Brief Summary of Consolidated Financial Results (March 25, 2004)

(For the year ended February 29, 2004)

Company Name Ryohin Keikaku Co., Ltd.
Code Number 7453
(URL: http://www.muji.co.jp)
Securities Traded The Tokyo Stock Exchange, First Section
Address Headquarters in Tokyo
Representative Tadamitsu Matsui, President and Representative Director
Contact Naoto Watanabe, General Manager, Accounting and Finance Unit, Administration Division
Telephone 03-3989-4405
Board of Directors' Meeting for Settlement of Accounts March 25, 2004

1. Results for Fiscal 2003 (March 1, 2003 to February 29, 2004) (Millions of yen)

(1) Operating results

	Operating Revenue (% of increase/decrease)		Operating Profit (% of increase/decrease)		Ordinary Profit (% of increase/decrease)	
Fiscal 2003	119,827	(4.1)	8,790	(30.2)	9,003	(26.2)
Fiscal 2002	115,110	(-4.0)	6,750	(22.4)	7,134	(25.7)

	Net Income (% of increase/decrease)		Net Income per Share (¥)	Net Income per Share after Dilution (¥)	Return on Equity (%)	Ordinary Profit to Total Capital Ratio (%)	Ordinary Profit to Operating Revenue Ratio (%)
Fiscal 2003	4,695	(99.8)	168.51	-	12.1	17.2	7.5
Fiscal 2002	2,350	(17,902.8)	83.77	-	6.2	14.0	6.2

Note : 1. Equity in earnings of unconsolidated subsidiaries and affiliates accounted for by the equity method - N/A
2. The average number of shares outstanding during the each period. Fiscal 2003 – 27,640,958 shares, Fiscal 2002 – 28,059,817 shares
3. There are no accounting changes in this period.
4. Percentage of increase or decrease is based on comparison with those of the previous period.

(2) Financial position

	Total Assets	Total Shareholders' Equity	Shareholders' Equity Ratio (%)	Shareholders' Equity per Share (¥)
Fiscal 2003	54,538	38,865	71.3	1,443.79
Fiscal 2002	49,923	38,480	77.1	1,386.73

(3) Condition of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal 2003	11,423	-2,239	-4,221	11,776
Fiscal 2002	8,531	-1,514	-3,684	6,844

(4) Scope of consolidation and application of the equity method

Consolidated subsidiaries 7 companies
Non-consolidated subsidiaries accounted for by the equity method none
Affiliates accounted for by the equity method 1 company

(5) Changes in scope of consolidation and application of the equity method

Consolidated (new) none
(eliminated) none
Equity method (new) 1 company
(eliminated) none

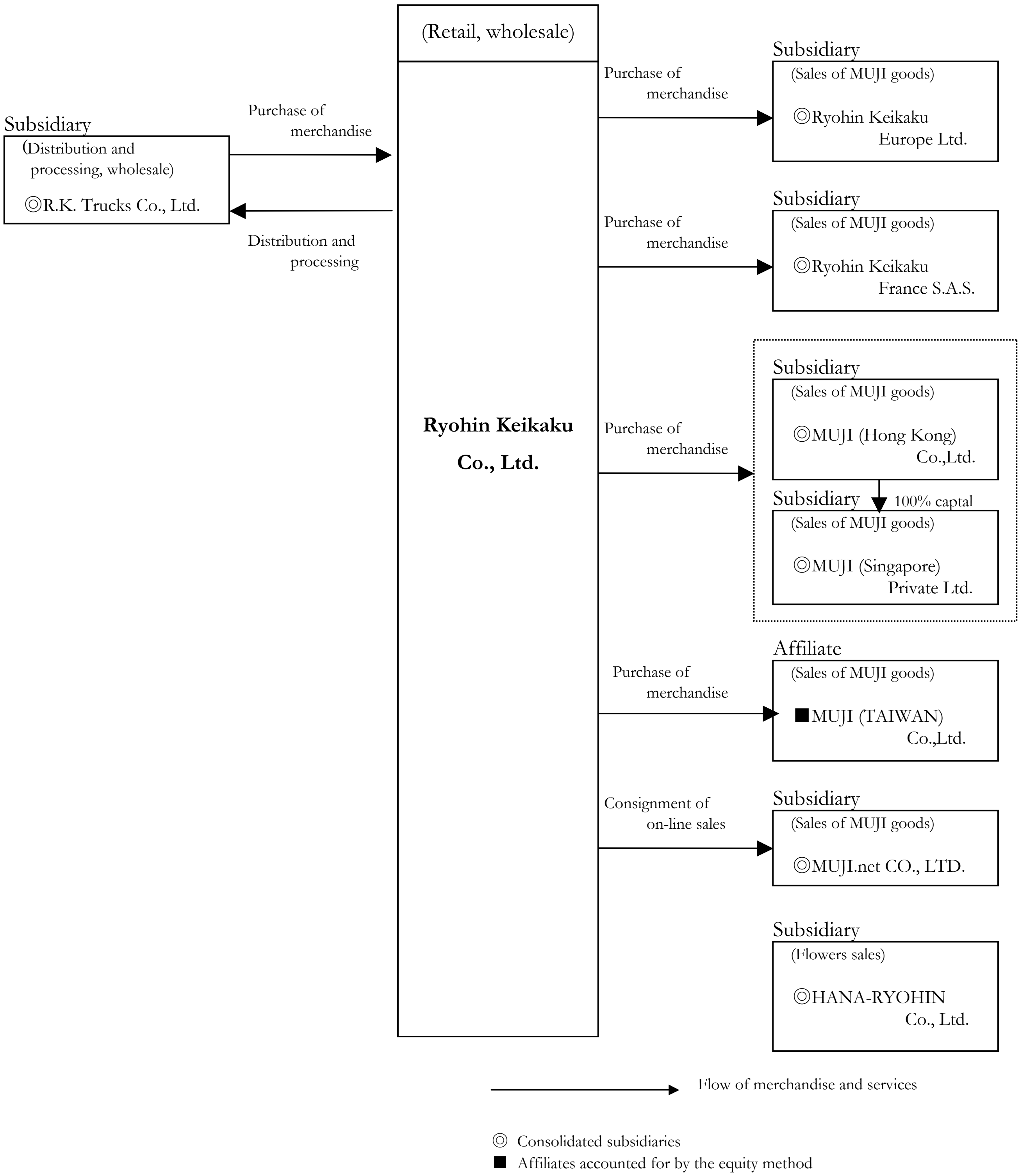
2. Forecast for Fiscal 2004 (March 1, 2004 to February 28, 2005) (Millions of yen)

	Operating Revenue	Ordinary Profit	Net Income
Interim Period	62,200	4,700	2,400
Fiscal Year	128,200	10,500	5,600

Reference: Estimated net income per share for the full year is ¥208.24

Note: The above forecast is announced presupposing available information at March 25, 2004 and an assumption related to uncertain factors which will influence to future results. Actual results may be different from forecast depend on various factors in future. Please refer to page 5, in which an assumption and matters to be attended to use the forecast are noted.

Group Companies



Note : MUJI (TAIWAN) Co. Ltd. was established on August 21,2003.

