



K O S É

May 10, 2006

**Summary of Financial Results for the Fiscal Year Ended March 31, 2006
(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
 URL: <http://www.kose.co.jp/>
 President: Yasukiyo Kobayashi
 Contact: Tsuneo Kitazawa
 General Manager of Public Relations Div. & Investor Relations Div.
 Tel: +81-(0) 3-3273-1812

Date of board meeting for approving financial results: May 10, 2006

Parent company (Stock code): Not applicable

Parent company shareholding: Not applicable

Accounting principle: Japanese GAAP

1. Financial Results for the Fiscal Year Ended March 2006 (April 1, 2005 - March 31, 2006)

(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 2006	177,810	4.6	19,561	5.4	20,590	8.9
Fiscal year ended March 2005	169,913	5.8	18,550	3.5	18,905	6.6

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change %	Yen	Yen
Fiscal year ended March 2006	9,986	6.1	180.00	-
Fiscal year ended March 2005	9,411	5.3	186.51	-

	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to net sales
	%	%	%
Fiscal year ended March 2006	10.9	12.2	11.6
Fiscal year ended March 2005	11.1	11.7	11.1

Notes:

1. Equity in earnings of unconsolidated subsidiaries

Fiscal year ended March 2006: -

Fiscal year ended March 2005: -

2. Average number of shares outstanding (consolidated)

Fiscal year ended March 2006: 55,054,092 shares

Fiscal year ended March 2005: 50,055,732 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 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 March 31, 2006	171,975	95,352	55.4	1,730.68
As of March 31, 2005	165,886	88,316	53.2	1,762.91

Note: Number of shares outstanding (consolidated) at the end of the year

As of March 31, 2006: 55,051,193 shares

As of March 31, 2005: 50,054,269 shares

(3) Cash flow position

	Net cash provided by (used in)			Cash and cash equivalents at end of year
	Operating activities	Investing activities	Financing activities	
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2006	10,653	(5,375)	(93)	31,386
Fiscal year ended March 2005	10,737	(6,062)	(2,668)	26,068

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

Consolidated subsidiaries: 28

Unconsolidated subsidiaries accounted for under the equity method: 0

Affiliates accounted for under the equity method: 0

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

Consolidated subsidiaries:

Newly added: 1

Excluded: 1

Affiliates accounted for under the equity method:

Newly added: 0

Excluded: 0

2. Forecast for the Fiscal Year Ending March 2007 (April 1, 2006 - March 31, 2007)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Interim	89,500	6,100	2,300
Full Year	185,800	20,000	10,200

Reference: Estimated net income per share for the fiscal year ending March 2007: 168.44 yen

Note: The estimated net income per share is calculated based on an estimated number of shares outstanding after taking the stock split scheduled on April 1, 2006 into account.

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 30 subsidiaries. The principal activities and the relationship of group companies are as follows:

