JASDAQ

October 29, 2004

Nippon Shikizai, Inc.

Interim Consolidated Financial Results for the Fiscal Year ending February 2005

Name of Company Listed:	Nippon Shikizai, Inc.
Stock Code Number:	4920
Stock Exchange listing:	JASDAQ
Company Domicile:	Tokyo
President:	Kouji Okumura
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URL:	http://www.shikizai.com
Board of meeting for approving:	-

1. Financial Results (March 1, 2004 – August 31, 2004)

(1) Results of operations

(Amounts rounded down to million yen)

	Sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
First half ended Aug. 2004	3,200	6.3	126	-	64	-
First half ended Aug. 2003	3,011	8.9	(17)	-	1	(99.4)
Fiscal year ended Feb. 2004	6,111		72		297	

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
First half ended Aug. 2004	23	-	5.34	-
First half ended Aug. 2003	(69)	-	(16.17)	-
Fiscal year ended Feb. 2004	165		38.22	-

Notes: 1. Equity in earnings of consolidated subsidiaries
First half ended Aug. 2004: None
First half ended Aug. 2003: None
Fiscal year ended Feb. 2004: None
2. Average number of shares outstanding
First half ended Aug. 2004: 4,317,844 shares
First half ended Aug. 2003: 4,318,044 shares
Fiscal year ended Feb. 2004: 4,317,961 shares
3. Change in accounting principle during the year: None
4. “YoY change” represents relevant change in percentage compared to the same period of the previous year.

(2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity to total assets ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of Aug. 31, 2004	8,359	2,711	32.4	628.03
As of Aug. 31, 2003	8,216	2,512	30.6	581.78
As of Feb. 29, 2004	8,466	2,654	31.3	614.70

Notes: Number of shares outstanding
As of Aug. 31, 2004: 4,317,844 shares
As of Aug. 31, 2004: 4,318,044 shares
As of Feb. 29, 2004: 4,317,844 shares

(3) Cash flows position

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financial activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
First half ended Aug. 2004	373	56	(116)	655
First half ended Aug. 2003	(552)	(24)	342	297
Fiscal year ended Feb. 2004	(309)	(73)	195	343

(4) Consolidated and equity-method affiliates
Consolidated subsidiaries: 1
Non-consolidated equity-method affiliates: None
Equity-method affiliates: None

(5) Changes in consolidated and equity-method affiliates
Consolidated subsidiaries
Newly added: None
Excluded: None
Equity-method affiliates
Newly added: None
Excluded: None

2. Forecast for the fiscal year ending February 2005 (March 1, 2004 - February 28, 2005)

	Sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Full year	6,456	262	226

(Reference) Estimated net income per share (full year): 52.34 yen

Forecasts for fiscal year ending February 2005 were made by management based on currently available data and information. Please be aware that actual results may turn out different from those forecast as the Company's business is affected by many factors. Please reference page 7 for details on the above forecasts.

1. Corporate Group

The Nippon Shikizai group (the Group) is made up of Nippon Shikizai, Inc. (the Company) and one subsidiary.

The Company is engaged manufactures and performs research and development, both under contract for client companies, for cosmetics (including quasi-drugs). Subsidiary THEPENIER PHARMA INDUSTRIE S.A. (Thepenier) is primarily manufactures under contract for client companies pharmaceuticals and cosmetics in France.

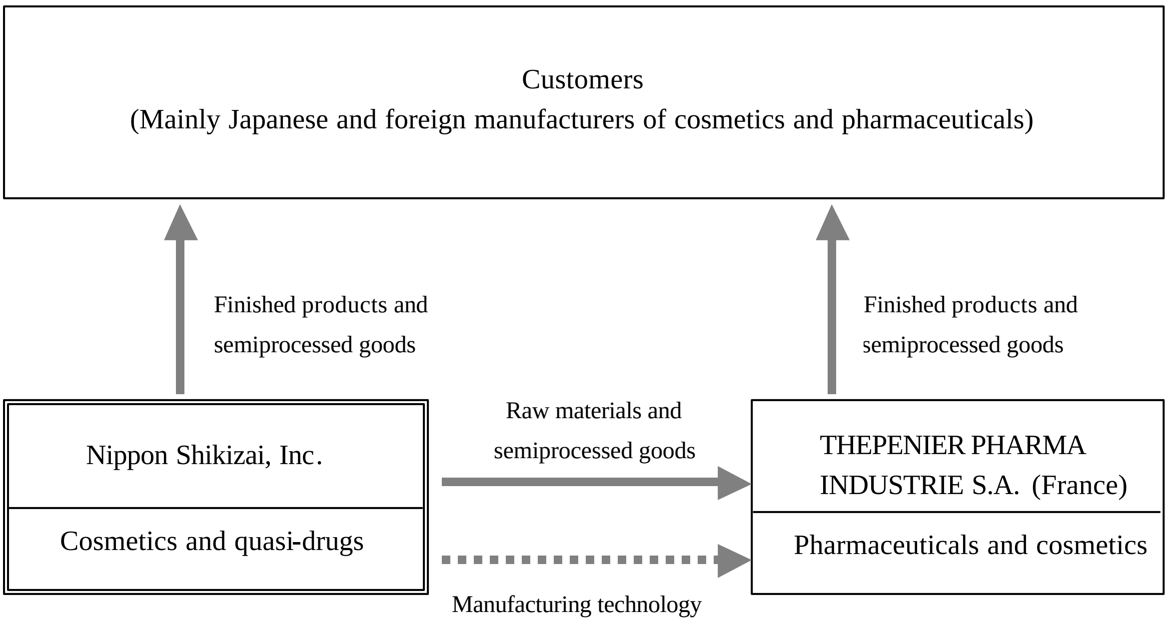
The business activities of the Group and roles of the Company and its subsidiary are as follows.

(1) Cosmetics:
Main products are foundation, eye shadow, rouge, lipstick, lip cream, moisturizers and sunscreen lotions; all are manufactured and sold by the Company and its subsidiary.

(2) Pharmaceuticals and other products:
Major products are econazole, medicinal toothpaste, mouthwash, ear washes and feminine hygiene products; these products are manufactured and sold by the subsidiary.

For some cosmetics products, the Company sells raw materials and semiprocessed goods to the subsidiary, which then manufactures and sells semiprocessed goods and finished products.

Presented below is a schematic of major business activities within the Group.



2. Management Policies

(1) Fundamental Policy

The corporate philosophy is "the high technology product innovation of Nippon Shikizai is being monitored throughout the world." In line with this policy, the Company earns the trust of society as a developer and manufacturer of cosmetics while striving to increase its earnings and enterprise value for the benefit of shareholders.

