



**Supplementary Materials for Financial Statements  
For the Interim Period Ended September 30, 2003**

**November 14, 2003**

Yakult Honsha Co., Ltd.  
Investor Relations Department

**URL <http://www.yakult.co.jp>**

# Consolidated

## 1. Overseas Sales of Dairy Products

[Performance from January to June 2003]

(June 30, 2003)

	Sales quantity (Thousands of bottles/day)	Year on year	Establishment	Ratio of shareholding (%)	Consolidation Classification	Currency Unit	Exchange rate		
							September 2003	June 2003	December 2002
Taiwan	1,289	101.2%	March 1964	**2 15.00%	Equity method	TWD	3.300	3.465	3.445
Hong Kong	358	83.1%	June 1969	80.00%	Consolidated	HKD	14.36	15.36	15.38
Thailand	1,632	103.5%	June 1971	---	---	THB	---	---	---
Korea	5,195	98.9%	August 1971	38.30%	Equity method	KRW	0.0971	0.1007	0.1003
Philippines	716	118.0%	October 1978	40.00%	Equity method	PHP	2.05	2.26	2.28
Singapore	155	120.5%	July 1979	**3 100.00%	Consolidated	SGD	64.39	68.49	67.99
Indonesia	768	115.4%	January 1991	100.00%	Consolidated	IDR	0.0134	0.0146	0.0136
Australia	159	114.5%	February 1994	100.00%	Consolidated	AUD	75.27	79.77	67.46
*1 Guangzhou	164	1735.5%	June 2002	95.00%	Consolidated	CNY	13.46	14.43	14.50
<b>Asia and Oceania subtotal</b>	<b>10,436</b>	<b>103.5%</b>							
Brazil	1,375	81.4%	October 1968	51.07%	Consolidated	BRL	38.06	41.70	33.95
Mexico	2,185	106.6%	October 1981	61.21%	Consolidated	MXN	10.18	11.60	11.73
Argentina	41	144.9%	May 1997	100.00%	Consolidated	ARS	38.83	43.55	35.62
<b>The Americas subtotal</b>	<b>3,601</b>	<b>95.6%</b>							
Netherlands	141	112.3%	April 1994	100.00%	Consolidated	EUR	129.14	136.81	125.14
Belgium	87	84.1%	April 1995	100.00%	Consolidated	EUR	129.14	136.81	125.14
United Kingdom	265	123.8%	April 1996	100.00%	Consolidated	GBP	185.38	198.03	192.53
Germany	113	87.3%	April 1996	100.00%	Consolidated	EUR	129.14	136.81	125.14
<b>Europe subtotal</b>	<b>606</b>	<b>105.9%</b>							
<b>Total</b>	<b>14,643</b>	<b>101.5%</b>							

\*1 Operations at Guangzhou Yakult Co., Ltd. commenced in June 2002

\*2 Stock acquisition in July 2003; company accounted for by the equity method as of the fiscal year ending March 31, 2004

\*3 Stock acquisition in May 2003; consolidated affiliate as of the fiscal year ending March 31, 2004

### Advance into foreign markets

- Malaysia: Sales scheduled to commence in December 2003; Shanghai Yakult Co., Ltd.: Construction of a manufacturing plant slated for August 2004

### Test sales

- France, Spain and the United States (East and West coasts)

### Currently undergoing feasibility studies

- Vietnam, India and other Asian countries (conducting local feasibility studies based on the assumption of market entry)
- Europe, especially EU countries, and parts of Eastern Europe (conducting feasibility studies based on the assumption of market entry)
- Various countries in Latin America (conducting feasibility studies based on the assumption of market entry)

## 2. Major Increases (Decreases) in Consolidated Balance Sheet Figures

(Millions of yen)

	As of Sep. 30 2003	As of Mar. 31 2003	Increase (decrease)	Primary reason for change
(Assets)				
<b>Current assets</b>				
Cash and cash equivalents	81,494	81,985	(491)	Decrease in cash and cash equivalents of parent company
Notes and accounts receivable	40,713	35,700	5,012	Increase in notes and accounts receivable of parent company
Deferred tax assets	3,107	2,955	152	
Inventories	24,623	22,732	1,891	Increase in inventories of parent company
Other	5,299	4,246	1,052	
<b>Fixed assets</b>				
<b>Property, plant and equipment</b>				
Machinery, equipment and vehicles	20,923	21,434	(510)	Decrease in machinery, equipment and vehicles of parent company
Other	65,089	63,721	1,367	Increase in costs associated with the plant of an overseas subsidiary
<b>Intangible fixed assets</b>	3,357	2,768	588	
<b>Investments and other assets</b>				
Investment securities	19,915	15,655	4,260	Increase in investment securities of parent company, increase due to gains under the equity method
Deferred tax assets	13,349	14,155	(806)	Decrease in deferred tax assets of parent company
Other	10,833	10,847	(14)	
(Liabilities)				
<b>Current liabilities</b>				
Notes and accounts payable	28,056	25,501	2,554	Increase in notes and accounts payable of parent company
Short-term bank loans	12,636	13,124	(488)	Payment of loans
Allowance for Bonuses	4,609	3,596	1,013	Increase in bonus payment reserve of parent company
Other	22,062	19,503	2,559	Increase in the other category of parent company
<b>Fixed liabilities</b>				
Liability for retirement benefits	14,638	17,579	(2,941)	Decline in liability for retirement benefits of parent company
Other	7,877	8,653	(776)	
<b>Minority interests</b>	15,323	13,417	1,906	
(Shareholders' equity)				
<b>Total shareholders' equity</b>	183,502	174,826	8,675	Increase in accumulated income, increase in treasury stock

