Mandom Corporation

Business Results (April 1, 2003 – March 31, 2004)

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Stock Listing: Tokyo Stock Exchange, First Section
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Consolidated Financial Highlights

(Note: Rounded off to millions)

Fiscal Year March	**2004**	2003	Change % YoY
Net Sales	**45,364**	45,434	Δ 0.2
Operating Income	**6,680**	6,322	5.7
Ordinary Income	**6,304**	5,976	5.5
Net Income	**3,253**	2,988	8.9
Total Assets	**45,474**	43,868	---
Shareholders' Equity	**36,687**	34,714	---

Fiscal Year March	Shareholders' Equity Ratio	Shareholders' Equity Per Share	Return on Equity (ROE)	Earnings Per Share (EPS)
2004	80.7%	¥1,517	9.1%	¥ 130.83
2003	79.1%	¥1,435	9.3%	¥ 128.32

Notes.

1) Investment profit on equity method
   3/04: ¥--- million
   3/03: ¥--- million
2) Average number of shares on a consolidated basis:
   3/04: 24,125,319
   3/03: 22,538,544

3) There were no changes in the accounting methods applying to the period.
4) The percentages that follow Net Sales, Operating Income, Ordinary Income and Net Income are year-on-year increase/decrease rates

Cash Flow

Consolidated Basis (¥ Million)

Fiscal Year March	**2004**	2003	Change
Operating Activities	**4,396**	5,466	
Investing Activities	**Δ 1,810**	Δ 3,194	
Financing Activities	**Δ 1,456**	1,845	
Cash and Cash Equivalents	**9,767**	8,659	

Consolidation and equity method application

Number of consolidated subsidiaries: 10

Number of non-consolidated subsidiaries with equity method applied: 0

Number of affiliated companies with equity method applied: 0

Changes in consolidation and equity method application

Consolidation (new): 0 (Exclusion: 0)

Equity method (new): 0 (Exclusion: 0)

Outlook for the Fiscal Year, Ending March 31, 2005

Consolidated Basis (¥ Million)

Fiscal Year March	**2005**	Interim	
Net Sales	**46,400**	24,450	
Ordinary Income	**6,700**	4,100	
Net Income	**3,600**	2,200	
Earnings Per Share (EPS) (¥)	**149.22**		

The figures above include projections based on assumptions, forecasts and plans with respect to the future made as of the date of publication of this document. Due to risks and uncertainties arising from economic factors, market environment changes, and currency fluctuations, actual performance may differ from figures Forecast.

1. Management Policies

1. Fundamental Management Policy

The Mission of the Mandom Group is to provide beauty products and services that capture the essence of ever-changing consumer needs. The two fundamental policies that management believes are necessary to carry out the Group Mission are: 1) the policy of active participation of every Mandom employee in all facets of the Group's operations, and 2) the creation of lifestyle values that will appeal to consumers of Mandom products and services. In regard to shareholders and stakeholders, Mandom strives to create consistent growth in corporate and shareholder value by employing sound management practices and transparent principles of corporate governance, which benefit the whole stakeholder community.

2. Earnings Distribution Policy

Returning profits to shareholders through dividend payments is a core management policy within the constraints imposed by cash flow considerations. Operating cash flow is divided to optimum effect into 1) shareholder dividend, 2) business investment, and 3) internal reserves. While taking into consideration the appropriate allocation of cash and free cash flow, the company's goal is to maintain a dividend payout ratio of not less than 40% of net income and to maintain a dividend-on-equity ratio (DOE) above 3%. The reinvestment of cash flow is key to the company's goal of expansion overseas, the thrust of the company's growth strategy. The medium- to long-term management vision includes heavier investment into R&D and manufacturing facilities to realize the constant raising of product quality and improvement in manufacturing processes to reduce operating costs.

3. Share Trading Unit

Backed by the belief that reduction in share-trading unit would be an effective method of broadening private investor base and increasing Mandom share circulation on the stock market, the company cut the share-trading unit in August 2000 from 1000 shares to 100 shares. Shareholder number is increasing and now totals 16,091, 5,161 up on the preceding year.