Furthermore, as an organization specializing in the OEM manufacture of cosmetics and pharmaceuticals that do not bear its own brand, the Group's goal is to use highly sophisticated technology and extensive data resources to supply products that excel in terms of quality and reliability. As a partner for cosmetics manufacturers and other companies, the Group is building an infrastructure capable of performing every step from the formulation of proposals through R&D and the manufacture of finished products.

(2) Fundamental Policy Regarding Allocation of Earnings

The Company regards the return of earnings to shareholders as one of its highest priorities. The fundamental policy is to continuously pay a stable dividend, allocating earnings in a manner that takes into consideration the dividend payout ratio relative to results of operations.

Retained earnings are used to achieve growth, mainly through capital expenditures to upgrade and expand production facilities, raise productivity and develop new products.

(3) Policy Regarding Reduction in Investment Unit

The Company regards a reduction in the investment unit as an important issue with regard to increasing the number of individual shareholders and raising the trading volume of its stock. At this time, however, the Company has decided there is no particular need to take any action involving a reduction in the investment unit.

(4) Medium- and Long-term Management Strategies

Japan's cosmetics market is mature due to the country's slowing population growth. Furthermore, the operating environment has been challenging for some time as the tendency of consumers to purchase lower-priced items in recent years has continued, even though there were indications that the downturn may finally be about to end.

In response to these market conditions in Japan, measures to increase sales and cut costs are important issues for the Company. As one means of accomplishing these two goals, the Company on February 2000 acquired Thepenier, a company located in France.

The Group plans to establish an operating framework with four manufacturing and sales bases: Japan, Europe, Southeast Asia and North America. Management believes this will enable the Group to increase sales as well as become more competitive on a global scale.

"Made in France" cosmetics have an excellent reputation in Japan as well as in the U.S. and elsewhere, enabling the creation of prestigious brands. Furthermore, demand for French cosmetics is strong. For these reasons, the Group will be conducting marketing activities on a global scale.

Moreover, to become still more cost competitive, the Company plans to consider the use of production bases in Southeast Asia.

(5) Key Issues

Important Goals

The Group currently faces a challenging operating environment. Based on its medium- and long-term management strategies, important goals are as follows.

1) Increase sales through new products that have clearly defined targets and the development of ties with new customers.
2) Build a more powerful profit structure by making the organization and business operations more efficient and cutting costs.
3) Upgrade and enhance the company-wide quality assurance system to establish superiority over competitors.
4) Use the newly completed specialized cosmetics factory at Thepenier to expand in Europe and other markets outside Japan.

Information Concerning the Rehabilitation Plan for Thepenier

During the past fiscal year, Thepenier completed construction of a factory exclusively for the manufacture of cosmetics and began operations at this facility. For a number of years, this company has been reporting poor results due to deteriorating profit margins and productivity. To return this company to financial soundness, the Company, which is Thepenier's parent company, has formulated a three-year management rehabilitation plan that began in March 1, 2004.

The main elements of this plan are as follows.

1) Cut costs by combining the Paris head office with the Mortagne factory and reducing the workforce.
2) Improve the profit structure by capturing orders for value-added products, cutting the cost of raw materials and boosting productivity.
3) Improve the financial position through debt forgiveness by the Company and the extension of financial support; send key employees to Thepenier extend support that includes technological assistance.

In July 2004, the Paris head office was combined with the Mortagne factory and the head office workforce was reduced by eight.

(6) Fundamental Policy and Measures Regarding Corporate Governance

The Company regards as an important issue the establishment of a management framework capable of responding to changes in market conditions with speed and accuracy and a system to ensure strict compliance with laws and regulations.

The Company has adopted the corporate auditor system and has a Board of Auditors with three members, two auditors from outside the Group excluding one standing auditor.

The Board of Directors has six members. The board meets once each month and at other times as necessary. At board meetings, each director submits a report on business operations important matters are debated so that decisions can be reached. As a rule, all corporate auditors attend board meetings. The auditors state their opinions on management and other matters and monitor the performance of the directors and the management of the Group. In addition, the Executive Committee, which is made up of the directors and standing corporate auditor, meets two or three times each month to permit making rapid and accurate responses to sudden changes in the operating environment. Additionally, to address other important corporate matters, such as problems occurring due to other shifts in market conditions, the director in charge puts together project teams whenever necessary to come up with concrete action plans. Overall, the Company is able to operate with considerable speed and agility.

3. Results of Operations and Financial Position

(1) Results of Operations

During the first half of the fiscal year, Japan's economy continued to stage a gradual recovery. The rebound was backed by growth in capital expenditures due to strong exports and much higher corporate earnings along with an upturn in consumer spending. However, the operating environment remained challenging in Japan's cosmetics industry as industry sales decreased in monetary terms and unit volume.

In Europe, a gradual export-driven economic recovery continued. In France, sales of pharmaceuticals and cosmetics remained strong as consumer spending increased.

In this environment, the Nippon Shikizai Group, as in the previous fiscal year, took actions aimed at increasing sales. The Group worked on developing new products with outstanding functions and novel features. The Group also added customers and introduced new products with a tight focus on target market segments. At the same time, further steps were taken to cut costs. Due to these actions, net sales increased, the net result of a small decline in cosmetic sales and a large increase in sales of pharmaceutical. At Thepenier, steady progress is being made in executing the management rehabilitation plan. For example, a review of terms for new orders improved in profitability and tight management of production activities raised productivity.

Due to the above factors, first half consolidated net sales increased 6.3% to 3,200 million yen, ordinary income rose 5,770.2% to 64 million yen and net income was 23 million yen compared with a net loss of 69 million yen compared with the previous same period.

Results by business segment were as follows.

(Cosmetics)

In the cosmetics segment, there were substantial increases of sales in the core foundation category. However, there were declines in sales of eye shadow, rough, and lipstick. The result of current interim period was a 1.7% decrease in sales to 2,433 million yen, and an 6.0% increase in operating income to 341 million yen.

(Pharmaceuticals and other products)

There was a big increase in sales of econazole, mouthwash and insect repellents. The result of current consolidated interim period, sales of pharmaceuticals and other products rose 42.9% to 767 million yen, and operating income of 22 million yen compared with the previous same period's loss of 75 million yen.

Sales by geographic region were as follows.

(Japan)

As sales in the cosmetics industry declined, the Company continued to take actions targeting clearly defined market segments to develop new customers and supply new products. Due to these actions, sales in Japan increased, mainly for foundation products.

