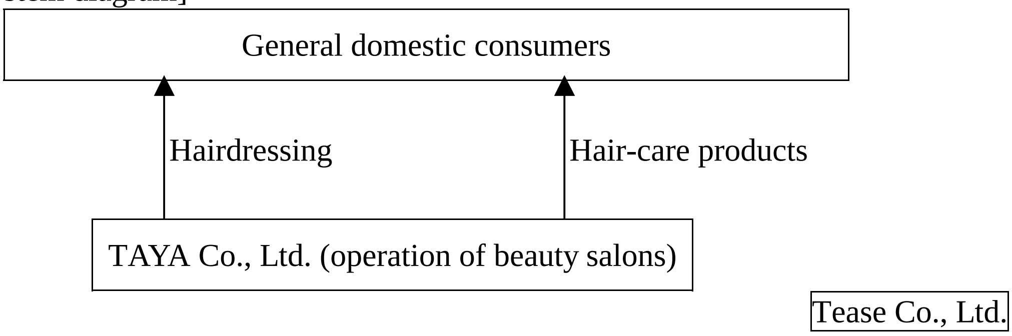
Attached materials

1. Status of the corporate group

The corporate group of the Company consists of the Company and its affiliated companies. The company engages in operating beauty salons based on the “Beauty Therapist Law” (called “beauty shops” under that Law). At the beauty salons, beauty therapists with national licenses provide customers with hairdressing (treatments such as haircuts, perms, and hair-coloring), and sell hair-care products suitable for those customers.

Tease Co., Ltd., an affiliated company of the Company, engages in a real estate leasing business, but has no business related to that of the Company.

[Business system diagram]



2. Management policy

2-1. Basic management policy

The Company aims to enhance the techniques, creativity, sensitivity and service quality of its beauty therapists, while placing greatest emphasis throughout its businesses on the use of exceptional practical techniques. Our Company's principal goal is to add beauty to the lives of our customers through hairdressing, in line with the Company's mission statement: "Our contribution to society is to provide everybody with hopes and dreams."

The Company acknowledges that its role in society, in conducting its businesses, is to pursue the four goals of customer satisfaction, shareholder satisfaction, employee satisfaction and community satisfaction.

2-2. Basic dividend policy

It is the Company's basic policy to ensure the stable distribution of dividends to its shareholders, to return profits to shareholders in line with the Company's business results, and to make every effort to expand its operations. The retained earnings of the Company will be used to strengthen its financial position by maximizing corporate value. Retained earnings will also be used to expand the Company's businesses in the future to meet the expectations of shareholders.

To enable the rapid execution of capital policies in response to changes in the management environment, the following resolution was approved at the shareholders' meeting held on June 17 of this year, as a management option for the acquisition of treasury shares in accordance with Article 210 of the Commercial Code. The final decision, size, timing, method, and other details of the acquisition of treasury shares will be properly decided in a timely manner in light of market movements and management needs.

(1) Type of shares acquired: Common shares of the company
(2) Total number of shares acquired: A maximum of 100,000 shares
(3) Total amount of share acquisition costs: A maximum of 120 million yen

2-3. Targeted financial indexes

The Company aims at achieving the major financial indexes below:

(1) Return on shareholders' equity ...15%
(2) Ratio of ordinary income to sales ...10%
(3) Current net profit per share ...150 yen

2-4. Medium to long-term corporate strategy

To improve profitability and to restructure its management bases, the Company developed a new medium-term management plan ("Process Innovation 300"), consisting of three-year, five-year and seven-year plans. The Company will launch the new management system in April this year, and will devote every effort to implementing the system. An outline of the plan is as follows:

Medium-term corporate plan

Phase 1 (Target year: Term ending March 2006)

Focusing on improved profitability, with the aim of recovering gross margin to 20%

Phase 2 (Target year: Term ending March 2008)

Aiming to increase the number of salons and shops while maintaining profitability, and establishing a strong management base