Management Policy

1. Basic Management Policy

Since its establishment, Ryohin Keikaku Co., Ltd. and its subsidiaries ((hereinafter referred to as the "Company") has been operating under the concept of "offering high quality merchandise at reasonable prices". By cutting out the wasteful frills of many products available in today's market, the Company has developed sales lines in apparel/miscellaneous goods, household goods, and food products, that match the current trend toward 'value for money' perceived by Japanese customers. In addition, the Company organized a network of specialty stores, which exclusively carry merchandise that is planned and developed by the Company. Thus, all stores are able to adopt a unified concept, including the store's style, layout and atmosphere, and continue to inspire customers with its distinctive and comprehensive life style products.
The Company places high priority on increasing corporate value, in other words, shareholder's value, and is committed to broadening its capability as a manufacturer and retailer as it goes forward under intensified global competition.

2. Basic Policy on the Appropriation of Income

Returning profit to shareholders is recognized as one of the Company's most prioritized tasks, and the management considers growth in earnings per shares as its primary responsibility. The Company's fundamental policy on dividends is that they should be determined based on the level of profits.
As for retained earnings, the Company will actively utilize them to invest in highly profitable business with the aim of increasing its return on equity (ROE).

3. Targeted Financial Ratios

The Company will devote its managerial efforts for further growth under the belief of that what best serves shareholders' interests is to maximize corporate value by boosting its growth as well as its profitability. With this in mind, the Company intends to achieve a ROE of 15% and an EPS of ¥280 on a consolidated basis by fiscal year 2006.

4. The Mid-term Business Strategy

With a view to making a satisfactory start for another growth and to develop the entrepreneurial capacity to survive in the keen competition and be on the "winning side" of the retail industry, the Company intends to pursue further expansion of its retail business based on the following managerial strategies:

(1) Opening new stores that have strong probability of success
The Company will promote its efforts to open new stores, focusing on the selection of areas where there would be enough space and ability to succeed, rather than focusing on the number of new stores to open.

(2) Enhancement of its product development capability
In the pursuit for excellently differentiated quality and reasonable pricing, the Company will enhance its product designing and development capability. In addition, by developing the 'scrap-and-built' approach for existing products and new product categories, the Company attempts to strive to offer customers exquisite and satisfying products.

(3) Reinforcement of its product procurement process
The Company will review the production control system and diminish number of the suppliers or factories, so that it can increase the production speed and realize further cost reduction.

(4) Establishment of the chain operation
The Company intends to improve the sales operation and increase the productivity by thorough simplification of the common practice in the stores. Furthermore, it will advance its efforts to revamp the obsolete layout or display in the sales floor for more activated environment.

(5) Overseas strategies for growth
In addition to its continuous initiatives to open new stores in United Kingdom, France and Hong Kong, the Company aggressively explores opportunities to open stores in Italy and Germany. At the same time, it intends to prepare itself for further extension of its chain into China and U.S. in order to grow as a whole group.

5. Major Issues to be challenged

The Company recognizes that its top priority is to strengthen its product development capability and reform its product procurement structure in providing high quality products at reasonable prices, so that it can continuously promote unique lifestyle of MUJI.
Moreover, in order to survive the severe competition within the industry, the Company will further deepen its practice of low cost operation along side with enhancement of managerial structure and financial position.
By addressing and solving these issues, the Company aims to achieve its business objectives ensuring further growth and profitability.

6. Measures for Corporate Governance

The Company recognizes its ultimate goal is to enhance brand image perceived by the stakeholders such as shareholders, customers, and employees, to differentiate itself from the rest of the competitors, and to secure a dominant share in the market and their confidence to the Company. For the customers, the Company is committed to enhancing its brand image as "MUJI" and will continuously improve its product development capability, sales method and related services that can be supported by the consumer. For the shareholders, it will actively pursue a way to be an excellent company trusted in the market through persisting growth, positive IR activities, fair and full-transparent disclosure, and proper appropriation to the shareholders. For the employees, the Company intends to establish a corporate culture as an exciting company that synchronizes the vector of the Company's with that of the employees' by adopting programs that bring an opportunity for self-actualization. Furthermore, in response to the lessons learned through the recent waves of corporate scandals, the Company realizes the need to form a self-regulating operational system as soon as practicable.

The Company is confidant that the above-mentioned activities will lead to enforcement of its corporate value and self-monitoring operation within the divisions with strengthened solidarity.

As to the management structure, there are 8 board members, 6 of which are from in-house (5 of which have another offices as executive officers), and 2 of which come from outside the Company, 3 corporate auditors from outside the Company. Bisides, 5 executive officers serve for business execution. Thus the Company defines supervising function of the board of directors and responsibility of the executive officers, and at the same time advances assignment of authority for approval revising decision making rules. In addition, the Company has set up a remuneration committee which consists of four directors, two from in-house and other two from outside, submits a draft for remuneration of the board of directors and related matters.

As to the internal control, the Company has the Internal Audit Office that monitors whether business practices are operated legally, properly and accurately.

On the bases of the above fundamental policies, the Company pursues fortifying solid constitution and sound business ethics.

Results of Operations and Financial Position

1. Results of Operations

(1) Operating Review

During fiscal 2003, the Company put the key focus on proactive enhancement of the streamlining and standardization of its store business. In Japan, the Company opened 12 stores (8 of which are directly managed stores), including "Mujirushi Ryohin Sapporo PARCO", expanded floor space on 5 stores, scaled down floor space on 8 stores, and closed 11 stores (5 of which are directly managed stores), including "Mujirushi Ryohin Hakodate Seibu".

In addition, on March 1, 2003, the management of 17 "Mujirushi Ryohin" stores which had previously been operated by 3 companies; Efu Co., Ltd., Seibu Department Stores Co., Ltd and Honkin-Seibu Co., Ltd., was transferred to the Company and operations of another 2 such stores ("Mujirushi Ryohin Kawasaki Seibu" closed in August 2003) were also entrusted to the Company.

As of February 29, 2004, the Company had a total of 266 stores (123 of which are directly managed stores), total sales floor space of 189,862 square meters (105,085 square meters for directly managed stores) and average sales floor space per store of 714 square meters (854 square meters for directly managed stores).

Furthermore, "Mujirushi Ryohin com KIOSK", a business alliance with East-Japan Kiosk Co., Ltd., had 16 stores in total as it closed 2 stores.

As to the overseas operation, the Company opened two stores in Singapore and one licensed store in Korea during the fiscal year, making number of overseas stores 27in total; 17 in the United Kingdom (one of which is a licensed store), 4 in France and 3 in Hong Kong. Foreign subsidiaries that operate these stores have showed a steady growth in their revenues, contributing to the overall growth of the Ryohin Keikaku Group.

