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Summary of Financial Results for Nine Months Ended December 31, 2003 (Consolidated)

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1. Accounting Policies in the Preparation of Quarterly Financial Results

Changes in accounting policies for net sales recognition from the most recent fiscal year: None

2. Financial Results for Nine Months Ended December 2003 (April 1, 2003 – December 31, 2003)

(1) Net sales

Yen in millions, rounded down

Period	Net sales	YoY change (%)
Nine months ended December 2003	120,733	3.5
Nine months ended December 2002	116,671	-
(Reference) Fiscal year ended March 2003	154,329	5.1

Note: The percentages shown for net sales represent year-on-year changes.

Sales breakdown

Operating segment	Nine months ended December 2002		Nine months ended December 2003		YoY change	
	Million yen	% comp.	Million yen	% comp.	Million yen	%
Cosmetics	87,968	75.4	91,009	75.4	3,041	3.5
Cosmetaries	25,513	21.9	26,572	22.0	1,058	4.1
Other	3,189	2.7	3,151	2.6	(38)	(1.2)
Total net sales	116,671	100.0	120,733	100.0	4,061	3.5

Review of operations

Net Sales

During the first three quarters of the current fiscal year, Japan's economy staged a recovery that was fueled mainly by capital expenditures and exports. Economic conditions were favorable as the Nikkei Stock Average was generally above ¥10,000. However, the rising value of the yen is raising concerns about the future.

In the cosmetics industry, sales were flat but growth continued in terms of unit volume, indicating that demand remains solid.

Consolidated net sales were ¥120,733 million, 3.5% higher than during the first three quarters of the previous fiscal year. The growth rate was 3.9% after excluding the effects of foreign exchange rate movements. This performance was mainly the result of growth in sales of high-value-added cosmetics and "self-selection" cosmetics distributed through sales agents.

Cosmetics Business

In the cosmetics business, strong performances by high-end brands and luxury products were mainly responsible for sales growth. Steps were taken to bolster brands for specific distribution channels, notably cosmetics stores, GMS and drug stores. Products bearing the KOSÉ brand, mainly the RUTINA and LUMINOUS lines, generated sales that exceeded plans due to effective advertising campaigns and promotions.

Overseas sales, which mainly represent operations in Asia, rebounded despite the significant impact on results of the SARS crisis in April and May. Higher sales were due mostly to enhanced sales promotions, particularly campaigns in China and Taiwan to promote SEKKISEI products. As a result, overseas sales on a local currency basis posted almost double-digit growth compared with one year earlier.

Due to these factors, net sales in the cosmetics business increased 3.5% to ¥91,009 million and increased 4.0% on a constant currency basis.

Cosmetaries Business

In the cosmetaries business, emphasis was placed on introducing distinctive products for core brands and conducting highly visible and effective advertising campaigns and promotions. The SALON STYLE super color care series of hair care products and SOFTYMO collagen series of skin care products both posted strong sales increases. In addition, the hair-care brand "STEPHEN KNOLL Collection" which was launched in the previous fiscal year, generated sales that exceeded plans thanks to new products and effective sales promotions.

As a result, net sales increased 4.1% from the same period in the previous fiscal year to ¥26,572 million.

Other Business

In the amenities category, sales were higher because of stepped up efforts to conduct sales promotions in conjunction with sales agents. However, there was a downturn in orders for the manufacture of OEM products.

Due to these factors, sales decreased 1.2% year-on-year to ¥3,151 million.

(2) There were no events during the first three quarters of the fiscal year that had a significant effect on the consolidated financial position or results of operations.

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

	Net sales	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Yen
Full Year	159,300	15,600	8,000	175.78

Cautionary statement

Forecasts regarding future performance in these materials are based judgments made in accordance with information available at the time this presentation was prepared. Forecasts therefore embody risks and uncertainties. Readers should be aware that actual results and events may differ substantially from these forecasts.