The result of current interim period, sales increased 0.5% to 2,367 million yen and operating income decreased 4.3% to 349 million yen.

(France)

In France, conditions remained favorable in the pharmaceuticals and cosmetics markets.

Although cosmetics sales decreased, there was a large increase in total sales, mainly the result of growth in sales of an econazole and other pharmaceuticals.

As a result, sales increased 29.6% to 891 million yen, and operating income of 21 million yen compared with the previous same period's loss of 115 million yen in the current interim period.

(2) Financial position

Operating activities provided net cash of 373 million yen, a difference of 925 million yen compared with net cash provided in the previous same period. Major sources of cash were income before income taxes of 44 million yen, depreciation of 130 million yen, a non-cash expense item, and a decrease of 312 million yen in trade receivables. In addition, there was an 88 million yen increase in inventories and 79 million yen was provided by income taxes refund.

Investing activities provided net cash of 56 million yen, 80 million yen more than cash used one year earlier. There were payments of 134 million yen for time deposits and proceeds of 84 million yen from time deposits, and proceeds from share in partnership income totaled 104 million yen.

Financing activities used net cash of 116 million yen, 459 million yen less than one year earlier. There was a net decrease of 119 million yen in short-term borrowings, proceeds of 300 million yen from long-term borrowings and payments of 479 million yen for the repayment of these borrowings, and proceeds of 250 million yen from the corporate bonds issued and payments of 67 million yen for the redemption of corporate bonds.

Due to these items, there was a net increase of 312 million yen in cash and cash equivalents during the period to 655 million yen.

(3) Outlook

For the remainder of the fiscal year, indications point to a continuation in Japan’s economic recovery due to expectations of a gradual increase in consumer spending and capital expenditures. However, the outlook remains clouded by concerns about a weakening of the global economy, the direction of crude oil price, interest rates and other uncertainties.

The Group will continue to strengthen its sales capabilities with the aim of raising sales while building a sound framework for generating earnings. To quickly establish a sound operating base at Thepenier, actions will target raising sales of cosmetics and further streamlining operations.

In the fiscal year ending in February 2005, the Group is forecasting consolidated sales of 6,456 million yen, up 5.6%, and ordinary income of 262 million yen, down 11.8% because of the absence of partnership income that was recorded in the previous fiscal year. As a result, net income is expected to increase 37.0% to 226 million yen.

By business segment, cosmetic sales are expected to decrease 0.5% to 5,033 million yen and pharmaceuticals and other products sales to increase 35.0% to 1,422 million yen. By geographic segment, sales in Japan are expected to increase 2.0% to 4,877 million yen and sales in France to increase 21.0% to 1,700 million yen.

4. Consolidated Financial Statements

(1) Consolidated balance sheets

(Unit: thousand yen)

Item \ Period	As of August 31, 2003		As of August 31, 2004		As of February 29, 2004	
	Amount	%	Amount	%	Amount	%
Assets						
I. Current assets						
1. Cash and deposits	522,740		948,511		586,073	
2. Trade notes and accounts receivable	1,349,239		1,191,426		1,507,518	
3. Inventories	899,174		952,426		869,728	
4. Others	226,748		171,863		347,506	
5. Allowances for doubtful accounts	(1,179)		(1,607)		(1,374)	
Total current assets	2,996,724	36.5	3,262,619	39.0	3,309,453	39.1
II. Fixed assets						
1. Tangible fixed assets						
(1) Buildings	1,980,312		1,826,544		1,897,639	
(2) Land	2,190,217		2,188,457		2,189,277	
(3) Others	515,334		468,432		498,985	
Total tangible fixed assets	4,685,864	57.0	4,483,434	53.6	4,585,903	54.1
2. Intangible fixed assets	186,418	2.3	181,280	2.2	183,370	2.2
3. Investments and other assets						
(1) Investment securities	153,016		217,504		168,631	
(2) Others	198,635		217,832		222,762	
(3) Allowances for doubtful accounts	(3,661)		(3,423)		(3,575)	
Total investments and other assets	347,991	4.2	431,913	5.2	387,819	4.6
Total fixed assets	5,220,274	63.5	5,096,628	61.0	5,157,092	60.9
Total assets	8,216,998	100.0	8,359,248	100.0	8,466,546	100.0

(Unit: thousand yen)

Item \ Period	As of August 31, 2003		As of August 31, 2004		As of February 29, 2004	
	Amount	%	Amount	%	Amount	%
Liabilities						
I. Current liabilities						
1. Trade notes and accounts payable	535,608		746,624		762,257	
2. Short-term borrowings	1,774,073		1,634,713		1,756,013	
3. Current portion of corporate bonds	114,000		134,000		134,000	
4. Others	553,351		587,986		635,774	
Total current liabilities	2,977,034	36.2	3,103,323	37.1	3,288,045	38.9
II. Long-term liabilities						
1. Corporate bonds	311,000		517,000		334,000	
2. Long-term borrowings	2,117,658		1,766,752		1,945,416	
3. Partnership liabilities	77,312		-		-	
4. Liabilities for retirement benefits	94,703		104,803		101,272	
5. Others	127,138		155,645		143,630	
Total long-term liabilities	2,727,811	33.2	2,544,200	30.5	2,524,319	29.8
Total liabilities	5,704,845	69.4	5,647,524	67.6	5,812,365	68.7
Shareholders' equity						
I. Common stock	552,749	6.8	552,749	6.6	552,749	6.5
II. Capital surplus	1,052,539	12.8	1,052,539	12.6	1,052,539	12.5
III. Retained surplus	799,288	9.7	1,057,228	12.6	1,034,154	12.2
IV. Unrealized gains or losses on other securities	19,039	0.2	58,891	0.7	27,976	0.3
V. Foreign exchange translation adjustment	88,999	1.1	(9,149)	(0.1)	(12,702)	(0.2)
VI. Treasury stock	(463)	(0.0)	(535)	(0.0)	(535)	(0.0)
Total shareholders' equity	2,512,152	30.6	2,711,723	32.4	2,654,180	31.3
Total liabilities and shareholders' equity	8,216,998	100.0	8,359,248	100.0	8,466,546	100.0

(2) Consolidated income statements

(Unit: thousand yen)

