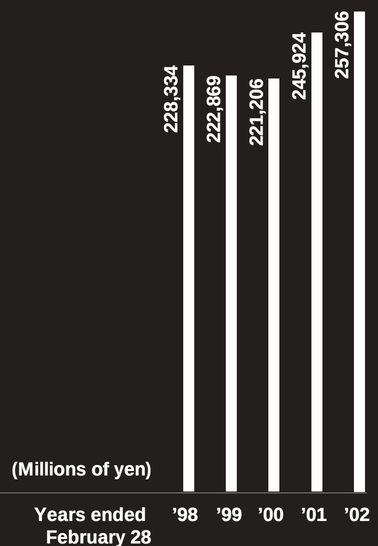
Annual Report

Year Ended February 28, 2002

ONWARD



Consolidated Net Sales

Profile

Since its establishment in 1947, ONWARD KASHIYAMA Co., Ltd., has been a leader in the world of fashion. By leveraging its advanced capabilities in planning, technological development, information network management, and manufacturing, the Company continues to develop a wide range of brands that respond to the diverse tastes of consumers, who differ not only in age but in the values they hold. Onward's products are marketed through department stores, boutiques, and general retailers throughout Japan as well as through a global sales network that spans Europe, Asia, and North America.

Onward has earned a strong reputation for its ability to anticipate consumer needs and delight its customers by offering them new concepts that reflect those needs. As a leading company in the global apparel industry, Onward will strive to apply its skills and experience to develop appealing products for world markets.

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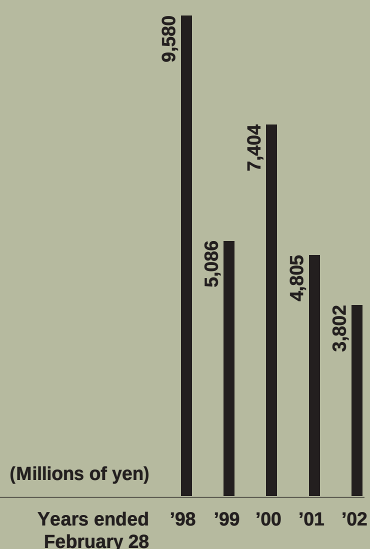
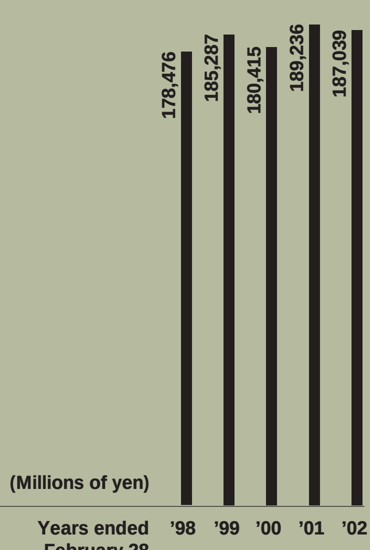
Looking Back

on a Year of Achievement



Consolidated Net Income



Consolidated Total Stockholders' Equity

■ The consolidated net sales of ONWARD KASHIYAMA Co., Ltd., for fiscal 2002, ended February 28, 2002, increased 4.6% from the previous fiscal term, to ¥257.3 billion, with net income falling 20.9%, to ¥3.8 billion. Net income per share amounted to ¥22.1, and the return on equity was 2.0%, while cash dividends applicable to the period totaled ¥16.5 per share.

■ In the spring of 2002 the ICB Collection—the new line of the international brand ICB for career women—was launched simultaneously in five countries, including Japan, the United States, and Italy. Aiming for a more creative, high-quality brand image, Onward employed Dutch designers Viktor & Rolf (Viktor Horsting and Rolf Snoeren).

■ From spring-summer 2002, we launched men's JIYUKU. Focusing on the same keywords as those of the ladies JIYUKU brand—sophisticated, high-quality, casualwear—we have developed a new brand for men's casualwear that responds to their sizing needs. This new line targets baby boomers, taking into account their tastes and sensibilities.

■ For men and women in their 20s and 30s, we offer a new casual kimono under the brand name WANOFUKU. This line, made of synthetic fabric, is machine washable and consists primarily of moderately-priced, pret-a-porter kimonos. In addition to obi and other accessories, we are developing our two popular yukata lines KUMIKYOKU and NIJYUSANKU HOMME.

■ U.S. designer Michael Kors opened his first roadside store in Japan. The theme for spring-summer 2002, as an example of "mix modernism," features an urban-Asian taste. We aim to expand sales by unifying the brand image with Micheal's second line, KORS.

■ In spring-summer 2002, Onward started selling French luxury brand CELINE children's clothes. In addition to including baby sizes in the spring-summer collection, the fall-winter lineup will feature toddler sizes (3-8 years old). In the future, we will strive to expand our children's clothes operations centering on three brands: KUMIKYOKU, J. PRESS, and CELINE.

A Message to Our Stockholders

The Operating Environment in Fiscal 2002

Regarding the economic condition during the fiscal year ended February 28, 2002, a deflationary economic trend persisted and the protracted recession continued as financial institutions struggled to dispose of their bad loans and the domestic manufacturing sectors faced an increasingly severe hollowing out. The future direction of the economy remained unclear, with no end to the recession in sight. Furthermore, Onward's business environment is undergoing drastic changes, due to such factors as the diversification of consumption patterns and the reorganization of distribution methods. Anxieties prompted by the unsure future of the Japanese economy have resulted in a protracted slump in consumer spending and a worsening of our operating environment.

Against this backdrop, the Onward Group stepped up sales activities for its major brands. The Onward Group's medium- to long-term strategy, which leverages brand recognition to raise its value, is known as "Brand-leveraged Management." This is the Group's basic management strategy. In addition, the Group's common objective is "Brand Value Creation." To achieve this target, we have set the following specific objectives to work toward:

- In-house planning capabilities
- Low-cost production capabilities
- A system to meet the demand for "hot-selling" items
- A fluid distribution system
- Attractive retail environments
- Topical advertising and PR activities
- Stronger sales capabilities
- The latest IT systems

As part of our medium- to long-term plan, Onward stepped up sales activities for the major brands in its apparel business. Onward is strengthening its sales structure, production, and planning in order to expand the distribution system; raising efficiency by implementing management strategies that leverage brand recognition; and maximizing brand value through brand-oriented management. Furthermore, we have created a business structure that uses our products base and sales structure as the foundations upon which we can achieve balance. Through this move, we aim to boost competitiveness and raise profitability as well as strengthen management practices.

Operating Performance

In the apparel division, the Company made aggressive marketing efforts to promote such major profit-making clothing items as the men's GOTAIRIKU brand, the ladies' KUMIKYOKU and NIJYUSANKU brands, and the international ICB brand. Consequently, consolidated net sales rose 4.6% from the previous fiscal year, to ¥257.3 billion, operating income increased 8.2%, to ¥18.1 billion, and net income dropped 20.9%, to ¥3.8 billion. This decline in net income is attributable primarily to a special, one-time depreciation cost of ¥14.4 billion for the amortization of discrepancies following the change in accounting standards and the introduction of retirement benefit accounting. In the interests of maintaining a stable return to stockholders, cash dividends applicable to the period will be sustained at ¥16.5 per share.

Going Forward

The current harsh operating environment is expected to continue throughout the coming fiscal year. Persistent anxieties about the future, owing to the protracted economic recession, have diminished chances of a recovery in consumer spending.

Faced with such an operating environment, the Onward Group has decided on several courses of action: the implementation of policies emphasizing value-added brand creation, from the consumers' perspective; the creation of internationally competitive products; the operation of shops appealing to consumers; and the installation and utilization of an IT information infrastructure, based on our concept of brand-oriented management. Our goals are to strengthen international competitiveness and further improve management efficiency, and, to this end, we will make every effort.

May 23, 2002

Akira Baba

Akira Baba, Chairman

Takeshi Hirouchi

Takeshi Hirouchi, President

Business Overview

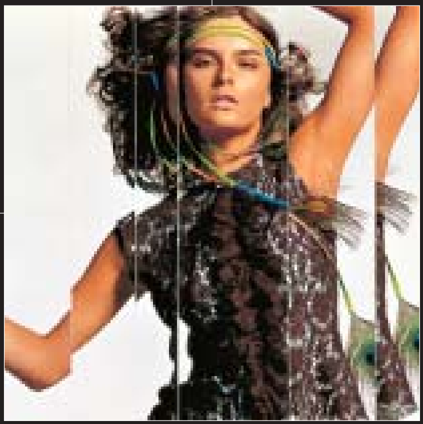
Men's Fashions

During fiscal 2002, ended February 28, 2002, sluggish sales of suits and other business-related formalwear stood out. In contrast, high-quality, casualwear sold at department stores, and targeting adult men in their 50s and 60s sold well. This reflected the general market trend in business suits toward an increasing polarization in prices, which vary according to consumers' purchasing objectives.

The department store market, on the other hand, saw the pret-a-porter segment putting in a relatively favorable performance.

Large-scale chain retailers saw slack sales in suburban stores, while urban specialty stores found a way out, by first developing and then expanding operations of a new type of retail outlet—the discount two-price suit shop.

Regarding the Company's GOTAIRIKU brand, sales exceeded the previous-year level, spurred by the launch of a "prestige" line and the shift toward large-scale merchandising, in which an extensive collection of suits, jackets, slacks, and dress shirts are being made available in the business apparel department. However, the increased sales for this one brand did not fully compensate for the decline in sales of other brands. Non-consolidated net sales by Onward Men's Fashion Business Group fell 4.9%, to ¥59.3 billion, and accounted for 34.7% of total non-consolidated net sales.



Women's Fashions

In fiscal 2002, brand-name products enjoyed high popularity among female consumers, as a result of the trend toward upscale, high-quality, and high-value-added products, with coordinates taking on a larger presence in the market. Female consumers are turning to handbags, gloves, mufflers, and other accessories as a means of expressing their individuality.

Regarding Onward's sales trends, sales of the leading brand KUMIKYOKU rose, owing to the popularity of white shirts and horizontally-striped knit tops worn with the spring-summer line of suits. The fall-winter line of knit items sold well, along with angora and pea coats. As for the NIJYUSANKU brand, sales were fueled in the spring-summer season by cotton jackets and popular print skirts that enjoyed strong sales after appearing in a

commercial. In the fall-winter season, denim jackets, slacks, and flared skirts in a large checkered pattern were the main sellers. The career-oriented ICB brand realized record sales of white dress shirts on a volume basis. Sales of suits—the leading ICB brand item—were sluggish in the first half of fiscal 2002, but rose during the second half owing to brisk sales of easy-to-wear cotton coordinates.

The Women's Fashion Business Group, on a non-consolidated basis, posted sales of ¥96.2 billion during the term under review, increasing 14.8% from the previous fiscal year and comprising 56.2% of total net sales.

Children's Fashions

Since the shift in consumer demand away from "cute" luxury-brand gift items, we have seen strong sales of RALPH LAUREN children's apparel and other brands that incorporate the same concepts, sensibilities, and materials as adult apparel. Such items are typically purchased at specialty stores carrying clothing to be worn at graduations and other special occasions. With consumers turning to large-scale shopping centers for their casualwear purchases, a polarization in consumption is occurring.

A growing number of large-scale stores are enabling one-stop shopping for adults and children. We are focusing efforts on expanding the KUMIKYOKU brand within such large-scale retail outlets. Our KUMIKYOKU clothing brand for adults and children is marketed in KUMIKYOKU FAM outlets nationwide. Each outlet on average measures 330 square meters, and is located primarily in urban, suburban, and local shopping centers around the country. KUMIKYOKU brand infant and toddler items are selling well, especially one-piece synthetic fleece suits for toddlers. As for the J. PRESS brand, sales of rugby shirts in August and September rose 200% from the same two months of the previous year, fueling a rise in overall sales for this business group. In fiscal 2002, Onward's Children's Fashion Business Group reported a 12.9% decline in non-consolidated net sales, to ¥6.8 billion, which represented 4.0% of total non-consolidated net sales.

Kimonos

The business climate surrounding kimono sales is becoming increasingly severe, as a result of lifestyle changes, declining consumer spending, and expanding rental and recycle markets. Companies of long-standing repute are being forced to make the necessary inventory adjustments, as the industry undergoes restructuring. Amid such circumstances, sales of *yukatas*—light summer kimonos—declined approximately 97% from the level of the previous year, during which sales were strong.

Regarding Onward's sales trends, brand-name *yukatas* continue to sell well, up 130% from the previous year. The brand KUMIKYOKU GIRL, launched during the previous fiscal year, and leading brands NIJYUSANKU and KUMIKYOKU also made major contributions to sales growth, and provided the driving source of sales revenues in the first half of the fiscal year. As for luxury clothing items, sales handled by the corporate sales divisions of leading department stores are strong, while sales from special events held at department stores were unable to achieve forecasted targets in the second half of the fiscal year. This was due to sluggish consumer demand as well as the protracted stagnation in kimono demand. Onward's Kimono Business Group reported a 0.4% rise in non-consolidated net sales, to ¥3.8 billion, contributing 2.2% to the Company's total non-consolidated net sales.