### 3. Major Increases (Decreases) in Consolidated Statements of Income Figures

(Millions of yen)

	Current interim period	Previous interim period	Increase (decrease)		Primary reason for change	Revised forecasts
			Amount	%		
<b>Net sales</b>	124,085	124,425	(340)	(0.27)		124,000
( Sales by business segment )						
Food and beverages	106,479	105,795	684		Increase in net sales of overseas subsidiaries	
Pharmaceuticals	9,330	10,009	(679)		Reduced sales of Campto	
Others	8,274	8,619	(344)			
<b>Cost of sales</b>	55,925	56,491	(565)	(1)		
<b>Gross profit</b>	68,159	67,934	225	0.33		
Gross profit margin	54.93%	54.6%	0.33%			
<b>Selling, general and administrative expenses</b>	57,799	55,376	2,422	4.37		
Selling expenses	25,681	24,443	1,237		Increase in expenses of sales subsidiaries in Europe and Japan	
General and administrative expenses	32,118	30,933	1,185		Increase in general and administrative expenses of parent company	
<b>Operating income</b>	10,359	12,557	(2,197)	(17.49)		10,000
Operating income margin	8.35%	10.09%	(1.74%)			
( Operating income by business segment )						
Food and beverages	11,341	12,335	(994)			
Pharmaceuticals	2,610	3,688	(1,078)			
Others	1,709	1,498	211			
Corporate expenses	5,301	4,965	335			
<b>Other income</b>	5,577	5,470	106			
Foreign exchange gain	465	986	(521)		Decline in foreign currency gains from debts of overseas subsidiaries	
Royalty income	1,672	1,579	92			
Investment gains under the equity method	1,912	1,633	278		Increases in investment gains under the equity method at subsidiaries in Asia and Oceania	
Other income	1,527	1,271	256			
<b>Other expenses</b>	902	1,002	(100)			
Foreign currency fluctuation loss	214	368	(153)		Due to inflation accounting at overseas subsidiaries	
Other expenses	687	634	52			
<b>Ordinary income</b>	15,035	17,025	(1,989)	(11.68)		15,000
Ratio of ordinary income to net sales	12.12%	13.68%	(1.56%)			
<b>Extraordinary income</b>	6,020	1,822	4,197		Increase in extraordinary profit of the parent company	
<b>Extraordinary loss</b>	1,869	2,385	(515)			
<b>Income before income taxes and minority interests</b>	19,185	16,462	2,723	16.54		
<b>Income taxes</b>	7,238	5,867	1,371			
<b>Minority interests</b>	1,019	1,257	(238)			
<b>Net income</b>	10,927	9,337	1,590	17.03		10,500
Ratio of net income to sales	8.81%	7.5%	1.31%			

## 4. Performance Overview

### (1) Financial Highlights

( Millions of yen )

	Net sales		Operating income		Ordinary income		Net income	
		Year on year (%)		Year on year (%)		Year on year (%)		Year on year (%)
First half of the fiscal year ended March 31, 2003	124,425	109.0	12,557	194.6	17,025	155.3	9,337	173.2
Fiscal year ended March 31, 2003	242,740	105.7	21,618	165.4	29,383	129.0	14,383	129.5
First half of the fiscal year ending March 31, 2004	124,085	99.7	10,359	82.5	15,035	88.3	10,927	117.0
Forecasts for the fiscal year ending March 31, 2004	241,000	99.3	16,500	76.3	24,500	83.4	14,500	100.8

### (2) Ratios of Consolidated to Nonconsolidated Results

	Net sales	Operating income	Ordinary income	Net income
First half of the fiscal year ending March 31, 2004	1.51	4.19	2.88	2.01
( Comparison to the same period of the previous fiscal year )	( 1.49 )	( 2.40 )	( 2.18 )	( 2.76 )

### (3) Breakdown of Equity Method Gains

( Millions of yen )