4. Management Targets and Performance Indicators

Management places particular priority on the efficient use of capital and on improving returns to shareholders. The two performance indicators Mandom uses in this regard are: Return on Equity (ROE) and Earnings Per Share (EPS). Management's goal is to expand sales and at the same time to improve the efficiency of capital. Mandom's sales expansion plans are focused on Southeast Asia, while capital efficiency is being promoted through cost reduction programs. Mandom's financial targets on a consolidated basis which were set in its Three-Year Mid-Term Management Plan are indicated in the following table:

Mid-Term Management Plan Financial Targets

Fiscal Year March	2005	2002
Return on Equity (ROE)	10.0%	7.1%
Earnings Per Share (EPS)	¥150	¥93

Notes:

ROE = Net income / Shareholders equity at the beginning of the period and end of the period divided by two.

EPS = Net income / Average number of outstanding shares

For the year ended March 31, 2004, two years into the Three Year Plan, Mandom achieved: 1) an ROE of 9.1%, mainly as a result of expanding overseas operations and lowering cost of goods to sales ratio and administrative costs, accompanied by profitability improvement that set a record high in net income, and 2) an EPS of ¥130.83. Mandom is therefore on course towards meeting its mid-term targets. In the business year ending March 2005, the drive will be for reinforcement of overseas operations and a further increase in income through optimization and streamlining of all business processes.

5. Medium- to Long-Term Business Strategy

The Mandom Group's key goal is to deliver consistently high growth while expanding its area of business activity. To achieve this, the Group has adopted a medium-to-long-term strategy that focuses on its three core product lines. They are: *Gatsby* men's cosmetics; *Lucido L* branded merchandise for women; and hair coloring products. In particular, the Company intends to increase the scale of its operations by continuing to expand its sales and manufacturing operations in Southeast Asia. Cost reduction is ongoing to enhance profitability.

In men's cosmetics, Mandom has placed *Gatsby*, Japan's leading men's cosmetic brand, at the core of its expansion strategy. By positioning the *Gatsby* brand as the main engine of sales growth, and by adding hair coloring and other new product lines, the goal is to expand sales of this brand by ¥4.0 billion over the course of the Three-Year Mid-Term Plan ending March 31, 2005.

In cosmetics and other products for women, *Lucido L* is the core brand and growth product. By focusing on its hair coloring and hair care lines, Mandom is targeting a mid-term growth projection of around 70%. The engine for Mandom's expansion therefore derives from the hair-coloring segment of these two leading brands.

Mandom's strategy is to make hair coloring products, for both men and women, key components of the two major brands, using hair coloring products to strengthen and increase the scale, both of core brands and brands of subsidiary companies. By following this strategy, the goal is to expand hair coloring product sales by ¥4.0 billion over the Three-Year Mid-Term Plan, which is an increase of 86%.

Reduction in cost to sales ratio is to be achieved through quality improvements and increased internal manufacture ratio within the Group by stepping up capital investment into the three core production sites, Japan, Indonesia and China.

With two years of the current Three-Year Mid-Term Plan behind it, Management intends to pursue the following strategies in the final year up to March 2005.

1. Growth through three core product lines:
   Results in Year 2 were disappointing compared to Year 1. *Lucido L* fared well in both Japanese and overseas markets. However, *Gatsby*, which should be the leader among core lines, slowed down in growth, due to poor performance of seasonal products affected by weather conditions and unexpected market shrinkage in the key component of hair coloring. Although *Gatsby* continued to perform well overseas, its result overall fell short of target. In FY 2005, to recover lost ground, product lines in Japan are to be improved and the focus

is to be placed on *Gatsby*. Overseas, marketing investment is to continue and hair coloring products to be introduced into more countries.

2. Growth through strengthening/expansion of overseas operations:
   As with Year 1 when growth was good, overseas operations did well (9.4% growth), steadily reaching a 2.2% increase in its ratio among the Group's total sales. In particular, PT Mandom Indonesia Tbk, a subsidiary with a high consolidation rate, underwent huge growth thanks to active market investment (11% growth), thus contributing greatly to the expansion of overseas operations as a whole. In the year ending March 31, 2005, horizontal marketing of the Group's mainstay products is to be stepped up, together with the opening of a marketing base in Shanghai so as to make greater inroads into China and to enter into Hebei, an area of massive growth potential.