As to the sales in Japan, the apparel/miscellaneous goods fully restored from temporary inactivity marked a large contribution to the overall revenue increase. The line's sales growth ratio jumped to 113.4% compared with that of the last fiscal year, and its share in total sales also increased by 3.0 per cent. The sales of household goods and food products also showed steady increase in the later part of the year. Regarding the household goods line that makes up more than 50% of total sales, the Company, that placed the reinforcement of its development capability as the most important key challenge, addressed the market enlargement as well as product development with control unit split smaller, while it set up the design room to restructure the design development process in house. With respect to products quality, the number of claims has dramatically decreased as a result of the company-wide initiatives that have been carried out to reduce claim ratio. In addition, the inventory volume was significantly reduced due to the further improved quantity control in inventory, mainly that of the apparel/miscellaneous goods.

The sales in other channels than direct managed stores, such as licensed stores (LS), Seiyu Co., Ltd. and FamilyMart Co. Ltd., improved steadily and the operational disparities among channels, which had been an issue to be addressed, were rectified. Furthermore, the automated ordering system that has been prevailed in almost all stores, or a framework of hot seller research that was created through ingenuity of store staffs, also contributed to the sales increase.

As to the revenue, the Company succeeded in structural reform of selling, general and administrative expenses with prevalence of the low cost operation, and improved its profitability.

As a result, consolidated operating revenue for the fical year was ¥119,827 million, an increase of 4.1% over the last year. Ordinary profit rose by 26.2% to ¥9,003 million while net income totaled ¥4,695 million, an increase of 99.8% over the last year, marking the first increase both in sales and profit in the past 4 fiscal years.

(2) Forecast for the Next Period

While the Japanese economy seems to be bailing out from prolonged stagnation by getting a boost mainly in exports and investments in plant and equipment, following growth of US and Chinese economy, personal consumption has not yet showed a full-scale recovery. Thus, the retail industry is expected to face a continued unfavorable business environment.

Under such an environment, the Company intends to recover the household goods and foods lines and to reinforce its product development capability through the establishment of Planning and Product Design Office and thus expansion of the design room. As to the sales, it will enhance planning capability of sales strategy or man-power efficiency of store staff, making reference to facts and findings on the stores. Regarding the cost reduction, it will strengthen its efforts still further in structural reforms for personnel costs, rent and lease costs, logistics costs, and so on.

For overseas operations, the Company will expand operation net work, opening new stores and reinforce product development capability in Europe and Asia, and thus expect their contribution to total growth of the group.

Based on reflection of the above stated, the Company forecasts that operating revenue, ordinary profit and net income will be ¥128,200 million (+7.0% over the last year), ¥10,500 million (+16.6%), and ¥5,600 million (+19.3%), respectively.

2. Financial Position

(1) Cash flow status for the period

Cash and cash equivalents (hereinafter, referred to as “funds”) for the year totaled ¥11,776 million, deducting foreign exchange loss of ¥31 million from creation of ¥4,963 million through the year.

【Cash flows from operating activities】
Cash flows from operating activities during the year generated ¥11,423 million, an increase of ¥2,892 million over the last year, which consists of ‘Income before income taxes and minority interests’ of ¥8,155 million, ‘Depreciation’ of ¥1,788 million, and ‘Decrease in inventories’ of ¥1,331 million.

【Cash flows from investing activities】
Cash flows from investing activities during the year created an outflow of ¥2,239 million, an increase of outflow by ¥725 million compared with the last year, due to acquisition of fixed assets of ¥3,615 million, payment of fixed leasehold deposits, guaranty deposits and leasehold of ¥1,559 million, collection of fixed leasehold deposits and guaranty deposits of ¥3,187 million and the sales of investment in securities of ¥150 million.

【Cash flows from financing activities】
Cash flows from financing activities during the year showed a decrease of ¥537 million over the last year, representing an outflow of ¥4,221 million, due to acquisition of treasury stock of ¥3,000 million and dividend payment of ¥1,220 million.

(2) Forecast for fiscal 2004

Mainly because of net income increase in fiscal 2004, funds balance at the year end is expected to grow continuously.

Consolidated Balance Sheets

Ryohin Keikaku Co., Ltd. and its subsidiaries

(Millions of yen)

	February 29, 2004	February 28, 2003	Changes from previous year
Assets			
Current Assets:			
Cash on hand and in banks	**11,776**	6,844	4,932
Notes and accounts receivable	**4,677**	3,441	1,236
Inventories	**7,363**	8,726	(1,363)
Deferred tax assets – current	**599**	418	181
Other current assets	**4,715**	3,966	750
Less: Allowance for doubtful accounts	**(19)**	(14)	(4)
Total current assets	**29,113**	23,383	5,730
Fixed Assets:			
Tangible Fixed Assets:			
Buildings and structures	**7,944**	6,602	1,342
Machinery, equipment and vehicles	**527**	610	(82)
Tools and furniture	**1,589**	2,162	(572)
Land	**875**	246	629
Construction in progress	**46**	-	46
Total tangible fixed assets	**10,984**	9,621	1,362
Intangible Fixed Assets:			
Leasehold	**1,648**	1,644	3
Software	**956**	1,408	(452)
Other intangible fixed assets	**16**	44	(28)
Total intangible fixed assets	**2,621**	3,098	(477)
Investments and Advances:			
Investments in securities	**501**	515	(13)
Long-term prepaid expenses	**43**	53	(9)
Deferred tax assets - non-current	**160**	156	3
Guarantee deposits	**3,613**	6,104	(2,491)
Fixed leasehold deposits	**7,426**	6,666	760
Other investments and advances	**104**	460	(356)
Less: Allowance for doubtful accounts	**(28)**	(135)	107
Total investments and advances	**11,819**	13,820	(2,000)
Total fixed assets	**25,425**	26,540	(1,115)
Total Assets	**54,538**	49,923	4,615

(Millions of yen)

	February 29, 2004	February 28, 2003	Changes from previous year
Liabilities			
Current Liabilities:			
Notes and accounts payable	**8,174**	5,734	2,439
Income taxes payable	**3,079**	1,157	1,921
Accrued bonuses	**8**	12	(4)
Other current liabilities	**3,673**	3,654	18
Total current liabilities	**14,935**	10,560	4,374
Long-Term Liabilities:			
Accrued retirement benefits for directors and corporate auditors	**240**	246	(6)
Other long-term liabilities	**220**	266	(45)
Total long-term liabilities	**460**	512	(52)
Total Liabilities	**15,395**	11,072	4,322
Minority Interests in Consolidated Subsidiaries	**277**	370	(93)
Shareholders' Equity:			
Common stock	**6,766**	6,766	-
Capital surplus	**10,075**	10,075	-
Retained earnings	**25,625**	22,150	3,474
Net unrealized gain on other securities	**24**	36	(11)
Foreign currency translation adjustments	**41**	118	(76)
Sub-total	**42,533**	39,147	
Treasury stock	**(3,667)**	(667)	(3,000)
Total Shareholders' Equity	**38,865**	38,480	385
Total Liabilities, Minority Interests and Shareholder's Equity	**54,538**	49,923	4,615