Objets d'art and Jewelry

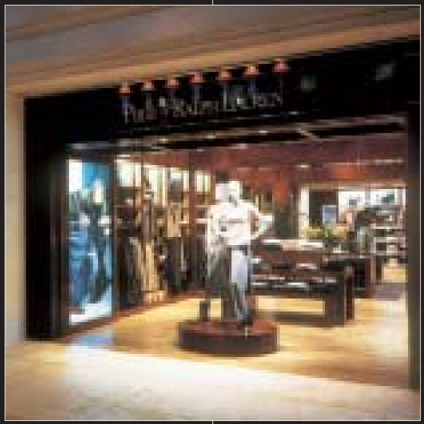
Onward is moving away from the planning of gallery exhibitions, which often result in poor sales efficiency ratios, into the planning of special invitational events in conjunction with the corporate sales divisions of leading department stores, as such events tend to draw large numbers of customers. In the jewelry industry, demand for platinum temporarily surged among consumers who made their purchases ahead of an anticipated price rise. During the spring-summer season in particular, platinum wedding rings sold well. In addition, rings that appeared in television commercials also put in a good sales performance. In the second half of the fiscal year under review, gold items enjoyed strong sales, while slow sales of silver were covered by increases in the unit price per item. Sales by Onward's Objets d'art and Jewelry Business Group, on a non-consolidated basis, fell 1.0%, to ¥2.5 billion, representing 1.5% of total non-consolidated net sales.

Other

The department stores' handbag market saw slow sales of youth-oriented brands. In contrast, brands targeting career women and the Missy-Misses segment, as well as imported brands, enjoyed strong sales. The Other Operations Business Group, on a non-consolidated basis, posted a 9.4% rise with sales of ¥2.5 billion, comprising 1.5% of total non-consolidated net sales.

Onward Corporate Group

The Onward Corporate Group is decentralizing operations to raise brand awareness. Impact 21 Co., Ltd., handles domestic sales, as well as production and import, of the world-famous RALPH LAUREN brand of women's clothing. ACTY 21, Co., Ltd., oversees the domestic sales, production, and importing of the RALPH LAUREN men's clothing brand. O.B.T. Co., Ltd., is responsible for the domestic sales, manufacture, and import of Calvin Klein brand men's and women's apparel. Donna Karan Japan K.K. undertakes the domestic sales, production, and import of the Donna Karan brand of men's and women's clothing. Chacott Co., Ltd., manages the sales, manufacture, and import of Chacott dance-related products.



Consolidated Six-Year Summary

ONWARD KASHIYAMA Co., Ltd.
Years ended February 28 or 29

	Millions of yen						Thousands of U.S. dollars
	1997	1998	1999	2000	2001	**2002**	**2002**
At year-end:							
Total current assets	¥112,873	¥117,382	¥119,138	¥120,922	¥126,151	**¥146,080**	**$1,087,309**
Total property, plant and equipment	86,509	91,517	90,820	92,956	103,581	**99,274**	**738,921**
Total assets	266,668	281,752	291,484	296,715	312,258	**312,443**	**2,325,590**
Total current liabilities	57,763	65,947	69,691	79,636	78,985	**99,673**	**741,891**
Total stockholders' equity	171,897	178,476	185,287	180,415	189,236	**187,039**	**1,392,177**
For the year:							
Net sales	¥214,365	¥228,334	¥222,869	¥221,206	¥245,924	**¥257,306**	**$1,915,192**
Cost of sales	121,041	131,476	132,360	130,058	143,449	**145,687**	**1,084,384**
Selling, general and administrative expenses	71,545	75,540	73,700	73,887	85,731	**93,499**	**695,936**
Operating income	21,777	21,317	16,809	17,261	16,744	**18,120**	**134,872**
Income taxes, current	11,601	10,471	9,599	9,306	4,888	**11,176**	**83,186**
Net income	10,864	9,580	5,086	7,404	4,805	**3,802**	**28,299**
	Yen						U.S. dollars
Per share (Yen and U.S. dollars):							
Net income	¥63.1	¥55.6	¥30.0	¥43.0	¥27.9	**¥22.1**	**$0.164**
Cash dividends	18.0	16.5	16.5	16.5	16.5	**16.5**	**0.123**

Note: Yen amounts have been translated, for convenience only, at ¥134.35=US$1, the approximate exchange rate on February 28, 2002.

Financial Review

Overview

During fiscal 2002, ended February 28, 2002, the situation surrounding the Japanese economy remained harsh with no prospects of a recovery in the near term. Given the ongoing deflationary trend, the continuing bad-debt problem that plagues financial institutions, the huge fiscal deficit, and the domestic hollowing out of industry, which are all contributing to a protracted recession, prospects of recovery in the near future look dim. The industry in which ONWARD KASHIYAMA Co., Ltd., (“Onward”), and its consolidated subsidiaries, (together, the “Onward Group”), operate has witnessed drastic changes during the year under review, namely a diversification in consumption, a reorganization of distribution sectors, and the entrance of new competitors into the market. The lingering uncertainty regarding the future direction of the Japanese economy has dampened consumer sentiment far beyond expectations. Consequently, consumer spending, which has a large impact on the economic condition of the apparel industry, remains weak.

Amid such an operating environment, the Onward Group achieved consolidated net sales of ¥257.3 billion, up 4.6% from the previous fiscal year. Income before income taxes and minority interests grew approximately 174%, to ¥11.3 billion. As a result of a rise in income taxes, consolidated net income dropped approximately 21%, to ¥3.8 billion. The Onward Group applied a new accounting standard for retirement benefits from the fiscal year under review. The one-time amortization of transition obligation following the introduction of the said retirement benefit accounting has been partially offset by the gain on the contribution of securities to the retirement benefit trust.

Results of Operations

Net Sales

The Onward Group saw consolidated net sales rise 4.6% from the previous fiscal year, to ¥257.3 billion. The increase was attributable primarily to the apparel and textile products divisions, with the focus on women’s apparel. Sales by business segment are as follows:

Apparel and Textile Products Business Group

The Onward Group, actively promoting brand-leveraged management, has further strengthened its leading brands and expanded its retail spaces—targeting the physical place, where both “product” and “distribution” converge, as a potential growth area—while simultaneously undertaking brand development. Concerning planning, production, and distribution, Onward has developed a sales structure around its Quick-Response System, while coordinating with domestic and international members of its global network, thereby achieving concerted efforts in brand expansion and new product development at every stage—from planning to retail merchandising. As a result, consolidated net sales for this business segment during fiscal 2002 rose 3.5% from the previous fiscal year, to ¥245.5 billion, accounting for 95.4% of total net sales, down one percentage point from the previous fiscal year.

Sales of men’s apparel declined 4.6%, and accounted for 32.1% of consolidated net sales, a 3.1 percentage point drop from the previous fiscal year. Sales of women’s apparel rose 12.0% from the previous fiscal year, accounting for 49.8% of total net sales, up 3.3 percentage points from the previous fiscal year. Thus, net sales of men’s and women’s apparel continued the trends seen in recent years. In men’s apparel, sales of casualwear progressed steadily in contrast to the sluggish sales of suits and other business-related apparel. Sales of women’s apparel during the period under review reflected the growing consumer preference for high-quality, high-value-added items, with leading brands such as NIJYUSANKU and KUMIKYOKU performing well. Offering new lifestyle options through a high concentration of such fashion and beauty items as clothing and accessories as well as foot- and nail-care products all on a single floor, Onward’s variety shops are also contributing significantly to sales.

Other Division

Despite a persistently harsh employment situation and earnings environment, this segment, comprised of distribution and transportation services and resort-related operations, saw consolidated net sales rise 35.3%, to ¥11.8 billion, accounting for 4.6% of total net sales, a one percentage-point increase from the previous fiscal year.

Costs, Expenses, and Earnings

The cost of sales totaled ¥145.7 billion, up 1.6% from the previous fiscal year. As this rate of increase was slower than that of the rise in net sales, the gross profit margin rose 1.7 percentage points, to 43.4%, and the gross profit increased 8.9%, to ¥111.6 billion.

Selling, general and administrative (SG&A) expenses grew 9.1%, to ¥93.5 billion. SG&A expenses as a percentage of net sales increased 1.5 percentage points from the previous fiscal year, to 36.4%, during the period under review. The increase was mainly due to a rise in retirement benefit expenses resulting from the adoption of the new accounting standards. Consequently, operating income increased 8.2%, to ¥18.1 billion. The ratio of operating income to net sales thus increased 0.2 percentage point, to 7.0%.

Other income (expenses), net, improved by ¥5.8 billion, from expenses of ¥12.6 billion in the previous fiscal year, to expenses of ¥6.8 billion. The improvement is attributable mainly to a decrease in the loss on the write-down of assets other than investment securities from the previous year, an ¥8.5 billion gain on the contribution of securities to the retirement benefit trust, and increased gains from sales of investment securities. This improvement in other income (expenses) was partially offset by a one-time amortization of transition obligation, totaling ¥14.4 billion, resulting from the introduction of retirement benefit accounting per the adoption of new accounting standards in fiscal 2002, and a ¥1.8 billion loss on the write-down of investments in securities.

As a consequence of the aforementioned factors, income before income taxes and minority interests rose approximately 174% from the previous fiscal year, to ¥11.3 billion. However, due to rising income taxes, net income in fiscal 2002 declined 20.9%, to ¥3.8 billion. Income taxes as a percentage of income before income taxes and minority interests rose from 14.5% in fiscal 2001, to 66.9% in fiscal 2002 due to an increase in losses of consolidated subsidiaries, which do not apply tax-effect accounting. The profit margin declined 0.5 percentage point, to 1.5%, and the return on equity (ROE) dropped 0.6 percentage point from the previous fiscal year, to 2.0% in fiscal 2002.

Financial Condition

The Onward Group’s total assets rose ¥185 million, or 0.1%, to ¥312.4 billion. Although current assets rose ¥19.9 billion, to ¥146.1 billion, this amount was almost completely offset by the decline in noncurrent assets. Total liabilities increased ¥2.7 billion, or 2.5%, to ¥111.7 billion. Current liabilities increased ¥20.7 billion, to ¥99.7 billion. The rise in current liabilities was largely offset by a decline in long-term liabilities. As a result, the current ratio declined 13.1 percentage points, to 146.6%. Total stockholders’ equity fell ¥2.2 billion, or 1.2%, to ¥187.0 billion. The equity ratio, declining 0.7 percentage point, to 59.9%, remains at a high level. Interest-bearing liabilities rose ¥1.6 billion, to ¥33.5 billion. The debt-to-equity ratio improved 1.1 percentage points, to 17.9%. Thus, asset liquidity showed some decline, with no major change in financial soundness from the viewpoint of capital structure.

The increase in current assets was due largely to a ¥19.4 billion rise in cash and time deposits. The rise in cash and time deposits is basically discussed in the following “cash flow” analysis. The decrease in noncurrent assets is due primarily to a ¥25.4 billion decline in investment securities following their sale, made with the aim of improving the efficiency of asset utilization. Property, plant and equipment declined during fiscal 2002, due to depreciation costs and sales exceeding plant and equipment investment during the year under review. The rise in current liabilities is due largely to an ¥8.5 billion increase in accrued income taxes, reflecting the growth in income before income taxes and minority interests. Meanwhile, short-term bank loans increased ¥10.7 billion. The primary decline in noncurrent liabilities is attributable to a ¥8.9 billion drop in accrued retirement benefits.

An unrealized actuarial loss of ¥11.3 billion, which resulted from the adoption of the new accounting standards for retirement benefits, will be amortized from fiscal 2003, as permitted by the said accounting standards. The decline in stockholders’ equity was largely due to an unrealized loss on land of ¥2.3 billion—following the deduction of deferred tax assets of ¥1.7 billion as a debit of stockholders’ equity—incurred as a result of revaluation of land for business use in accordance with the Land Revaluation Law.

Overview of Capital Investment

Capital investment totaled ¥10.1 billion in fiscal 2002. Onward invested a total of ¥8.1 billion to strengthen its sales structure with regard to the apparel and textile-related businesses, primarily to renovate its sales counters at directly operated stores and department store tenant shops. The Group invested another ¥2.1 billion in its other businesses. Of this total, ¥1.7 billion was invested to expand sales facilities for Onward Agana Beach Hotel Guam, Inc., and improve its operational efficiency.

Cash Flows

The cash flows provided by operating activities are the primary source of funds for financing operating needs, equipment investment, and the payment of a dividend to stockholders. Cash and cash equivalents at the end of year totaled ¥79.5 billion, up ¥25.7 billion from the previous fiscal year-end. Changes in cash flows during the fiscal year under review are as follows:

Net cash provided by operating activities amounted to ¥22.8 billion, up ¥11.7 billion from the previous fiscal year-end. Cash inflow was due primarily to an increase in income before income taxes and minority interests, and a one-time amortization of transition obligation on retirement benefits following the adoption of the new accounting standards for retirement benefits.