Item \ Period	From March 1, 2003 to August 31, 2003			From March 1, 2004 to August 31, 2004			From March 1, 2003 to February 29, 2004		
	Amount		%	Amount		%	Amount		%
I. Sales		3,011,040	100.0		3,200,731	100.0		6,111,110	100.0
II. Cost of sales		2,547,364	84.6		2,609,691	81.5		5,115,810	83.7
Gross profits		463,675	15.4		591,040	18.5		995,299	16.3
III. SG&A expenses		481,013	16.0		464,759	14.6		922,556	15.1
Operating income		(17,337)	(0.6)		126,280	3.9		72,743	1.2
IV. Non-operating income									
1. Interest income	1,049			103			1,156		
2. Dividend income	4,127			4,922			5,045		
3. Partnership income	31,057			-			212,978		
4. Rent income	12,071			12,125			23,981		
5. Foreign exchange gain	9,783			-			81,263		
6. Others	21,024	79,113	2.6	16,617	33,768	1.1	26,267	350,693	5.7
V. Non-operating expenses									
1. Interest expenses	43,438			47,788			89,007		
2. Bond issue expenses	8,400			4,750			15,750		
3. Foreign exchange loss	-			30,721			-		
4. Others	8,837	60,676	2.0	12,234	95,494	3.0	20,892	125,650	2.0
Ordinary income		1,099	0.0		64,554	2.0		297,786	4.9
VI. Extraordinary income									
Gains on sales of fixed assets	-	-		-	-		30	30	0.0
VII. Extraordinary losses									
1. Losses on sale of fixed assets	296			-			296		
2. Losses on disposal of fixed assets	1,049			1,200			1,827		
3. Losses on valuation of investment securities	-			4,303			-		
4. Difference arising from change in retirement benefit accounting	14,836			14,836			29,673		
5. Directors’ retirement benefits	18,610			-			18,610		
6. Additional retirement benefits	-	34,793	1.1	-	20,341	0.6	44,052	94,460	1.6
Income before income taxes		(33,693)	(1.1)		44,213	1.4		203,356	3.3
Current income taxes	39,816			31,526			54,862		
Deferred income taxes	(3,681)	36,135	1.2	(10,387)	21,138	0.7	(16,542)	38,319	0.6
Net income		(69,828)	(2.3)		23,074	0.7		165,036	2.7

(3) Consolidated surplus statements

(Unit: thousand yen)

Item \ Period	From March 1, 2003 to August 31, 2003 Amount		From March 1, 2004 to August 31, 2004 Amount		From March 1, 2003 to February 29, 2004 Amount	
Capital surplus						
I. Capital surplus beginning of year		1,052,539		1,052,539		1,052,539
II. Capital surplus end of period		1,052,539		1,052,539		1,052,539
Retained surplus						
I. Retained surplus beginning of year		912,297		1,034,154		912,297
II. Increase in retained surplus						
Net income	-	-	23,074	23,074	165,036	165,036
III. Decrease in retained surplus						
1. Net loss	69,828		-		-	
2. Dividend	43,180	113,009	-	-	43,180	43,180
IV. Retained surplus end of period		799,288		1,057,228		1,034,154

(4) Consolidated cash flows statements

(Unit: thousand yen)

Item \ Period	From March 1, 2003 to August 31, 2003	From March 1, 2004 to August 31, 2004	From March 1, 2003 to February 29, 2004
	Amount	Amount	Amount
I. Cash flows from operating activities			
Income before income taxes	(33,693)	44,213	203,356
Depreciation	132,630	130,664	282,854
Increase in liabilities for retirement benefits	14,053	4,059	21,539
Increase (decrease) in allowance for doubtful accounts	(921)	178	(727)
Interest and dividend income	(5,176)	(5,025)	(6,202)
Interest expenses	43,438	47,788	89,007
Partnership income	(31,057)	-	(212,978)
Losses on valuation of investment securities	-	4,303	-
Gains on sales of tangible fixed assets	-	-	(30)
Losses on sales of tangible fixed assets	296	-	296
Losses on disposal of tangible fixed assets	1,049	1,200	1,827
Decrease (increase) in trade receivable	(351,021)	312,949	(511,540)
Decrease (increase) in inventories	10,039	(88,327)	34,688
Increase (decrease) in trade payable	(69,419)	(11,087)	173,645
Increase (decrease) in accrued consumption taxes	63	(11,777)	3,490
Increase (decrease) in other current liabilities	(34,138)	(84,807)	84,484
Others	20,528	(13,182)	(48,254)
Subtotal	(303,328)	331,150	115,457
Interests and dividends received	5,166	4,996	6,194
Interest paid	(35,842)	(41,740)	(77,018)
Income taxes refund (paid)	(218,124)	79,207	(353,741)
Net cash provided by (used in) operating activities	(552,128)	373,613	(309,108)
II. Cash flows from investment activities			
Outflow from placement of time deposits	(79,500)	(134,500)	(795,500)
Withdrawal of time deposits	158,500	84,500	856,500
Redemption of securities	-	40,000	30,000
Purchases of tangible fixed assets	(96,211)	(36,453)	(174,447)
Proceeds from sales of tangible fixed assets	408	-	408
Purchases of intangible fixed assets	(153)	(1,150)	(449)
Purchases of investment securities	(698)	(780)	(1,166)
Payments for investments in capital	(7,000)	-	(7,000)
Proceeds from collection of long-term loans	182	191	369
Proceeds from share in partnership income	-	104,609	17,850
Net cash provided by (used in) investment activities	(24,472)	56,416	(73,435)
III. Cash flows from financial activities			
Increase (decrease) in short-term borrowing-net	(534,264)	(119,999)	(624,964)
Proceeds from long-term borrowings	1,100,000	300,000	1,413,060
Repayment of long-term borrowings	(354,921)	(479,685)	(767,826)
Proceeds from corporate bonds issued	200,000	250,000	300,000
Redemption of corporate bonds	(25,000)	(67,000)	(82,000)
Acquisition of treasury stock	-	-	(72)
Payment of dividends	(43,180)	-	(43,180)
Net cash provided by (used in) financial activities	342,632	(116,684)	195,016
IV. Effect of exchange rate changes on cash and cash equivalents	12,602	(712)	11,785
V. Increase (decrease) in cash and cash equivalents	(221,366)	312,633	(175,742)
VI. Cash and cash equivalents at beginning of year	518,750	343,008	518,750
VII. Cash and cash equivalents at end of period	297,384	655,641	343,008

Significant items in preparing financial statements

1. Scope of consolidation

There is a consolidated subsidiary: THEPENIER PHARMA INDUSTRIE S.A.

2. Subject to equity method

Not applicable. The Company has not any unconsolidated subsidiaries or affiliates.