Consolidated Statements of Income

Ryohin Keikaku Co., Ltd. and its subsidiaries

	Fiscal 2003		Fiscal 2002		Changes from previous year
	Millions of yen	%	Millions of yen	%	%
Operating Revenue:					
Net Sales	**119,189**	**100.0**	114,324	100.0	104.3
Cost of sales	**68,590**	**57.5**	68,792	60.2	99.7
Gross profit	**50,598**	**42.5**	45,531	39.8	111.1
Other Operating revenue	**638**	**0.5**	786	0.7	81.1
Sub total	**51,236**	**43.0**	46,317	40.5	110.6
Selling, general and administrative expenses	**42,466**	**35.6**	39,567	34.6	107.3
Operating Profit	**8,790**	**7.4**	6,750	5.9	130.2
Non-Operating Income:	**298**	**0.3**	450	0.4	66.3
Interest and dividend income	**21**		31		68.5
Other non-operating income	**277**		419		66.1
Non-Operating Expense:	**85**	**0.1**	66	0.1	128.4
Interest expenses	**1**		8		12.4
Other non-operating expenses	**84**		57		146.4
Ordinary Profit	**9,003**	**7.6**	7,134	6.2	126.2
Extraordinary Gains:	**132**	**0.1**	1,078	0.9	12.3
Gain on sales of investments in securities	**68**		49		138.8
Reversal of allowance for doubtful accounts	**4**		10		43.4
Reversal of accrued retirement benefits for employees	**-**		891		-
Other extraordinary gains	**60**		127		47.1
Extraordinary Losses:	**979**	**0.8**	3,725	3.2	26.3
Loss on disposal of fixed assets	**605**		1,073		56.4
Loss on disposal of inventories	**-**		499		-
Loss on cancellation of store rental contracts	**139**		1,150		12.1
Loss on settlement of coupon issued previous year	**-**		599		**-**
Amortization of good-will	**160**		-		**-**
Other extraordinary losses	**75**		402		**18.8**
Income before income taxes and minority interests	**8,155**	**6.8**	4,487	3.9	181.7
Income Taxes					
- Current	**3,569**	**3.0**	1,159	1.0	307.9
- Deferred	**(177)**	**(0.0)**	911	0.8	-
Minority interests in consolidated subsidiaries	**69**	**0.1**	66	0.1	104.4
Net Income	**4,695**	**3.9**	2,350	2.1	199.8

Consolidated Statements of Surplus

Ryohin Keikaku Co., Ltd. and its subsidiaries

(Millions of yen)

	Fiscal 2003	Fiscal 2002
Balance of capital surplus		
Ⅰ Balance of capital surplus at beginning of year	**10,075**	10,075
Ⅱ Increase in capital surplus	-	-
Ⅲ Decrease in capital surplus	-	-
Ⅳ Balance of capital surplus at end of year	**10,075**	10,075
Balance of retained earnings		
Ⅰ Retained earnings at beginning of year	**22,150**	21,073
Ⅱ Increase in retained earnings	**4,695**	2,350
Net income	**4,695**	2,350
Ⅲ Decrease in retained earnings	**1,220**	1,273
Cash dividends	**1,220**	1,235
Exclusion from consolidation of consolidated subsidiaries	**-**	38
Ⅳ Balance of retained earnings at end of year	**25,625**	22,150

Consolidated Statements of Cash Flows

Ryohin Keikaku Co., Ltd. and its subsidiaries

(Millions of yen)

		Fiscal 2003	Fiscal 2002
I.	**Cash Flows from Operating Activities:**		
	Income before income taxes and minority interests	**8,155**	4,487
	Depreciation	**1,788**	2,190
	Amortization of computer software	**491**	576
	Decrease in allowance for doubtful accounts	**(102)**	(328)
	Decrease in accrued retirement benefits	**(6)**	(1,927)
	Interest and dividend income	**(21)**	(31)
	Interest expenses	**1**	8
	Foreign exchange gain	**(3)**	(2)
	Loss on disposal of fixed assets	**335**	997
	Write-down of long-term prepaid expenses	**269**	76
	Write-down of membership	**-**	-
	Gain on sales of investment in securities	**(68)**	(49)
	Write-down of investment in securities	**38**	-
	Increase/Decrease in notes and accounts receivables	**(2,033)**	439
	Decrease in inventories	**1,331**	1,555
	Increase/Decrease in notes and accounts payables	**2,430**	(329)
	Decrease in other assets	**373**	336
	Increase in other liabilities	**67**	596
	Subtotal	**13,049**	8,597
	Interest and dividend income received	**21**	31
	Interest expenses paid	**(1)**	(8)
	Income tax paid	**(1,645)**	(88)
	Total	**11,423**	8,531
II.	**Cash Flows from Investing Activities:**		
	Payments for acquisition of fixed assets	**(3,615)**	(1,076)
	Payment of fixed leasehold deposits, guaranty deposits and leasehold	**(1,559)**	(38)
	Collection of fixed leasehold deposits and guaranty deposit	**3,187**	58
	Payments for acquisition of computer software	**(270)**	(502)
	Payments for deposit receipt for guaranty	**(42)**	-
	Proceeds from deposit receipt for guaranty	**-**	21
	Payment for acquisition of investment in securities	**(138)**	(39)
	Proceeds from sales of investment in securities	**150**	62
	Others	**49**	-
	Total	**(2,239)**	(1,514)
III.	**Cash Flows from Financing Activities:**		
	Decrease in short-term loans payable	**-**	(1,784)
	Payment for acquisition of treasury stocks	**(3,000)**	(666)
	Dividend paid	**(1,220)**	(1,223)
	Total	**(4,221)**	(3,684)
IV.	**Effect of exchange rate changes on Cash and Cash Equivalents**	**(31)**	71
V.	**Net Increase in Cash and Cash Equivalents**	**4,932**	3,403
VI.	**Cash and Cash Equivalents at beginning of year**	**6,844**	3,649
VII.	**Decrease due to exclusion from consolidation of consolidated subsidiaries**	**-**	(209)
VIII.	**Cash and Cash Equivalents at end of year**	**11,776**	6,844

Basis of Presentation of Consolidated Financial Statements

1. Scope of Consolidation

The consolidated financial statements include the accounts of all of the Company's subsidiaries.

R.K. Trucks Co., Ltd.
Ryohin Keikaku Europe Ltd.
Ryohin Keikaku France S.A.S.
MUJI (Hong Kong) Co., Ltd.
MUJI (Singapore) Private Ltd.
MUJI.net CO., LTD.
HANA-RYOHIN Co., Ltd.

2. Application of the Equity Method

The consolidated financial statements include the accounts of MUJI(TAIWAN) Co., Ltd. by the equity method.

3. The following consolidated subsidiaries have fiscal year ends that differ from that of the Company. In preparing the consolidated financial statements, the financial statements for the most recent fiscal year of each subsidiary have been used. Important transactions that occurred between their fiscal year ends and the consolidation date have been included in the consolidation figures as necessary.

Fiscal year ending November 30	MUJI (Hong Kong) Co., Ltd.
	MUJI (Singapore) Private Ltd.
Fiscal year ending January 31	Ryohin Keikaku Europe Ltd.
	Ryohin Keikaku France S.A.S.

MUJI(Hong Kong)Co.,Ltd. and MUJI(Singapore)Private Ltd. changed their fiscal year end from December 31 to November 30 and the consolidated financial statements for fiscal 2003 include the account of 11 months.