(1) Manufacturing

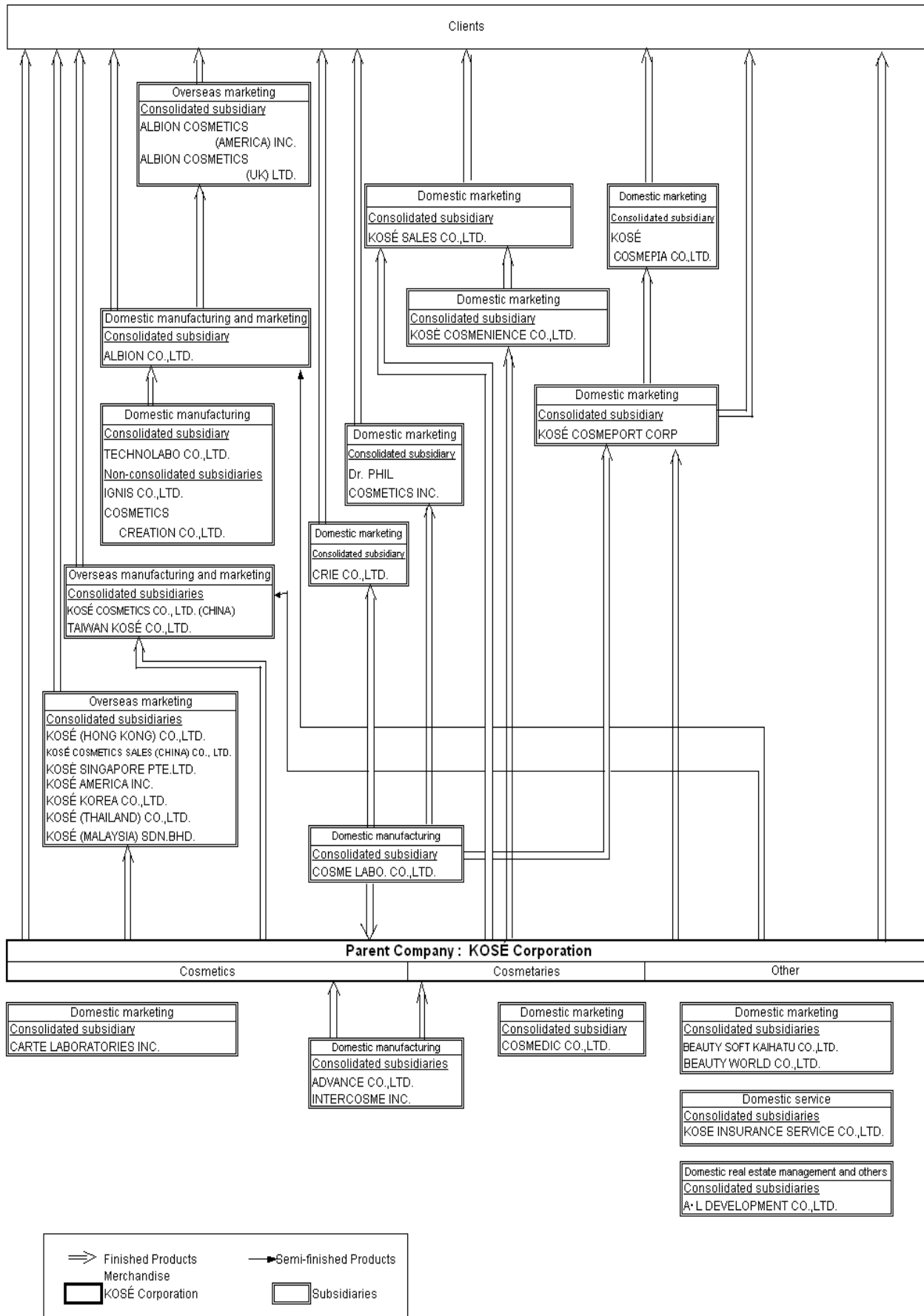
Company name		Principal activities
Domestic		
Parent company	KOSÉ Corporation	Manufacture of cosmetics
Consolidated subsidiary	COSME LABO. CO., LTD.	Manufacture of cosmetics
Consolidated subsidiary	ADVANCE CO., LTD.	Manufacture of cosmetics
Consolidated subsidiary	INTERCOSME INC.	Manufacture of plastic and cardboard containers
Consolidated subsidiary	ALBION CO., LTD.	Manufacture of cosmetics
N-cons. subsidiary accounted for under the equity method	COSMETICS CREATION CO., LTD.	Manufacture of cosmetics
N-cons. subsidiary accounted for under 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, import and marketing 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	COSMEDIC CO., LTD.	Wholesaling of cosmetics
Consolidated subsidiary	CRIE CO., LTD.	Wholesaling of cosmetics
Consolidated subsidiary	KOSÉ COSMEPIA CO., LTD.	Wholesaling of cosmetics
Consolidated subsidiary	Dr. PHIL COSMETICS INC.	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
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 COSMETICS SALES (CHINA) CO., LTD.	Import 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

Note: SCI KOSÉ CORTAMBERT (FRANCE) and ALBION H.S. DISTRIBUTION CO., LTD. were 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: world-leading expertise in R&D in such fields of cosmetics as foundation products and beauty care essences; superior manufacturing expertise that draws on highly sophisticated equipment and technology; and the collective strengths of all group companies.