Phase 3 (Target year: Term ending March 2010)

Aiming for annual sales of 30 billion yen

Medium-term corporate strategy

(1) In pursuit of customer satisfaction

From April 2003, the Company will regard itself as a company starting up for the second time with renewed entrepreneurial spirit and renewed emphasis on its original goals in the services industry. The Company will systematize the expertise it has accumulated, and strive to provide the patrons to its beauty salons with services based on the slogan of “Workshop of Excellence” so that every beauty salon in the Company will provide the best customer satisfaction in each area. Through these efforts, the Company will be able to improve its repeat ratio for customers, prevent the loss of customers and maximize the number of regular customers. In Phase 1, the Company will focus on retaining customers, and increase and solidify customer equity, which is part of the Company’s assets.

(2) Measures to increase the number of beauty salons

Of the six brands of beauty salons that the Company has been developing, the opening of the new Shampoo salons, which feature being quick, safe and inexpensive will be given top priority. The salons will be introduced along the JR and private railway lines in the Tokyo metropolitan, Kansai and other areas.

In addition to Shampoo salons, the Company has opened designer brand salons such as TAYA and TAYA & CO. GINZA (hereinafter referred to as called “designer brand salons”). These salons are being opened primarily in commercial complexes and terminal buildings in city centers. The Company will open new salons on busy streets and in residential areas, too, by selecting the locations carefully to improve the brand recognition.

In addition, the Company will open other salons by combining the features of the designer brand salons and the Shampoo salons so that customers can receive the services they prefer based on their needs.

(3) Efficient operations

The Company has streamlined operations at its headquarters, and computerized and diversified its administrative processes. Thanks to continuous improvements in productivity in the administrative divisions, technical training for personnel, sales promotion activities, and cost reduction through the elimination of waste, the Company is close to establishing a system that can restrain any increases in expenses related to selling and general administration.

The Company will continue to maximize cost reductions, and improve profitability by reducing the ratio of selling, general and administrative expenses to the 7 percent in the final target year.

In addition, each salon will reduce costs without sacrificing the quality of customer services by taking advantage of the economies of scale. The economies of scale include cost reductions through the purchase of OEM products and an increase in purchase rebates, together with the reduction of common expenses including those for advertisement and consumables.

To improve productivity and reduce the ratio of personnel expenses in labor-intensive beauty salons, the Company will strive to accumulate customers, deploy personnel properly through flexible personnel transfers in each salon, improve the efficiency of personnel management and increase revenue.

2-5. Corporate strategy and problems of the Company

In accordance with its mission statement, the Company will keep on creating an environment that benefits its customers, regardless of age, sex or nationality. The Company, as a leading company in the hairdressing industry, will pursue profitability and growth, with an emphasis on the development of new technology, training of employees, dissemination of information, an increase in the number of its beauty salons, and reasonable cost reductions.

The Company will also cope flexibly and quickly with changes in its environment such as economic conditions and social situations, and work hard to improve and strengthen the Company's corporate structure.

2-6. The basic concept of corporate governance and the implementation of related measures

<Basic concept of corporate governance>

The Company considers that the establishment of an organizational system, which is sound, transparent and responsive to the changes in the management environment, and which can facilitate prompt, appropriate decision-making, is a very important management issue.

<Implementation of measures related to corporate governance>

The Company has positioned the board of directors at the core of its management strategy. At the end of the current term, there is fourteen directors (the Company has no outside directors). The board holds discussions at its monthly meetings and makes its decisions at that time. Special meetings of the board of directors are held whenever necessary. Directors are jointly and severally responsible for the Company's management and the conduct of its operations.

Three statutory auditors, including two external statutory auditors, attend the meetings of the board of directors and other important meetings and have carried out investigations and audits of the business and financial conditions of the Company. The statutory auditors also supervise the execution of duties by the directors. One external director is a lawyer and the other is a registered tax accountant. The supervision and direction of the Company's compliance issues are functioning properly.