	Fiscal year ended March 31, 2003				Fiscal year ending March 31, 2004			
	First half	Year on year (%)	Full fiscal year	Year on year (%)	First half	Year on year (%)	Forecast for the full fiscal year	Year on year (%)
Japan	---	---	---	---	---	---	---	---
The Americas	---	---	---	---	---	---	---	---
Asia and Oceania	1,633	167.7	2,680	139.1	1,912	117.1	3,233	120.6
Total	1,633	74.9	2,680	56.9	1,912	117.1	3,233	120.6

### (4) Breakdown of Major Items

( Millions of yen )

	Fiscal year ended March 31, 2003				Fiscal year ending March 31, 2004			
	First half	Year on year (%)	Full fiscal year	Year on year (%)	First half	Year on year (%)	Forecast for the full fiscal year	Year on year (%)
Capital investment	6,147	300.4	10,116	171.0	2,970	48.3	10,100	99.8
Depreciation expense	3,947	102.5	8,348	104.2	3,977	100.7	8,100	97.0

## 5. Segment Information

### (1) Financial Highlights by Business Segment

Results for the fiscal year ended March 31, 2003 (first half and full fiscal year)

(Millions of yen)

First half of the fiscal year ended March 31, 2003	Food and beverages	Pharmaceuticals	Others	Total	Eliminations/corporate	Consolidated
Net sales	105,795	10,009	8,619	124,425	---	124,425
( Percentage of net sales )	85.0	8.1	6.9	100.0	---	100.0
( Year on year )	107.4	139.0	102.4	109.0	---	109.0
Operating expenses	93,459	6,321	7,121	106,902	4,965	111,868
( Year on year )	104.1	112.0	100.6	104.3	94.82	103.9
Operating income (loss)	12,335	3,688	1,498	17,522	(4,965)	12,557
( Year on year )	140.3	237.5	111.7	149.9	94.82	194.6

  

Full fiscal year ended March 31, 2003	Food and beverages	Pharmaceuticals	Others	Total	Eliminations/corporate	Consolidated
Net sales	207,261	21,045	14,433	242,740	---	242,740
( Percentage of net sales )	85.4	8.7	5.9	100.0	---	100.0
( Year on year )	105.1	120.9	96.3	105.7	---	105.7
Operating expenses	183,103	13,143	14,673	210,920	10,201	221,121
( Year on year )	102.1	107.7	99.2	102.3	99.0	102.1
Operating income (loss)	24,158	7,902	(240)	31,820	(10,201)	21,618
( Year on year )	134.4	151.7	---	136.1	99.0	165.4

Results for the first half of the fiscal year ending March 31, 2004 and forecasts for the full fiscal year

First half of the fiscal year ending March 31, 2004	Food and beverages	Pharmaceuticals	Others	Total	Eliminations/corporate	Consolidated
Net sales	106,479	9,330	8,274	124,085	---	124,085
( Percentage of net sales )	85.8	7.5	6.7	100.0	---	100.0
( Year on year )	100.6	93.2	96.0	99.7	---	99.7
Operating expenses	95,138	6,719	6,565	108,424	5,301	113,725
( Year on year )	101.8	106.3	92.2	101.4	106.8	101.7
Operating income (loss)	11,341	2,610	1,709	15,661	(5,301)	10,359
( Year on year )	91.9	70.8	114.1	89.4	106.8	82.5

  

Forecasts for the full fiscal year ending March 31, 2004	Food and beverages	Pharmaceuticals	Others	Total	Eliminations/corporate	Consolidated
Net sales	208,400	18,500	14,100	241,000	---	241,000
( Percentage of net sales )	86.5	7.7	5.8	100.0	---	100.0
( Year on year )	100.5	87.9	97.7	99.3	---	99.3
Operating expenses	186,900	13,100	14,200	214,200	10,300	224,500
( Year on year )	102.1	99.7	96.8	101.6	101.0	101.5
Operating income (loss)	21,500	5,400	(100)	26,800	(10,300)	16,500
( Year on year )	89.0	68.3	41.7	84.2	101.0	76.3

## (2) Financial Highlights by Region

### Results for the fiscal year ended March 31, 2003 (first half and full fiscal year)

( Millions of yen

First half of the fiscal year ended March 31, 2003	Japan	The Americas	Asia and Oceania	Europe	Total	Eliminations/ corporate	Consolidated
Net sales	105,739	12,485	3,426	3,772	125,425	(999)	124,425
( Percentage of net sales )	85.0	10.0	2.8	3.0	100.8	(0.8)	100.0
( Year on year )	102.9	198.4	150.9	115.5	109.5	236.7	109.0
Operating expenses	93,408	8,906	2,665	2,922	107,902	3,965	111,868
( Year on year )	101.2	144.7	166.0	104.0	104.9	82.4	103.9
Operating income (loss)	12,330	3,579	761	850	17,522	(4,965)	12,557
( Year on year )	118.2	2,631.6	114.4	186.8	149.9	94.8	194.6