4. Summary of Significant Accounting Policies

(a) Valuation method of main assets

Investments in securities

Other securities

-Securities with market quotations:

Stated at fair value as determined by the market value at the fiscal year end (Net unrealized gains or losses on these securities are reported as separate item in the shareholders' equity at a net-of-tax amount. Cost is mainly determined by the moving-average method).

-Securities without market quotations:

Stated at cost, cost being determined by the moving-average method.

Derivatives

Stated at fair value

Inventories

Merchandise is mainly stated at cost, determined by the specific identification method, and supplies are valued at cost determined by the last purchase method.

(b) Depreciation methods for assets

Tangible fixed assets

The Company and domestic subsidiaries compute depreciation of tangible fixed assets mainly by the declining balance method. Foreign subsidiaries compute depreciation on a straight-line basis according to regulations set by the accounting standards of the countries they are located in. In Japan, however, depreciation on buildings (excluding leasehold improvements and auxiliary facilities attached to buildings) acquired on or after April 1, 1998 also is computed on the straight-line basis.

Intangible fixed assets

Amortization of intangible fixed assets except for computer software (internal use) is computed by the straight-line method. Amortization of computer software for internal use is computed by the straight-line method and related useful life is determined by the estimated period of internal use (5 years).

(c) Allowances and accrual

(1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided at the aggregated of the maximum amount, which is calculated based on the prior loss experience and the estimated amount of probable individual bad debts at the accounting period end.

This amount is considered sufficient to cover possible losses on collection.

(2) Accrued retirement benefits for directors and corporate auditors

Accrued retirement benefits for directors and corporate auditors is provided in an amount required to be paid at the end of each term, based upon internal regulations.

(d) Method of Accounting for Lease Transactions

Finance lease transactions, other than those which are deemed to transfer ownership of the leased assets to the lessee, are accounted for as operating lease transactions.

(e) Hedging accounting

Gains or losses arising from changes in the fair value of derivatives designated as hedging instruments are deferred as an asset or liability and included in net profit or loss in the same period in which the gains and losses on the hedged items or transactions are recognized.

Hedging instruments and hedging items

Hedging instruments	Hedging items
Forward foreign exchange contracts	Foreign currency trade payables

Basic policies for hedging

The Company enters into derivative transactions related foreign currency exchange rates in order to reduce risk exposure arising from fluctuations in the rate.

The Company basically enters into derivative transactions only to cover actual requirements for the effective management of liabilities, and not for speculative or dealing purposes.

Control of hedging

The Company evaluates the hedging effectiveness by comparing the cumulative changes in fair value of hedging items and corresponding changes in the hedging derivative instruments.

(f) Method of Accounting for Consumption Taxes

Consumption taxes are excluded from the amounts of items in the Consolidated Statements of Income.

5. The Scope of Cash and cash equivalents Represented in the Consolidated Statement of Cash Flows

Cash and cash equivalents in the consolidated statement of cash flows are included petty cash, deposits which are readily convertible to known amount of cash, and short-term financial instruments with original maturities of three months or less, and they present insignificant risk of changes in value.

Additional Notes to the Consolidated Statements

1. Figures of less than one million are rounded down.

2. Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2003	Fiscal 2002
Accumulated depreciation on tangible fixed assets	**12,709**	11,326

3. Consolidated Statement of Cash Flows

Relationship between "cash and cash equivalents" and related balance sheet items.

(Millions of yen)

	Fiscal 2003	Fiscal 2002
Cash on hand and in banks	**11,776**	6,844
MMF	**-**	-
Time deposits with maturities not exceeding three months	**-**	-
Cash and cash equivalents at end of year	**11,776**	6,844

Segment Information

1. By Business

(Millions of yen)

	Fiscal 2003				
	Muji brand sales	**Other business**	**Total**	**Unallocated & eliminations**	**Consolidated**
Outside customers	**118,710**	**1,117**	**119,827**	**-**	**119,827**
Intersegment	**14**	**-**	**14**	**(14)**	**-**
Operating revenue	**118,724**	**1,117**	**119,841**	**(14)**	**119,827**
Operating expenses	**109,847**	**1,204**	**111,051**	**(14)**	**111,036**
Operating profit (loss)	**8,877**	**(86)**	**8,790**	**-**	**8,790**
Assets	**53,704**	**457**	**54,162**	**375**	**54,538**
Depreciation and Amortization	**1,752**	**36**	**1,788**	**-**	**1,788**
Capital expenditure	**3,776**	**14**	**3,790**	**-**	**3,790**

(Millions of yen)

	Fiscal 2002				
	Muji brand sales	Other business	Total	Unallocated & eliminations	Consolidated
Outside customers	114,218	892	115,110	-	115,110
Intersegment	-	-	-	-	-
Operating revenue	114,218	892	115,110	-	115,110
Operating expenses	107,305	1,054	108,359	-	108,359
Operating profit (loss)	6,912	(161)	6,750	-	6,750
Assets	48,887	468	49,355	567	49,923
Depreciation and Amortization	2,158	31	2,190	-	2,190
Capital expenditure	544	98	642	-	642

Notes: 1.Business divisions are determined according to business development considerations within the Group.
2. Muji brand sales consist of retail sales and wholesale of Mujirushi Ryohin merchandise while other businesses consist of operation of campsites and retail sales of flowers.

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2. By Region

(Millions of yen)

	Fiscal 2003					
	Japan	**Europe**	**Other regions**	**Total**	**Unallocated & eliminations**	**Consolidated**
Outside customers	**112,201**	**5,813**	**1,811**	**119,827**	**-**	**119,827**
Intersegment	**248**	**-**	**-**	**248**	**(248)**	**-**
Operating revenue	**112,450**	**5,813**	**1,811**	**120,075**	**(248)**	**119,827**
Operating expenses	**103,982**	**5,658**	**1,642**	**111,283**	**(246)**	**111,036**
Operating profit (loss)	**8,467**	**154**	**169**	**8,792**	**(2)**	**8,790**
Assets	**54,226**	**2,915**	**839**	**57,981**	**(3,442)**	**54,538**

(Millions of yen)

	Fiscal 2002					
	Japan	Europe	Other regions	Total	Unallocated & eliminations	Consolidated
Outside customers	107,910	5,659	1,540	115,110	-	115,110
Intersegment	236	3	-	239	(239)	-
Operating revenue	108,147	5,662	1,540	115,350	(239)	115,110
Operating expenses	101,448	5,810	1,348	108,606	(246)	108,359
Operating profit (loss)	6,699	(147)	191	6,743	7	6,750
Assets	49,430	2,805	949	53,185	(3,262)	49,923

Notes: 1.Regional separations are determined by proximity.
2.Main countries and areas in regions other than Japan are the United Kingdom and France in Europe and Hong Kong and Singapore in Other regions.

3. Overseas Operating Revenues

Overseas operating revenues for the fiscal 2003 and 2002 are immaterial.

