



# Getting to Know F&M Better

Business Report for Fiscal 2000

(April 1, 2000 to March 31, 2001)

**F&M CO.,LTD.**

# From a birthday bouquet delivery service for life insurance agents' clients to a solutions provider for sole proprietorships and smaller companies.

F&M created its first business base by devising and offering a service for life insurance sales agents whereby we took charge of delivering congratulatory floral bouquets to their clients on their birthdays or other special occasions. This is a common sales promotion measure among life insurance agents in Japan. From these beginnings we developed a nationwide book-keeping service for these sales agents — who operate as sole-proprietor businesses — up to the stage before tax declaration. We then inaugurated our “F&M Club,” a membership-system consulting service for small and medium-sized corporate customers of insurance companies. This revolutionary new business proved that corporate general affairs services could contribute to the bottom line. In addition to the F&M Club, we now also operate an outsourcing service for sole proprietors, and by utilizing the Internet among other tools, we are strengthening our capacity to offer even more profitable services.

## Company History

**1990**

Taking a hint from a successful business in the United States, Company established under name of “Flower Message” as a floral bouquet gift delivery service.

**1991**

Head office established in Tokyo:  
F&M floral gift delivery service becomes tremendously popular, particularly among life insurance sales agents.

**1992**

Outsourcing service started:  
The main business line is book-keeping for life insurance sales agents, who constitute a potential nationwide market of 320,000 clients.

**1993**

Nagoya Branch established; name changed to F&M:  
Company withdraws from floral gift service and expands outsourcing activities.

**1994**

Steady growth in outsourcing service

**1995**

F&M Club inaugurated:  
General affairs consulting service for small and medium-sized companies gets under way.

### Origins of Our Corporate Name

The Company started out under the name “Flower Message,” reflecting its initial business line of delivering congratulatory bouquets to customers of life insurance sales agents. The name was changed to F&M in 1993 in line with our evolution into the business domain of “finance management.”

**1996**

The number of members of our outsourcing services club tops 20,000.

Annual sales reach  
¥347 million

**1997**

Through tie-ups with life insurance companies, the F&M Club achieved steady growth in the number of members, surpassing 2,400 corporations across Japan.

Sales reach  
¥1,258 million

## Outsourcing Business

We offer a book-keeping service for sole proprietor businesses that eliminates the burden of time-consuming procedures for tax declaration, as well as lectures on the tax system for customers.

## F&M Club Business

The F&M Club is a membership-based service offering support and information for the general affairs departments of small and medium-sized companies.

*\*In the Outplacement Business field, we made an investment in November 2000 in Challenger, Gray & Christmas K.K., the Japanese operations of the United States' largest outplacement firm, and simultaneously merged our outplacement operations with that company. Online services over the Internet are currently being offered by both the above two businesses.*

# 2001

Small and Medium-Sized Company M&A Center Inc. established to act as go-between in arranging M&As among smaller enterprises.

Investment made in e-Career Business Co., Ltd. and tie-up agreement concluded, allowing F&M to provide e-Career's information on job seekers to its member companies.

A building was purchased in Esakacho, Suita, Osaka Prefecture for the new Osaka Head Office.

# 2000

10th anniversary of Company's founding.

Shares listed on the Nasdaq Japan on July 21, 2000.

Online service started. Subsidiary F&M net CO., LTD. established to undertake Internet planning and development.

Investment made in Challenger, Gray & Christmas K.K., and business tie-up agreement concluded.

# 1999

Sendai Branch established. Outplacement service started.

# 1998

Fukuoka Branch established. F&M Club operations started as foothold toward full-scale entry into Kyushu market.

Sales reach  
¥1,542 million

Sales reach  
¥1,939 million

Sales reach  
¥2,769 million

Sales reach  
¥3,554 million

## *Continuing to Offer Valuable Support for the Development of Small and Medium-Sized Companies, and Sole Proprietorships*

**Q** Could you first tell the readers what kind of company F&M is, and outline your corporate philosophy?

**A** Our goal is to provide a truly valuable service, at reasonable rates, for sole proprietors and small and medium-sized enterprises. In imitation of the so-called “on-tap” manufacturing industry philosophy propounded by Konosuke Matsushita — founder of Matsushita Electric Industrial — under which companies should strive to provide the public with inexpensive, convenient products that are easily available, I advocate the same approach to the provision of services. Mr. Matsushita set as the goal of his company to offer easy-to-use electric appliances affordable by the average consumer. At F&M, we aim to assist sole proprietors and the managements of small and medium-sized companies — which together account for 99% of all businesses in Japan — to overcome the handicaps they suffer in comparison with large companies in areas such as utilizing services and securing qualified personnel. For example, F&M offers a book-keeping service for life insurance sales agents up to the stage before tax declaration. Such services are offered by other companies, such as accountants, to other categories of sole proprietor, but their fees are high. Moreover, the majority of other services for corporate customers, including solution services, are designed for use by large corporations. Consequently, they do not match the requirements of smaller firms, and are excessively expensive.

I believe that our efforts to devise and promote services that solve these problems will bear fruit in the form of the further growth and development of F&M, leading to higher shareholder value. F&M will continue harness its full energy, together with its subsidiaries, in seeking to realize its goal of “services on tap.”