3. Accounting year of consolidated subsidiary

The consolidated subsidiary's interim period ends on June 30. Financial statements of the consolidated subsidiary as of the consolidated subsidiary's balance sheet date are used in the preparation of consolidated financial statements. Appropriate adjustments are made for significant transactions during the periods from the balance sheet date of the consolidated subsidiary and the balance sheet date of the consolidated financial statements.

4. Accounting standards

(1) Valuation basis and valuation method of significant assets

1) Securities

Other Securities

Marketable securities:

Market value method on market prices at the closing date. (Unrealized gain or loss is included in shareholders' equity. Cost of securities sold is determined by the moving-average method.)

Non-marketable securities:

Moving average method.

2) Derivatives

Market value method.

3) Inventories

Finished products, semi-processed goods and work in process:

Inventories are stated at cost, cost being determined by the period-average method.

Raw materials:

Inventories are stated at cost, cost being determined by the monthly-average method.

Supplies:

Inventories are stated at cost, cost being determined by the last purchase price method.

(2) Depreciation and amortization of significant assets

1) Tangible fixed assets

Depreciation at the Company is computed, except on buildings (excluding attached structures) acquired on and after April 1, 1998 by the declining-balance method. Depreciation on buildings acquired on and after April 1, 1998 is computed by the straight-line method. Overseas subsidiaries compute depreciation (straight-line or declining-balance method) in accordance with the accounting standards generally accepted in the country of their domicile.

Useful life for major items is as follows:

Buildings	10 to 47 years

2) Intangible fixed assets

The Company computes amortization of software intended for internal use by the straight-line method. The development costs of software intended for internal use are amortized over an expected useful life of 5 years by the straight-line method. Overseas subsidiaries computes amortization in accordance with the accounting standards generally accepted in the country of their domicile.

3) Long-term prepaid expenses

Straight-line method.

(3) Accounting for deferred assets

Bond issue expenses are amortized as accrued.

(4) Recognition standards for significant reserves

1) Allowances for doubtful accounts

To prepare for credit losses on accounts receivable, the Company provides allowances equal to the estimated amount of uncollectible receivables for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case determination of collectibility.

2) Liabilities for retirement benefits

Accrued employees' retirement benefits are provided at an amount calculated based on the projected benefit obligation and the fair value of pension fund assets as of the end of the current interim period. The unrecognized transitional obligation of 148,368 thousand yen arising from the change in accounting policy is amortized by the straight-line method over five years. Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over a period of ten years which falls within the average remaining years of service of the employees.

(5) Translation of principal foreign currency-denominated assets and liabilities

Foreign currency-denominated monetary assets and liabilities are translated into yen at the exchange rate in effect on the balance sheet date. Exchange gain or loss is accounted as income or loss. The balance sheet accounts of overseas subsidiaries are also translated at the exchange rate in effect on the balance sheet date. Translation adjustments are stated as a component of foreign exchange translation adjustment in the shareholders' equity.

(6) Accounting treatment for significant lease transactions

Finance leases, other than those which are deemed to transfer the ownership of the leased assets to the lessees, are accounted for by a method similar to that applicable to ordinary finance lease transactions.

(7) Accounting method of significant hedges

1) Hedge accounting

Deferred hedge accounting.

2) Means and objects of hedging

Means of hedging: Interest rate swaps

Objects of hedging: Borrowings

3) Policy on hedging

The Company uses financial derivative transactions to reduce risk from fluctuations in interest rates. All derivative transactions the Company enters into comply with the Company's internal "Rules on Derivative Transactions and Risk Management."

4) Assessing the effectiveness of a hedge

The Company primarily assesses the effectiveness for hedging the risk of changes in cash flows resulting from fluctuations in market interest rates on borrowings by rate analysis of the sum total of price fluctuation involving hedging instrument, that is, interest rate swap transactions, and the sum total of interest rate changes on borrowings. Effectiveness is assessed at least once every six months, including the balance sheet date.

(8) Other important accounting items

Accounting treatment for consumption taxes:

Revenue is recorded excluding collected consumption taxes.

5. Definition of cash in cash flows statements

For the purpose of consolidated cash flows statements, cash and cash equivalents consist of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and present insignificant risk of change in value.

Notes

Notes to consolidated balance sheets

(Unit: thousand yen)

<table>
<tr><th>As of August 31, 2003</th><th>As of August 31, 2004</th><th>As of February 29, 2004</th></tr>
<tr><td>1. Accumulated depreciation of tangible fixed assets
4,848,536
2. Assets pledged as collateral
(1) Assets pledged as security are as follows:
Cash and deposits 182,500
Current assets, others 69,985
Buildings 1,104,113
Land 2,149,665
Tangible fixed assets, others 7,032
Investment securities 112,165
Total 3,625,462
In addition to the above, all the Company's claims (right of pledge) against the anonymous association established for engaging in leveraged lease transactions are pledged as collateral.
(2) Liabilities corresponding to assets pledged as collateral:
Short-term borrowings 1,759,951
Long-term borrowings 2,117,658
Total 3,877,609
3. Trade notes receivable/payable maturing at interim period end are treated as if they were settled at the clearing date of notes. Consequently, as the interim period end date was a bank holiday, the following notes receivable/payable maturing at interim period end were included in the ending balance of notes receivable/payable of the interim period.
Trade notes receivable: 88,025</td><td>1. Accumulated depreciation of tangible fixed assets
5,078,183
2. Assets pledged as collateral
(1) Assets pledged as security are as follows:
Cash and deposits 252,500
Buildings 1,025,062
Land 2,149,665
Tangible fixed assets, others 6,184
Investment securities 168,527
Total 3,601,939
(2) Liabilities corresponding to assets pledged as collateral:
Short-term borrowings 1,610,262
Long-term borrowings 1,693,111
Total 3,303,373
3. ――――――</td><td>1. Accumulated depreciation of tangible fixed assets
4,975,257
2. Assets pledged as collateral
(1) Assets pledged as security are as follows:
Cash and deposits 212,500
Current assets, others 39,996
Buildings 1,063,503
Land 2,149,665
Tangible fixed assets, others 6,575
Investment securities 123,480
Total 3,595,720
(2) Liabilities corresponding to assets pledged as collateral:
Short-term borrowings 1,731,221
Long-term borrowings 1,861,592
Total 3,592,813
3. Trade notes receivable/payable maturing at fiscal year end are treated as if they were settled at the clearing date of notes. Consequently, as the fiscal year end date was a bank holiday, the following notes receivable/payable maturing at year-end were included in the ending balance of notes receivable/payable of the fiscal year.
Trade notes receivable: 124,657</td></tr>
</table>

Notes to consolidated income statements

(Unit: thousand yen)