The Internal Audit Section is established in the President's office. Four full-time internal auditors are responsible for conducting internal audits to verify that the Company's operations have been conducted lawfully, efficiently and in compliance with the internal regulations of the Company. The internal auditors must report any problems that they find, and provide and recommend measures for improvement, thereby endeavoring to improve the quality and efficiency of operations.

Wako Audit Corporation is the Company’s external auditor, and has audited the financial statements. In addition, it provides advice on other matters, such as management and organizational problems, to the Company whenever necessary.

In addition, the Company promotes the timely disclosure of information to shareholders and investors by disclosing financial statements earlier and by announcing its monthly sales information through its homepage on the tenth of every month.

2-7. Purpose and policy of the reduced number of unit shares

As additional incentive for investors to purchase the Company’s shares and to promote the trading of these shares, the Company reduced the number of unit shares from 1000 to 100 on August 1, 2000.

3. Operating results and financial condition

3-1. Overview of the current interim term

Despite some bright indicators, including an improvement in company sentiment resulting from an upturn in the export environment and a recovery in earnings attributable to progress in restructuring, the Japanese economy remained generally severe during the current interim term. This reflected the many uncertainties that prevailed, including the slow recovery of the U.S. economy, the situation in Iraq, the outbreak of Severe Acute Respiratory Syndrome (SARS), the sluggish improvement in the employment and earnings environments, and the continuation of weak personal consumption, adversely impacted by the cold summer.

The hairdressing industry also confronted a difficult management environment, as customers visited salons less frequents, per-customer spending fell, and the number of new customers declined.

In response, the Company has endeavored to attract and keep customers by returning to service basics and by comprehensively focusing on customer satisfaction.

The Company opened a total of eleven new beauty salons, including seven TAYA salons, three Courreges salon de beaute salons and one Shampoo salon. It also relocated TAYA (Nibancho) to TAYA (Kojimachi), and converted Bumble and bumble NEW YORK (Jiyugaoka) to Capelli Punto N.Y. (Jiyugaoka), and Bumble and bumble. NEW YORK (Super Brand City Hakata) to TAYA INTERNATIONAL (Hakata Riverain). In addition, the Company completely renovated TAYA (Fujisaki), and partially renovated Courreges salon de beaute (Kumamoto Shimodori). Moreover, three TAYA salons and one Capelli Punto N.Y. salon have been temporarily closed for reconstruction and remodeling, respectively. Meanwhile, the Company closed Bumble and bumble. NEW YORK (Shinsaibashi OPA) and a retail shop, beautiful hair (Shinsaibashi OPA).

As a result, the Company was directly operating 155 beauty salons and one retail shop as of the end of the current interim term, including 73 TAYA salons (including three salons that are temporarily closed), 27 Courreges salon de beaute salons, 42 Shampoo salons, 6 TAYA & CO. GINZA salons, 6 Capelli Punto N.Y. Salons (including one salon that is temporarily closed), and one Bumble and bumble NEW YORK salon.

In hairdressing, the Company has developed products with the ability to respond to the demands of customers in the hair color market, which is now considered to be mature. It has done this by releasing “Metallic Color,” an entirely new color that can control hair fading and damage, and by adding “Spiral Highlight,” a new hair color technique. The Company also added 6 hair care products through OEM. It also endeavored to stimulate potential demand by releasing home maintenance hair color products, an industry first. These products are available in four colors and are sold at salons.

But the Company still faced challenging conditions caused by the sustained decline in the frequency of customer visits, albeit with some signs of a recovery, the slowdown in new customer numbers and product sales resulting from weak consumption, lower transaction prices per customer, and other factors. In particular, the Company’s sales at existing salons were lower than the previous year, reflecting weak sales in the unseasonably cool summer, traditionally the peak season for our industry.