  

Full fiscal year ended March 31, 2003	Japan	The Americas	Asia and Oceania	Europe	Total	Eliminations/ corporate	Consolidated
Net sales	206,717	23,236	7,295	7,843	245,092	(2,352)	242,740
( Percentage of net sales )	85.2	9.6	3.0	3.2	101.0	(1)	100.0
( Year on year )	100.3	176.3	143.7	114.0	106.0	144.5	105.7
Operating expenses	185,069	16,216	5,818	6,168	213,272	7,849	221,121
( Year on year )	100.0	123.1	168.3	101.0	102.6	90.4	102.1
Operating income (loss)	21,648	7,020	1,477	1,674	31,820	(10,201)	21,618
( Year on year )	103.2	---	91.2	217.1	136.1	99.0	165.4

### Results for the first half of the fiscal year ending March 31, 2004 and forecasts for the full fiscal year

First half of the fiscal year ending March 31, 2004	Japan	The Americas	Asia and Oceania	Europe	Total	Eliminations/ corporate	Consolidated
Net sales	104,068	13,077	4,184	4,850	126,182	(2,096)	124,085
( Percentage of net sales )	83.9	10.5	3.4	3.9	101.7	(1.7)	100.0
( Year on year )	98.4	104.7	122.1	128.6	100.6	209.8	99.7
Operating expenses	94,056	9,411	3,130	3,922	110,520	3,204	113,725
( Year on year )	100.7	105.7	117.4	134.2	102.4	80.8	101.7
Operating income (loss)	10,011	3,666	1,054	928	15,661	(5,301)	10,359
( Year on year )	81.2	102.4	138.5	109.2	89.4	106.8	82.5

  

Forecasts for the full fiscal year ending March 31, 2004	Japan	The Americas	Asia and Oceania	Europe	Total	Eliminations/ corporate	Consolidated
Net sales	203,600	23,500	9,200	8,700	245,000	(4,000)	241,000
( Percentage of net sales )	84.5	9.8	3.8	3.6	101.7	(1.7)	100.0
( Year on year )	98.5	101.1	126.1	110.9	100.0	170.1	99.3
Operating expenses	186,600	17,200	7,200	7,200	218,200	6,300	224,500
( Year on year )	100.8	106.1	123.8	116.7	102.3	80.3	101.5
Operating income (loss)	17,000	6,300	2,000	1,500	26,800	(10,300)	16,500
( Year on year )	78.5	89.7	135.4	89.6	84.2	101.0	76.3

## Nonconsolidated

### 1. Major Increases (Decreases) in Nonconsolidated Balance Sheets

( Millions of yen )

	As of Sep. 30 2003	As of Mar.31 2003	Increase (decrease)	Primary reason for change
(Assets)				
<b>Current assets</b>				
Cash and cash equivalents	40,936	43,815	(2,878)	Acquisition of stock of affiliated company and treasury stock
Receivables	38,450	33,929	4,521	Increased sales due to seasonal change
Inventories	18,077	16,455	1,622	Increases in work-in-progress and raw material inventories
Other	6,764	6,566	197	
<b>Fixed assets</b>				
<b>Property, plant and equipment</b>				
Buildings and structures	15,840	16,448	(608)	Decline due to depreciation
Machinery, equipment and vehicles	8,881	9,755	(873)	Decline due to depreciation
Other	21,221	21,475	(253)	Decline due to the sale of Company-owned land and housing
<b>Intangible fixed assets</b>	1,505	1,514	(8)	
<b>Investments and other assets</b>				
Investment securities	5,063	4,271	791	Valuation difference under mark-to-market valuation
Investments in and advances to unconsolidated subsidiaries and associated companies	29,226	23,075	6,151	Acquisition of shares of Taiwan Yakult and Singapore Yakult Increased investment in Malaysia Yakult and Guangzhou Yakult
Deferred tax assets	15,140	15,489	(349)	
Other	7,849	8,244	(394)	Recovery on long-term loans, etc.
(Liabilities)				
<b>Current liabilities</b>				
Notes and accounts payable	27,365	22,519	4,846	Increase in purchase amounts due to seasonal change
Short-term bank loans	6,014	6,149	(134)	
Deferred tax liabilities	4,243	2,378	1,865	Taxes due on interim net income
Allowance for Bonuses	3,715	2,971	744	Increase in winter bonus payment reserve
Other	11,468	9,984	1,484	Increase in accrued advertising expenses
<b>Fixed liabilities</b>				
Liability for retirement benefits	11,667	14,826	(3,159)	Reversal of liability reserves associated with the return of employee pension fund management to the government
Other	1,463	1,672	(208)	
(Shareholders' equity)				
<b>Total shareholders' equity</b>	143,019	140,539	2,480	Increase in accumulated income, increase in treasury stock