3. Cost reduction
   Continuing on from Year 1, Year 2 saw production transfer to Southeast Asia in a drive to cut costs on a Group-wide scale. Profitability improved; however, to maintain the impetus in the long term, Supply Chain Management (SCM) is Mandom's new weapon. Starting in Year 3 is Third Party Logistics (3PL), which would propel management efficiency toward further improvement in profitability.

Year 1 ended mostly in good results but the issue of growth potential was left unresolved in Year 2. With the current harsh market climate, Management's task is to recover the Group's growth capacity and to secure profitability. To these ends, the following policies are to operate:

1. To reinforce and continue capital investment aimed at a) improving quality assurance standards of hair coloring products, b) increasing production volumes; and c) reducing production costs, in the wake of production transfer of hair coloring and other products to Southeast Asia.
2. To improve profitability and streamline management through greater reliance on SCM.
3. To increase R&D expenditure on the three main product lines with the aim of honing competitiveness and developing new product categories.
4. To strengthen Advertising and Promotion activities in order to raise core brand equity in all areas, both in Japan and Southeast Asia.

5. To strengthen business operations in China, using the Shanghai base.
6. To continue to look for business tie-ups and M&A opportunities with the aim of increasing growth and profitability.

6. Management Issues

Mandom regards the following as core issues to be addressed:

1. **Capital adequacy and efficiency**

   In the year ended March 31, 2004, Group companies steadily improved profitability by cost-cutting efforts. As a result, the ROE was 9.1%, a good overall level for capital efficiency. On the pensions front, partial transition of the retirement benefit system to a defined contribution scheme was initiated so as to reduce the risk of impact on future corporate income. Management regards capital efficiency improvement to be a longstanding agenda. Increase in period income through strategic asset allocation, market price accounting and evaluation loss entry accounting are measures being employed to deal with assets that may impact on period profit and loss and shareholders' equity. The ROE target for the year ending March 31, 2005 is 10%.

2. **Quality Assurance and Environmental Protection**

   A dedicated Quality Assurance Department is to be established in the year ending March 31, 2005 so as to promote ISO 9001 and strengthen quality and safety. In environmental terms, following on from the ISO 14001 Certification of the main plant in 2000, Beaucos, a Group company with manufacturing capacity, similarly acquired ISO 14001 Certification in September 2003. The Company plans to strengthen its Environment Management System (EMS) for the entire Group to meet the standards of an environmentally responsible company.

3. **IT-related Business Process Restructuring**

   The Company is continuing to update its internal management processes and to improve human productivity by investing in IT-based

Business Process Re-Engineering systems and Marketing Information Technology development.

4. **Strengthening of risk management**

The risk management system of the parent company will be extended to include affiliates, thus covering the entire Group. By establishing a comprehensive risk management system, it will be possible to further strengthen internal risk controls and provide a sounder basis for achieving continuous growth and profitability.

5. **Group Personnel Development and HR Policies Overhaul**

Taking an overview of the entire Group, Management is working toward maximizing the full potential of employees through a full-scale revision and improvement of personnel development and working conditions to bring these up to date with changes in employment environment and best industry practice in human resources development.

7. Management Structure and Corporate Governance

(1) Basic thinking concerning Corporate Governance

The Company is moving forward to develop a fully articulated system of Corporate Governance that will ensure it can carry out its business in a fair and open manner that will earn the trust of all of the Company's shareholders.

1. Audit/supervision of decision-making and executive action

The Company is following the principle of dividing decision-making processes from the on-going execution of the Company's business in order to build a fair and open system of corporate governance. To do this it has been seeking to recruit suitable outside Directors to assist it in these responsibilities. In addition, the Company is managed under the supervision of auditors. A higher ratio of external auditors is being promoted to ensure decision-making and executive action that are in the shareholders' interest.