For the purpose of managing the Group to consistently increase corporate value, these strengths are used effectively in order to heighten the value of KOSÉ brands and, through gains in operating efficiency, make the Group even more profitable. At the same time, the Group will fulfill its social responsibilities by further increasing its commitment to strict compliance with laws and regulations and to environmental protection.

2. Profit Allocation Policy

Preserving a stable dividend is the fundamental policy for returning earnings to shareholders. But the Company retains an aggressive posture regarding other measures to return earnings, such as dividend increases, while taking into account the need to retain earnings to fund future growth as well as current financial soundness, operating results and the dividend payout ratio.

Regarding the frequency of dividend payments, the Company plans to continue to pay dividends twice each year (interim and year-end dividends) even after enactment of Japan's Company Law.

For the year-end dividend applicable to the fiscal year that ended in March 2006, the Company plans to pay a dividend per share of 22 yen. This is the sum of an 18 yen ordinary dividend which is taken into consolidation of operating results, and a 4 yen dividend to commemorate the 60th Founding Anniversary. Since an interim dividend of 18 yen was paid on December 9, 2005, the total dividend applicable to the fiscal year will be 40 yen per share.

As was announced on February 27, 2006, shares held by shareholders and beneficial shareholders of record on March 31, 2006 were split at the ratio of 1.1-to-1. The stock split was conducted on April 1, 2006.

3. Goals and Performance Indicators

The Group is placing priority on improving the operating margin and return on total assets (ROA). In terms of concrete targets, KOSÉ aims to raise operating margin to 11.7% of net sales and raise the ROA to 13.0% by the fiscal year ending in March 2009.

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

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

Japan's economy is posting a steady recovery and the volume of cosmetics shipments is climbing. However, the Company expects the market for cosmetics products to remain challenging due mainly to competition with other consumer products and to new entrants. In response, the Company is placing priority on expanding all of its businesses, not only by increasing its market share in Japan, but also by moving faster to target opportunities in growing markets. The Company is also building a powerful operating framework that can succeed against new forms of competition with other companies.

The Group in April 2006 launched a three-year medium-term management plan that carries on four central elements: strengthening brand marketing; improving efficiency and profitability; targeting opportunities in growing markets, and training and fostering talented employees. The entire Group will focus its energy on these four issues.

The first core element of this management plan is reinforcing KOSÉ's distinctive brand marketing activities, which represent the Group's greatest strengths. 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. Moreover, the Group will place priority on establishing a presence in new distribution channels and starting new cosmetics businesses in order to expand into other business domains that involve cosmetics.

The second core element is the forceful implementation of structural reforms. The goals here are more gains in efficiency and profitability. Currently, the Company is assembling a supply chain management (SCM) and building a new accounting system. The Company plans to generate concrete benefits from these investments by streamlining all business units and executing business process reforms to optimize all aspects of operations. Moreover, the entire company is concentrating on the important management theme of reforming the cost structure.

The third core element is the development of overseas markets, especially growing markets in Asia, to increase sales outside Japan. The goal is to increase overseas sales ratio to at least 11% of total sales by the fiscal year ending in March 2009. The Company will concentrate on strengthening of brand marketing as in Japan. In addition, actions will be taken to stabilize overseas operations by establishing close links with domestic activities with regard to business infrastructure components such as research, manufacturing, distribution and information systems.

The fourth core element is the development of manpower to carry KOSÉ forward in the years ahead. The composition of our staff has undergone noticeable changes in recent years. Furthermore, aggressive expansion into overseas markets is making this task even more urgent. To effectively meet these challenges, KOSÉ is introducing employees' training programs, expanding its facilities, as well as reviewing promotion assessment.

Due to the above factors, KOSÉ is targeting net sales of 204,400 million yen, operating income of 24,000 million yen, ordinary income of 24,000 million yen, and net income of 12,700 million yen in the fiscal year ending in March 2009.

5. Matters Concerning the Parent Company

No reportable information.