## 2. Major Increases (Decreases) in Nonconsolidated Statements of Income Figures

(Millions of yen)

	Current interim period	Previous interim period	Increase (decrease)		Primary reason for change	Revised forecasts
			Amount	%		
<b>Net sales</b> ( Breakdown )	82,037	83,262	(1,124)	(1.5)		85,000
Dairy products	40,833	39,184	1,649	4.2	Increased sales of Yakult 400, Purera	39,200
Juices and other beverages	23,415	26,512	(3,097)	(11.7)	Reduced sales of Toughman, Bansoreicha	26,700
Cosmetics	3,622	3,536	85	2.4		3,600
Pharmaceuticals	9,330	10,009	(679)	(6.8)	Decline in overseas sales of Campto	11,000
Others	4,836	4,018	817	20.3	Increased overseas sales of equipment and materials	4,500
<b>Cost of sales</b>	50,920	50,747	173	0.3		51,913
<b>Gross profit</b>	31,116	32,514	(1,398)	(4.3)		33,087
Gross profit margin	37.93%	39.05%	(1.12%)			38.93%
<b>Selling, general and administrative expenses</b>	28,646	27,277	1,369	5.0		29,087
Advertising costs	4,516	4,628	(112)			
Sales promotion expenses	2,350	2,071	279			
Transport costs	3,792	4,056	(264)			
Cost of vending machines	1,723	1,687	36			
Personnel expenses	10,058	9,453	605		Increase in retirement benefit and legal welfare expenses	
Depreciation and amortization	737	759	(22)			
Other	5,469	4,623	846		Increase in research costs and commissions paid	
<b>Operating income</b>	2,470	5,237	(2,766)	(52.8)		4,000
Operating income margin	3.01%	6.29%	(3.28%)			4.71%
Other income	3,025	2,772	253	9.1		
Dividend income	152	168	(16)			
Royalties from pharmaceuticals	1,588	1,499	89			
Other	1,285	1,105	180		Increase in foreign exchange gain	
Other expenses	280	207	73	35.4		
<b>Ordinary income</b>	5,215	7,802	(2,586)	(33.1)		7,000
Ratio of ordinary income to net sales	6.36%	9.37%	(3.01%)			8.24%
Extraordinary profit	5,927	234	5,693	--	5,907 million yen gain on the return of employee pension fund management to the government	
Extraordinary loss	1,551	2,106	(555)	(26.4)		
Provision for accrued employee retirement benefits	1,449	1,752	(302)		Decline in loss associated with the return of employee pension fund management to the government	
Other	102	354	(252)			
<b>Income before income taxes</b>	9,591	5,929	3,662	61.8		
Income taxes	4,156	2,550	1,605	62.9		
<b>Net income</b>	5,435	3,378	2,056	60.9		3,000
Ratio of net income to sales	6.63%	4.06%	2.57%			3.53%

### 3. Breakdown of Sales

#### (1) Sales by Product Category

(Millions of yen)

	Fiscal year ended March 31, 2003				Fiscal year ending March 31, 2004			
	First half	Year on year (%)	Full fiscal year	Year on year (%)	First half	Year on year (%)	Forecast for the full fiscal year	Year on year (%)
Dairy products	39,184	99.4	77,218	100.6	40,833	104.2	79,500	103.0
Juices and other beverages	26,512	101.6	47,387	96.0	23,415	88.3	44,500	93.9
Cosmetics	3,536	104.6	6,655	102.8	3,622	102.4	6,800	102.2
Pharmaceuticals	10,009	139.0	21,045	120.9	9,330	93.2	18,500	87.9
Others	4,018	103.7	8,519	95.0	4,836	120.3	8,700	102.1
<b>Total</b>	<b>83,262</b>	<b>104.1</b>	<b>160,826</b>	<b>101.1</b>	<b>82,037</b>	<b>98.5</b>	<b>158,000</b>	<b>98.2</b>

#### (2) Sales of Dairy Products

(Thousands of bottles/day)