2. Executive action

The operational execution of management should be flexible and dynamic. To strengthen the executive system of the Business Function Units, the

Company is to promote checks and balances between Units, strengthening of operational management and transfer of authority to Corporate Officers.

3. Compliance

The Ethics Committee is in place to ensure strict compliance with law.

(2) Overview of the System of Corporate Governance

a) Management organization relating to decision-making, execution and supervision, and Corporate Governance system

In June 2001, the Company introduced a Corporate Officer system in order to separate the decision-making/supervisory processes from everyday business executive processes and to clearly define executive responsibility. The Corporate Governance system underwent revision and operations are to start under a new management system after the conclusion of the 87^{th} Annual Meeting of Shareholders to be held in June 2004. The thrust of the reform is the creation of an organically integrated business management system unique to Mandom. In accordance with the auditor system of corporate organization, the legal compliance-auditing role of auditors are maintained and strengthened in combination with a Business Function Unit system and Corporate Officer system. The new organizational system stands as follows:

1) Fair decision-making of Board of Directors and strengthening of supervisory role

(i) Abolition of special titled roles of Directors

In practical terms, the titles and roles of President and Representative Director, Executive Vice President and Representative Director, Senior Managing Director and Managing Director were abolished (Chairman of the Board of Directors has been retained though the position is vacant at present.). The Directors who sit on the Board now are equal in status in conducting deliberations and decision-making.

(ii) Restrictions on Corporate Officers concurrently serving as Directors

The only Corporate Officers allowed to serve concurrently as Directors are those that are heads of Business Function Units. This promotes transfer of authority to Corporate officers and leaves Directors to direct their energy into making high-level decisions and adopting supervisory roles for the Group in its entirety.

(iii) Increase in the number of External Directors

The number of External Directors was raised from one out of eleven board members to two out of nine, in order to strengthen the objective supervisory eye for the shareholders on decision-making and execution. This brings the level of external officers to four, two External Directors and two External Auditors.

2) Flexibility of Executive Actions

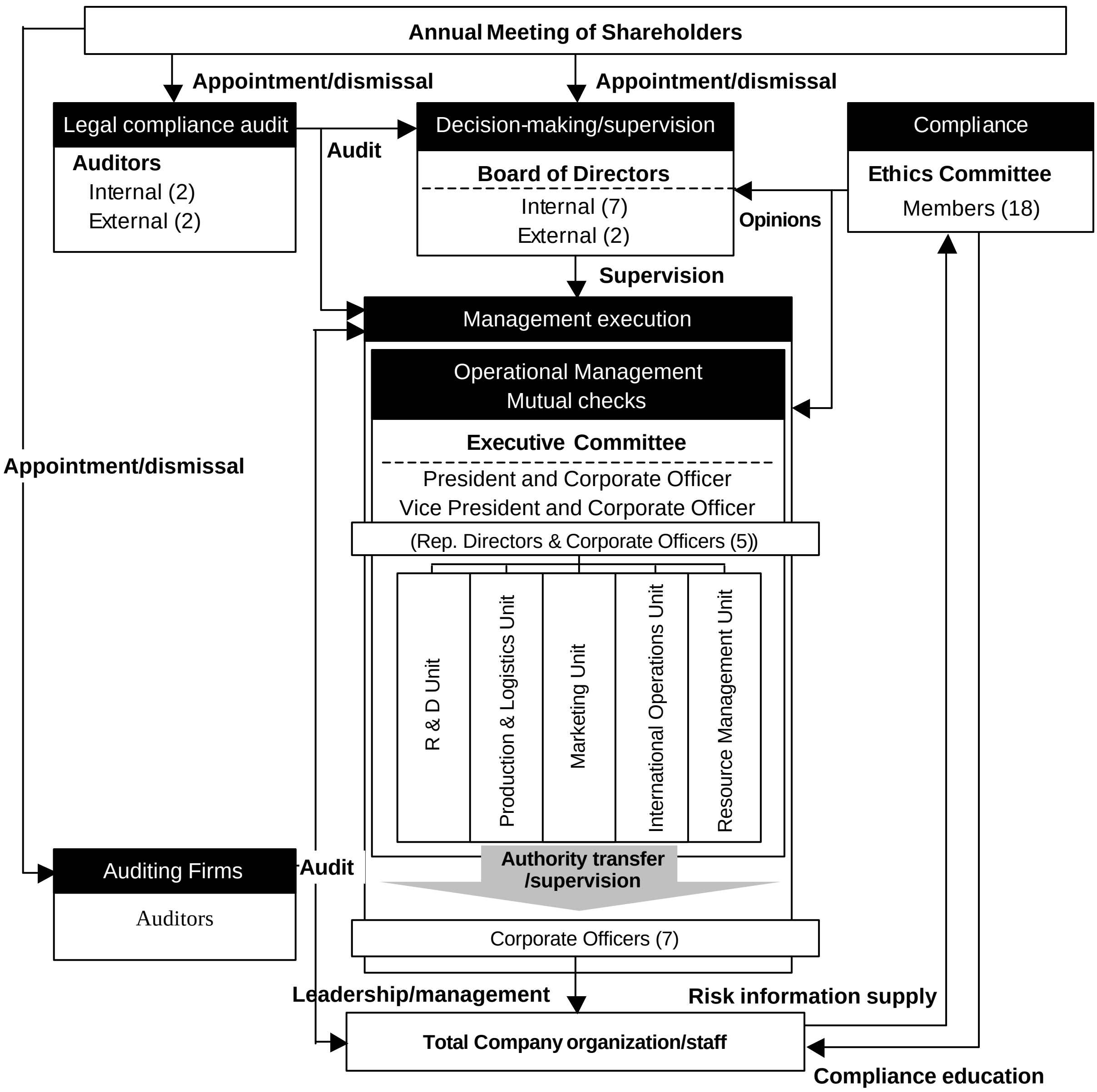
(i) Corporate Officers with Added Responsibilities