Net cash provided by investing activities amounted to ¥3.0 billion, in contrast to a net outflow of ¥12.1 billion during the previous fiscal year. This improvement was attributable to an increase in refund proceeds on time deposits and an increase in proceeds from the sale of investment securities compared with those in the previous fiscal year.

Net cash used in financing activities totaled ¥0.3 billion, compared with ¥8.9 billion in the previous fiscal year. The primary cash outflow in the previous fiscal year was the repayment of long-term debt, amounting to ¥7.9 billion. There were no such outflows during the fiscal year under review.

Policy on the Distribution of Profits

The Company’s management has long recognized as one of its top priorities the distribution of profit to stockholders. We will strive to make stable dividend payments while securing adequate internal capital resources to strengthen the financial base and actively expand operations. Despite the current harsh operating environment and the unclear future direction of the economy, the Company, taking into consideration its policy to make stable dividend payments, paid an annual dividend of ¥16.50 per share, on par with the dividend applicable to the previous fiscal year. As a result, the payout ratio for fiscal 2002 was 48.8%. The ratio of dividends on stockholders’ equity was 1.6%, on par with that of the previous year.

Forward-Looking Statement

Despite the government’s widespread adoption of structural reform measures, personal consumption remained weak amid persistent uncertainty about the future prospects of the Japanese economy. Consequently, we expect the current harsh operating environment to continue. Furthermore, given the current deflationary trend, we anticipate intensified competition among retailers and business categories within the apparel industry. Based on our concept of brand-leveraged management, the Onward Group is implementing policies emphasizing value-added brand creation from the consumer’s perspective, the creation of internationally competitive products, the operation of attractive shops, and the installation and utilization of an IT infrastructure. We are committed to strengthening our international competitiveness and further improving management efficiency to achieve our initial goals through these efforts.

For fiscal 2003, we expect a 3.0% rise in consolidated net sales, to ¥265.0 billion, and 84.1% growth in consolidated net income, to ¥7.0 billion. These forecasts, based on information possessed by the Onward Group at this point in time, include the possibility of latent risks and uncertainties. Please be aware that a variety of factors may affect the Group’s forecasts, and cause the actual results to differ largely from projections.

Consolidated Statements of Income

ONWARD KASHIYAMA Co., Ltd. and Subsidiaries
For the years ended February 29/28, 2000, 2001 and 2002

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2000	2001	**2002**	**2002**
Net sales	¥221,206	¥245,924	**¥257,306**	**$1,915,192**
Cost of sales	130,058	143,449	**145,687**	**1,084,384**
Gross profit	91,148	102,475	**111,619**	**830,808**
Selling, general and administrative expenses	73,887	85,731	**93,499**	**695,936**
Operating income	17,261	16,744	**18,120**	**134,872**
Other income (expenses):				
Interest income	369	374	**297**	**2,211**
Interest expenses	(202)	(268)	**(185)**	**(1,377)**
Loss on disposal of property	(90)	(1,850)	**(436)**	**(3,245)**
Gain (loss) on sale of investments in securities, net	(23)	(519)	**2,444**	**18,191**
Loss on write-down of investments in securities	(1,651)	(175)	**(1,771)**	**(13,182)**
Royalty income	1,221	1,136	**1,106**	**8,232**
Loss on backup for subsidiaries and affiliates	—	(820)	**—**	**—**
Loss on liquidation of subsidiaries and affiliates	(227)	(445)	**(617)**	**(4,592)**
Additional retirement payments	—	(3,823)	**(3,902)**	**(29,044)**
Adjustment provision for accrued retirement benefit allowance	—	(1,879)	**—**	**—**
Provision for doubtful accounts	—	(2,477)	**(611)**	**(4,548)**
Reversal of revaluation allowance for investments in securities	—	1,156	**—**	**—**
Evaluation loss on investment in venture fund	—	(1,928)	**—**	**—**
Gain on securities contributed to employee retirement benefit trust (Note 1. (2))	—	—	**8,542**	**63,580**
Transition adjustment arising from adoption of the new accounting standard for retirement benefits (Notes 2. (11) and 6)	—	—	**(14,430)**	**(107,406)**
Other, net	687	(1,090)	**2,773**	**20,640**
Income before income taxes and minority interests	17,345	4,136	**11,330**	**84,332**
Income taxes (Note 8):				
Current	9,306	4,888	**11,176**	**83,186**
Deferred	—	(4,288)	**(4,884)**	**(36,353)**
Prior-year income taxes	—	—	**1,287**	**9,579**
Income before minority interests	8,039	3,536	**3,751**	**27,920**
Minority interests in subsidiaries	(635)	1,269	**51**	**379**
Net income	¥ 7,404	¥ 4,805	**¥ 3,802**	**$ 28,299**

	Yen			U.S. dollars (Note 1)
Per share:				
Net income	¥43.0	¥27.9	**¥22.1**	**$0.164**
Cash dividends	16.5	16.5	**16.5**	**0.123**

The accompanying notes are an integral part of these statements.

Consolidated Balance Sheets

ONWARD KASHIYAMA Co., Ltd. and Subsidiaries
February 28, 2001 and 2002

ASSETS	Millions of yen 2001	Millions of yen 2002	Thousands of U.S. dollars (Note 1) 2002
Current assets:			
Cash and time deposits	¥ 60,510	**¥ 79,943**	**$ 595,035**
Trade receivables	32,851	**31,592**	**235,147**
Less: Allowance for bad debts	(216)	**(289)**	**(2,151)**
	32,635	**31,303**	**232,996**
Inventories	26,471	**26,884**	**200,104**
Deferred tax assets—current (Note 8)	2,980	**4,044**	**30,100**
Other current assets	3,555	**3,906**	**29,074**
Total current assets	126,151	**146,080**	**1,087,309**
Investments and advances:			
Investments in securities (Note 3)	37,736	**12,332**	**91,790**
Long-term loans	2,226	**2,716**	**20,216**
Deferred tax assets—noncurrent (Note 8)	8,493	**12,520**	**93,189**
Deferred tax assets—revaluation of land (Note 9)	—	**1,702**	**12,668**
Other investments	16,852	**18,824**	**140,112**
Total investments and advances	65,307	**48,094**	**357,975**
Property, plant and equipment (Note 5):			
Buildings and structures	65,814	**67,046**	**499,040**
Other depreciable property	16,008	**17,127**	**127,480**
Less: Accumulated depreciation	(39,125)	**(41,792)**	**(311,068)**
	42,697	**42,381**	**315,452**
Land	60,884	**56,893**	**423,469**
Total property, plant and equipment	103,581	**99,274**	**738,921**
Deferred charges and other assets	16,448	**18,923**	**140,849**
Excess investment costs over net assets of subsidiaries	139	**72**	**536**
Foreign currency translation adjustment (Note 1. (2))	632	**—**	**—**
	¥312,258	**¥312,443**	**$2,325,590**

The accompanying notes are an integral part of these statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	Millions of yen 2001	Millions of yen 2002	Thousands of U.S. dollars (Note 1) 2002
Current liabilities:			
Short-term bank loans	¥ 17,501	**¥ 28,186**	**$ 209,795**
Trade payables	44,515	**45,757**	**340,581**
Accrued expenses	5,745	**5,793**	**43,119**
Accrued income taxes	2,042	**10,561**	**78,608**
Consumption tax payable	733	**1,513**	**11,262**
Accrued bonuses to employees	2,840	**3,012**	**22,419**
Allowance for sales returns	1,726	**1,563**	**11,634**
Other current liabilities	3,883	**3,288**	**24,473**
Total current liabilities	78,985	**99,673**	**741,891**
Long-term liabilities:			
Long-term debt	14,338	**5,271**	**39,233**
Accrued retirement benefits (Notes 1. (2) and 6)	15,632	**6,710**	**49,945**
Total long-term liabilities	29,970	**11,981**	**89,178**
Minority interests in consolidated subsidiaries	14,067	**13,750**	**102,344**
Contingent liabilities (Note 10)			
Stockholders' equity:			
Common stock, without par value:			
Authorized—400,000,000 shares			
Issued—172,292,587 shares	30,080	**30,080**	**223,893**
Additional paid-in capital	49,135	**49,135**	**365,724**
Net revaluation loss of land (Note 9)	—	**(2,348)**	**(17,477)**
Retained earnings	110,022	**110,942**	**825,769**
Net unrealized losses on available-for-sale securities (Note 2. (5))	—	**(278)**	**(2,069)**
Foreign currency translation adjustment (Note 1. (2))	—	**(475)**	**(3,536)**
	189,237	**187,056**	**1,329,304**
Less: Treasury stock, at cost	(1)	**(17)**	**(127)**
Total stockholders' equity	189,236	**187,039**	**1,392,177**
	¥312,258	**¥312,443**	**$2,325,590**

Consolidated Statements of Stockholders' Equity

ONWARD KASHIYAMA Co., Ltd. and Subsidiaries
For the years ended February 29/28, 2000, 2001 and 2002

		Millions of yen						
	Number of shares of common stock (thousands)	Common stock	Additional paid-in capital	Net revaluation loss of land	Retained earnings	Net unrealized losses on available-for-sale securities	Foreign currency translation adjustment	Treasury stock
Balance as at February 28, 1999:	172,293	¥30,080	¥49,135	¥ —	¥106,074	¥ —	¥ —	¥ (1)
Cash dividends	—	—	—	—	(2,843)	—	—	—
Directors' bonuses	—	—	—	—	(386)	—	—	—
Adjustment of retained earnings for newly consolidated subsidiaries	—	—	—	—	(9,048)	—	—	—
Selling of treasury stock, net	—	—	—	—	—	0	—	—
Net income for the year ended February 29, 2000	—	—	—	—	7,404	—	—	—
Balance as at February 29, 2000:	172,293	30,080	49,135	—	101,201	—	—	(1)
Cash dividends	—	—	—	—	(2,843)	—	—	—
Directors' bonuses	—	—	—	—	(303)	—	—	—
Selling of treasury stock, net	—	—	—	—	—	—	—	(0)
Adjustment of retained earnings for newly consolidated subsidiaries	—	—	—	—	322	—	—	—
Cumulative effect of adopting deferred tax accounting (Note 2. (10))	—	—	—	—	6,840	—	—	—
Net income for the year ended February 28, 2001	—	—	—	—	4,805	—	—	—
Balance as at February 28, 2001	172,293	30,080	49,135	—	110,022	—	—	(1)
Cash dividends	**—**	**—**	**—**	**—**	**(2,843)**	**—**	**—**	**—**
Directors' bonuses	**—**	**—**	**—**	**—**	**(51)**	**—**	**—**	**—**
Selling of treasury stock, net	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(16)**
Adjustment of retained earnings for newly consolidated subsidiaries	**—**	**—**	**—**	**—**	**12**	**—**	**—**	**—**
Net income for the year ended February 28, 2002	**—**	**—**	**—**	**—**	**3,802**	**—**	**—**	**—**
Net revaluation loss of land	**—**	**—**	**—**	**(2,348)**	**—**	**—**	**—**	**—**
Net unrealized losses on available-for-sale securities	**—**	**—**	**—**	**—**	**—**	**(278)**	**—**	**—**
Foreign currency translation adjustment	**—**	**—**	**—**	**—**	**—**	**—**	**(475)**	**—**
Balance as at February 28, 2002	**172,293**	**¥30,080**	**¥49,135**	**¥(2,348)**	**¥110,942**	**¥(278)**	**¥(475)**	**¥(17)**

		Thousands of U.S. dollars (Note 1)						
	Number of shares of common stock (thousands)	Common stock	Additional paid-in capital	Net revaluation loss of land	Retained earnings	Net unrealized losses on available-for-sale securities	Foreign currency translation adjustment	Treasury stock
Balance as at February 28, 2001:	172,293	$223,893	$365,724	$ —	$818,921	$ —	$ —	$ (7)
Cash dividends	**—**	**—**	**—**	**—**	**(21,161)**	**—**	**—**	**—**
Directors' bonuses	**—**	**—**	**—**	**—**	**(379)**	**—**	**—**	**—**
Selling of treasury stock, net	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(120)**
Adjustment of retained earnings for newly consolidated subsidiaries	**—**	**—**	**—**	**—**	**89**	**—**	**—**	**—**
Net income for the year ended February 28, 2002	**—**	**—**	**—**	**—**	**28,299**	**—**	**—**	**—**
Net revaluation loss of land	**—**	**—**	**—**	**(17,477)**	**—**	**—**	**—**	**—**
Net unrealized losses on available-for-sale securities	**—**	**—**	**—**	**—**	**—**	**(2,069)**	**—**	**—**
Foreign currency translation adjustment	**—**	**—**	**—**	**—**	**—**	**—**	**(3,536)**	**—**
Balance as at February 28, 2002	**172,293**	**$223,893**	**$365,724**	**$(17,477)**	**$825,769**	**$(2,069)**	**$(3,536)**	**$(127)**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