3. Results of Operations and Financial Condition

I. Results of Operations

(1) Financial Results

Millions of yen, %

Operating segment	Fiscal year ended March 2005		Fiscal year ended March 2006		Change	
	Amount	% comp.	Amount	% comp.	Amount	% YoY
Cosmetics	125,036	73.6	132,613	74.6	7,577	6.1
Cosmetaries	41,328	24.3	41,877	23.5	548	1.3
Other	3,547	2.1	3,319	1.9	(227)	(6.4)
Total net sales	169,913	100.0	177,810	100.0	7,897	4.6

Item	Fiscal year ended March 2005		Fiscal year ended March 2006		Change	
	Amount	% of sales	Amount	% of sales	Amount	% YoY
Operating income	18,550	10.9	19,561	11.0	1,010	5.4
Ordinary income	18,905	11.1	20,590	11.6	1,684	8.9
Net income	9,411	5.5	9,986	5.6	574	6.1

During the current fiscal year, Japan's economy staged a steady recovery backed primarily by improving corporate earnings and growth in capital expenditures. Furthermore, there was a gradual increase in consumer spending despite concerns caused by the much higher price of crude oil and other items. In the cosmetics industry, there was year-on-year growth in both unit volume and monetary sales of cosmetics in Japan based on statistics 2005, compiled by the Ministry of Economy, Trade and Industry.

In this environment, KOSÉ recorded strong sales of high-value-added brands, launched new brands and aggressively promoted highly distinctive products. The result was steady growth in sales.

As a result, net sales increased 4.6% to 177,810 million yen. Regarding earnings, operating income increased 5.4% to 19,561 million yen and ordinary income increased 8.9% to 20,590 million yen. Net income increased 6.1% to 9,986 million yen. All of these figures are all-time highs for the Company.

(2) Results by Business Segment

1. Cosmetics Business

Millions of yen, %

Item	Fiscal year ended March 2005	Fiscal year ended March 2006	Change	
			Amount	% YoY
Sales to third parties	125,036	132,613	7,577	6.1
Intragroup sales and transfers	23	25	-	-
Total net sales	125,060	132,639	-	-
Operating income	16,910	17,882	971	5.7
Operating margin	13.5	13.5	-	-

Sales of high-value-added brands were strong. Also contributing to sales growth were strong performances by the INFINITY line of products that are sold exclusively at GMSs and drug stores, and the skin care products by ALBION CO., LTD. which sells luxury products. As a result, cosmetics sales exceeded the Company's plan for the fiscal year.

Contributing to growth in sales of KOSÉ brand products was ASTALUTION, a beauty essence with Axtaxanthin that was a big hit with consumers. The Company backed up its products with aggressive sales promotion activities that included high-profile advertising campaigns using TV and magazines.

Overseas, operating results were strong as effective sales activities were conducted that mainly targeted the SEKKISEI and SEIKISHO brands. Overseas subsidiaries reported a year-on-year increase of 17.8% in net sales. Brand marketing activities were reinforced through measures such as an advertising campaign featuring a local popular actress in China, Hong Kong and Taiwan, and the introduction of BEAUTÉ de KOSÉ, a high-prestige brand sold through leading department stores.

Due to the above factors, net sales in the cosmetics business increased 6.1% to 132,613 million yen and operating income increased 5.7% to 17,882 million yen.

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

COSME DECORTE WHITE-SCIENCE (skin care series)

PRÉDIA Spa des Grands (skin care series)

BEAUTÉ de KOSÉ Classure (makeup series)

ASTALUTION (beauty essence)

2. Cosmetaries Business

Millions of yen, %

Item	Fiscal year ended March 2005	Fiscal year ended March 2006	Change	
			Amount	% YoY
Sales to third parties	41,328	41,877	548	1.3
Intragroup sales and transfers	-	-	-	-
Total net sales	41,328	41,877	-	-
Operating income	3,110	3,339	229	7.4
Operating margin	7.5	8.0	-	-

In the cosmetaries business, the FASIO makeup series, SOFTYMO skin-care series and other products drove the sales growth. There were particularly large market share gains in the mascara and cleansing product categories due to introduce new products that targeted market needs.

As a result, net sales increased 1.3% to 41,877 million yen and operating income rose 7.4% to 3,339 million yen.