Reflecting respective operational responsibilities, the positions of President and Corporate Officer, Vice President and Corporate Officer, Senior Managing Director and Corporate Officer, Managing Director and Corporate Officer were created. The operational executive responsibilities of Business Function Units are thereby identified and transfer of authority to Corporate Officers are promoted. By removing other Corporate Officers from the Board of Directors, the separation of decision-making/supervisory processes and day-to-day operational processes are to be furthered, leaving Corporate Officers the freedom to dedicate themselves to operational matters and ensuring flexible and dynamic leadership.

(ii) Executive Committee

The Executive Committee was instituted with the aim of assuring mutual checks between executive management and Business Function Units, yet another instrument to enhance business execution in the shareholders' interest.

Diagram of the Company's Corporate Governance System



b) Human, capital, business and other interests between the Company and its External Directors and Auditors

The Company has invited outside auditors from Ito Yokado and Seven-Eleven Japan. At the Annual Meeting of Shareholders to be held in June 2004, Directors from Japan Securities Finance and I&S BBDO are to be invited as External Directors. The Company has no capital interest in these companies and vice versa and there is no direct relationship of interest involving the External Directors. Due to the decease of one of the External Auditors on October 28, 2003, there is only one serving External Auditor at present. At the Annual Meeting of Shareholders to be held in June 2004, one External Auditor with no related interest is to be appointed in replacement. The accounting auditor both in its corporate and employee capacities has no special relationship of interest with the Company. With respect to Commercial Code audit and Securities and Exchange Law audit, an auditing contract has been signed and payment is made accordingly for the auditing work.

3. Results of Operations and Financial Condition

1. Review of Operations

Fiscal Year March	Net Sales (¥ Million)	Operating Income (¥ Million)	Ordinary Income (¥ Million)	Net Income (¥ Million)	EPS (¥)	ROE (%)
2004	45,364	6,680	6,304	3,253	130.83	9.1
2003	45,434	6,322	5,976	2,988	128.32	9.3
Change % YoY	Δ0.2	5.7	5.5	8.9	2.0	Δ2.2

(1) Business Results

Light was seen at the end of the tunnel in the Japanese business climate, with clear recovery led by private enterprise. Sadly, personal spending did not get back properly on track. In the cosmetics industry, although recovery could be seen in terms of units sold, store prices continued their downward trend and competition remains fierce. The economy in Asia, where Mandom Group conducts overseas operations, saw some slowdown due to SARS in some areas at the beginning of the year but overall improvements occurred in the second half with consumer spending recovering and cosmetics market set on course for expansion.