ONWARD KASHIYAMA Co., Ltd. and Subsidiaries
For the years ended February 28, 2001 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2001	**2002**	**2002**
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 4,136	**¥11,330**	**$ 84,332**
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	6,245	**7,179**	**53,435**
Provisions for allowance for doubtful accounts	259	**421**	**3,134**
Provisions for accrued retirement benefit allowance, net of payments	733	**14,220**	**105,844**
Gain on securities contribution to employee retirement benefit trust	—	**(8,542)**	**(63,580)**
Net interest and dividend income	(449)	**(272)**	**(2,025)**
Loss on disposal of fixed assets	1,850	**436**	**3,245**
Gain on sale of investments in securities	(186)	**(2,444)**	**(18,191)**
Gain on change in equity in affiliates	(334)	**—**	**—**
(Reversal of) evaluation loss on investments in securities	(980)	**1,771**	**13,182**
Evaluation loss on fixed assets	4,429	**—**	**—**
Decrease in trade receivables	4,938	**830**	**6,178**
Increase in inventories	(283)	**(89)**	**(662)**
Increase (decrease) in trade payables	(1,270)	**2,292**	**17,059**
Other, net	(137)	**(591)**	**(4,400)**
Subtotal	18,951	**26,541**	**197,551**
Interest and dividends received	745	**456**	**3,394**
Interest paid	(260)	**(185)**	**(1,377)**
Income taxes paid	(8,330)	**(3,992)**	**(29,713)**
Net cash provided by operating activities	11,106	**22,820**	**169,855**
Cash Flows from Investing Activities:			
Increase in time deposits	(6,651)	**(6,017)**	**(44,786)**
Decrease in time deposits	6,151	**12,265**	**91,291**
Acquisition of property, plant and equipment	(5,455)	**(7,155)**	**(53,256)**
Proceeds from sale of property, plant and equipment	1,494	**231**	**1,719**
Acquisition of investments in securities	(1,912)	**(433)**	**(3,223)**
Proceeds from sale of investments in securities	402	**11,448**	**85,210**
Net increase in deferred charges	(2,335)	**(4,096)**	**(30,488)**
Payments for deposit	(943)	**(2,279)**	**(16,963)**
Proceeds from deposit	1,186	**1,331**	**9,900**
Other, net	(3,994)	**(2,254)**	**(16,777)**
Net cash provided by (used in) investing activities	(12,057)	**3,041**	**22,635**
Cash Flows from Financing Activities:			
Proceeds from short-term loans	6,132	**6,349**	**47,257**
Repayments of short-term loans	(4,906)	**(3,631)**	**(27,026)**
Net repayments of long-term debt	(7,905)	**—**	**—**
Proceeds from stock subscription by minority stockholders	803	**—**	**—**
Net proceed from /(payment for) treasury stock	1	**(16)**	**(120)**
Dividends paid	(2,843)	**(2,843)**	**(21,161)**
Dividends paid to minority stockholders	(164)	**(164)**	**(1,220)**
Net cash used in financing activities	(8,882)	**(305)**	**(2,270)**
Effect of exchange rate changes on cash and cash equivalents	16	**52**	**387**
Increase in cash and cash equivalents	(9,817)	**25,608**	**190,607**
Cash and cash equivalents at beginning of year	57,210	**53,819**	**400,588**
Increase in cash and cash equivalents due to changes in the scope of consolidation	6,426	**72**	**536**
Cash and cash equivalents at end of year	¥53,819	**¥79,499**	**$591,731**

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

ONWARD KASHIYAMA Co., Ltd. and Subsidiaries

1. Basis of Presentation of the Consolidated Financial Statements

(1) Accounting Principles

The accompanying consolidated financial statements have been prepared from the accounts maintained by ONWARD KASHIYAMA Co., Ltd. (the "Company"), and its consolidated subsidiaries in accordance with the provisions set forth in the Japanese Commercial Code (the "Code") and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan. The accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations or cash flows of the Company and its consolidated subsidiaries in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

From the year ended February 28, 2001, consolidated statements of cash flows were required to be included in the consolidated financial statements in accordance with a new accounting standard.

Amounts in U.S. dollars are included solely for the convenience of readers outside of Japan. The rate of ¥134.35=US$1, the rate of exchange at February 28, 2002, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized, or settled in U.S. dollars at that rate or any other rate.

(2) Effect of Adoption of New Accounting Standards

Retirement Benefits

Effective from the year ended February 28, 2002, the Company and its consolidated subsidiaries adopted the "New Accounting Standard for Retirement Benefits" (issued on June 16, 1998 by the Business Accounting Deliberation Council). The Company contributed securities to an employee retirement benefit trust, in order to fund the transition amount arising from adopting the new standard of ¥14,430 million ($107,406 thousand) at the beginning of the period, and a gain on securities contributed to the trust of ¥8,542 million ($63,580 thousand), which is calculated as the difference between the market value and the book value is credited to income. As a result of adopting the new standard, net pension expense for the year ended February 28, 2002, increased by ¥14,607 million ($108,723 thousand), operating income decreased by ¥178 million ($1,325 thousand), and income before income taxes and minority interests decreased by ¥6,066 million ($45,150 thousand). Please refer to Note 13 (segment information) for the impact on the segment information of adopting the new standard.

Financial Instruments

Effective from the year ended February 28, 2002, the Company and its consolidated subsidiaries adopted the new Japanese accounting standard for financial instruments. Following this adoption, the valuation method of securities changed and income before income taxes and minority interests for the year ended February 28, 2002, increased by ¥623 million ($4,637 thousand) compared with the amount which would have been reported if the previous standard had been applied consistently. Please refer to Note 13 (segment information) for the impact on the segment information of adopting the new standard.

Foreign Currency Translation

Effective from the year ended February 28, 2002, the Company and its consolidated subsidiaries adopted the "Revised Accounting Standard for Foreign Currency Translation" (issued on October 22, 1999 by the Business Accounting Deliberation Council). The adoption of the new standard had no material impact on the accompanying consolidated financial statements, except that differences in yen amounts arising from translating foreign currency financial statements of foreign subsidiaries and affiliates into Japanese yen were presented as "Foreign currency translation adjustments" in the stockholders' equity at February 28, 2002, while they were presented as assets before the adoption of the new standard.

2. Summary of Significant Accounting Policies

(1) Scope of Consolidation

The Company had 55 subsidiaries as at February 28, 2002 (56 as at February 28, 2001). The consolidated financial statements include the accounts of the Company and its 23 consolidated subsidiaries (21 for 2001). The 23 subsidiaries which have been consolidated with the Company are listed below (the Company and these consolidated subsidiaries are together referred to as the "Companies").

Name of subsidiary	Equity ownership percentage	Closing date
Impact 21 Co., Ltd.	56.1%	February 28
Acty 21 Co., Ltd.	67.5	February 28
Partner 21 Co., Ltd.	100.0	February 28
Onward Life Design Network Co., Ltd.	100.0	February 28
Freed of London Ltd.	100.0	December 31
O & K Co., Ltd.	100.0	February 28
Onward Beach Resort Co., Ltd.	100.0	December 31
Donna Karan Japan K.K.	100.0	December 31
Onward Creative Center Co., Ltd.	100.0	February 28
Excel Co., Ltd.	100.0	March 31/February 28
Across Transport Co., Ltd.	100.0	February 28
On Business Trend Co., Ltd.	90.3	February 28
Across Service Co., Ltd.	100.0	February 28
Onward Marine Co., Ltd.	100.0	February 28
Personal Order Japan Co., Ltd.	100.0	February 28
Onward Beach Resort Guam, Inc.	100.0	December 31
Bus Stop Co., Ltd.	100.0	February 28
Seagler Co., Ltd.	95.2	February 28
Oak Co., Ltd.	28.6	February 28
Chacott Co., Ltd.	60.5	March 31/February 28
+A VIA BUS CO., LTD.	85.0	February 28
Field Dream Co., Ltd.	100.0	February 28
BOOKLET CORP.	100.0	February 28

As a result of an increase in their materiality to the consolidated accounts, BOOKLET CORP. and Field Dream Co., Ltd., have been consolidated for the first time this year. +A VIA BUS CO., LTD., which was established in this year, has been included in consolidation for the first time this year, however, Onward Resort Creation Inc., was liquidated in the year under review, and has been excluded from the accompanying the consolidated statements.

Financial statements of Donna Karan Japan K.K., Onward Beach Resort Co., Ltd., Onward Beach Resort Guam Inc., and Freed of London Ltd., which have fiscal year-ends of December 31, have been used for consolidation. Significant transactions between January 1 and February 28 are reflected in the consolidated financial statements. Chacott Co., Ltd., and Excel Co., Ltd., changed their fiscal year-ends from March 31 to February 28 in this year.

The remaining 32 subsidiaries (35 for 2001) were not consolidated because their combined assets, net sales, net income, and retained earnings in the aggregate were not material compared with those of the consolidated financial statements of the Companies.

(2) Consolidation and Elimination

For the purposes of preparing the consolidated financial statements of the Companies, all significant intercompany transactions, account balances, and unrealized profits among the Companies have been entirely eliminated, and the portion attributable to minority interests is credited/charged thereto.

The difference between the cost of investments in consolidated subsidiaries and the equity in their net assets at dates of acquisition is amortized equally over a 5-year period.

(3) Investments in Unconsolidated Subsidiaries and Affiliates

Although the Company had 32 unconsolidated subsidiaries (35 in 2001) and 4 affiliates (4 in 2001) as at February 28, 2002, the equity method was not applied to any of those subsidiaries and affiliates. This was because investment in the unconsolidated subsidiaries and affiliates would not have had a material effect on the consolidated financial statements.

(4) Inventories

Inventories are stated at cost, cost being determined generally by the last purchase invoice price method which approximates the first-in, first-out cost method. Merchandise held at retail stores is valued at the retail cost method.

When the net realizable value of certain classes of inventories (consisting primarily of seasonal merchandise which remains unsold after the end of such seasons) is substantially less than the carrying value (cost), and the decline of value is not expected to be recovered in the near future, appropriate write-downs are recorded on such inventory items. The amount of the write-down is determined based on the experience of sales of merchandise similar to those unsold items during the immediately preceding three years. At February 28, 2002, the recorded write-down is ¥10,247 million ($77,423 thousand).

(5) Investments in Securities

Until the year ended February 28, 2002, marketable securities listed at stock exchanges were stated at the lower of cost or market value. Unlisted marketable and other securities were stated at cost. The cost of securities sold was based on the moving-average method.

Effective from the year ended February 28, 2002, the Companies adopted the new Japanese accounting standard for financial instruments, which addresses the accounting and reporting requirements for certain investments in debt and equity securities, and derivatives.

Under the new standard, securities are classified into four categories: trading securities, held-to-maturity debt securities, equity securities of unconsolidated subsidiaries and affiliates, and available-for-sale securities ("Other securities"). At February 28, 2002, the Companies did not have trading securities or held-to-maturity debt securities.

Debt securities and equity securities designated as other securities, whose fair values are readily determinable, are carried at the fair value prevailing at the fiscal year-end date with unrealized gains or losses included as a component of stockholders' equity, net of applicable taxes.

Other securities, whose fair values can not readily be determined, are stated principally at cost. In cases where declines in the fair value of individual securities are assessed to be other than temporary, the cost of the security is reduced to net realizable value and the loss is charged to income. Realized gains and losses are determined using the moving-average method and are reflected in income.

Unconsolidated subsidiaries and affiliates are stated at the cost determined by the moving-average method.

(6) Derivative Transactions

Under the new standards, all derivatives are stated at fair value, and changes in fair value are included in income for the period in which they arise, except for derivatives that are designated as "hedging instruments" (see (7) Hedge Accounting below).

(7) Hedge Accounting

Under the new standard, all gains or losses arising from changes in the fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability and included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized. For foreign exchange forward contracts, if they meet conditions for hedge accounting, the difference between contract rate and spot rate at the date of the contract is recognized over the period from the contract date to the settlement date.

The derivatives designated as hedging instruments by the Company are principally foreign exchange forward contracts. The related hedged items are trade accounts payable denominated in foreign currencies, and scheduled transactions.

The Company has a policy to utilize the above hedging instruments in order to reduce the exposure to the risk of foreign currency exchange rate fluctuation, and to fix the cash disbursement of the trade account payable denominated in foreign currencies by domestic currency.

(8) Property, Plant and Equipment

Depreciation is computed using the declining-balance method, at rates based on the estimate useful lives of assets which are prescribed by Japanese income tax regulations.

The Companies compute depreciation expense for buildings (other than improvements) acquired on and after April 1998 by the straight-line method pursuant to the amendment to the Japanese income tax law.

(9) Amortization

Intangible assets and long-term prepaid expenses are amortized on a straight-line method over the period prescribed by the Code or tax regulations.

Costs for software for internal use are amortized over the expected useful lives of the software (5 years or less) on a straight-line method.

(10) Income Taxes

Income taxes of the Company and its domestic consolidated subsidiaries consist of corporate income tax, local inhabitants' tax, and enterprise tax.

In the fiscal year ended February 28, 2001, the Company and its domestic consolidated subsidiaries adopted deferred tax accounting in accordance with the amended consolidated financial statements regulations in Japan. Income taxes were determined using the asset and liability approach whereby deferred tax assets and liabilities were recognized to respect of temporary differences between the tax basis of assets and liabilities and those as reported in the consolidated financial statements. The cumulative effect of adopting deferred tax accounting at March 1, 2000 was credited to retained earnings.