As a result, despite the Company’s efforts to reduce costs, sales totaled only 6,904 million yen (a decrease of 6.7% from the same period last year), and the ordinary loss was 69 million yen (a decrease of 122.2%). The interim net loss was 153 million yen (down 307.5%).

3-2. Interim cash flows

Cash and cash equivalents (called "funds" hereinafter) at the end of the current interim term were 1,564 million yen (a decrease of 293 million yen from the same period last year).

In addition, cash flows in the current interim fiscal term were as follows:

(Cash flow from operations)

Funds from operating activities amounted to 18 million yen (down 400 million yen from the same period last year) in the current interim term. This is primarily because the net loss before taxes resulted in 210 million yen even though accounts receivable decreased 96 million yen.

(Cash flow from investments)

Funds used in investments in the current interim term stood at 408 million yen (a decrease of 113 million yen from the same period last year).

This result is primarily attributable to the acquisition of tangible fixed assets resulting from remodeling and new opening of salons, expenditures for the payment of key money and security deposits, and other factors.

(Cash flow from financial activities)

Funds from financing activities in the current interim term were 132 million yen (an increase of 334 million yen from the same period last year).

This primarily reflects a net increase in long-term borrowings of 245 million yen.

	Current interim term	Previous interim term	Previous fiscal year
Capital ratio (%)	48.4	48.8	51.3
Mark-to-market capital ratio (%)	53.6	75.7	47.9
Debt retirement (years)	-	8.1	4.6
Interest coverage ratio	-	12.6	11.1

Capital ratio: Net worth/Total assets

Mark-to-market capital ratio: Total market capitalization/Total assets

Debt retirement: Interest bearing debt/Operating cash flows

Interest coverage ratio: Operating cash flows/Interest payment

*1. Total market capitalization was computed based on "closing stock prices at year-end" × "total outstanding shares at year-end."

2. Operating cash flow represents cash flow from operating activities in the cash flow statement. Interest-bearing debt represents all interest-bearing debts recorded on the balance sheet. In addition, interest payments represent the interest payment recorded in the cash flow statement.

3-3. Outlook for the next term

The management environment is likely to remain difficult in the next term, given the uncertain prospects of the global economy. However, a gradual recovery is likely in the domestic economy and consumer sentiment should improve.

Despite the challenging conditions, customer revisit rates have gradually increased and the Company is restructuring its business base to enable a recovery in the second half of the year, by returning to services fundamentals as the second foundation period and striving to secure customers by focusing on customer satisfaction. The Company will also endeavor to secure new and regular customers and improve its performance through efficient management that leverages of economies of scale. Specifically, it will accurately track the continuous fine shifts in customer needs, provide exclusive services, and deliver customer satisfaction.

For the fiscal year ending March 2004, sales are expected to be 15 billion yen (an increase of 2.3% from the previous year). Ordinary income for this period is expected to be 700 million yen (a decrease of 10.0%), while net income should reach 250 million (a decrease of 12.9%).

4. Interim financial statements, etc.

4-1. Comparative balance sheet

Unit: thousand yen

Accounts \ Term	End of the current interim term (as of September 30, 2003)		End of the previous interim term (as of September 30, 2002)		Balance sheet for the previous fiscal year (as of March 31, 2003)	
	Amount	Breakdown	Amount	Breakdown	Amount	Breakdown
(Assets)		%		%		%
I Current assets						
Cash and deposits	1,813,237		1,927,046		2,053,699	
Accounts receivable	462,355		518,618		574,523	
Securities	193,936		450,563		250,609	
Inventories	208,924		247,166		215,617	
Deferred tax assets	160,217		88,867		83,902	
Others	178,050		177,662		162,140	
Allowance for bad debts	-5,560		-21,490		-11,050	
Total current assets	3,011,161	31.0	3,388,435	34.7	3,329,443	34.3
II Fixed assets						
Tangible fixed assets *1						
Buildings *2	2,247,682		2,185,590		2,148,017	
Land *2	1,461,114		1,461,114		1,461,114	
Others	117,339		30,355		27,662	
Total	3,826,136		3,677,060		3,636,795	
Intangible fixed assets	36,485		29,259		29,351	
Investments and other assets						
Key money and guarantee money *2	2,588,811		2,426,835		2,454,890	
Long-term deferred tax assets	85,689		71,666		79,815	
Others	172,053		180,741		174,178	
Long-term bad debt reserves	-21,350		-9,700		-9,700	
Total	2,825,204		2,669,544		2,699,184	
Total fixed assets	6,687,825	69.0	6,375,864	65.3	6,365,330	65.7
Total assets	9,698,987	100.0	9,764,299	100.0	9,694,774	100.0