Total sales reached ¥45,364 million, a decrease of ¥70 million, down 0.2% on the previous year. Although good results were seen in Japan in women's hair coloring, last year's new market entry, the men's hair coloring market scaled down, resulting in difficulties for the core brand of *Gatsby*. Compounded by the poor performance of women's cosmetics marketed by one of the Japanese subsidiaries, sales in Japan suffered a 2.6% drop from the previous year. Overseas, Group brand strategy began to kick in fully and *Gatsby* expanded sales in Indonesia (33.2% up year on year) and other countries, pushing sales increase to 9.9% over the previous year.

The cost of sales was reduced by ¥119 million, a sum in excess of the drop in income (¥18,844 million in FY 2003 to ¥18,725 million in FY 2004). The cost to sales ratio went down to 41.3%, a 0.2% fall, thanks to continued cost reduction in Japan due to production transfer to China, and in Indonesia, the reduction in raw materials ratio due to stable foreign exchange and the quantitative impact of labor-saving and production increase that resulted in a 1% drop in sales-to-cost ratio.

Marketing and administrative costs fell ¥309 million from FY 2003, to ¥19,958 million (1.5% decrease). The purse strings were tighter overall, with efficient deployment of marketing expenditure, although R&D expenditure increased (¥1,482 million in FY 2003 to ¥1,576 million in FY 2004).

Operating profits rose 5.7%, from ¥6,322 million last year to ¥6,680 million, which was another record high in a run of seven consecutive years. Although net sales was fairly level, cost reduction and cuts in marketing/administrative expenses led to this success. In Japan, sales decrease was offset by profitability improvement due to cost cutting and streamlining. Overseas, sales increase was achieved through strong marketing input and cost reduction activities, generating a two-digit increase in profits.

Non-operating loss and profit were virtually unchanged, with a net loss of ¥376 million compared to the previous year's ¥346 million. In Japan, inventory write-off loss increased, but loan-loss reserves diminished and interest payment in overseas subsidiaries declined dramatically.

Extraordinary loss and profit resulted in a net loss of ¥24 million, a sizable improvement of ¥215 million from the previous year's net loss of ¥239 million. Land valuation loss entering the ledger last year did not recur this year. In Japan, some loss arose due to the partial transition to the defined contribution system of retirement benefits. However, the impact on profit and loss has been contained to the minimum.

Ordinary profit rose ¥327 million to ¥6,304 million (5.5% increase) over the previous year. Pre-tax net profit was ¥6,279 million (up by ¥542 million, a 9.5% rise on the previous year).

Corporate tax totaled ¥2,701 million, an increase from ¥2,445 million in FY 2003. Some of the Japanese subsidiaries declared a loss and could not benefit from tax efficiency, meaning a slight increase to 43.0% from 42.6% in corporate tax payment ratio.

Minority shareholder profit and loss rose to ¥324 million from ¥303 million, arising from the good performance of the Indonesia subsidiary, PT Mandom Indonesia Tbk.

Group net profits reached ¥3,253 million, up 8.9% over the period, compared to ¥2,988 million of FY 2003. Earnings Per Share (EPS) rose to ¥130.83 from ¥128.32 (up 2.0%). Though the number of shares increased owing to public offering of shares not implemented in FY 2003, profit increase rate in excess of share increase rate was achieved.

The dividend payout at the end of the period is to be ¥25 per share as planned.