	Fiscal year ended March 31, 2003				Fiscal year ending March 31, 2004				
	First half	Year on year (%)	Full fiscal year	Year on year (%)	First half	Year on year (%)	Forecast for the full fiscal year	Year on year (%)	
Dairy Products	Yakult	3,937	98.5	3,797	98.3	4,038	102.6	3,899	102.7
	Yakult LT	173	73.9	162	76.6	149	85.9	145	89.6
	Yakult 200	161	91.5	158	95.3	172	107.0	168	106.1
	Yakult 80Ace	985	86.2	914	82.9	823	83.6	804	88.0
	Yakult 80AceLT	206	81.74	193	86.8	194	94.3	188	97.4
	Yakult 400	1,312	120.6	1,352	120.1	1,611	122.8	1,551	114.7
	<b>Total for Yakult products</b>	<b>6,776</b>	<b>98.3</b>	<b>6,577</b>	<b>98.3</b>	<b>6,990</b>	<b>103.2</b>	<b>6,755</b>	<b>102.7</b>
	Joie	910	98.2	863	95.5	848	93.1	825	95.6
	Mil-Mil	253	84.9	244	87.3	225	89.0	220	90.1
	Mil-Mil E	164	76.3	157	79.9	143	87.1	140	88.9
	Bifiel	411	91.9	391	91.1	367	89.4	357	91.2
	Sofuhl	700	104.2	646	98.2	690	98.7	678	105.0
	Purera	113	869.23	251	593.6	378	332.7	371	147.8
	<b>Total for fermented drinks other than Yakult</b>	<b>2,553</b>	<b>99.3</b>	<b>2,553</b>	<b>101.7</b>	<b>2,653</b>	<b>103.9</b>	<b>2,591</b>	<b>101.5</b>
<b>Total</b>	<b>9,330</b>	<b>98.6</b>	<b>9,130</b>	<b>99.2</b>	<b>9,643</b>	<b>103.4</b>	<b>9,345</b>	<b>102.4</b>	

#### (3) Sales of Juices and Other Beverages

(Thousands of bottles/day)

	Fiscal year ended March 31, 2003				Fiscal year ending March 31, 2004				
	First half	Year on year (%)	Full fiscal year	Year on year (%)	First half	Year on year (%)	Forecast for the full fiscal year	Year on year (%)	
Juices and Other Beverages	Juices	65,436	84.7	111,314	85.0	55,338	84.6	97,126	87.3
	Kininaruyasai	40,083	90.9	70,213	87.9	35,453	88.4	63,958	91.1
	Toughman	50,566	90.9	84,630	87.0	39,111	77.3	66,631	78.7
	Coffee	84,079	91.6	167,038	92.6	74,380	88.5	171,273	102.5
	Tea	19,583	83.1	37,699	79.0	15,822	80.8	36,900	97.9
	Soy milk drinks	19,276	110.3	35,809	103.5	21,975	114.0	36,453	101.8
	Bansoreicha	71,065	110.0	122,177	88.2	52,058	73.3	101,881	83.4
	Lemorea	37,417	---	53,567	436.3	27,379	73.2	41,221	77.0

#### (4) Sales of Pharmaceuticals

(Millions of yen)

	Fiscal year ended March 31, 2003				Fiscal year ending March 31, 2004			
	First half	Year on year (%)	Full fiscal year	Year on year (%)	First half	Year on year (%)	Forecast for the full fiscal year	Year on year (%)
Campto (Japan)	1,138	110.5	2,164	131.5	1,230	108.2	3,000	138.6
Campto (Overseas)*	8,095	159.2	17,325	125.2	7,335	90.6	14,000	80.8
<b>Campto total</b>	<b>9,233</b>	<b>151.0</b>	<b>19,489</b>	<b>125.8</b>	<b>8,608</b>	<b>93.2</b>	<b>17,000</b>	<b>87.2</b>
pharmaceuticals	776	71.7	1,555	80.8	765	98.5	1,500	96.4
<b>Total</b>	<b>10,009</b>	<b>139.0</b>	<b>21,045</b>	<b>120.9</b>	<b>9,330</b>	<b>93.2</b>	<b>18,500</b>	<b>87.9</b>

#### \* Overseas sales of Campto by region

(Millions of yen)

	Fiscal year ended March 31, 2003				Fiscal year ending March 31, 2004			
	First half	Year on year (%)	Full fiscal year	Year on year (%)	First half	Year on year (%)	Forecast for the full fiscal year	Year on year (%)
North America	3,968	155.1	9,447	128.0	3,664	92.3	6,200	65.6
Europe	4,050	168.6	7,724	124.3	3,569	88.1	7,650	99.0
Other	77	61.1	153	62.4	102	132.5	150	98.0
<b>Total</b>	<b>8,095</b>	<b>159.2</b>	<b>17,325</b>	<b>125.2</b>	<b>7,335</b>	<b>90.6</b>	<b>14,000</b>	<b>80.8</b>

#### Royalty income

Total	1,499	77.2	3,428	93.5	1,588	105.9	3,350	97.7
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#### 4. Percentage of Total Sales by Channel (April 1, 2003 to September 30, 2003)

	Dairy products		Juices and other beverages		
	Percentage of sales	Year on year (%)	Percentage of sales		Year on year (%)
Yakult Ladies	<b>61.0</b>	101.1	<b>43.4</b>		92.3
Other*	<b>39.0</b>	107.0	<b>56.6</b>	Vending machines	<b>67.8</b>
				Other	<b>32.2</b>