Breakdown by Major Categories

Net Sales by Product

(Millions of yen)

Product	Fiscal 2003		Fiscal 2002		Changes from previous year (%)
	Net sales	**Percentage of total (%)**	Net sales	Percentage of total (%)	
Apparel	**41,687**	**35.0**	36,847	32.2	113.1
Household goods	**64,361**	**54.0**	64,155	56.1	100.3
Food	**10,156**	**8.5**	10,865	9.5	93.5
Other	**2,982**	**2.5**	2,455	2.2	121.4
Total	**119,189**	**100.0**	114,324	100.0	104.3

Net Sales by Type of Sale

(Millions of yen)

Type of Sale	Fiscal 2003		Fiscal 2002		Changes from previous year (%)
	Net sales	**Percentage of total (%)**	Net sales	Percentage of total (%)	
Japan	**76,250**	**64.0**	65,586	57.4	116.3
U.K.	**4,328**	**3.7**	4,316	3.8	100.3
France	**1,462**	**1.2**	1,231	1.1	118.7
Hong Kong	**1,809**	**1.5**	1,538	1.3	117.7
Total of directory managed stores	**83,851**	**70.4**	72,672	63.6	115.4
Seiyu	**11,488**	**9.6**	10,919	9.6	105.2
Seibu Dept. Stores group	**8**	**0.0**	4,167	3.6	0.2
Other	**20,446**	**17.2**	23,601	20.6	86.6
Total of other stores	**31,943**	**26.8**	38,687	33.8	82.6
Other	**3,393**	**2.8**	2,963	2.6	114.5
Total	**119,189**	**100.0**	114,324	100.0	104.3

Net Sales by Region

(Millions of yen)

Region	Fiscal 2003			Fiscal 2002			Changes from previous year (%)
	Number of stores	**Net sales**	**Percentage of total (%)**	Number of stores	Net sales	Percentage of total (%)	
Hokkaido	**6**	**2,128**	**2.5**	3	1,437	1.9	148.1
Tohoku	**5**	**1,382**	**1.6**	3	984	1.4	140.4
Kanto	**64**	**44,061**	**52.5**	54	36,075	49.6	122.1
Kohshin-etsu	**5**	**1,551**	**1.9**	5	1,619	2.2	95.8
Hokuriku	**3**	**1,131**	**1.4**	1	581	0.8	194.6
Tohkai	**13**	**5,604**	**6.7**	13	5,458	7.5	102.7
Kinki	**24**	**14,200**	**16.9**	21	13,267	18.3	107.0
Chugoku/Kyushu	**10**	**6,189**	**7.4**	9	6,159	8.5	100.5
Total of Japan	**130**	**76,250**	**90.9**	109	65,586	90.2	116.3
U.K.	**16**	**4,328**	**5.2**	16	4,316	6.0	100.3
France	**4**	**1,462**	**1.8**	4	1,231	1.7	118.7
Hong Kong	**5**	**1,809**	**2.1**	3	1,538	2.1	117.7
Total other than Japan	**25**	**7,600**	**9.1**	23	7,086	9.8	107.3
Total	**155**	**83,851**	**100.0**	132	72,672	100.0	115.4

Deferred Taxes

Main components of the deferred tax assets and liabilities at February 29, 2004 and February 28, 2003 were as follows.

Fiscal 2003

(Millions of yen)

	February 29, 2004
Deferred tax assets (Current Assets)	
Accrued loss on settlement of coupon issued previous year	**131**
Accrued enterprise tax	**306**
Accrued establishment tax	**33**
Depreciation of tangible fixed assets	**10**
Losses on write-down of inventories	**88**
Amortization of good-will	**13**
Other	**16**
Sub total	**599**
Deferred tax assets (Fixed Assets)	
Accrued retirement benefits for directors and corporate auditors	**97**
Loss on disposal of fixed assets	**19**
Amortization of good-will	**39**
Other	**21**
Sub total	**177**
Deferred tax liabilities (Long-Term liabilities)	
Net unrealized gain on other securities	**16**
Sub total	**16**
Total	**160**

Fiscal 2002

(Millions of yen)

	February 28, 2003
Deferred tax assets (Current Assets)	
Tax loss carryforwards	683
Accrued loss on settlement of coupon issued previous year	252
Accrued enterprise tax	89
Accrued establishment tax	31
Depreciation of tangible fixed assets	9
Other	35
Sub total	1,099
Valuation allowance	(683)
Sub total	418
Deferred tax assets (Fixed Assets)	
Accrued retirement benefits for directors and corporate auditors	103
Loss on disposal of fixed assets	61
Other	18
Sub total	183
Deferred tax liabilities (Long-Term liabilities)	
Net unrealized gain on other securities	26
Sub total	26
Total	156

Securities

(1) Other securities for which market quotations are available

(Millions of yen)

	February 29, 2004			February 28, 2003		
	Acquisition Cost	**Carrying Amount**	**Differences**	Acquisition Cost	Carrying Amount	Differences
Securities with unrealized gains						
Equity securities	**113**	**162**	**49**	206	279	73
Debt securities	**-**	**-**	**-**	-	-	-
Others	**-**	**-**	**-**	-	-	-
Sub-total	**113**	**162**	**49**	206	279	73
Securities with unrealized losses						
Equity securities	**199**	**192**	**(7)**	106	96	(10)
Debt securities	**-**	**-**	**-**	-	-	-
Others	**-**	**-**	**-**	-	-	-
Sub-total	**199**	**192**	**(7)**	106	96	(10)
Total	**313**	**354**	**41**	313	376	63

(2) Other securities for which market quotations are not available

(Millions of yen)

	February 29, 2004 Carrying Amount	February 28, 2003 Carrying Amount
Other securities		
Unlisted equity securities (excludes over-the-counter securities)	**17**	138

Notes: Method of calculating market value
Listed equity and debt securities are based mainly on closing prices on the Tokyo Stock Exchange.

Brief Summary of Non-Consolidated Financial Results (March 25, 2004)
(For the year ended February 29, 2004)

Company Name	Ryohin Keikaku Co., Ltd.
Code Number	7453
(URL: http://www.muji.co.jp)	
Securities Traded	The Tokyo Stock Exchange, First Section
Address	Headquarters in Tokyo
Representative	Tadamitsu Matsui, President and Representative Director
Contact	Naoto Watanabe, General Manager, Accounting and Finance Unit, Administration Division
Telephone	03-3989-4405
Board of Directors' Meeting for Settlement of Accounts	March 25, 2004
Ordinary General Meetings of Shareholders	May 26, 2004
The system of interim dividend	Adopted

1. Results for Fiscal 2003 (March 1, 2003 to February 29, 2004) (Millions of yen)

(1) Operating results

	Operating Revenue (% of increase/decrease)		Operating Profit (% of increase/decrease)		Ordinary Profit (% of increase/decrease)	
Fiscal 2003	110,702	(3.6)	8,361	(24.0)	8,667	(22.2)
Fiscal 2002	106,805	(-5.1)	6,745	(-0.9)	7,091	(2.0)

	Net Income (% of increase/decrease)		Net Income per Share (¥)	Net Income per Share after Dilution (¥)	Return on Equity (%)	Ordinary Profit to Total Capital Ratio (%)	Ordinary Profit to Operating Revenue Ratio (%)
Fiscal 2003	4,537	(96.5)	162.81	-	11.6	16.9	7.8
Fiscal 2002	2,309	(559.1)	82.32	-	6.0	14.2	6.6

Note : 1.The average number of shares outstanding during the each period. Fiscal 2003 – 27,640,958 shares, Fiscal 2002 – 28,059,817 shares .
2. There are no accounting changes in this period.
3. Percentage of increase or decrease is based on comparison with those of the previous period.