March 1, 2003 – August 31, 2003		March 1, 2004 – August 31, 2004		March 1, 2003 - February 29, 2004	
1. Significant components and corresponding amounts of selling, general and administrative expenses		1. Significant components and corresponding amounts of selling, general and administrative expenses		1. Significant components and corresponding amounts of selling, general and administrative expenses	
Officers' salaries and bonuses	70,914	Officers' salaries and bonuses	71,326	Officers' salaries and bonuses	145,030
Employees' salaries and allowances	87,445	Employees' salaries and allowances	76,618	Employees' salaries and allowances	153,305
Retirement benefits	6,221	Retirement benefits	2,558	Employees' bonuses	52,921
Depreciation	13,306	Depreciation	12,670	Retirement benefits	17,933
Commission paid	69,926	Commission paid	82,993	Depreciation	26,845
				Commission paid	162,711
2.	-	2.	-	2. Significant components of gain on sale of fixed assets	
				Tangible fixed assets, others	30
3. Significant components of losses on sale of fixed assets		3.	-	3. Significant components of losses on sale of fixed assets	
Tangible fixed assets, others	296			Tangible fixed assets, others	296
4. Significant components of losses on disposal of fixed assets		4. Significant components of losses on disposal of fixed assets		4. Significant components of losses on disposal of fixed assets	
Buildings	759	Tangible fixed assets, others	1,200	Buildings	1,116
Tangible fixed assets, others	290			Tangible fixed assets, others	710
Total	1,049			Total	1,827

Notes to consolidated cash flows statements

(Unit: thousand yen)

March 1, 2003 – August 31, 2003		March 1, 2004 – August 31, 2004		March 1, 2003 - February 29, 2004	
Reconciliation of balance sheet items to cash and cash equivalents in consolidated cash flows statements:		Reconciliation of balance sheet items to cash and cash equivalents in consolidated cash flows statements:		Reconciliation of balance sheet items to cash and cash equivalents in consolidated cash flows statements:	
Cash and deposits	522,740	Cash and deposits	948,511	Cash and deposits	586,073
Cash and term deposits with maturities longer than 3 months	(222,500)	Cash and term deposits with maturities longer than 3 months	(290,500)	Cash and term deposits with maturities longer than 3 months	(240,500)
Special deposit	(2,856)	Special deposit	(2,370)	Special deposit	(2,565)
Cash and cash equivalents	297,384	Cash and cash equivalents	655,641	Cash and cash equivalents	343,008

Accounting for Leases

(Unit: thousand yen)

March 1, 2003 – August 31, 2003	March 1, 2004 – August 31, 2004	March 1, 2003 - February 29, 2004
Finance lease transactions other than those in which the title of the leased property is transferred to the lessee.	Finance lease transactions other than those in which the title of the leased property is transferred to the lessee.	Finance lease transactions other than those in which the title of the leased property is transferred to the lessee.
1. Acquisition cost, accumulated depreciation and period-end balance equivalents of the leased property.	1. Acquisition cost, accumulated depreciation and period-end balance equivalents of the leased property.	1. Acquisition cost, accumulated depreciation and period-end balance equivalents of the leased property.
Buildings Acquisition cost 100,355 Accumulated depreciation 85,302 Period-end balance 15,053	Buildings Acquisition cost 96,000 Accumulated depreciation 88,000 Period-end balance 8,000	Buildings Acquisition cost 98,031 Accumulated depreciation 86,594 Period-end balance 11,436
Tangible fixed assets, others Acquisition cost 115,782 Accumulated depreciation 49,571 Period-end balance 66,211	Tangible fixed assets, others Acquisition cost 144,290 Accumulated depreciation 68,208 Period-end balance 76,082	Tangible fixed assets, others Acquisition cost 139,904 Accumulated depreciation 60,893 Period-end balance 79,011
Intangible assets, others Acquisition cost 167,916 Accumulated depreciation 124,942 Period-end balance 42,973	Intangible assets, others Acquisition cost 125,376 Accumulated depreciation 111,445 Period-end balance 13,930	Intangible assets, others Acquisition cost 167,916 Accumulated depreciation 141,734 Period-end balance 26,181
Total Acquisition cost 384,054 Accumulated depreciation 259,816 Period-end balance 124,237	Total Acquisition cost 365,667 Accumulated depreciation 267,653 Period-end balance 98,013	Total Acquisition cost 405,852 Accumulated depreciation 289,222 Period-end balance 116,630
Note: Acquisition cost equivalents include amounts applicable to interest since the outstanding balance of lease commitments at period-end are insignificant in the context of tangible fixed assets.	Note: Acquisition cost equivalents include amounts applicable to interest since the outstanding balance of lease commitments at period-end are insignificant in the context of tangible fixed assets.	Note: Acquisition cost equivalents include amounts applicable to interest since the outstanding balance of lease commitments at period-end are insignificant in the context of tangible fixed assets.
2. Outstanding lease commitments at period-end. Within one year 56,707 Over one year 67,530 Total 124,237	2. Outstanding lease commitments at period-end. Within one year 29,231 Over one year 68,781 Total 98,013	2. Outstanding lease commitments at period-end. Within one year 42,887 Over one year 73,743 Total 116,630
Note: Outstanding balance of lease commitments at period-end include amounts applicable to interest since the outstanding balance of lease commitments at period-end are insignificant in the context of tangible fixed assets.	Note: Outstanding balance of lease commitments at period-end include amounts applicable to interest since the outstanding balance of lease commitments at period-end are insignificant in the context of tangible fixed assets.	Note: Outstanding balance of lease commitments at period-end include amounts applicable to interest since the outstanding balance of lease commitments at period-end are insignificant in the context of tangible fixed assets.
3. Lease payments and depreciation equivalents Lease payments 29,270 Depreciation 29,270	3. Lease payments and depreciation equivalents Lease payments 28,422 Depreciation 28,422	3. Lease payments and depreciation equivalents Lease payments 60,306 Depreciation 60,306
4. Calculation of accumulated depreciation equivalents Depreciation is calculated based on the straight-line method, assuming the lease period to be the useful life and a residual value of zero.	4. Calculation of accumulated depreciation equivalents Depreciation is calculated based on the straight-line method, assuming the lease period to be the useful life and a residual value of zero.	4. Calculation of accumulated depreciation equivalents Depreciation is calculated based on the straight-line method, assuming the lease period to be the useful life and a residual value of zero.