In the fiscal year ended February 29, 2000, income taxes of the Company and its domestic subsidiaries were provided for as amounts currently payable based on the tax returns filed with tax authorities.

(11) Allowances

An allowance for doubtful accounts is provided for estimated losses on known bad debts and doubtful accounts at the balance sheet date.

Accrued bonuses to employees are provided for at an amount determined based on the estimated bonuses to employees which was incurred at the balance sheet date.

An allowance for sales returns is provided for the estimated losses on sales returns calculated under the Japanese tax regulations.

Accrued retirement benefits are provided for at the present value of the projected benefit obligation less the estimated fair value of plan assets at the balance sheet date. Until the year ended February 28, 2001, the Company provided for accrued retirement benefits (unfounded) in an amount equivalent to 100% of the liabilities payable to all employees eligible for such benefits upon their voluntary retirement at the balance sheet date, less the accumulated balance of fund assets for the pension plan. As at February 28, 2001, fund assets aggregated ¥7,339 million ($63,050 thousand) with the past service liabilities being amortized over a 6-year period.

Effective from the year ended February 28, 2002, the Company and its consolidated subsidiaries adopted the "New Accounting Standard for Retirement Benefits." The unrecognized difference of ¥14,430 million ($107,406 thousand) arising from adopting the new standard (the "transition adjustment") has been fully amortized for the year ended February 28, 2002.

Unrecognized actuarial differences are amortized on a straight-line basis over 5 to 10 year periods from the year following that in which they arise.

Allowance for retirement benefits for directors and statutory auditors is made at the amount required at the balance sheet date in accordance with the Company's internal rules in both the reporting company and consolidated subsidiaries as follows: Impact 21 Co., Ltd., On Business Trend Co., Ltd., Acty 21 Co., Ltd., Donna Karan Japan K.K., Oak Co., Ltd., and Chacott Co., Ltd.

While the Company has no legal obligation, it is the customary practice in Japan to make lump-sum payments to a director or statutory auditor upon retirement with the approval of the general meeting of stockholders.

(12) Accounting for Leases

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

(13) Accounting for Consumption Tax

The consumption tax withheld upon sales and the consumption tax paid by the Companies on the purchase of goods and services are not included in the accompanying consolidated statements of income.

(14) Dividends

Dividends are declared by the Board of Directors and approved by the stockholders at meetings held subsequent to the fiscal year to which the dividends are applicable, and stockholders of record as at the end of such fiscal years are entitled to the subsequently declared dividends. Dividends charged to retained earnings represent dividends approved by the stockholders and paid during the respective years.

(15) Net Income and Dividends per Share

Net income per share is based upon the weighted-average number of shares outstanding during each year. Cash dividends per share shown for each year in the accompanying consolidated statements of income represent dividends declared as applicable to the respective years rather than those paid during the years.

(16) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of cash flows are composed of cash on hand, bank deposits which are able to be withdrawn on demand, and short-term investments which are readily convertible into cash or with an original maturity of three months or less and which represent insignificant risk of changes in value.

3. Investments in Securities

(1) Information as of February 28, 2002:

(a) Available-for-sale securities (other securities)

Investments in securities included equity and debt securities of which the aggregate cost, fair value (carrying value) and gross unrealized gains/losses of other securities, whose fair values were available at February 28, 2002, are as follows:

	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Securities with unrealized gain:						
Equity securities	¥ 307	¥ 425	¥ 118	$ 2,285	$ 3,163	$ 878
Total	307	425	118	2,285	3,163	878
Securities with unrealized loss:						
Equity securities	3,294	2,661	(633)	24,518	19,807	(4,711)
Total	3,294	2,661	(633)	24,518	19,807	(4,711)
Total	¥3,601	¥3,086	¥(515)	$26,803	$22,970	$(3,833)

An impairment loss of ¥1,734 million ($12,907 thousand) for other securities with fair value was recorded for the year ended February 28, 2002.

(b) Other securities sold during the year ended February 28, 2002:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Proceeds from sale of other securities	¥8,998	$66,974
Gross realized gain on sale of other securities	2,560	19,054
Gross realized loss on sale of other securities	116	863

(c) Major securities which are not stated at fair values as of February 28, 2002:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Other securities:		
Non-listed equity securities	¥ 768	$ 5,717
Non-listed foreign bonds	4,400	32,750
Subtotal	5,168	38,467
Investments in equity securities of unconsolidated subsidiaries and affiliates	4,072	30,309
Total	¥9,240	$68,776

(d) Redemption and maturity schedule of debt securities classified as other securities

	Millions of yen				Thousands of U.S. dollars			
	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Non-listed foreign bonds	¥—	¥—	¥4,400	¥—	$—	$—	$32,750	$—

(2) Information as of February 28, 2001:

The cost, estimated market value and unrealized gain of investments in securities (noncurrent assets) as of February 28, 2001 were as follows:

	Millions of yen		
	Book value	Estimated market value	Unrealized gain, net
Investments in securities:			
Marketable equity securities	¥28,866	¥42,276	¥13,410
Bonds	—	—	—
Other securities	—	—	—
Total	¥28,866	¥42,276	¥13,410

The book values of major securities that are excluded from the above presentation as of February 28, 2001 are as follows:

	Millions of yen
Investments in securities:	
Unlisted securities (excluding over-the-counter securities)	¥4,470
Unlisted foreign bonds	4,400

4. Derivative Transactions

Derivatives are used in order to hedge foreign exchange market risk on the transactions and balances which occur in the normal course of business. Derivatives are not used for speculative purposes or for highly leveraged transactions because these transactions are considered effective hedging.

The Company and its consolidated subsidiaries applied hedge accounting for all derivative transactions as of February 28, 2002 and, therefore, no market value information is disclosed.

The contracted amounts of market values and valuation gains or losses for derivative transactions as of February 28, 2001 were as follows:

	Millions of yen			
	Contract amount, etc.			
	Total	Over one year	Fair value	Valuation gain or (loss)
Forward exchange contract:				
Buying contract				
USD	¥2,484	¥—	¥2,845	¥361
GBP	8	—	8	0
EURO	102	—	101	(1)
Italian lira	14	—	16	2
DM	5	—	4	(1)
	¥2,613	¥—	¥2,974	¥361

5. Property, Plant and Equipment

The Japanese tax regulations allowed a company to defer capital gains on the sale of real property if the company intended to offset such gains against the cost of newly acquired fixed assets. When such accounting was followed, the cost of the new fixed assets was reduced to the extent of the deferred capital gains, thereby affecting related depreciation charges and accumulated depreciation.

The property, plant and equipment at February 28, 2002, was reduced ¥8,854 million ($65,902 thousand), representing accumulated deferred gains from historic sales.

6. Retirement Plan and Retirement Benefits

The Company and its subsidiaries have defined benefit retirement plans covering substantially all employees. Defined benefit retirement plans include a plan which is governed by the regulations of the Japanese Welfare Pension Insurance Law (“welfare benefit plan”), tax qualified pension plans, and plans for lump sum retirement benefits.

The reserve for retirement benefits as of February 28, 2002 is analyzed as follows:

	Millions of yen	Thousands of U.S. dollars
Projected benefit obligations	¥(67,815)	$(504,764)
Plan assets (including employee retirement benefit trust)	52,745	392,594
Funded status	(15,070)	(112,170)
Unrecognized actuarial differences	11,347	84,459
Subtotal	(3,723)	(27,711)
Prepaid pension cost	1,271	9,461
Accrued pension and severance costs	¥ (4,994)	$ (37,172)

Net pension expense for the year ended February 28, 2002 was as follows:

	Millions of yen	Thousands of U.S. dollars
Service cost	¥ 2,217	$ 16,502
Interest cost	2,043	15,207
Expected return on plan assets	(1,246)	(9,274)
Amortization of transition adjustment	14,430	107,406
Amortization of unrecognized actuarial differences	33	247
Net pension expense	¥17,477	$130,086

Assumptions used in the calculation of the aforementioned information were as follows:

Discount rate:	2.0 to 3.0% (3.5% at the beginning)
Expected rate of return on plan assets	Welfare benefit plan: 2.8 to 4.0%
	Tax qualified pension plans: 1.1 to 1.5%
Method of attributing the projected benefits to periods of services:	Straight-line basis
Amortization of unrecognized actuarial differences:	5 to 10 years

7. Lease Transactions

The Company’s finance lease contracts which are not deemed to transfer the ownership of the leased assets to lessees are not capitalized, which is permitted by the Japanese accounting principles. Certain key information on such lease contracts of the Companies for the year ended February 28, 2002, is as follows:

(Lessee)

Assumed data as to acquisition cost, accumulated depreciation, net book value and depreciation expense of the leased assets, which included the portion of interest thereon, is summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	2002			2002		
	Tools, furniture, and fixtures	Other	Total	Tools, furniture, and fixtures	Other	Total
Acquisition cost	¥2,943	¥1,236	¥4,179	$21,905	$9,200	$31,105
Accumulated depreciation	(1,405)	(558)	(1,963)	(10,457)	(4,154)	(14,611)
Net book value	¥1,538	¥ 678	¥2,216	$11,448	$5,046	$16,494

The scheduled maturities of future lease payments on such lease contracts as of February 28, 2002, are as follows:

	Millions of yen	Thousands of U.S. dollars
	2002	2002
Scheduled maturities of future lease payments:		
Due within one year	¥ 817	$ 6,081
Due over one year	1,458	10,852
	¥2,275	$16,933

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Lease expenses for the year	¥854	**¥828**	**$6,163**

(Lessor)

Assumed data as to acquisition cost, accumulated depreciation, net book value and depreciation expense of the leased assets, which included the portion of interest thereon, is summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	2002			2002		
	Tools, furniture, and fixtures	Other	Total	Tools, furniture, and fixtures	Other	Total
Acquisition cost	¥85	¥48	¥133	$633	$357	$990
Accumulated depreciation	(56)	(26)	(82)	(417)	(193)	(610)
Net book value	¥29	¥22	¥ 51	$216	$164	$380

The scheduled maturities of future lease income on such lease contracts as of February 28, 2002, are as follows:

	Millions of yen	Thousands of U.S. dollars
	2002	2002
Scheduled maturities of future lease income:		
Due within one year	¥ 34	$253
Due over one year	79	588
	¥113	$841

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Lease income for the year	¥106	**¥27**	**$201**

8. Income Taxes

Deferred tax assets and liabilities as at February 28, 2002, consisted of the following elements:

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Deferred Tax Assets:			
Valuation loss on inventories	¥ 2,717	**¥ 3,156**	**$ 23,491**
Evaluation loss on investments in unconsolidated subsidiaries	754	**739**	**5,500**
Excess amount of tax deductible accrued bonuses to employees	401	**705**	**5,247**
Excess amount of tax deductible accrued employees' retirement benefits	3,683	**9,904**	**73,717**
Allowance for directors' retirement benefits	708	**721**	**5,366**
Tax losses carried forward	9,991	**12,216**	**90,926**
Others	2,088	**4,536**	**33,762**
Subtotal	20,342	**31,977**	**238,009**
Valuation allowance	(8,844)	**(11,798)**	**(87,815)**
Total deferred tax assets	11,498	**20,179**	**150,194**
Deferred Tax Liabilities:			
Gain on securities contributed to an employee retirement benefit trust	—	**(3,589)**	**(26,717)**
Provision for deferred capital gains on real property	(25)	**(25)**	**(187)**
Total deferred tax liabilities	(25)	**(3,614)**	**(26,904)**
Net deferred tax assets	¥11,473	**¥16,565**	**$123,290**

Reconciliation between statutory tax rate and effective tax rate as at February 28, 2001 and 2002:

	%	
	2001	**2002**
Statutory tax rate	42.0%	**42.0%**
(Reconciliation)		
Nondeductible items (entertainment expense, etc.)	15.8	**3.2**
Losses of consolidated subsidiaries to which deferred tax assets are not recognized	89.2	**20.3**
Unrecognized deferred tax on unrealized intercompany loss	14.0	**—**
Recognized deferred tax on losses on backup for consolidated subsidiaries	(145.6)	**—**
Other	(0.9)	**1.4**
Effective tax rate	14.5%	**66.9%**

9. Revaluation of Land

In the year ended February 28, 2002, the Company has revaluated land for its business use at a market value in accordance with application of the laws which permit a one-time revaluation of land used for business. The revaluation loss amounted to ¥4,050 million ($30,145 thousand), the related deferred tax asset of ¥1,702 million ($12,668 thousand) was recognized, and the net the revaluation loss of ¥2,348 million ($17,477 thousand) was presented as a separate component of stockholders' equity as a "Net revaluation loss of land."

10. Contingent Liabilities

The Company was contingently liable as a guarantor for bank loans made by certain affiliates of the Company. The outstanding guarantees as at February 28, 2002, aggregated ¥4,930 million ($36,695 thousand).