Unit: thousand yen

Accounts \ Term	End of the current interim term (as of September 30, 2003) Amount	Breakdown	End of the previous interim term (as of September 30, 2002) Amount	Breakdown	Balance sheet for the previous fiscal year (as of March 31, 2003) Amount	Breakdown
(Liabilities)		%		%		%
I Current liabilities						
Notes payable	411,215		479,777		339,835	
Trade debts payable	110,377		68,326		88,010	
Short-term loans *2	222,360		200,000		209,400	
Long-term loans due within one year *2	450,931		471,514		448,668	
Accounts payable	408,334		379,440		378,489	
Accrued expenses	584,046		612,588		610,747	
Unpaid corporate taxes	34,127		142,414		162,970	
Bonus reserve	168,081		187,425		168,837	
Others *4	112,530		145,251		152,568	
Total current liabilities	2,502,004	25.8	2,686,738	27.5	2,559,529	26.4
II Fixed liabilities						
Long-term loans *2	1,742,311		1,619,574		1,500,048	
Retirement benefit reserve	190,570		166,482		180,421	
Long-term accounts payable	567,183		527,183		477,509	
Total fixed liabilities	2,500,064	25.8	2,313,239	23.7	2,157,978	22.3
Total liabilities	5,002,069	51.6	4,999,977	51.2	4,717,507	48.7
(Shareholders' equity)						
I Capital stock	1,480,180	15.3	1,480,180	15.2	1,480,180	15.3
II Capital surplus						
Capital reserve	1,702,245	17.5	1,702,245	17.4	1,702,245	17.5
III Retained earnings						
Profit reserve	66,920		66,920		66,920	
Voluntary reserve	860,000		760,000		760,000	
Unappropriated retained earnings	705,950		873,354		1,086,298	
Total retained earnings	1,632,870	16.8	1,700,274	17.4	1,913,218	19.7
IV Company's own stock	-118,377	-1.2	-118,377	-1.2	-118,377	-1.2
Total shareholder's equity	4,696,918	48.4	4,764,322	48.8	4,977,266	51.3
Total liabilities and shareholders' equity	9,698,987	100.0	9,764,299	100.0	9,694,774	100.0

4-2. Interim income statement

Unit: thousand yen

Accounts \ Term	Current term (April 1 to September 30, 2003)		Previous term (April 1 to September 30, 2002)		Comparison with the previous term (April 1, 2002 to March 31, 2003)	
	Amount	Breakdown	Amount	Breakdown	Amount	Breakdown
		%		%		%
I Sales	6,904,463	100.0	7,398,735	100.0	14,668,666	100.0
II Cost of sales	6,211,525	90.0	6,298,777	85.1	12,388,533	84.5
Gross profit	692,938	10.0	1,099,957	14.9	2,280,132	15.5
III Sales and administrative expenses	762,672	11.0	766,556	10.4	1,485,955	10.1
Operating profit	-69,733	-1.0	333,401	4.5	794,177	5.4
IV Non-operating income *1	41,211	0.6	17,285	0.2	50,431	0.3
V Non-operating expenses *2	41,438	0.6	35,705	0.5	66,438	0.4
Ordinary income	-69,960	-1.0	314,981	4.2	778,171	5.3
VI Extraordinary income *3	-	-	18,719	0.3	34,659	0.2
VII Extraordinary losses *4	140,995	2.0	145,684	2.0	192,046	1.3
Income before taxes	-210,956	-3.0	188,016	2.5	620,784	4.2
Corporate tax, inhabitants tax and enterprise tax	25,142	0.4	135,063	1.8	358,070	2.4
Amount of adjustment for corporate tax	-82,189	-1.2	-21,213	-0.3	-24,397	-0.1
Net income	-153,910	-2.2	74,166	1.0	287,111	1.9
Profits carried-over from the previous term	859,861		799,187		799,187	
Unappropriated retained earnings	705,950		873,354		1,086,298	

