17,295	24.1	17,965	23.7	35,386	24.1		
Gross profit	54,540	75.9	57,709	76.3	111,443	75.9		
SG&A expenses	49,497	68.9	51,150	67.6	98,878	67.3		
Operating income	5,043	7.0	6,559	8.7	12,564	8.6		
Non-operating income								
Interest income	85		72		178			
Dividend income	9		9		13			
Rent	23		28		51			
Foreign exchange gains	-		-		37			
Miscellaneous revenue	134		108		197			
Total non-operating income	252	0.3	218	0.3	477	0.3		
Non-operating expenses								
Interest expense	163		128		320			
Provision of allowance for doubtful accounts	46		6		-			
Bad debts written-off	-		3		34			
Foreign exchange losses	40		125		-			
Miscellaneous loss	129		90		314			
Total non-operating expenses	379	0.5	353	0.5	668	0.5		
Ordinary income	4,916	6.8	6,424	8.5	12,374	8.4		
Extraordinary income								
Gain on transfer of intellectual property rights	1,382		1,381		1,382			
Gain on sales of property, plant and equipment	210		1		471			
Gain on sale of investments in securities	3,235		3,215		3,235			
Other extraordinary income	6		13		28			
Total extraordinary income	4,835	6.8	4,612	6.1	5,118	3.5		
Extraordinary loss								
Amortization of prior period long-term prepaid expenses	-		711		-			
Loss on disposal of property, plant and equipment	117		181		595			
Unrealized holding loss on investments in securities	909		221		1,000			
Provision of allowance for doubtful accounts	191		53		463			
Loss on disposal of inventories	-		92		1,286			
Officers' retirement benefits	-		17		-			
Other extraordinary loss	14		-		143			
Total extraordinary loss	1,232	1.7	1,277	1.7	3,489	2.4		
Net income before income taxes and minority interests	8,519	11.9	9,759	12.9	14,003	9.5		
Income taxes-current	5,042	7.0	4,974	6.6	7,368	5.0		
Income taxes-deferred	(1,052)	(1.4)	(486)	(0.7)	(10)	(0.0)		
Minority interests	55	0.1	37	0.1	162	0.1		
Net income	4,474	6.2	5,233	6.9	6,482	4.4		

(3) Consolidated Statements of Retained Earnings

Unit: Millions of yen

Account title	Period		FY 2002 Interim 4.1.02 – 9.30.02		FY 2001 4.1.01 – 3.31.02	
	FY 2001 Interim 4.1.01 – 9.30.01					
Capital surplus						
I. Balance at beginning of period	6,390	6,390	6,390	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	49,210	49,210	54,801	54,801	49,210	49,210
II. Increase in retained earnings						
Net income	4,474	4,474	5,233	5,233	6,482	6,482
III. Decrease in retained earnings						
Cash dividends	413		579		827	
Bonuses to officers	64	478	87	666	64	892
IV. Balance at end of period		53,207		59,368		54,801

(4) Consolidated Statements of Cash Flows

Unit: Millions of yen

Account title	Period		
	FY 2001 Interim 4.1.01 – 9.30.01	FY 2002 Interim 4.1.02 – 9.30.02	FY 2001 4.1.01 – 3.31.02
I. Cash flows from operating activities			
Net income before income taxes and minority interests	8,519	9,759	14,003
Depreciation	1,754	1,633	4,030
Amortization of consolidation goodwill	-	7	-
Increase (decrease) in provision of allowance for doubtful accounts	269	(82)	(464)
Increase (decrease) in accrued employees' retirement benefits	141	494	(545)
Increase (decrease) in accrued officers' severance benefits for director	52	118	115
Increase (decrease) in reserve for other allowances	(292)	(224)	247
Loss (gain) on disposal of property, plant and equipment	(92)	180	123
Interest and dividend income	(94)	(81)	(191)
Interest expense	163	128	320
Foreign exchange loss (gain)	35	30	8
Loss (gain) on sale of investment in securities	(3,235)	(3,215)	(3,220)
Unrealized holding loss (gain) on investment in securities	909	221	1,000
Decrease (increase) in notes and accounts receivable	159	1,003	(1,771)
Decrease (increase) in inventories	(1,121)	(626)	500
Increase (decrease) in accounts payable	1,751	16	690
Proceeds from transfer of intellectual property rights	(1,382)	(1,381)	(1,382)
Decrease (increase) in other assets	190	129	1,135
Increase (decrease) in other liabilities	1,160	(1,007)	969
Officers' remuneration paid	(65)	(88)	(66)
Others	47	-	97
Subtotal	8,869	7,014	15,600
Interest and dividends received	101	71	209
Interest paid	(164)	(126)	(320)
Income taxes paid	(4,508)	(3,968)	(7,711)
Net cash provided by operating activities	4,297	2,990	7,778
II. Cash flows from investing activities			
Payment for time deposits placed	(73)	(41)	(145)
Proceeds from time deposit	38	29	76
Payment for acquisition of short-term investments in securities	(7,449)	(11,995)	(14,943)
Proceeds from sale of short-term investments in securities	5,648	8,996	14,784
Payment for loans receivable	(44)	-	(67)
Proceeds from collection of loans receivable	5	11	6
Payment for purchase of property, plant and equipment	(1,369)	(2,122)	(4,658)
Proceeds from sale of property, plant and equipment	263	3	816
Payment for acquisition of investments in securities	(28)	(1,003)	(1,040)
Proceeds from sale of investments in securities	3,325	3,323	3,331
Payment for acquisition of subsidiaries' stock resulting in change in the scope of consolidation	-	(21)	-
Proceeds from transfer of intellectual property rights	1,477	1,477	1,477
Decrease (increase) in other investments	(2,683)	(241)	(2,015)
Net cash used in investment activities	(888)	(1,583)	(2,377)
III. Cash flows from financing activities			
Increase (decrease) in short-term borrowings	57	(329)	(131)
Repayment of long-term debt	(179)	(146)	(1,498)
Net change from purchase and sale of treasury stock	0	(2)	(12)
Cash dividends paid	(413)	(579)	(827)
Dividends to minority shareholders	(16)	(59)	(81)
Net cash used in financing activities	(551)	(1,116)	(2,552)
IV. Effect of exchange rate changes on cash and cash equivalents	53	(107)	133
V. Increase (decrease) in cash and cash equivalents	2,911	182	2,981
VI. Adjustment for inclusion of subsidiaries in consolidation	(56)	-	(56)
VII. Cash and cash equivalents at beginning of period	15,294	18,220	15,294
VIII. Cash and cash equivalents at end of period	18,150	18,403	18,220