Securities

Previous interim period (As of August 31, 2003)

Securities

1. Securities with market value classified as “Other Securities”

(Unit: thousand yen)

	As of August 31, 2003		
	Acquisition cost	Carrying value	Valuation gain/loss
(1) Equity	106,985	139,256	32,271
(2) Bond	-	-	-
Total	106,985	139,256	32,271

Note: Except for securities whose price is expected to recover, securities whose value has declined by more than 50% from the book value are written down. In the case of securities whose value has declined by 30% to 50% from the book value are written down if their price is not expected to recover.

2. Securities without market quotations classified as “Other Securities”

(Unit: thousand yen)

	As of August 31, 2003
	Carrying value
(1) Held to maturity securities	
Discount debentures	69,985
(2) Other securities	
Unlisted stock (excluding OTC stock)	13,760

Current interim period (As of August 31, 2004)

Securities

1. Securities with market value classified as “Other Securities”

(Unit: thousand yen)

	As of August 31, 2004		
	Acquisition cost	Carrying value	Valuation gain/loss
(1) Equity	108,232	208,047	99,815
(2) Bond	-	-	-
Total	108,232	208,047	99,815

Note: Except for securities whose price is expected to recover, securities whose value has declined by more than 50% from the book value are written down. In the case of securities whose value has declined by 30% to 50% from the book value are written down if their price is not expected to recover.

2. Securities without market quotations classified as “Other Securities”

(Unit: thousand yen)

	As of August 31, 2004
	Carrying value
Other securities	
Unlisted stock (excluding OTC stock)	9,456

Securities without market quotations at 4,303 thousand yen was written down in the current interim period.

Previous fiscal year (As of February 29, 2004)

Securities

1. Securities with market value classified as “Other Securities”

(Unit: thousand yen)

	As of February 29, 2004		
	Acquisition cost	Carrying value	Valuation gain/loss
(1) Equity	107,453	154,871	47,418
(2) Bond	-	-	-
Total	107,453	154,871	47,418

Note: Except for securities whose price is expected to recover, securities whose value has declined by more than 50% from the book value are written down. In the case of securities whose value has declined by 30% to 50% from the book value are written down if their price is not expected to recover.

2. Securities without market quotations classified as “Other Securities”

(Unit: thousand yen)

	As of February 29, 2004
	Carrying value
(1) Held to maturity securities	
Discount debentures	39,996
(2) Other securities	
Unlisted stock (excluding OTC stock)	13,760

Derivatives

From March 1, 2003 to August 31, 2003

Not applicable since the Company applies the hedge accounting method.

From March 1, 2004 to August 31, 2004

Not applicable since the Company applies the hedge accounting method.

From March 1, 2003 to February 29, 2004

Not applicable since the Company applies the hedge accounting method.

Segment Information

1.Operating segment information

Previous interim period (March 1, 2003 – August 31, 2003)

(Unit: thousand yen)

	Cosmetics	Pharmaceuticals and other products	Total	Eliminations and corporate	Consolidated
Sales					
(1) Sales to outside customers	2,474,209	536,830	3,011,040	-	3,011,040
(2) Sales and transfers – Inter-segment	-	-	-	-	-
Total	2,474,209	536,830	3,011,040	-	3,011,040
Operating expenses	2,151,728	612,061	2,763,789	264,588	3,028,378
Operating income	322,481	(75,230)	247,250	(264,588)	(17,337)

Current interim period (March 1, 2004 – August 31, 2004)

(Unit: thousand yen)

	Cosmetics	Pharmaceuticals and other products	Total	Eliminations and corporate	Consolidated
Sales					
(1) Sales to outside customers	2,433,382	767,349	3,200,731	-	3,200,731
(2) Sales and transfers – Inter-segment	-	-	-	-	-
Total	2,433,382	767,349	3,200,731	-	3,200,731
Operating expenses	2,091,631	744,629	2,836,261	238,190	3,074,451
Operating income	341,750	22,720	364,470	(238,190)	126,280

Previous fiscal year (March 1, 2003 – February 29, 2004)

(Unit: thousand yen)

	Cosmetics	Pharmaceuticals and other products	Total	Eliminations and corporate	Consolidated
Sales					
(1) Sales to outside customers	5,057,393	1,053,716	6,111,110	-	6,111,110
(2) Sales and transfers – Inter-segment	-	-	-	-	-
Total	5,057,393	1,053,716	6,111,110	-	6,111,110
Operating expenses	4,399,666	1,160,863	5,560,530	477,836	6,038,367
Operating income	657,726	(107,147)	550,579	(477,836)	72,743

Notes: 1. Method of segmentation: Segments are based on the type of products handled.

2. Primary operations of the principal operating segments are as follows:

(1) Cosmetics: Foundation, eye shadow, rouge, lipstick, lip cream, moisturizers and sunscreen lotions

(2) Pharmaceuticals and other products: Medicinal toothpaste, mouthwash, ear washes and feminine hygiene products

3. Operating expenses (previous interim period: 264,588 thousand yen, current interim period: 238,190 thousand yen, previous fiscal year: 477,836 thousand yen) included in eliminations or corporate consist primarily of expenses related to the administration divisions, including the General Affairs Division and the Accounting Division.

2. Geographical Segment Information

Previous interim period (March 1, 2003 – August 31, 2003)

(Unit: thousand yen)

	Japan	France	Total	Eliminations and corporate	Consolidated
Sales					
(1) Sales to outside customers	2,322,593	688,446	3,011,040	-	3,011,040
(2) Sales and transfers – Inter-segment	33,543	-	33,543	(33,543)	-
Total	2,356,136	688,446	3,044,583	(33,543)	3,011,040
Operating expenses	1,991,001	803,655	2,794,656	233,721	3,028,378
Operating income	365,135	(115,208)	249,927	(267,264)	(17,337)

Current interim period (March 1, 2004 – August 31, 2004)

(Unit: thousand yen)

	Japan	France	Total	Eliminations and corporate	Consolidated
Sales					
(1) Sales to outside customers	2,308,747	891,984	3,200,731	-	3,200,731
(2) Sales and transfers – Inter-segment	58,594	-	58,594	(58,594)	-
Total	2,367,342	891,984	3,259,326	(58,594)	3,200,731
Operating expenses	2,018,010	870,852	2,888,862	185,588	3,074,451
Operating income	349,331	21,132	370,463	(244,183)	126,280

Previous fiscal year (March 1, 2003 – February 29, 2004)

(Unit: thousand yen)

	Japan	France	Total	Eliminations and corporate	Consolidated
Sales					
(1) Sales to outside customers	4,705,749	1,405,361	6,111,110	-	6,111,110
(2) Sales and transfers – Inter-segment	77,571	-	77,571	(77,571)	-
Total	4,783,320	1,405,361	6,188,681	(77,571)	6,111,110
Operating expenses	4,055,555	1,583,685	5,639,241	399,125	6,038,367
Operating income	727,764	(178,324)	549,439	(476,696)	72,743

Notes: 1. Geographical segmentation: By locations of manufacturing facilities.