Note: Actual sales statistics

#### \* Percentage of sales at other major channels (year-on-year comparison)

	Fiscal period ended September 30, 2002	Fiscal year ended March 31, 2003	Fiscal period ended September 30, 2003
Supermarkets	108.2	104.2	106.3
Convenience stores	97.0	95.3	104.1

#### 5. Sales Personnel by Department

	March 31, 2003	September 30, 2003
Yakult Ladies	50,000	49,500
Yakult Beauty Advisors	11,000	10,800
Medical Representatives	103	100

#### 6. Head Office Employees

	March 31, 2003	September 30, 2003
Number of full-time employees	2,433	2,464

## 7. Performance Overview

### (1) Financial Highlights

(Millions of yen)

	Fiscal year ended March 31, 2003				Fiscal year ending March 31, 2004			
	First half	Year on year (%)	Full fiscal year	Year on year (%)	First half	Year on year (%)	Forecast for the full fiscal year	Year on year (%)
Net sales	83,262	104.1	160,826	101.1	82,037	98.5	158,000	98.2
Operating income	5,237	170.2	9,739	121.9	2,470	47.2	4,500	46.2
Ordinary income	7,802	133.0	17,518	110.0	5,215	66.9	12,500	71.4
Net income	3,378	156.5	7,568	113.8	5,435	160.9	8,500	112.3

### (2) Cost to Sales Ratio (Comparisons)

(%)

	Fiscal year ended March 31, 2003				Fiscal year ending March 31, 2004			
	First half	Decrease	Full fiscal year	Decrease	First half	Increase	Forecast for the full fiscal year	Increase
Cost to sales ratio	60.95	1.20	61.17	0.62	62.07	1.12	61.68	0.51

### (3) Breakdown of Major Costs

(Millions of yen)

	Fiscal year ended March 31, 2003				Fiscal year ending March 31, 2004			
	First half	Year on year (%)	Full fiscal year	Year on year (%)	First half	Year on year (%)	Forecast for the full fiscal year	Year on year (%)
Capital investments	3,358	728.4	5,122	274.5	391	11.6	4,733	92.4
Depreciation and amortization	2,268	94.7	4,891	99.7	2,218	97.8	4,753	97.2
Research and development costs	2,727	106.9	5,801	112.3	3,254	119.3	6,544	112.8
Number of vending machines at the end of the fiscal period	81,500	100.2	79,600	98.4	78,100	95.8	75,100	94.3

### (4) Breakdown of Selling, General and Administrative Expenses

(Millions of yen)

	Fiscal year ended March 31, 2003				Fiscal year ending March 31, 2004			
	First half	Year on year (%)	Full fiscal year	Year on year (%)	First half	Year on year (%)	Forecast for the full fiscal year	Year on year (%)
Advertising costs	4,628	114.1	7,353	114.8	4,516	97.6	7,854	106.8
Sales promotion expense	2,071	78.2	4,246	73.9	2,350	113.5	4,815	113.4
<b>(Subtotal)</b>	<b>6,699</b>	<b>99.9</b>	<b>11,599</b>	<b>95.4</b>	<b>6,867</b>	<b>102.5</b>	<b>12,670</b>	<b>109.2</b>
Transport cost	4,056	101.9	7,617	97.9	3,792	93.5	7,579	99.5
Cost of vending machines	1,687	102.4	3,427	104.5	1,723	102.1	3,313	96.7
Personnel expenses	9,453	101.1	18,619	100.3	10,058	106.4	19,101	102.6
Depreciation and amortization	759	102.7	1,608	105.4	737	97.1	1,638	101.9
Other	4,623	96.7	9,843	104.0	5,469	118.3	11,746	119.3
<b>Total</b>	<b>27,277</b>	<b>100.3</b>	<b>52,715</b>	<b>99.9</b>	<b>28,646</b>	<b>105.0</b>	<b>56,047</b>	<b>106.3</b>

### (5) Other

#### Breakdown of retirement benefit expenses

(Millions of yen)

	First half				Fiscal year ending March 31, 2004			
	First half	Increase (decrease)	Full fiscal year	Increase (decrease)	First half	Increase (decrease)	Forecast for the full fiscal year	Increase (decrease)
Cost of production	551	(18)	1,097	(247)	632	80	1,257	159
General administrative expenses	1,365	116	2,699	(404)	1,634	270	2,917	219
<b>Total</b>	<b>1,916</b>	<b>98</b>	<b>3,796</b>	<b>(651)</b>	<b>2,266</b>	<b>349</b>	<b>4,174</b>	<b>378</b>
*1 Extraordinary profit	---	---	---	---	5,907	5,907	5,907	5,907
*2 Extraordinary loss	1,752	0	3,505	0	1,449	(302)	2,596	(909)