(2) Dividend

	Dividend per Share for the Fiscal Year (¥)			Total amount of Dividend (for the entire fiscal year) (Millions of yen)	Payout-Ratio (%)	Dividend to Shareholders' Equity Ratio (%)
	Total	Interim Dividend	Year-End Dividend			
Fiscal 2003	47.00	22.00	25.00	1,282	28.5	3.3
Fiscal 2002	44.00	22.00	22.00	1,228	53.2	3.2

(3) Financial Position

	Total Assets	Total Shareholders' Equity	Shareholders' Equity Ratio (%)	Shareholders' Equity per Share (¥)
Fiscal 2003	53,574	39,129	73.0	1,453.62
Fiscal 2002	48,883	38,824	79.4	1,399.15

Note: 1. The number of shares outstanding at fiscal year end. Fiscal 2003 – 26,892,755 shares, Fiscal 2002 − 27,748,870 shares
2. The number of treasury stock at fiscal year end. Fiscal 2003 – 1,185,245 shares, Fiscal 2002 – 329,130 shares

2. Forecast for Fiscal 2004 (March 1, 2004 to February 28, 2005) (Millions of yen)

	Operating Revenue	Ordinary Profit	Net Income	Dividend per share for the Fiscal Year (¥)		
				Interim Dividend	Year-End Dividend	Total
Interim Period	57,800	4,700	2,500	25.00	-	-
Fiscal Year	116,600	10,000	5,400	-	25.00	50.00

Reference: Estimated net income per share for the fiscal year is ¥200.80

Note: The above forecast is announced presupposing available information at March 25, 2004 and an assumption related to uncertain factors which will influence to future results. Actual results may be different from forecast depend on various factors in future. Please refer to page 5, in which an assumption and matters to be attended to use the forecast are noted.

Non-Consolidated Balance Sheets

Ryohin Keikaku Co., Ltd.

(Millions of yen)

	February 29, 2004	February 28, 2003	Changes from previous year
Assets			
Current Assets:			
Cash on hand and in banks	**10,207**	5,205	5,001
Accounts receivable	**4,478**	3,225	1,252
Merchandise	**6,240**	7,726	(1486)
Supplies	**39**	44	(5)
Advance Payments	**12**	39	(26)
Prepaid expenses	**690**	716	(25)
Deferred tax assets - current	**593**	412	180
Short-term loans to subsidiaries	**170**	170	-
Accounts receivable - other	**3,115**	2,578	537
Advanced payments	**539**	558	(19)
Other current assets	**574**	379	194
Less: Allowance for doubtful accounts	**(20)**	(14)	(6)
Total current assets	**26,641**	21,044	5,597
Fixed Assets:			
Tangible Fixed Assets:			
Buildings	**7,666**	6,272	1,393
Structures	**111**	116	(4)
Machinery and equipment	**467**	563	(96)
Vehicles and transportation equipment	**1**	1	0
Tools and furniture	**1,177**	1,608	(430)
Land	**875**	246	629
Construction in progress	**46**	-	46
Total tangible fixed assets	**10,346**	8,809	1,536
Intangible Fixed Assets:			
Leasehold	**1,478**	1,478	-
Trademarks	**4**	4	0
Software	**953**	1,401	(448)
Other intangible fixed assets	**9**	37	(27)
Total intangible fixed assets	**2,445**	2,922	(476)
Investments and Advances:			
Investments in securities	**372**	515	(142)
Investment in subsidiaries and affiliates	**2,637**	2,499	138
Long-term prepaid expenses	**20**	19	1
Deferred tax assets - non-current	**160**	156	3
Guarantee deposits	**3,424**	5,915	(2,490)
Fixed leasehold deposits	**7,422**	6,665	756
Store development in progress	**78**	249	(171)
Claim in bankruptcy and similar debts	**22**	72	(50)
Other investments and advances	**3**	137	(134)
Less: Allowance for doubtful accounts	**(0)**	(123)	123
Total investments and advances	**14,141**	16,107	(1,966)
Total fixed assets	**26,933**	27,839	(906)
Total Assets	**53,574**	48,883	(4,691)

(Millions of yen)

	February 29, 2004	February 28, 2003	Changes from previous year
Liabilities			
Current Liabilities:			
Notes payable	**494**	459	35
Accounts payable	**7,227**	4,750	2,477
Accounts payable - other	**89**	160	(70)
Income taxes payable	**3,034**	1,127	1,907
Consumption taxes payable	**258**	355	(96)
Accrued expenses	**2,558**	2,310	248
Non-operating notes payable	**114**	108	6
Other current liabilities	**214**	287	(72)
Total current liabilities	**13,993**	9,558	4,434
Long-Term Liabilities:			
Accrued retirement benefits for directors and corporate auditors	**240**	246	(6)
Other long-term liabilities	**212**	254	(42)
Total long-term liabilities	**452**	500	(48)
Total Liabilities	**14,445**	10,059	4,386
Shareholders' Equity			
Common stock	**6,766**	6,766	-
Capital surplus:			
Additional paid-in capital	**10,075**	10,075	-
Retained earnings:			
Legal reserve	**493**	493	-
General reserve	**20,700**	19,700	1,000
Unappropriated retained earnings	**4,737**	2,420	2,317
Total retained earnings	**25,930**	22,613	3,317
Net unrealized gain on other securities	**24**	36	(11)
Treasury stock	**(3,667)**	(667)	(3,000)
Total Shareholders' Equity	**39,129**	38,824	304
Total Liabilities and Shareholders' Equity	**53,574**	48,883	4,691

Non-Consolidated Statements of Income

Ryohin Keikaku Co., Ltd.