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

- FASIO power-stay mascara 3D+ air tech
- SOFTYMO (cleansing series)
- SALON STYLE nano-charge (hair care series)
- Coen Rich Q10 hand cream

3. Other Business

Millions of yen, %

Item	Fiscal year ended March 2005	Fiscal year ended March 2006	Change	
			Amount	% YoY
Sales to third parties	3,547	3,319	(227)	(6.4)
Intragroup sales and transfers	2,254	2,181	-	-
Total net sales	5,802	5,500	-	-
Operating income	527	471	(56)	(10.7)
Operating margin	9.1	8.6	-	-

In this segment, there was a decline in orders for the manufacture of OEM products. In the amenities category, which mainly involves sales through sales agents, sales were about the same as one year earlier.

The result was a 6.4% decrease in net sales to 3,319 million yen, and operating income decreased 10.7% to 471 million yen.

2. Outlook

Japan's economic recovery is expected to continue and the cosmetics market is also likely to continue to stage a recovery. However, the Company foresees new challenges posed by factors such as the instability of the cost of crude oil and increasing global competition among companies.

To meet these challenges, the Group will further strengthen its distinctive brand marketing activities in order to respond to increasingly diverse market and customer needs. In addition, the Group will establish new sales channels and expand into new business domains. In the cosmetics business, a business unit has been established for the core COSME DECORTE brand with the aim of strengthen this brand power. In the cosmetaries business, KOSÉ plans to start a new business by using products bearing brands licensed from overseas companies. Outside Japan, KOSÉ will continue to work on raising sales by positioning China, Taiwan and Korea as the core markets.

Regarding structural reforms, KOSÉ will work on making full use of the supply chain management (SCM) and new accounting system to generate concrete benefits from these investments. In addition, KOSÉ will continue to execute company-wide business process reforms.

In the fiscal year ending March 2007, the Company is forecasting increase of 4.5% in net sales to 185,800 million yen, 2.2% increase in operating income to 20,000 million yen, 2.9% decrease in ordinary income to 20,000 million yen, and 2.1% increase in net income to 10,200 million yen.

Regarding dividends, the Company plans to make an annual distribution of 40 yen per share

Millions of yen, %

Operating segment	Fiscal year ended March 2006		Fiscal year ending March 2007		Change	
	Amount	% comp.	Amount	% comp.	Amount	% YoY
Cosmetics	132,613	74.6	139,000	74.8	6,386	4.8
Cosmetaries	41,877	23.5	43,800	23.6	1,922	4.6
Other	3,319	1.9	3,000	1.6	(319)	(9.6)
Total net sales	177,810	100.0	185,800	100.0	7,989	4.5

Item	Fiscal year ended March 2006		Fiscal year ending March 2007		Change	
	Amount	% of sales	Amount	% of sales	Amount	% YoY
Operating income	19,561	11.0	20,000	10.8	438	2.2
Ordinary income	20,590	11.6	20,000	10.8	(590)	(2.9)
Net income	9,986	5.6	10,200	5.5	213	2.1

Forecasts are based on foreign exchange rates of 114 yen to the U.S. dollar, 3.5 yen to the Taiwan dollar and 14.1 yen to the Chinese yuan.

II. Financial Position

Cash Flows

Millions of yen

	Fiscal year ended March 2005	Fiscal year ended March 2006	Change
Net cash provided by (used in) operating activities	10,737	10,653	(83)
Net cash provided by (used in) investing activities	(6,062)	(5,375)	687
Net cash provided by (used in) financing activities	(2,668)	(93)	2,574
Increase in cash and cash equivalents	2,037	5,318	3,280
Cash and cash equivalents at end of year	26,068	31,386	5,318

Cash and cash equivalents (consolidated basis) as of March 31, 2006 were 31,386 million yen, an increase of 5,318 million yen, or 20.4%, compared with one year earlier. Cash flows and major components during the fiscal year were as follows.