(2) Sales Breakdown by Region

Consolidated Basis (¥ Million)

Regional Segment	Sales			Operating Profit		
	Fiscal Year March 2004	Fiscal Year March 2003	Change % YoY	Fiscal Year March 2004	Fiscal Year March 2003	Change % YoY
Japan	35,711	36,652	Δ2.6	5,256	5,037	4.3
Asia	9,652	8,782	9.9	1,422	1,282	10.9

In the domestic market, competition has become more intense in price terms, although overall market decline is approaching a halt in quantity terms. The Company attempted to energize the market by forceful new product input. However, the turnover did not attain the initial planned target. Sales of hair coloring missed the target partly due to market shrinkage. Deodorants, which are seasonal products, suffered the impact of adverse weather and fell short of previous year's performance. The core brands, *Gatsby* (men's), and *Lucido-L* (women's) are taking a break from growth. The men's brand, *Lucido*, managed to expand, thanks to the strength of wax. Imported brand products handled by a subsidiary (women's cosmetics) performed poorly. Total domestic sales decreased by 2.6% to ¥35,711 million.

In profit terms, profitability (gross margin) continued its upward move, backed by overseas production transfer. In addition, marketing and administrative costs were held back (budget control) to drive up operating income up by 4.3% to ¥5,256 million.

Turning to Asia, the economic climate began to improve after SARS died down. Active marketing initiatives are beginning to bear fruit in brand recognition and diffusion. Gel and wax (both *Gatsby*) sales grew considerably for PT Mandom Indonesia Tbk (consolidated subsidiary). Overall turnover in Asia increased, bringing the sales total up by 9.9% to ¥9,652 million.

In profit terms, cost improvement at the production base, PT Mandom Indonesia Tbk. contributed to offsetting marketing and administrative cost increase. Operating profit totaled ¥1,422 million, a rise of 10.9% over the period and performance that far surpassed that in Japan.

Combined with capacity expansion in Asia, Middle East-bound export from Indonesia has developed. The Company's entire overseas business generated sales of ¥10,670 million, an improvement of 11.2% over FY 2003. This is the first time the ¥10,000 million barrier was broken and the ratio of overseas sales to consolidated sales stands now at 23.5%, marking out a strong presence in Group operations.

(3) Outlook for Next Fiscal Year, Ending March 31, 2005

Fiscal Year March	Net Sales (¥ Million)	Operating Income (¥ Million)	Ordinary Income (¥ Million)	Net Income (¥ Million)	EPS (¥)	ROE (%)
2005	46,400	6,950	6,700	3,600	149.22	9.6
2004	45,364	6,680	6,304	3,253	130.83	9.1
Change % YoY	2.3	4.0	6.3	10.6	14.1	5.5

The Japanese economy is assumed to stay on a steady course, though a slowdown scenario for the second half of the fiscal year cannot be ruled out. The outlook therefore is yet uncertain, with employment and income not showing obvious signs of improvement, meaning recovery in personal consumption would still take time. The cosmetics market is set to recover on a unit basis; yet the downward pressure on unit price is still strong. The market outlook continues to be a tough one. In this context, management resources will be concentrated on *Gatsby* and *Lucido-L* and new products tailored to consumer needs will be launched so that sales in FY 2005 will exceed this year's. The key strategy lies in achieving a robust profit structure, relying on Gatsby's re-growth through upgrade and further cost-cutting activities.

Overseas, where economic recovery is more promising, strategic market development will continue, with the objective of increasing sales in local currency terms by 10% or more a year. PT Mandom Indonesia Tbk. will aim to strengthen profitability through cost reduction chiefly achieved by labor-saving and will strengthen market investment to establish products firmly in the market.

From a category viewpoint, hair coloring products will continue to be the focus. The *Gatsby* brand will be developed and bolstered further, to gain continued growth through expansion in the overseas (Southeast Asia) markets.

The Company has introduced Supply Chain Management (SCM) in Japan. Logistics operations are due to be outsourced before the end of this business year, but actual implementation will take place in the latter half of the year or beyond. There is likely to be very little impact on next term's performance. Mandom Korea Corp., a subsidiary growing in importance, is to come under consolidation from next term, and Sunwa Marketing Co., an affiliate in Hong Kong, is to become subject to the equity method.