	Fiscal 2003		Fiscal 2002		Changes from Previous year
	Millions of yen	**%**	Millions of yen	%	**%**
Operating Revenue:					
Net sales	**109,844**	**100.0**	105,902	100.0	103.7
Cost of sales	**64,624**	**58.8**	65,083	61.5	99.3
Gross profit	**45,220**	**41.2**	40,819	38.5	110.8
Other operating revenue	**857**	**0.8**	903	0.9	94.9
Sub total	**46,077**	**42.0**	41,722	39.4	110.4
Selling, general and administrative expenses	**37,716**	**34.3**	34,976	33.0	107.8
Operating Profit	**8,361**	**7.7**	6,745	6.4	124.0
Non-Operating Income	**397**	**0.4**	445	0.4	89.3
Interest and dividend income	**173**		35		488.9
Other non-operating income	**224**		410		54.7
Non-Operating Expenses	**92**	**0.1**	100	0.1	91.5
Interest expenses	**-**		4		-
Exchange loss	**11**		44		25.4
Other non-operating expenses	**80**		51		156.7
Ordinary Profit	**8,667**	**8.0**	7,091	6.7	122.2
Extraordinary Gains:	**126**	**0.1**	1,000	0.9	12.7
Gain on sales of investments in securities	**68**		49		138.8
Reversal of allowance for doubtful accounts	**3**		12		24.2
Reversal of accrued retirement benefits	**-**		891		-
Other extraordinary gains	**55**		47		116.5
Extraordinary Losses::	**945**	**0.9**	3,781	3.6	25.0
Loss on disposal of fixed assets	**595**		1,066		55.9
Bad debt expense	**13**		-		-
Loss on disposal of inventories	**-**		499		-
Loss on cancellation of store rental contracts	**117**		1,150		10.3
Write-down of investments in securities	**38**		10		-
Write-down of investments in subsidiaries	**-**		103		-
Loss on settlement of coupon issued previous year	**-**		599		-
Amortization of good-will	**160**		-		-
Other extraordinary losses	**18**		353		5.2
Income before income taxes	**7,848**	**7.2**	4,310	4.0	182.1
Income taxes					
- Current	**3,485**	**3.2**	1,100	1.0	316.8
- Deferred	**(174)**	**(0.0)**	900	0.8	-
Net Income	**4,537**	**4.1**	2,309	2.2	196.5
Retained earnings brought forward	**810**		728		111.2
Interim cash dividend	**610**		617		98.8
Unappropriated retained earnings at end of year	**4,737**		2,420		195.7

Proposal for Appropriation of Retained Earnings

Ryohin Keikaku Co., Ltd.

(Millions of yen)

	Fiscal 2003	Fiscal 2002	Changes from previous year
Unappropriated retained earnings	**4,737**	2,420	2,317
Reversal of general reserve	**-**	-	-
Sub total	**4,737**	2,420	2,317
We propose to appropriate the foregoing as follows:			
Transfer to legal reserve	**-**	-	-
Cash dividend	**672**	610	61
	(¥25 per share)	(¥22 per share)	
Directors' bonuses	**37**	-	37
[Corporate auditors' bonuses]	**[2]**	[-]	[2]
Transfer to general reserve	**3,000**	1,000	2,000
Unappropriated retained earnings carried forward	**1,027**	810	217

Note: The Company paid an interim cash dividend of ¥610 million (¥22 per share) on October 31, 2003.

Summary of Significant Accounting Policies

1. Investment in securities and investment in subsidiaries

Securities issued by subsidiaries

Stated at cost determined by the moving-average method

Other securities

− Securities with market quotations:

Stated at fair value as determined by the market value at the fiscal year end (Net unrealized gains or losses of these securities are reported as a separate item in the shareholders' equity at a net-of-tax amount. Cost is determined by the moving-average method.).

− Securities without market quotations:

Stated at cost, cost being determined by the moving-average method.

2. Derivatives

Stated at fair value.

3. Inventories

Merchandise is stated at cost, determined by the specific identification method, and supplies are valued at cost, determined by the last purchase method.

4. Depreciation methods for assets

(1) Tangible fixed assets

The Company computes depreciation of tangible fixed assets by the declining balance method. However, depreciation on buildings (excluding leasehold improvements and auxiliary facilities attached to buildings) acquired on or after April 1, 1998 is computed on the straight-line basis.

(2) Intangible fixed assets

Amortization of intangible fixed assets except for computer software (internal use) is computed by the straight-line method. Amortization of computer software for internal use is computed by the straight-line method and related useful life is determined by the estimated period of internal use (5 years).

(3) Depreciable assets included in "Long-term prepaid expenses"

Depreciable assets included in "Long-term prepaid expenses" are amortized by the straight-line method.

5. Recording basis of main allowances and accrual

(1) Accrued retirement benefits for directors and corporate auditors

Accrued retirement benefits for directors and corporate auditors is provided in an amount required to be paid at the end of each term, based upon internal regulations.

(2) Allowance for doubtful accounts

Allowance for doubtful accounts is provided at the aggregated of the maximum amount, which is calculated based on the prior loss experience and the estimated amount of probable individual bad debts at the accounting period end. This amount is considered sufficient to cover possible losses on collection.

6. Method of accounting for lease transactions

Finance lease transactions, other than those which are deemed to transfer ownership of the leased assets to the lessee, are accounted for as operating lease transactions.

7. Hedging accounting

Gains or losses arising from changes in the fair value of derivatives designated as hedging instruments are deferred as an asset or liability and included in net profit or loss in the same period in which the gains and losses on the hedged items or transactions are recognized.

Hedging instruments and hedging items

Hedging instruments	Hedging items
Forward foreign exchange contracts	Foreign currency trade payables

Basic policies for hedging

The Company enters into derivative transactions related foreign currency exchange rates in order to reduce risk exposure

arising from fluctuations in the rate.
The Company basically enters into derivative transactions only to cover actual requirements for the effective management of liabilities, and not for speculative or dealing purposes.

Control of hedging
The Company evaluates the hedging effectiveness by comparing the cumulative changes in fair value of hedging items and corresponding changes in the hedging derivative instruments.

8. Method of accounting for consumption taxes
Consumption taxes are excluded from the amounts of items in the accompanying non-consolidated statements of income.

Additional Notes to the Non-consolidated Financial Statements

1. Figures of less than one million are rounded down.

2. Non-consolidated Balance Sheets

(Millions of yen)

	Fiscal 2003	Fiscal 2002
Accumulated depreciation on tangible fixed assets	**11,033**	9,853
Guarantees of loans	**725**	660

Deferred Taxes

Main components of the deferred tax assets and liabilities at February 29, 2004 and February 28, 2003 were as follows.

Fiscal 2003

(Millions of yen)

	February 29, 2004
Deferred tax assets (Current Assets)	
Accrued loss on settlement of coupon issued previous year	**131**
Accrued enterprise tax	**306**
Accrued establishment tax	**33**
Depreciation of tangible fixed assets	**10**
Losses on write-down of inventories	**88**
Amortization of good-will	**13**
Other	**9**
Sub total	**593**
Deferred tax assets (Fixed Assets)	
Accrued retirement benefits for directors and corporate auditors	**97**
Loss on disposal of fixed assets	**19**
Amortization of good-will	**39**
Write-down of investments in subsidiaries	**43**
Other	**21**
Sub total	**218**
Valuation allowance	**(43)**
Sub total	**177**
Deferred tax liabilities (Long-Term liabilities)	
Net unrealized gain on other securities	**16**
Sub total	**16**
Total	**160**

Fiscal 2002

(Millions of yen)

	February 28, 2003
Deferred tax assets (Current Assets)	
Accrued loss on settlement of coupon issued previous year	252
Accrued enterprise tax	89
Accrued establishment tax	31
Depreciation of tangible fixed assets	9
Other	29
Sub total	412
Deferred tax assets (Fixed Assets)	
Accrued retirement benefits for directors and corporate auditors	103
Loss on disposal of fixed assets	61
Write-down of investments in subsidiaries	45
Other	17
Sub total	226
Valuation allowance	(43)
Sub total	183
Deferred tax liabilities (Long-Term liabilities)	
Net unrealized gain on other securities	26
Sub total	26
Total	156

Securities

The Company has no investment securities in subsidiaries and affiliates with available market values at the end of fiscal 2003 and 2002.