Net cash provided by operating activities was 10,653 million yen, 0.8% less than in the previous fiscal year. This was mainly the net result of net income before income taxes of 18,701 million yen, a depreciation of 4,996 million yen, a non-cash expense, an impairment loss of 1,832 million yen, an gain on liquidation of affiliated companies of 1,084 million yen, a decrease in accrued employees' retirement benefits of 1,972 million yen, an increase in notes and accounts receivable of 1,956 million yen, a decrease in notes and accounts payable of 2,355 million yen, and an income tax paid of 7,893 million yen.

Net cash used in investing activities was 5,375 million yen or 11.3% less than in the previous fiscal year. The major components were a net payment of 1,003 million yen for increase in time deposits, a net proceed of 2,099 million yen from the sale/purchase of securities, 6,005 million yen for the acquisition of property, plant and equipment, and 1,249 million yen for the acquisition of intangible assets.

Net cash used in financing activities was 93 million yen, 96.5% less than one year earlier. This was mainly the result of a net increase in borrowings of 1,840 million yen, and 1,899 million yen used for the cash dividends paid.

The following table illustrates the historical movements of certain cash flow indices:

Fiscal year ended March	2002	2003	2004	2005	2006
Shareholders' equity ratio (%) ¹	46.6	47.4	51.1	53.2	55.4
Shareholders equity ratio based on market prices (%) ²	97.0	109.0	120.6	136.1	156.3
Debt to annual cash flow (year) ³	1.4	0.7	0.6	0.5	0.6
Interest coverage ratio ⁴	49.3	73.4	119.2	152.2	543.9

Notes:

¹ Shareholders' equity ratio: Shareholders' equity / Total assets

² Shareholders equity ratio based on market prices: Market capitalization / Total assets

³ Debt to annual cash flow: Interest-bearing liabilities / Operating cash flow

⁴ Interest coverage ratio: Operating cash flow (before Interests and income taxes paid) / Interest payments

- These indices are calculated on a consolidated basis.
- Market capitalization: Closing price of stock on the balance sheet date x Number of shares outstanding at the end of the year on the balance sheet date.
- The closing price of stock on the balance sheet date is adjusted in case the Company conducts a stock split for shareholders of record at fiscal year end.
- Net cash provided by (used in) operating activities on the consolidated statement of cash flows is used as operating cash flow. Interest-bearing liabilities include all liabilities on the consolidated balance sheets that incur interest. Interest paid on the consolidated statement of cash flows is interest expenses.

These materials contain forward-looking statements and statements of this nature based on information current as of May 10, 2006. 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.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Unit: Millions of yen

Account title	Period		FY 2004		FY 2005		Change
	As of March 31, 2005		As of March 31, 2006				
	Amount	%	Amount	%	Amount		
Assets							
I. Current assets							
Cash and time deposits	19,213		21,920		2,707		
Notes and accounts receivable	24,381		26,597		2,215		
Short-term investments in securities	18,599		21,481		2,882		
Inventories	22,398		22,762		363		
Deferred tax assets-current	4,124		3,994		(130)		
Other current assets	5,420		5,183		(237)		
Allowance for doubtful accounts	(381)		(326)		55		
Total current assets	93,756	56.5	101,613	59.1	7,857		
II. Fixed assets							
Property, plant and equipment							
Buildings and structures	12,534		11,730		(803)		
Machinery and automotive equip.	2,944		2,693		(251)		
Furniture and fixtures	6,718		6,421		(297)		
Land	17,362		18,043		680		
Construction in progress	148		90		(57)		
Total property, plant and equipment	39,708	23.9	38,978	22.7	(729)		
Intangible assets							
Software	3,587		4,754		1,167		
Software under development	1,219		165		(1,054)		
Other intangible assets	264		273		8		
Total intangible assets	5,072	3.1	5,194	3.0	122		
Investments and others							
Investments in securities	10,316		8,608		(1,707)		
Deferred tax assets-non-current	14,915		14,734		(180)		
Others	2,463		3,213		750		
Allowance for doubtful accounts	(345)		(367)		(22)		
Total investments and others	27,349	16.5	26,188	15.2	(1,160)		
Total fixed assets	72,129	43.5	70,361	40.9	(1,767)		
Total assets	165,886	100.0	171,975	100.0	6,089		