4-3. Interim cash flow statement

Unit: thousand yen

Accounts \ Term	Current term (April 1 to September 30, 2003)	Previous term (April 1 to September 30, 2002)	Interim cash flow statement with the previous term (April 1, 2002 to March 31, 2003)
	Amount	Amount	Amount
I Cash flow from operations			
Income before taxes	-210,956	188,016	620,784
Depreciation	103,495	99,756	205,571
Increase in bonus reserve (-: decreased amount)	-756	21,533	2,946
Increase in retirement benefit reserve	10,148	9,165	23,104
Increase in bad debt reserve (-: decrease)	6,160	-20,255	-30,695
Interest received	-411	-423	-885
Interest paid	25,323	28,875	55,190
Loss from disposal of fixed assets	134,019	145,684	186,236
Loss on sales of tangible fixed assets	816	-	-
Income from compensation for closed beauty salons	-	-18,719	-24,219
Appraisal loss of membership rights	-	-	5,810
Decrease in accounts receivable	113,146	210,085	151,981
Decrease in inventory	6,693	275	31,824
Increase in trade payables (-: decrease)	79,159	42,940	-64,240
Others	-106,169	-159,271	-144,800
Sub-total	160,669	547,663	1,018,610
Amount of received interest	415	438	902
Amount of interest payments	-25,129	-30,465	-56,461
Paid corporate taxes	-153,986	-134,984	-337,435
Cash flow from operations	-18,030	382,651	625,615
II Cash flow from investments			
Payment for time deposits	-448,841	-445,278	-891,855
Income from withdrawal of time deposits	452,301	468,730	898,766
Payment for the acquisition of tangible fixed assets	-252,422	-200,324	-352,510
Expenditure for payment of security deposit and guarantee money	-152,692	-149,855	-233,841
Income due to the recovery of security deposit and guarantee money	8,657	19,958	88,300
Others	-15,141	12,564	-2,378
Cash flow from investments	-408,139	-294,204	-493,518
III Cash flow from financial operations			
Income from additional short-term loans	435,000	386,000	876,000
Repayment of short-term loans	-422,040	-450,600	-931,200
Income from additional long-term loans	480,000	433,600	533,600
Repayment of long-term loans	-235,474	-462,180	-704,552
Dividend payments	-124,990	-108,805	-109,325
Cash flow from financial operations	132,495	-201,985	-355,477
IV Amount of decrease in cash and cash equivalents	-293,674	-113,539	-203,381
V Opening balance of cash and cash equivalents	1,858,162	2,061,543	2,061,543
VI Cash and cash equivalents at end	1,564,488	1,948,004	1,858,162

(Important accounting policy for the preparation of interim financial statements)

1. Standards and methods for the evaluation of securities
   (1) Securities
      Other securities
         Without market price: at cost, based on the moving average method.
   (2) Inventories
      Merchandise and materials for hairdressing: at cost, based on the moving average method.
      Supplies: at cost, based on the final purchase cost.
2. Depreciation of fixed assets
   (1) Tangible fixed assets
      Declining method. However, the straight-line method is applied to the buildings acquired on and after April 1, 1998 (excluding attached equipment).
      Useful lives: Buildings: 8 to 60 years
      Equipment and apparatus: 3 to 10 years
   (2) Intangible fixed assets
      Straight-line method. The straight-line method is applied to software for the Company's use based on the usable period in the Company (five years).
   (3) Long-term prepaid expenses
      Straight-line method.