2. Operating expenses (previous interim period: 264,588 thousand yen, current interim period: 238,190 thousand yen, previous fiscal year: 477,836 thousand yen) included in eliminations or corporate consist primarily of expenses related to the administration divisions, including the General Affairs Division and the Accounting Division.

3. Overseas sales

Previous interim period (March 1, 2003 – August 31, 2003)

(Unit: thousand yen)

	Europe	Other areas	Total
Overseas sales	707,202	39,809	747,012
Consolidated sales	-	-	3,011,040
Share of overseas sales in consolidated sales	23.5%	1.3%	24.8%

Current interim period (March 1, 2004 – August 31, 2004)

(Unit: thousand yen)

	Europe	Other areas	Total
Overseas sales	932,835	39,074	971,909
Consolidated sales	-	-	3,200,731
Share of overseas sales in consolidated sales	29.1%	1.2%	30.4%

Previous fiscal year (March 1, 2003 – February 29, 2004)

(Unit: thousand yen)

	Europe	Other areas	Total
Overseas sales	1,429,828	66,104	1,495,932
Consolidated sales	-	-	6,111,110
Share of overseas sales in consolidated sales	23.4%	1.1%	24.5%

Notes: 1. Method of geographical segmentation: Geographical proximity

2. Each segment consists primarily of the following countries or areas

(1) Europe: France, Italy, Britain, Greece, Germany, Belgium, Portugal, and Monaco

(2) Other areas: North America, Malaysia, The Philippines, Taiwan, and S. Korea

3. Overseas sales include sales of the Company and its consolidated subsidiaries to customers in countries and areas outside Japan.

Production, Orders and Sales

1. Production

(Unit: thousand yen)

Operating segment	March 1, 2004 – August 31, 2004	
		YoY change (%)
Cosmetics	2,443,879	100.2
Pharmaceuticals and other products	788,909	145.5
Total	3,232,789	108.4

Notes: 1. Amounts are based on sales prices.

2. Amounts are exclusive of the consumption taxes.

2. Orders

(Unit: thousand yen)

Operating segment	Orders		Order backlog	
		YoY change (%)		YoY change (%)
Cosmetics	2,368,667	92.7	1,035,497	102.4
Pharmaceuticals and other products	657,314	143.9	381,265	134.8
Total	3,025,981	100.5	1,416,762	109.5

Notes: 1. Amounts are based on sales prices.

2. Amounts are exclusive of the consumption taxes.

3.Sales

(Unit: thousand yen)

Operating segment	March 1, 2004 – August 31, 2004	
		YoY change (%)
Cosmetics	2,433,382	98.3
Pharmaceuticals and other products	767,349	142.9
Total	3,200,731	106.3

Note: 1. Amounts are exclusive of the consumption taxes.

(Unit: thousand yen)

Customer	March 1, 2003 – August 31, 2003		March 1, 2004– August 31, 2004	
	Amount	%	Amount	%
Shu Uemura Cosmetics Inc.	516,735	17.2	338,209	10.6
ARSOA HONSHA CORPORATION	327,761	10.9	-	-

Sales to ARSOA HONSHA CORPORATION and its share of total sales are not presented since it accounted for less than 10/100 of consolidated sales.

October 29, 2004

Nippon Shikizai, Inc.

Interim Non-consolidated Financial Results for the Fiscal Year ending February 2005

Name of Company Listed:	Nippon Shikizai, Inc.
Stock Code Number:	4920
Stock Exchange listing:	JASDAQ
Company Domicile:	Tokyo
President:	Kouji Okumura
Contact:	Shinsaku Tsukamoto, Managing Director
Telephone:	+81-(0)3-3456-0561
URL:	http://www.shikizai.com
Board of meeting for approving:	-
Annual shareholders' meeting:	-
Interim dividend paid:	Yes
One trading unit:	1000 shares

1. Financial Results (March 1, 2004 – August 31, 2004)

(1) Results of operations

(Amounts rounded down to million yen)

	Sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
First half ended Aug. 2004	2,367	0.5	111	10.5	80	(33.8)
First half ended Aug. 2003	2,356	6.2	100	(40.3)	121	(50.7)
Fiscal year ended Feb. 2004	4,783		251		482	

	Net income		Net income per share (basic)
	Million yen	YoY change (%)	Yen
First half ended Aug. 2004	31	(36.7)	7.36
First half ended Aug. 2003	50	-	11.63
Fiscal year ended Feb. 2004	(137)		(31.94)

Notes: 1. Average number of shares outstanding
First half ended Aug. 2004: 4,317,844 shares
First half ended Aug. 2003: 4,318,044 shares
Fiscal year ended Feb. 2004: 4,317,961 shares
2. Change in accounting principle during the year: None
3. "YoY change" represents relevant change in percentage compared to the same period of the previous year.

(2) Dividends

	Interim	Year-end
	Yen	Yen
First half ended Aug. 2004	0.00	-
First half ended Aug. 2003	0.00	-
Fiscal year ended Feb. 2004	-	0.00

(3) Financial position

	Total assets	Shareholders' equity	Shareholders' equity to total assets ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of Aug. 31, 2004	7,843	2,581	32.9	597.94
As of Aug. 31, 2003	8,055	2,698	33.5	624.92
As of Feb. 29, 2004	7,875	2,519	32.0	583.42

Notes: 1. Number of shares outstanding:
As of Aug. 31, 2004: 4,318,444 shares
As of Aug. 31, 2004: 4,318,444 shares
As of Feb. 29, 2004: 4,318,444 shares

2. Treasury stock
As of Aug. 31, 2004: 600 shares
As of Aug. 31, 2004: 400 shares
As of Feb. 29, 2004: 600 shares

2. Forecast for the fiscal year ending February 2005 (March 1, 2004 - February 28, 2005)

	Sales	Ordinary income	Net income	Dividend per share for the year	
				Year-end	Total
	Million yen	Million yen	Million yen	Yen	Yen
Full year	4,877	305	143	10.00	10.00

(Reference) Estimated net income per share (full year): 33.15 yen

Forecasts for fiscal year ending February 2005 were made by management based on currently available data and information. Please be aware that actual results may turn out different from those forecast as the Company's business is affected by many factors.