Unit: Millions of yen

Account title	Period	FY 2004		FY 2005		Change
		As of March 31, 2005		As of March 31, 2006		
		Amount	%	Amount	%	Amount
Liabilities						
I. Current liabilities						
Notes and accounts payable		15,260		12,882		(2,378)
Short-term borrowings		3,364		5,266		1,902
Current portion of long-term debt		1,500		-		(1,500)
Accounts payable-other		7,353		7,408		54
Accrued expenses		7,083		6,847		(236)
Accrued income taxes		5,017		5,353		336
Accrued consumption taxes		334		967		633
Reserve for returned goods unsold		878		892		13
Other current liabilities		584		938		353
Total current liabilities		41,377	25.0	40,556	23.6	(821)
II. Long-term liabilities						
Long-term debt		-		1,500		1,500
Accrued employees' retirement benefits		29,836		27,867		(1,969)
Accrued officers' severance benefits		2,879		3,202		322
Other long-term liabilities		166		157		(9)
Total long-term liabilities		32,883	19.8	32,727	19.0	(155)
Total liabilities		74,260	44.8	73,284	42.6	(976)
Minority interests		3,308	2.0	3,338	2.0	30
Shareholders' equity						
I. Common stock		4,848	2.9	4,848	2.8	-
II. Capital surplus		6,391	3.8	6,391	3.7	0
III. Consolidated retained earnings		75,613	45.6	83,682	48.7	8,068
IV. Net unrealized holdings gains (losses) on other securities		367	0.2	234	0.1	(133)
V. Foreign currency translation adjustments		1,173	0.7	307	0.2	(865)
VI. Treasury stock		(76)	(0.0)	(111)	(0.1)	(34)
Total shareholders' equity		88,316	53.2	95,352	55.4	7,035
Total liabilities, minority interests and shareholders' equity		165,886	100.0	171,975	100.0	6,089

(2) Consolidated Statements of Income

Unit: Millions of yen

Account title	Period		FY 2004		FY 2005		Change	
	Apr. 1, 2004 - Mar. 31, 2005		Apr. 1, 2005 - Mar. 31, 2006					
	Amount	%	Amount	%	Amount	%		
Net sales	169,913	100.0	177,810	100.0	7,897	104.6		
Cost of sales	41,221	24.3	43,114	24.2	1,892	104.6		
Gross profit	128,691	75.7	134,696	75.8	6,005	104.7		
SG&A expenses	110,140	64.8	115,135	64.8	4,994	104.5		
Operating income	18,550	10.9	19,561	11.0	1,010	105.4		
Non-operating income								
Interest income	134		72		(61)			
Dividend income	101		228		127			
Redemption of securities	60		-		(60)			
Foreign exchange gain	79		655		576			
Miscellaneous revenue	150		260		110			
Total non-operating income	526	0.3	1,217	0.7	691	231.4		
Non-operating expenses								
Interest expense	111		45		(66)			
Miscellaneous loss	59		143		83			
Total non-operating income	171	0.1	188	0.1	17	109.9		
Ordinary income	18,905	11.1	20,590	11.6	1,684	108.9		
Extraordinary income								
Gain on sales of fixed assets	2		433		431			
Gain on sale of investments in securities	235		525		289			
Gain on liquidation of affiliated company	-		1,084		1,084			
Subsidy income	59		-		(59)			
Total extraordinary income	296	0.2	2,043	1.1	1,746	688.3		
Extraordinary loss								
Loss on disposal of fixed assets	301		1,052		750			
Unrealized holding loss on investments in securities	10		1		(9)			
Provision of allowance for doubtful accounts	35		2		(32)			
Loss on disposal of inventories	-		1,043		1,043			
Retirement incentive program	446		-		(446)			
Loss on change in equity interest in subsidiaries	124		-		(124)			
Impairment loss	-		1,832		1,832			
Other extraordinary loss	18		-		(18)			
Total extraordinary loss	937	0.6	3,931	2.2	2,993	419.3		
Net income before income taxes	18,264	10.7	18,701	10.5	437	102.4		
Income taxes-current	7,179	4.2	8,222	4.6	1,043			
Income taxes-deferred	1,171	0.7	400	0.2	(770)			
Minority interests	502	0.3	92	0.1	(410)			
Net income	9,411	5.5	9,986	5.6	574	106.1		