3. Accounting standards for reserves
   (1) Reserves for bad debts
      To create a reserve for losses from defaults on payment of accounts receivable, the amount that cannot be collected is set aside. This amount is calculated based on the actual bad debt ratio for general receivables and by individually considering the potential for collecting certain receivables, such as receivables the collection of which is in doubt.
   (2) Bonus reserve
      A reserve is set aside for the payment of bonuses to employees to provide for bonuses accrued in the current interim term, based on bonuses to be paid in the future.
   (3) Retirement benefits and allowances reserve
      A certain amount that is deemed to have accrued at the end of the current interim term is set aside to provide for retirement benefits and allowances to employees based on the expected amount of retirement benefit liabilities at the end of the current interim term.
      The entire difference from the actuarial calculation shall be treated as an expense in the accounting term when that difference occurs.

4. Lease transactions
   Finance lease transactions other than those under which ownership of the leased equipment is transferred to the lessee are based on the accounting method applied to operating lease transactions.

5. Accounting for hedging activities
   (1) Accounting for hedging activities

Because interest rate swap transactions satisfy the requirements for special treatment, this special treatment is applied to these transactions.

(2) Hedging vehicles and hedged items

1) Hedging vehicles: Interest rate swap

2) Hedged items: Borrowings

(3) Hedging policy

The Company uses hedging transactions in order to avert risks associated with interest rate changes in the future.

(4) Valuation method for the effectiveness of hedging activities

The Company's method satisfies the requirements for special treatment of interest rate swap transactions, and the effectiveness of hedging activities is determined based on the effectiveness of that method.

6. Scope of assets in the interim cash flow statements

Funds (cash and cash equivalents) in the interim cash flow statements are cash on hand, demand deposits and highly liquid short-term investments easily convertible to cash with minimum risks against price fluctuations and a maturity of less than three months when purchased.

7. Consumption tax

Based on net sales exclusive of taxes.

Notes

Unit: thousand yen

[Notes on Balance Sheet]

	End of the current interim term (as of September 30, 2003)	End of the previous interim term (as of September 30, 2002)	End of the previous fiscal year (as of March 31, 2003)
*1. Accumulated amount of depreciation on tangible fixed assets	1,168,454	1,149,105	1,228,362
*2. Assets provided as security			
(1) Assets provided as security			
Buildings	572,529	629,513	632,700
Land	1,398,741	1,401,124	1,401,124
Key money and guarantee money	499,244	524,219	499,244
(2) Liabilities in connection with the above			
Short-term loans payable	222,360	200,000	193,000
Long-term loans payable (including long-term loans repayable within one year)	2,183,382	2,076,668	1,936,576
3. Contingent liabilities			
Guarantee for borrowings from financial institutions			
Guarantees for ex-employees based on a program to assist employees become independent	20,740	46,717	26,669

*4. Notes on the interim balance sheet

The net amount of suspense payments and receipts for consumption taxes, etc. was presented as part of “Other” of the current liabilities.