11. Legal Reserve and Appropriation of Retained Earnings

Under the Japanese Commercial Code and the Company's Articles of Incorporation, the plan for the appropriation of retained earnings proposed by the Board of Directors must be approved at the stockholders' meeting which must be held within three months following each fiscal year-end.

The appropriation of retained earnings reflected in the accompanying consolidated statements of income represents the result of such an appropriation applicable to the preceding fiscal period.

Under Japanese accounting practices, bonuses to directors and statutory auditors are paid out of retained earnings instead of being charged to income of the year, and constitute a part of the appropriation explained above.

The Japanese Commercial Code requires that an amount equal to at least 10% of any payment by way of appropriation of retained earnings be set aside as a legal reserve until the total additional paid-in capital and/or a legal reserve equals 25% of paid-in capital. Additional paid-in capital and/or a legal reserve in excess of 25% of stated capital in total may be reduced by resolution of the stockholders, and may be available for distribution to stockholders.

12. Subsequent Event

Subsequent to February 28, 2002, the Board of Directors proposed a plan for the appropriation of retained earnings applicable to the year ended February 28, 2002, which was approved at the general meeting of stockholders held on May 23, 2002.

The approved appropriation of retained earnings is shown below:

	Millions of yen	Thousands of U.S. dollars
Retained earnings at February 28, 2002	¥6,345	$47,228
Reversal of a reserve for deferred capital gains on real property	1	5
Appropriations:		
Cash dividends (¥16.5 per share)	2,843	21,161
Directors' bonuses	398	2,963
	3,241	24,124
Retained earnings to be carried forward	¥3,105	$23,109

13. Segment Information

(1) Industry Segment Information

The Company and its subsidiaries operate principally in two industrial segments: Clothing and Other.

The Clothing Division produces and sells a wide range of women's and men's clothing, including: dresses, suits, shirts, skirts, sweaters, trousers, and casualwear.

The Other Businesses operates logistics, sports facilities, resort facilities, etc.

Segment information classified by industry segment of the Company for each of the two years ended February 28, 2001 and 2002, is as follows:

Year ended February 28, 2001	Millions of yen				
	Industry segment			Elimination of intersegment sales	Consolidated total
	Clothing	Other	Total		
Sales to outside customers	¥237,177	¥ 8,747	¥245,924	¥ —	¥245,924
Intersegment sales	18	11,657	11,675	(11,675)	—
Total	237,195	20,404	257,599	(11,675)	245,924
Costs and expenses	220,325	20,410	240,735	(11,555)	229,180
Operating income	¥ 16,870	¥ (6)	¥ 16,864	¥ (120)	¥ 16,744
Assets	¥285,390	¥46,221	¥331,611	¥(19,353)	¥312,258
Depreciation	5,458	862	6,320	(59)	6,261
Capital expenditures	8,725	2,086	10,811	(79)	10,732

Year ended February 28, 2002	Millions of yen				
	Industry segment			Elimination of intersegment sales	Consolidated total
	Clothing	Other	Total		
Sales to outside customers	**¥245,469**	**¥11,837**	**¥257,306**	**¥ —**	**¥257,306**
Intersegment sales	**721**	**13,480**	**14,201**	**(14,201)**	**—**
Total	**246,190**	**25,317**	**271,507**	**(14,201)**	**257,306**
Costs and expenses	**228,088**	**25,300**	**253,388**	**(14,202)**	**239,186**
Operating income	**¥ 18,102**	**¥ 17**	**¥ 18,119**	**¥ 1**	**¥ 18,120**
Assets	**¥291,263**	**¥42,848**	**¥334,111**	**¥(21,668)**	**¥312,443**
Depreciation	**6,274**	**933**	**7,207**	**(77)**	**7,130**
Capital expenditures	**8,202**	**2,069**	**10,271**	**(122)**	**10,149**

Notes: 1. Foreign currency translation adjustment included in the elimination of intersegment sales under assets were ¥631 million and ¥0 for the years ended February 28, 2001 and 2002, respectively.

2. As explained in Note 1. (2), the Companies adopted the new accounting standard for retirement benefits for the year ended February 28, 2002. As a result of the adoption, operating income of the Clothing Division decreased by ¥178 million ($1,325 thousand), and assets of the Clothing Division and Other Businesses increased by ¥1,251 million ($9,311 thousand) and ¥20 million ($149 thousand), respectively, compared with the prior fiscal year.

3. As explained in Note 1. (2), the Companies adopted the new accounting for financial instruments for the year ended February 28, 2002. As a result of adoption, the effect on the results of operations of each industry segment are immaterial and the assets of the Clothing Division increased by ¥107 million ($796 thousand), as compared with the prior accounting.

Year ended February 28, 2002	Thousands of U.S. dollars				
	Industry segment			Elimination of intersegment sales	Consolidated total
	Clothing	Other	Total		
Sales to outside customers	**$1,827,086**	**$ 88,106**	**$1,915,192**	**$ —**	**$1,915,192**
Intersegment sales	**5,367**	**100,335**	**105,702**	**(105,702)**	**—**
Total	**1,832,453**	**188,441**	**2,020,894**	**(105,702)**	**1,915,192**
Costs and expenses	**1,697,715**	**188,314**	**1,886,029**	**(105,709)**	**1,780,320**
Operating income	**$ 134,738**	**$ 127**	**$ 134,865**	**$ 7**	**$ 134,872**
Assets	**$2,167,942**	**$318,928**	**$2,486,870**	**$(161,280)**	**$2,325,590**
Depreciation	**46,699**	**6,945**	**53,644**	**(573)**	**53,071**
Capital expenditures	**61,049**	**15,400**	**76,449**	**(908)**	**75,541**

(2) Geographic Segment Information

Geographic segment information is omitted because over 90 percent of total sales and total assets relate to only the domestic segment.

(3) Overseas Sales

Overseas sales information is omitted because, the total overseas sales of the Company and its consolidated subsidiaries is under 10 percent of consolidated sales amount.

Report of Independent Accountants

The Board of Directors of ONWARD KASHIYAMA Co., Ltd.:

We have audited the accompanying consolidated balance sheets of ONWARD KASHIYAMA Co., Ltd. and its consolidated subsidiaries as of February 28, 2001 and 2002, the related consolidated statements of income and stockholders' equity for each of the three years in the period ended February 28, 2002, and the statements of cash flows for the years ended February 28, 2001 and 2002, all expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ONWARD KASHIYAMA Co., Ltd. and its consolidated subsidiaries as of February 28, 2001 and 2002, the results of their operations for each of the three years in the period ended February 28, 2002, and their cash flows for the years ended February 28, 2001 and 2002, in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis.

The amounts expressed in U.S. dollars, provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

ChuoAoyama Audit Corporation

ChuoAoyama Audit Corporation

Tokyo, Japan
May 23, 2002

Non-Consolidated Balance Sheets

Onward Kashiyama Co., Ltd.
February 28, 2001 and 2002

ASSETS	Millions of yen 2001	Millions of yen 2002	Thousands of U.S. dollars (Note 1) 2002
Current assets:			
Cash	¥ 8,790	**¥ 15,065**	**$ 112,132**
Time deposits	32,106	**44,104**	**328,277**
Trade receivables:			
Notes	4,627	**3,165**	**23,558**
Accounts	16,306	**16,809**	**125,113**
	20,933	**19,974**	**148,671**
Less: Allowance for bad debts	(102)	**(142)**	**(1,057)**
	20,831	**19,832**	**147,614**
Inventories (Note 3)	18,570	**17,767**	**132,244**
Advance payments	950	**275**	**2,047**
Deferred tax assets—current (Note 7)	2,011	**3,080**	**22,925**
Other current assets	1,210	**2,263**	**16,845**
Total current assets	84,468	**102,386**	**762,084**
Investments and advances:			
Investments in securities	32,824	**7,177**	**53,420**
Investments in and advances to subsidiaries and affiliates	22,145	**26,112**	**194,358**
Long-term loans to employees	376	**313**	**2,330**
Deferred tax assets—noncurrent (Note 7)	8,564	**12,726**	**94,723**
Deferred tax assets—revaluation of land (Note 5)	—	**1,702**	**12,668**
Other investments	8,511	**10,215**	**76,033**
	72,420	**58,245**	**433,532**
Property, plant and equipment (Note 4):			
Buildings and structures	47,984	**48,331**	**359,739**
Machinery and equipment	2,034	**2,024**	**15,065**
Tools, furniture and fixtures	5,870	**7,038**	**52,386**
	55,888	**57,393**	**427,190**
Less: Accumulated depreciation	(25,619)	**(27,733)**	**(206,423)**
	30,269	**29,660**	**220,767**
Land	47,553	**43,488**	**323,692**
	77,822	**73,148**	**544,459**
Deferred charges and other assets	5,733	**6,098**	**45,388**
	¥240,443	**¥239,877**	**$1,785,463**

The accompanying notes are an integral part of these statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	Millions of yen 2001	Millions of yen 2002	Thousands of U.S. dollars (Note 1) 2002
Current liabilities:			
Trade payables:			
Notes	¥ 24,356	**¥ 24,594**	**$ 183,059**
Accounts	6,247	**6,200**	**46,148**
	30,603	**30,794**	**229,207**
Non-trade payables	2,391	**1,712**	**12,743**
Accrued expenses	4,352	**3,853**	**28,679**
Accrued income taxes	846	**8,949**	**66,610**
Consumption tax payable	261	**1,174**	**8,738**
Accrued bonuses to employees	1,888	**2,091**	**15,564**
Allowance for sales returns	1,474	**1,385**	**10,309**
Other current liabilities	1,178	**1,253**	**9,326**
Total current liabilities	42,993	**51,211**	**381,176**
Long-term liabilities:			
Long-term guarantee money deposited	2,105	**2,137**	**15,906**
Accrued retirement benefits (Note 2. (8))	10,670	**1,492**	**11,105**
Provision for loss on guarantee obligations	3,870	**3,870**	**28,805**
Total long-term liabilities	16,645	**7,499**	**55,816**
Contingent liabilities (Note 8)			
Stockholders' equity:			
Common stock, without par value:			
Authorized—400,000,000 shares issued			
Outstanding—172,292,587 shares	30,080	**30,080**	**223,893**
Additional paid-in capital	49,135	**49,135**	**365,724**
Legal reserve (Note 9)	5,198	**5,483**	**40,811**
Net revaluation loss of land (Note 5)	—	**(2,348)**	**(17,477)**
General reserves (Note 9)	92,709	**92,709**	**690,056**
Special reserves	72	**35**	**261**
Retained earnings (Note 9)	3,611	**6,345**	**47,228**
Net unrealized loss on available-for-sale securities	—	**(255)**	**(1,898)**
Less: Treasury stock, at cost	—	**(17)**	**(127)**
Total stockholders' equity	180,805	**181,167**	**1,348,471**
	¥240,443	**¥239,877**	**$1,785,463**

Non-Consolidated Statements of Income and Retained Earnings

Onward Kashiyama Co., Ltd.
For the years ended February 29/28, 2000, 2001 and 2002

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2000	2001	**2002**	**2002**
Net sales	¥164,685	¥161,281	**¥171,109**	**$1,273,606**
Cost of sales	91,609	88,486	**93,111**	**693,048**
	73,076	72,795	**77,998**	**580,558**
Reversal of allowance for sales returns, net	248	511	**89**	**662**
Gross profit	73,324	73,306	**78,087**	**581,220**
Selling, general and administrative expenses	60,946	61,709	**61,865**	**460,476**
Operating income	12,378	11,597	**16,222**	**120,744**
Other income (expenses):				
Interest and dividend income	932	850	**591**	**4,399**
Loss on disposal of property	(17)	(60)	**(36)**	**(268)**
Reversal of revaluation allowance for investment in securities	—	1,156	**—**	**—**
Loss on write-down of investments in securities, net	(1,643)	(146)	**(1,738)**	**(12,936)**
Royalty income	695	750	**587**	**4,369**
Gain on securities contributed to employee retirement benefit trust	—	—	**8,542**	**63,580**
Loss on backup for subsidiaries and affiliates	—	(12,131)	**—**	**—**
Loss on liquidation of subsidiaries and affiliates	(2,266)	(4,898)	**(617)**	**(4,592)**
Provision for allowance for doubtful accounts	—	(2,657)	**(511)**	**(3,803)**
Additional retirement payments	—	(3,075)	**(2,691)**	**(20,030)**
Transition adjustment arising from adoption of the new accounting standard for retirement benefits	—	—	**(13,940)**	**(103,759)**
Other, net	3,097	32	**4,131**	**30,748**
	798	(20,179)	**(5,682)**	**(42,292)**
Income (loss) before income taxes	13,176	(8,582)	**10,540**	**78,452**
Income taxes (Note 7):				
Current	7,200	2,049	**8,474**	**63,074**
Deferred	—	(4,351)	**(5,046)**	**(37,559)**
Prior-year income taxes	—	—	**1,287**	**9,580**
	7,200	(2,302)	**4,715**	**35,095**
Net income (loss)	5,976	(6,280)	**5,825**	**43,357**
Retained earnings:				
Balance at beginning of year	9,501	9,495	**3,611**	**26,878**
Cumulative effect of adopting deferred tax accounting	—	6,224	**—**	**—**
Reversal of reserve for deferred capital gains on property due to adoption of deferred tax accounting	—	32	**37**	**275**
Appropriations (Note 9):				
Cash dividends	(2,843)	(2,843)	**(2,843)**	**(21,161)**
Transfer to legal reserve	(317)	(307)	**(285)**	**(2,121)**
Transfer to general reserves	(2,500)	(2,500)	**—**	**—**
Directors' bonuses	(322)	(210)	**—**	**—**
	(5,982)	(5,860)	**(3,128)**	**(23,282)**
Balance at end of year	¥ 9,495	¥ 3,611	**¥ 6,345**	**$ 47,228**

	Yen			U.S. dollars (Note 1)
Per share:				
Net (loss) income	¥34.7	¥(36.5)	**¥33.8**	**$0.252**
Cash dividends	16.5	16.5	**16.5**	**0.123**

The accompanying notes are an integral part of these statements.