\*1 Gain on the return of employee pension fund management to the government

\*2 Difference due to changes in the accounting standard (Five year depreciation will be complete on March 31, 2005)

Reference - 1
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## Expansion of *Campto* Indications and Development Pipeline

### 1. Expansion of *Campto* Indications

	Indications	Stage	Date of application	Remarks
Japan (Yakult, Daiichi Pharmaceutical)	Pancreatic cancer	Phase II (completed in 2003)	Application scheduled for fourth quarter of fiscal 2004	Extending patent expiration will be difficult if the drug is not approved by September 2004
Pfizer (Pharmacia)	Pancreatic cancer	Phase III completed	Date of application unknown	First-line treatment in combination with Gemcitabine
	Gastric cancer	Phase III	Scheduled to apply incorporating Aventis data	Second-line treatment in combination with 5-FU
	Small cell lung cancer	Phase III	Undecided	Using JCOG data (*1)
	Pediatric cancer	Submitted proposal (April 2003)	_____	Submitted for priority review (six months)
	Breast cancer (oral form of the drug)	Phase I completed	Application scheduled for fourth quarter of fiscal 2004 (*3)	Second-line treatment
Aventis	Colorectal cancer (adjuvant therapy)	Phase III	Application scheduled for third quarter of fiscal 2004(*3)	Prevents recurrence
	Gastric cancer	Phase III	Application scheduled for first quarter of fiscal 2004 (approval expected within one year)(*3)	First-line treatment in combination with 5-FU/FA(*2) Analysis tends to be behind schedule
	Small cell lung cancer	Phase III	Undecided	Using JCOG data (*1)

\*1 Japan Clinical Oncology Group

\*2 Folic acid

\*3 The fiscal years of Pfizer and Aventis cover the one-year period from January 1 to December 31.

### 2. Development Pipeline

Product	Indications	Licensor	Joint development partner	Stage	Remarks
Oxaliplatin Development code: L-OHP	Colorectal cancer	Debiopharm S.A. (Switzerland)	Independent development	Phase II completed Application scheduled for fourth quarter of fiscal 2004	Considering combination with <i>Campto</i> Phase I/II trials currently under way
<i>FEMIEST</i> Development code : RG83933	Osteoporosis	Aventis	Teikoku Hormone Mfg. Co., Ltd.	Phase II completed, development on hold	Development was put on hold due to data from Phase III trials indicating that risks arising from long-term hormone replacement therapy outweighed the benefits of taking the drug
E2/NETA patch Development code : RPR106522	Post-menopausal symptoms	Aventis	Teikoku Hormone Mfg. Co., Ltd.	Phase III	_____
	Osteoporosis			Phase II completed, development on hold	_____

## Reference-2

### HACCP and ISO Accreditation of Yakult Group Companies

#### Yakult Plants

	HACCP	ISO9001	ISO14001
Sapporo Plant			
Fukushima Plant			
Ibaraki Plant			
Fujisawa Plant			
Fujisawa Cosmetics Plant			
Fuji Susono Plant			
Fuji Susono Pharmaceuticals Plant			
Shizuoka Plant			
Kyoto Plant			
Fukuyama Plant			
Saga Plant			
Kumamoto Plant			

Chemical Analysis Center, Yakult Central Institute for Microbiological Research			
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#### Plants of Subsidiaries

	HACCP	ISO 9001	ISO 14001
Yakult Iwate Plant			
Yakult Chiba Plant			
Yakult Aichi Plant			
Yakult Osaka Plant			
Yakult Kobe Plant			
Yakult Hokuriku Plant			
Yakult Okayama Plant			
Yakult Fukuoka Plant			
Yakult Nagasaki Plant			

HACCP	19 businesses
ISO 9001	1 business
ISO 14001	14 businesses

#### Yakult's Hazard Analysis and Critical Control Point (HACCP) Hygiene Control System

\* This system is used to identify and analyze potential contamination via harmful microorganisms or foreign matter at each stage of production. Control items critical to preventing contamination are then determined, processes are monitored and observations are recorded.

\* The Yakult HACCP hygiene control system is different from conventional hygiene control systems that emphasize the inspection of finished products in that the Yakult system ensures hygiene management at every stage of production.

#### International Organization for Standardization (ISO)

\* An organization established in 1947 to set worldwide standards for regulations, guidelines, etc.

#### ISO 9001--The International Standard for Quality Management Systems

\* A system that promotes companies' systematic ongoing improvement through the establishment of incremental goals aimed at enhancing customer satisfaction.

#### ISO 14001--The International Standard for Environmental Management Systems

\* A system that promotes ongoing improvement in corporate environmental initiatives through the establishment of guidelines and goals to be used by companies to move forward with voluntary environment-friendly activities.

## CAUTIONARY STATEMENT

Statements contained in these materials with respect to Yakult's plans, forecasts and other statements that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ substantially from expectations.

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