Taking these factors into account, total sales in the fiscal year ending 31 March, 2005 are projected to reach ¥46,400 million (2.3% up on this year), operating income ¥6,950 million (up 4.0% on this year), ordinary income ¥6,700 million (up 6.3% on this year) and net income ¥3,600 million (up 10.6% on this year). If these projections are realized, a dividend payment of ¥50 per share will be announced.

Risks are inevitable in pursuing the Group's business. The Group undertakes risk management by adopting preventative and hedging measures. However, large natural disasters or political upheaval in overseas countries (with accompanying legal and economic changes, currency fluctuation) and other specific event risks entail a significant risk on the Group's business performance and financial condition.

The forecast figures assume an exchange rate of ¥106.5 to the dollar and 8,800 rupiah to the dollar.

2. Financial Condition

(¥ Million)

	Fiscal Year March 2004	Fiscal Year March 2003	Change % YoY
Cash & cash equivalents balance at start of period	8,659	4,555	4,103
Operating cash flow	4,396	5,466	△1,069
Investment cash flow	△1,810	△3,194	1,382
(Fixed assets investment)	(△1,342)	(△1,788)	446
Financing cash flow	△1,456	1,845	△3,302
Foreign currency translation adjustment	△21	△14	△7
Net increase in cash and cash equivalents	1,107	4,103	△2,995
Cash & cash equivalents balance at end of period	9,767	8,659	1,107
* Pre-tax net income	6,279	5,736	
Depreciation cost	1,694	1,730	
* Fixed asset investment			
Tangible fixed assets	1,075	1,588	
Intangible fixed assets	266	199	

(1) General Overview

Total assets during the period increased by ¥1,605 million to ¥45,474 million. Capital expenditure and system development cost for the fiscal year fell within depreciation cost boundaries, making fixed assets decrease by ¥762 million, and liquidity on hand (cash deposits and securities) increased to ¥2,279 million, due mainly to the reserving of current profit. Recovery in the Japanese stock market led to a rise in the valuation of other marketable securities. Short and long-tem deferred income tax assets totaled ¥866 million, down by ¥215 million

Shareholders' equity increased over the period by ¥1,973 million to ¥36,687 million. Although the profit payout dividend made during FY 2003 (¥1,326 million) increased from that of FY 2002 (¥889 million), current net income increased by a large margin to ¥3,253 million, bringing the shareholders' equity per share to ¥1,516.70, up ¥81.76 over the period.

(2) Cash Flow Situation

Net cash provided by operating activities stood at ¥4,396 million, a ¥1,070 million drop from the previous year. Pre-tax net profits rose ¥542 million to ¥6,279 million but with the expansion of overseas operations came an increase in trade receivables of ¥374 million, and added to the fact that payment of corporate tax increased by ¥785 million and there were no losses due to disaster and land valuation (non-capital transactions that occurred in FY 2003), the operating cash flow did not reach last year's total. Depreciation cost remained almost level at ¥1,694 million.

Cash provided by investment activities dipped ¥1,384 million to a negative balance of ¥1,810 million. The reason is chiefly the reduction in capital expenditure in Japan and reduction in net acquisition of marketable securities in fund management (purchase – sale). Acquisition of tangible fixed assets amounted to ¥1,075 million, mainly for cosmetics manufacturing facilities in Japan and Indonesia. Intangible fixed assets cost ¥266 million, which were all investment in information systems (software development cost).

Financing activities ended also in a negative cash flow of ¥1,456 million. Nearly all the outlay is accounted for by shareholder dividend (¥1,455 million) including dividend payment to minority shareholders.

The net increase in cash and cash equivalents was ¥1,107 million, leaving a cash balance at year end of ¥9,767 million.

(3) Outlook Next Term

Operating cash flow is expected to increase in FY 2005 by more than ¥1,000 million. This is assuming that the profit plan targets are met, pre-tax net income rise occurs and working capital is used more efficiently.

Investment cash flow is expected to rise above this year, with investment into production facilities both in Japan and abroad and investment into R&D facilities.

There are no plans that affect financing cash flow, except for dividend payment.