Non-Consolidated Statements of Stockholders' Equity

Onward Kashiyama Co., Ltd.
For the years ended February 29/28
2000, 2001 and 2002

	Number of shares of common stock (thousands)	Millions of yen								
		Common stock	Additional paid-in capital	Legal reserve	Net revaluation loss of land	General reserves	Special reserves	Retained earnings	Net unrealized loss on securities	Treasury stock at cost
Balance as at February 28, 1999:	172,293	¥30,080	¥49,135	¥4,574	¥ —	¥87,709	¥104	¥9,501	¥ —	¥ —
Cash dividends	—	—	—	—	—	—	—	(2,843)	—	—
Transfer to legal reserve	—	—	—	317	—	—	—	(317)	—	—
Transfer to general reserves	—	—	—	—	—	2,500	—	(2,500)	—	—
Directors' bonuses	—	—	—	—	—	—	—	(322)	—	—
Net income for the year ended February 29, 2000	—	—	—	—	—	—	—	5,976	—	—
Balance as at February 29, 2000:	172,293	30,080	49,135	4,891	—	90,209	104	9,495	—	—
Cumulative effect of adopting deferred tax accounting	—	—	—	—	—	—	—	6,224	—	—
Reversal of reserve for deferred capital gains on property due to adopting deferred tax accounting	—	—	—	—	—	—	(32)	32	—	—
Cash dividends	—	—	—	—	—	—	—	(2,843)	—	—
Transfer to legal reserve	—	—	—	307	—	—	—	(307)	—	—
Transfer to general reserves	—	—	—	—	—	2,500	—	(2,500)	—	—
Directors' bonuses	—	—	—	—	—	—	—	(210)	—	—
Net loss for the year ended February 28, 2001	—	—	—	—	—	—	—	(6,280)	—	—
Balance as at February 28, 2001	172,293	30,080	49,135	5,198	—	92,709	72	3,611	—	—
Reversal of reserve for deferred capital gains on property	**—**	**—**	**—**	**—**	**—**	**—**	**(37)**	**37**	**—**	**—**
Cash dividends	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(2,843)**	**—**	**—**
Transfer to legal reserve	**—**	**—**	**—**	**285**	**—**	**—**	**—**	**(285)**	**—**	**—**
Net income for the year ended February 28, 2002	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**5,825**	**—**	**—**
Net revaluation loss of land (Note 5)	**—**	**—**	**—**	**—**	**(2,348)**	**—**	**—**	**—**	**—**	**—**
Net unrealized loss on available-for-sale securities	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(255)**	**—**
Treasury stock, at cost (Note 1. (2))	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(17)**
Balance as at February 28, 2002	**172,293**	**¥30,080**	**¥49,135**	**¥5,483**	**¥(2,348)**	**¥92,709**	**¥ 35**	**¥6,345**	**¥(255)**	**¥(17)**

	Number of shares of common stock (thousands)	Thousands of U.S. dollars (Note 1)								
		Common stock	Additional paid-in capital	Legal reserve	Net revaluation loss of land	General reserves	Special reserves	Retained earnings	Net unrealized loss on securities	Treasury stock at cost
Balance as at February 28, 2001:	172,293	$223,893	$365,724	$38,690	$ —	$690,056	$536	$26,878	$ —	$ —
Reversal of reserve for deferred capital gains on property	**—**	**—**	**—**	**—**	**—**	**—**	**(275)**	**275**	**—**	**—**
Cash dividends	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(21,161)**	**—**	**—**
Transfer to legal reserve	**—**	**—**	**—**	**2,121**	**—**	**—**	**—**	**(2,121)**	**—**	**—**
Net income for the year ended February 28, 2002	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**43,357**	**—**	**—**
Net revaluation loss of land (Note 5)	**—**	**—**	**—**	**—**	**(17,477)**	**—**	**—**	**—**	**—**	**—**
Net unrealized loss on available-for-sale securities	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(1,898)**	**—**
Treasury stock, at cost (Note 1. (2)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(127)**
Balance as at February 28, 2002	**172,293**	**$223,893**	**$365,724**	**$40,811**	**$(17,477)**	**$690,056**	**$261**	**$47,228**	**$(1,898)**	**$(127)**

The accompanying notes are an integral part of these statements.

Notes to Non-Consolidated Financial Statements

Onward Kashiyama Co., Ltd.

1. Basis of Presentation of the Non-Consolidated Financial Statements

(1) Accounting Principles

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by ONWARD KASHIYAMA Co., Ltd. (the “Company”), in accordance with the provisions set forth in the Japanese Commercial Code (the “Code”) and the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards.

Certain items presented in the non-consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified for the convenience of readers.

The accompanying non-consolidated financial statements are not intended to present the financial position or results of operations of the Company in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Amounts in U.S. dollars are included solely for the convenience of readers outside of Japan. The rate of ¥134.35=US$1, the rate of exchange at February 28, 2002, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at that rate or any other rate.

(2) Effect of Adoption of New Accounting Standards

Retirement Benefits

Effective from the year ended February 28, 2002, the Company adopted the “New Accounting Standard for Retirement Benefits” (issued on June 16, 1998, by the Business Accounting Deliberation Council). The Company contributed securities to an employee retirement benefit trust, in order to fund the transition amount arising from adopting the new standards of ¥13,940 million ($103,759 thousand) at the beginning of the period, and a gain on securities contributed to the adopting trust of ¥8,542 million ($63,580 thousand) is credited to income. As a result of the new standard, net pension expense for the year ended February 28, 2002 increased by ¥14,118 million ($105,084 thousand) and operating income decreased by ¥179 million ($1,332 thousand) and income before income taxes by ¥5,577 million ($41,511 thousand).

Financial Instruments

Effective from the year ended February 28, 2002, the Company adopted the new Japanese accounting standard for financial instruments. Following this adoption, the valuation method of securities has changed and income before income taxes for the year ended February 28, 2002 increased by ¥546 million ($4,064 thousand) compared with the amount which would have been reported if the previous standard had been applied consistently.

Foreign Currency Translation

Effective from the year ended February 28, 2002, the Company adopted the “Revised Accounting Standard for Foreign Currency Translation” (issued on October 22, 1999, by the Business Accounting Deliberation Council). The adoption of the new method had no material impact on the accompanying non-consolidated financial statements.

Treasury Stocks

Effective from the fiscal year ended February 28, 2002, under the amended financial statements regulations in Japan, treasury stocks, which were previously presented in “Current assets”, have been presented as a deduction of “Stockholders’ equity”.

2. Summary of Significant Accounting Policies

(1) Inventories

Inventories are stated at cost, cost being determined generally by the last purchase invoice price method which approximates the first-in first-out cost method. Merchandise held at retail stores is valued at the retail cost method.

When the net realizable value of certain classes of inventories (consisting primarily of seasonal merchandise which remains unsold after the end of such seasons) is substantially less than the carrying value (cost), and the decline of value is not expected to be recovered in the near future, appropriate write-downs are recorded on such inventory items. The amount of write-down is determined based on the experience of sales of merchandise similar to those unsold items during the immediately preceding three years. At February 28, 2002, the recorded write-down is ¥6,569 million ($48,895 thousand).

(2) Investments in Securities

Refer to Note 2. (5) to the consolidated financial statements.

(3) Derivative Transactions

Refer to Note 2. (6) to the consolidated financial statements.

(4) Hedge Accounting

Refer to Note 2. (7) to the consolidated financial statements.

(5) Property, Plant and Equipment

Property, plant and equipment are generally stated at cost. Depreciation is computed using the declining-balance method, at rates based on the estimated useful lives of assets which are prescribed by Japanese income tax regulations.

According to an amendment of Japanese income tax regulations, depreciation other than improvements for buildings which were acquired on or after 1st April 1998, has been computed by the straight-line method.

(6) Amortization

Refer to Note 2. (9) to the consolidated financial statements.

(7) Income Taxes

Refer to Note 2. (10) to the consolidated financial statements.

(8) Allowances

Accrued retirement benefits are provided for at the present value of the projected benefit obligation less the estimated fair value of plan assets at the balance sheet date.

Employees with more than 2 years of service with the Company are generally entitled to lump-sum retirement benefits determined by reference to the current rate of pay, length of service and conditions under which termination occurs. The Company has a funded pension plan which covers 55% of retirement benefits payable to employees who retire at the mandatory retirement age. Until the year ended February 28, 2001, the Company adopted a policy to provide for accrued retirement benefits (unfunded) in an amount equivalent to 100% of the liabilities payable to all employees eligible for such benefits upon their voluntary retirement at the balance sheet date, less the accumulated balance of fund assets for the pension plan.

As at February 28, 2001, fund assets aggregated ¥6,813 million ($58,531 thousand), with the past service liabilities being amortized over a 6-year period.

Effective from the year ended February 28, 2002, the Company adopted the “New Accounting Standard for Retirement Benefits.” The unrecognized difference arising from adopting the new standard (the “transition adjustment”) of ¥13,940 million ($103,759 thousand) has been fully amortized for the year ended February 28, 2002. Unrecognized actuarial differences are amortized on a straight-line basis over 10-year period from the year following that in which they arise.

The provisions for loss of guarantee obligations provided in case the Company is obliged to pay for the guaranteed subsidiaries. In estimating the allowance, the Company considers the financial condition of each subsidiary.

(9) Accounting for Leases

Refer to Note 2. (12) to the consolidated financial statements.

(10) Accounting for Consumption Tax

Refer to Note 2. (13) to the consolidated financial statements.

(11) Dividends

Refer to Note 2. (14) to the consolidated financial statements.

(12) Net Income and Dividends per Share

Refer to Note 2. (15) to the consolidated financial statements.

3. Inventories

Inventories at February 28, 2001 and 2002, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Merchandise and finished goods	¥15,016	**¥15,252**	**$113,524**
Raw materials	1,852	**1,315**	**9,788**
Work-in-process	1,561	**1,051**	**7,823**
Supplies	141	**149**	**1,109**
	¥18,570	**¥17,767**	**$132,244**

4. Property, Plant and Equipment

The Japanese tax regulations allowed a company to defer capital gains on the sales of real property if the company intended to offset such gains against the cost of newly acquired fixed assets. When such accounting was followed, the cost of the new fixed assets was reduced to the extent of the deferred capital gains thereby affecting related depreciation charges and accumulated depreciation.

Property, plant and equipment at February 28, 2002, was reduced by ¥8,854 million ($65,902 thousand), representing accumulated deferred gains from historic sales.

5. Revaluation of Land

Refer to Note 9 in the consolidated financial statements.

6. Lease Transactions

The Company's finance lease contracts which are not deemed to transfer the ownership of the leased assets to lessees are not capitalized, which is permitted by the Japanese accounting principles. Certain key information on such lease contracts of the Company for the years ended February 28, 2001 and 2002, is as follows.