Unit: thousand yen

[Notes on the interim income statement]

	End of the current interim term (April 1 to September 30, 2003)	End of the previous interim term (April 1 to September 30, 2002)	End of the previous fiscal year (April 1, 2001 to March 31, 2003)
*1. Major items in non-operating income			
Interests received	411	423	885
*2. Major items in non-operating expenses			
Interest paid	25,323	28,875	55,190
*3. Major items in extraordinary income			
Income from compensation for closed beauty salons	-	18,719	24,219
*4. Major items in extraordinary losses			
Loss on depletion of fixed assets	134,019	145,684	186,236
Appraisal loss on membership rights	-	-	5,810
5. Amount of depreciation			
Tangible fixed assets	103,127	99,684	205,427
Intangible fixed assets	367	72	144

Unit: thousand yen

[Notes on the interim cash flow statement]

Relationship between the interim closing balance of cash and cash equivalents and the amount recorded in the interim balance sheet

	End of the current interim term (April 1 to September 30, 2003)	End of the previous interim term (April 1 to September 30, 2002)	End of the previous fiscal year (April 1, 2002 to March 31, 2003)
Cash and cash accounts	1,813,237	1,927,046	2,053,699
Time deposit, deposited for a period of three months or more	-442,686	-429,605	-446,146
Securities	193,936	450,563	250,609
Cash and cash equivalents	1,564,488	1,948,004	1,858,162

Unit: thousand yen

[Notes on lease transactions]

	End of the current interim term (April 1 to September 30, 2003)	End of the previous interim term (April 1 to September 30, 2002)	End of the previous fiscal year (April 1, 2002 to March 31, 2003)
(1) Amount equivalent to the acquisition price of leased property	1,355,214	1,245,552	1,233,361
Amount equivalent to accumulated depreciation	541,195	459,568	518,969
Amount equivalent to the interim closing balance	814,019	785,983	714,392
(2) Amount equivalent to the closing balance of prepaid lease fees	851,104	831,859	753,101
(Amount included in the above for the period of one year or less)	287,120	274,590	270,760
(Amount included in the above for a period exceeding one year)	563,983	557,269	482,341
(3) Lease fees paid	152,859	144,420	288,059
Amount equivalent to depreciation expenses	145,042	138,051	272,749
Amount equivalent to paid interest	9,099	9,367	19,533

(4) Method of calculating the amount equivalent to depreciation expenses
This was calculated based on the straight-line method over the lease period with a residual value of zero.

(5) Method of calculating the amount equivalent to interest paid
The difference between the total amount of lease fees and the amount equivalent to the acquisition price of the leased properties is assumed to be the amount equivalent to the interest paid, and the method of allocation to each term is based on the interest method.

5. Comparison of sales by category

Unit: thousand yen

Accounts \ Term	End of the current interim term (April 1 to September 30, 2003)		End of the previous interim term (April 1 to September 30, 2002)		End of the previous fiscal year (April 1, 2002 to March 31, 2003)	
	Amount	Breakdown	Amount	Breakdown	Amount	Breakdown
		%		%		%
Hairdressing	6,178,475	89.5	6,595,775	89.1	13,130,674	89.5
Merchandise	684,334	9.9	759,095	10.3	1,428,538	9.7
Others	41,653	0.6	43,864	0.6	109,453	0.8
Total	6,904,463	100.0	7,398,735	100.0	14,668,666	100.0

6. Securities

Market value of securities

Unit: thousand yen

(Current interim term)

Major “securities” not valued on a market value basis

	An amount shown on the interim balance sheet
Other securities	
Money management fund	193,936

(Previous interim term)

Major “securities” that are not appraised on a market value basis

	An amount shown on the interim balance sheet
Other securities	
Money management fund	250,563
Bond investment trust	200,000

(Previous year)

Major “securities” not valued on a market value basis

	An amount shown on the interim balance sheet
Other securities	
Money management fund	250,609

7. Derivative transactions

(Current interim term)

Derivative transactions were not disclosed because the Company adopted the accounting for hedging transactions for all these transactions.

(Previous interim term)

Derivative transactions were not disclosed because the Company adopted the accounting for hedging transactions for all these transactions.

(Previous year)

Derivative transactions were not disclosed because the Company adopted the accounting for hedging transactions for all these transactions.

7. Profit or loss under the equity method

(Current interim term)

Not applicable.

(Previous interim term)

Not applicable.

(Previous fiscal year)

Not applicable.