(3) Consolidated Statements of Retained Earnings

Unit: Millions of yen

Account title	Period	FY 2004		FY 2005	
		Apr. 1, 2004 - Mar. 31, 2005		Apr. 1, 2005 - Mar. 31, 2006	
Capital surplus					
I. Balance at beginning of year			6,390		6,391
II. Increase in capital surplus					
Gain on disposal of treasury stock		0	0	0	0
III. Balance at end of year			6,391		6,391
Retained earnings					
I. Balance at beginning of year			67,907		75,613
II. Increase in retained earnings					
Net income		9,411	9,411	9,986	9,986
III. Decrease in retained earnings					
Cash dividends		1,624		1,841	
Bonuses to officers		81	1,706	75	1,917
IV. Balance at end of year			75,613		83,682

(4) Consolidated Statements of Cash Flows

Unit: Millions of yen

Account title	Period	FY 2004	FY 2005
		Apr. 1, 2004 - Mar. 31, 2005	Apr. 1, 2005 - Mar. 31, 2006
I. Cash flows from operating activities			
Net income before income taxes		18,264	18,701
Depreciation		4,002	4,996
Impairment loss		-	1,832
Amortization of consolidation goodwill		112	-
Increase (decrease) in allowance for doubtful accounts		8	(35)
Increase (decrease) in accrued employees' retirement benefits		(2,000)	(1,972)
Increase (decrease) in accrued officers' severance benefits for director		257	322
Increase (decrease) in reserve for other allowances		(31)	13
Loss (gain) on disposal of fixed assets		299	618
Interest and dividend income		(235)	(301)
Interest expense		111	45
Foreign exchange loss (gain)		(57)	(224)
Loss (gain) on change in equity interest in subsidiaries		124	-
Loss (gain) on sale of investment in securities		(235)	(525)
Gain on liquidation of affiliated company		-	(1,084)
Decrease (increase) in notes and accounts receivable		(984)	(1,956)
Decrease (increase) in inventories		(4,557)	(142)
Increase (decrease) in notes and accounts payable		2,632	(2,355)
Decrease (increase) in other assets		196	23
Increase (decrease) in other liabilities		(854)	399
Officers' remuneration paid		(86)	(75)
Subtotal		16,965	18,279
Interests and dividends received		247	301
Interests paid		(113)	(34)
Income taxes paid		(6,362)	(7,893)
Net cash provided by operating activities		10,737	10,653
II. Cash flows from investing activities			
Payment for time deposits placed		(10)	(2,603)
Proceeds from time deposit		1,010	1,600
Payment for acquisition of short-term investments in securities		(22,596)	(13,997)
Proceeds from sale of short-term investments in securities		21,651	16,097
Payment for purchase of property, plant and equipment		(5,248)	(6,005)
Proceeds from sale of property, plant and equipment		246	778
Payment for acquisition of intangible assets		(2,130)	(1,249)
Payment for acquisition of investments in securities		(2,024)	(741)
Proceeds from sale of investments in securities		4,049	758
Payment for acquisition of subsidiaries' stock		(17)	-
Decrease (increase) in other investments		(991)	(11)
Net cash used in investment activities		(6,062)	(5,375)
III. Cash flows from financing activities			
Increase (decrease) in short-term borrowings		(199)	1,840
Proceeds from long-term debt		-	1,500
Repayment of long-term debt		(1,000)	(1,500)
Net change from purchase and sale of treasury stock		(28)	(34)
Proceeds from issuance of stock to minority interests		227	-
Cash dividends paid		(1,624)	(1,841)
Dividends to minority shareholders		(43)	(58)
Net cash used in financing activities		(2,668)	(93)
IV. Effect of exchange rate changes on cash and cash equivalents			
		30	133
V. Increase in cash and cash equivalents			
		2,037	5,318
VI. Cash and cash equivalents at beginning of year			
		24,030	26,068
VII. Cash and cash equivalents at end of year			
		26,068	31,386