Assumed data as to acquisition cost, accumulated depreciation, net book value and depreciation expense of the leased assets, which included the portion of interest thereon, were summarized at February 28, 2001 and 2002 as follows:

	Millions of yen						Thousands of U.S. dollars		
	2001			**2002**			**2002**		
	Tools, furniture, and fixtures	Other	Total	Tools, furniture, and fixtures	Other	Total	Tools, furniture, and fixtures	Other	Total
Acquisition cost	¥1,083	¥224	¥1,307	**¥1,473**	**¥290**	**¥1,763**	**$10,964**	**$2,158**	**$13,122**
Accumulated depreciation	(583)	(126)	(709)	**(603)**	**(122)**	**(725)**	**(4,488)**	**(908)**	**(5,396)**
Net book value	¥ 500	¥ 98	¥ 598	**¥ 870**	**¥168**	**¥1,038**	**$ 6,476**	**$1,250**	**$ 7,726**

The scheduled maturities of future lease payments on such lease contracts as of February 28, 2001 and 2002, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Scheduled maturities of future lease payments:			
Due within one year	¥252	**¥ 346**	**$2,575**
Due over one year	346	**692**	**5,151**
	¥598	**¥1,038**	**$7,726**

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Lease expenses for the year	¥281	**¥338**	**$2,516**
Depreciation	281	**338**	**2,516**

7. Income Taxes

Deferred tax assets and liabilities as at February 28, 2001 and 2002 consisted of the following elements:

	Millions of yen		Thousands of U.S. dollars
	2001	**2002**	**2002**
Deferred Tax Assets:			
Valuation loss on inventories	¥ 1,201	**¥ 1,532**	**$ 11,403**
Evaluation loss on investments in subsidiaries	3,006	**2,799**	**20,834**
Excess amount of tax deductible employees' accrued retirement benefits	2,155	**8,007**	**59,598**
Allowance for directors' retirement benefits	595	**613**	**4,563**
Provision for guarantee obligations	1,626	**1,626**	**12,103**
Others	2,017	**4,843**	**36,047**
Total deferred tax assets	10,600	**19,420**	**144,548**
Deferred Tax Liabilities:			
Gain on securities contributed to an employee retirement benefit trust	—	**(3,589)**	**(26,714)**
Provision for deferred capital gains on real property	(25)	**(25)**	**(186)**
Total deferred tax liabilities	(25)	**(3,614)**	**(26,900)**
Net deferred tax assets	¥10,575	**¥15,806**	**$117,648**

Reconciliation between statutory tax rate and effective tax rate as at February 28, 2001 and 2002:

	%	
	2001	**2002**
Statutory tax rate	42.0%	**42.0%**
(Reconciliation)		
Nondeductible items (entertainment, expenses etc.)	16.6	**3.0**
Nontaxable items (dividend income, etc.)	(1.9)	**(1.0)**
Inhabitant tax per capita basis	0.5	**0.7**
Effective tax rate	(26.8)%	**44.7%**

Please also refer to Note 8 to the consolidated financial statements.

8. Contingent Liabilities

The Company was contingently liable as a guarantor for bank loans made by certain subsidiaries and affiliates of the Company. The outstanding guarantees as at February 28, 2002 aggregated ¥20,030 million ($149,088 thousand).

9. Legal Reserve and Appropriation of Retained Earnings

Refer to Note 11 to the consolidated financial statements.

10. Subsequent Event

Refer to Note 12 to the consolidated financial statements.

Report of Independent Accountants

The Board of Directors of Onward Kashiyama Co., Ltd.:

We have audited the accompanying non-consolidated balance sheets of ONWARD KASHIYAMA Co., Ltd., as of February 28, 2001 and 2002, and the related non-consolidated statements of income and retained earnings, and of stockholders' equity for each of the three years in the period ended February 28, 2002, all expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of ONWARD KASHIYAMA Co., Ltd., as of February 28, 2001 and 2002, and the results of its operations for each of the three years in the period ended February 28, 2002, in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis.

The amounts expressed in U.S. dollars, provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying non-consolidated financial statements.

ChuoAoyama Audit Corporation

ChuoAoyama Audit Corporation

Tokyo, Japan
May 23, 2002

Board of Directors

<DIRECTORS>

Chairman

Akira Baba*

Vice Chairman

Sadajiro Gion*

President

Takeshi Hirouchi*

Vice President

Kenji Takada*

Senior Managing Directors

Kinshi Kurihara

Tenji Tanaka

Managing Directors

Masao Ohno

Kazuya Baba

Directors

Takaharu Torikoshi

Ohtsuka Yuji

*Representative Director

<AUDITORS>

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Yasumitsu Miyamoto

Masao Kusunoki

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Senior Managing Executive Officers

Fumiyasu Yamashita

Masaru Kusaki

Managing Executive Officers

Takashi Nakamura

Yoshiaki Hanada

Ryuji Horie

Tetsuji Wada

Kentaro Mizuno

Shigeru Uemura

Masabumi Kiyohara

Tadayoshi Kobayashi

Executive Officers

Akio Date

Isao Yamane

Nobutake Matsuo

Hideo Hisamichi

Susumu Maeda

Masaaki Yoshizawa

Kisaku Uragami

Hiroshi Imai

Toshio Tobita

Shigeru Kamakari

Yoshihiko Sato

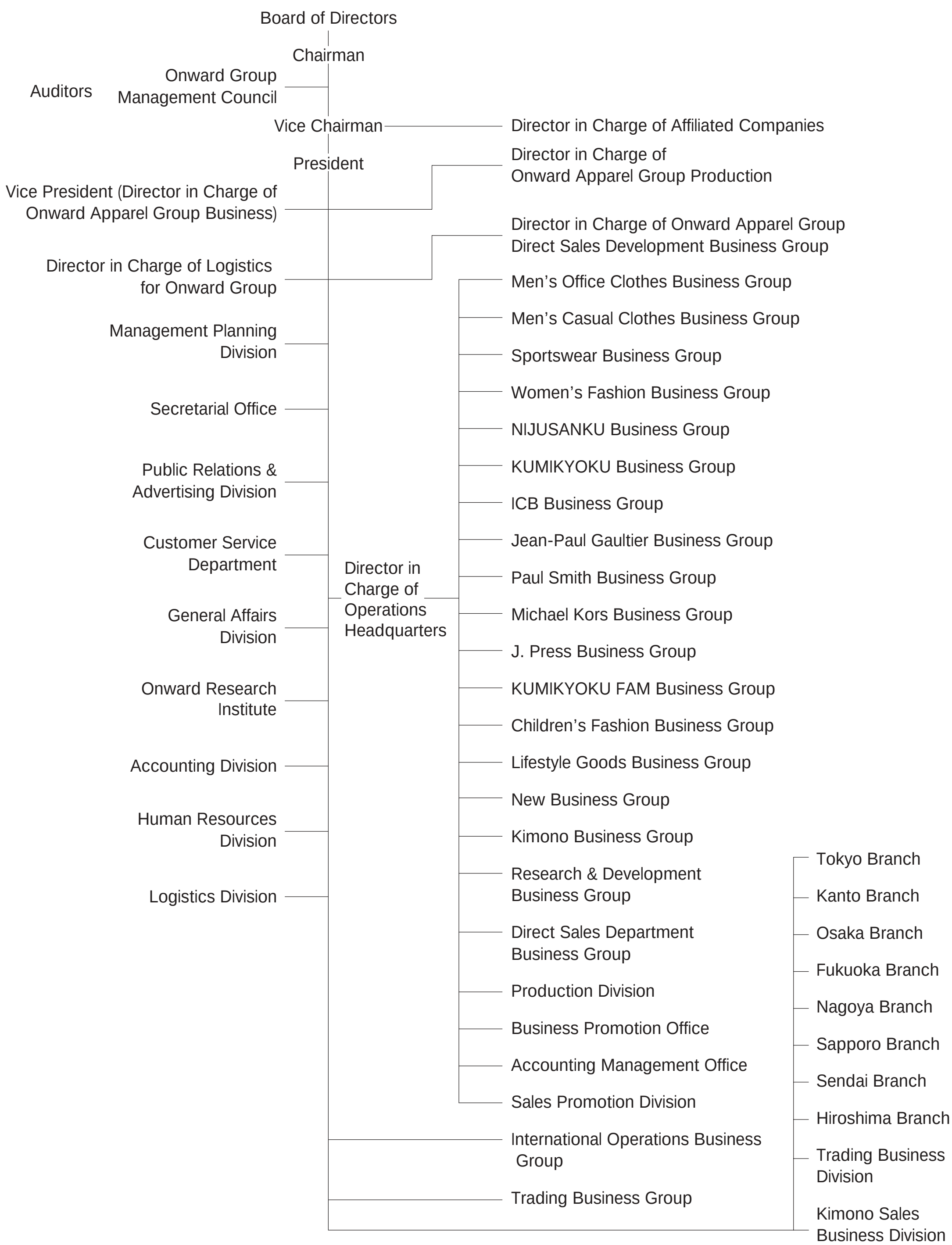
Wataru Sakai

Hideo Matsumoto

Kenichiro Tamai

As of May 23, 2002

Organization Chart



As of May 23, 2002

Principal Subsidiaries

OVERSEAS SUBSIDIARIES

J. PRESS INC.
262 York Street,
New Haven, CT 06511, U.S.A.
Tel: (1) 203-772-1310

ONWARD KASHIYAMA FRANCE S.A.
6, Rue Vivienne,
75002 Paris, France
Tel: (33) 1-5504-8787

ONWARD KASHIYAMA U.S.A. INC.
530 Seventh Avenue,
29th Floor,
New York, N.Y. 10018, U.S.A.
Tel: (1) 212-997-3600

ONWARD KASHIYAMA HONG KONG LTD.
UNIT 1208-9, Lippo Sun Plaza,
28 Canton Road, T.S.T.,
Kowloon, Hong Kong
Tel: (852) 2367-2055, 2721-7068

ONWARD KASHIYAMA U.K. LTD.
47, Conduit Street,
W1 London, U.K.
Tel: (44) 20-7494-2074

ONWARD KASHIYAMA CANADA INC.
Suit 3600,
Toronto Dominion Bank Tower,
Toronto-Dominion Centre,
Toronto, Ontario, Canada M5K ING6

GIBO CO. S.p.A.
Via Cassia 69, 50029 Tavarnuzze,
Firenze, Italy
Tel: (39) 055-237-2020

ONWARD ITALIA S.p.A.
Via Della Spiga 9, 20121 Milano, Italy
Tel: (39) 02-783-667

SHANGHAI ONWARD FASHION CO., LTD.
5F Jinjiang Dickson Center,
400# Changle Road, Shanghai,
China
Tel: (86) 21-6466-6466

ONWARD TRADING (SHANGHAI) CO,. LTD.
5F Jinjiang Dickson Center,
400# Changle Road, Shanghai,
China
Tel: (86) 21-3406-0600

ONWARD RETAIL L.L.C.
499 Seventh Avenue,
7th & 8th Floors, South Tower,
New York, N.Y. 10018, U.S.A.
Tel: (1) 212-629-6100

ONWARD KASHIYAMA KOREA CO., LTD.
KMD BLDG., 4F, 652-16 Shinsa-Dong,
Kangnam-ku, Seoul, Korea
Tel: (82) 2-548-5841

HORLOGE SAINT BENOIT S.A.
22 Rue Saint Benoit, 75006
Paris, France
Tel: (33) 1-4544-1118

ONWARD BEACH RESORT GUAM, INC.
445 Governor Carlos G. Camacho Road,
Tamuning, Guam 96911, U.S.A.
Tel: (1) 671-647-7777

FREED OF LONDON LTD.
94 Street, Martin's Lane,
London WC2N 4AT
Tel: (44) 071-240-0432

DOMESTIC SUBSIDIARIES

<Apparel and Textile Products>

IMPACT 21 CO., LTD.

ACTY 21 CO., LTD.

PARTNER 21 CO., LTD.

OAK CO., LTD.

CHACOTT CO., LTD.

ON BUSINESS TREND CO., LTD.

DONNA KARAN JAPAN K.K.

BUS STOP CO., LTD.

PERSONAL ORDER JAPAN CO., LTD.

+A VIA BUS CO., LTD.

FIELD DREAM CO., LTD.

<SERVICES>

ACROSS TRANSPORT CO., LTD.

ACROSS SERVICE CO., LTD.

ONWARD CREATIVE CENTER CO., LTD.

ONWARD LIFE DESIGN NETWORK CO., LTD.

EXCEL CO., LTD.

<RESORTS>

O & K CO., LTD.

ONWARD MARINE CO., LTD.

ONWARD BEACH RESORT CO., LTD.

As of May 23, 2002

Corporate Data and Offices

Head Office	3-10-5, Nihonbashi, Chuo-ku, Tokyo 103-8239 Tel: (03) 3272-2317 Fax: (03) 3272-2314 URL: http://www.onward.co.jp
Established	September 1947
Paid-in Capital	¥30,080 million
Common Stock	Authorized—400,000,000 shares Issued—172,292,587 shares
Stock Listings	Tokyo, Osaka, and Nagoya stock exchanges
Transfer Agent	UFJ Trust Bank Ltd.
Number of Employees	1,910

OFFICES

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Minato-ku, Tokyo
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3-14-11, Kaigan,
Minato-ku, Tokyo
Tel: (03) 5476-5102

Tokyo Shibaura Bldg. No. 4
3-14-21, Kaigan,
Minato-ku, Tokyo
Tel: (03) 5476-5102

Atsugi Distribution Center
1434, Aikokatamachi,
Atsugi, Kanagawa
Tel: (046) 230-2520

Osaka Regional Office
4-3-6, Honmachi,
Chuo-ku, Osaka
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Miyakojima Operations Center
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Asahi-ku, Osaka
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Neyagawa, Osaka
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Minato-ku, Tokyo
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Sapporo Regional Office
16-1, Kitaichijonishi,
Chuo-ku, Sapporo
Tel: (011) 644-4440

Sendai Regional Office
1-6-8, Kamisugi,
Aoba-ku, Sendai
Tel: (022) 262-8411

Sendai Regional Office
Ayashi Distribution Center
2-2-22, Ochiai,
Aoba-ku, Sendai
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Nakamura-ku, Nagoya
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Inazawa, Aichi
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Tsuzuki-ku, Yokohama
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As of February 28, 2002

Onward Kashiyama Co., Ltd.

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Printed in Japan