**Ichiro Morinaka**  
President

## Q

### Looking back on fiscal 2000, what sort of year was it for the Company?

## A

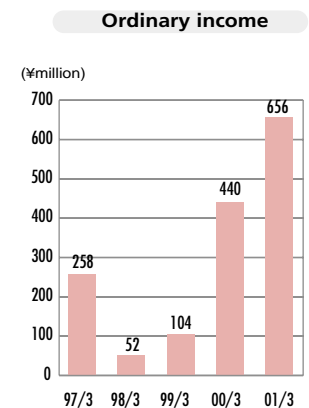
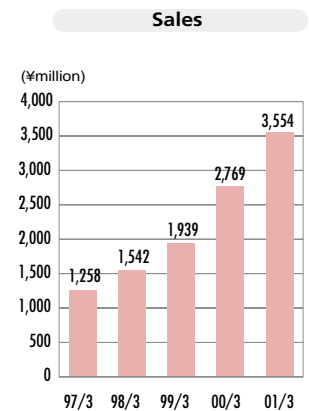
Fiscal 2000, ended March 31, 2001, was F&M's tenth year of operations, and we marked the first decade of the Company's existence by achieving the listing of its shares on Nasdaq Japan. This event was virtually equivalent to the rebirth of F&M. Thanks to the listing of our stock, we have enjoyed a steady growth in the number of clients, and have achieved increases in both sales and profits in line with expectations.

In our mainline outsourcing and F&M Club businesses, we have put our accumulated know-how to good use by starting up an application service provider (ASP) business offering a variety of corporate operations-related software via the Internet. Particularly noteworthy is our "e-somu" free-of-charge general affairs department support portal site, which we began operating in July last year. The number of registered users has already surpassed 18,000 and the website has been very well-received thanks to the practical nature of the contents offered. This website is one of the rare examples of a successful ASP business in Japan.

According to a leading think tank, the scale of the Japanese ASP market will exceed ¥300 billion by 2005. The advantage of ASPs for their users is that no installation of a server is required, and thus start-up costs are low. This is a very attractive point for F&M's users, who consist of small and medium-sized companies.

The success or failure of an ASP business, however, depends on the quality of the contents on offer. To bolster our Internet business, centered on our

"e-somu" website, we are placing top priority on research and development. To this end, in September 2000 we established a new subsidiary, F&M net CO., LTD., to take charge of contents development. From here onward, we will work to improve the quality of the contents we provide, and to expand our range of reliable, low-priced service offerings.



Q

## **In February of this year you set up the Small and Medium-Sized Company M&A Center Inc. What is the aim of this move?**

A

Restructuring on an industry-wide scale has been proceeding rapidly for the past several years, and there has been considerable M&A activity both among Japanese companies and between Japanese and overseas enterprises. The scale of the M&A market is now around three times what it was five years ago. The great majority of these mergers and acquisitions, however, involve large corporations, and almost all M&A advisory services are directed at large-scale clients.

Through our F&M Club, we have developed close relationships with more than 5,300 companies, and we have recently been receiving a sharply increasing number of inquiries regarding mergers and acquisitions. Over 60% of the owners or presidents of small and medium-sized companies are said to be having difficulty in finding a successor. Liquidating a business would cause great psychological and economic hardship not only to managers, but also to employees and their families. In other cases, small and medium-sized companies are looking to the M&A strategy as a means of expanding their marketing areas or establishing technical tie-ups, but up to now, there has been no practical way of achieving such goals. F&M has entered the M&A business because it promises to make a very valuable social contribution by helping corporate management to solve these various problems.



Q

## **Finally, would you like to say something directly to your shareholders?**

A

There are many companies in the United States that offer the same sort of tax-related book-keeping and consulting services as F&M. Last year, a certain company on which we have based our business model posted revenues of \$2.3 billion. Despite the differences in business environment between Japan and the West, the fact that our business model has already become an established one overseas is very significant. We are the only enterprise operating this type of business on a nationwide scale in Japan, and given that there is said to be a potential market of more than 2 million sole proprietors, we believe we occupy an extremely strong position. I personally believe that F&M is poised to achieve sharp growth over the medium-to-long term.

We will continue to work to expand our business results by providing services that give full customer satisfaction, thereby raising shareholder value. We will also raise the Company's profile on the stock market by strengthening our investor relations activities.

**Tie-Up in Outplacement Business with Challenger, Gray & Christmas K.K.**

In November 2000, F&M made a business and capital tie-up with the Japanese operations of Challenger, Gray & Christmas, the largest outplacement company in the United States. Under this tie-up, the two companies' Japanese outplacement operations have been merged, and we plan to offer a comprehensive personnel service for small and medium-sized companies. To this end, we will open up to the public our general affairs training course. This course is officially acknowledged by the Ministry of Health, Labour and Welfare, and attendees are thus eligible for vocational training support.

**Small and Medium-Sized Company M&A Center Inc. Established**

**—Support Service for Small and Medium-Sized Firms—**

To respond to requests for assistance in the field of mergers and acquisitions from many of the small and medium-sized companies that are our customers, in February 2001 we established a new subsidiary to offer a multifaceted service revolving around M&As. While making optimum use of the vast amount of corporate data and know-how we have accumulated through our F&M Club operations, the new company — Small and Medium-Sized Company M&A Center Inc. — aims to create an extensive network through alliances with other M&A specialist enterprises so as to grow this business field into a new generator of earnings for F&M.

**Operational and Capital Tie-Up with e-Career Inc.**

**—Data on Job-Seekers Supplied to Member Companies—**

In March of this year, we made an investment in e-Career Inc., a company which designs and operates websites providing information on employment opportunities and signed a business tie-up agreement. From here onward, e-Career will make its employment opportunities websites for job-seekers available for corporate members of the F&M Club. In this way, the Company will raise the level of the Club's customer service.

At the same time, the F&M Club and our "e-somu" application service provider business will be on offer to e-Career's sales agents and users. This tie-up will produce valuable synergistic effects by allowing both sides to more effectively utilize their management resources, and is thus expected to accelerate the growth pace of both partners.

# Outsourcing Business

## *Increase of around 10,000 members achieved through active PR efforts and the establishment of a website*

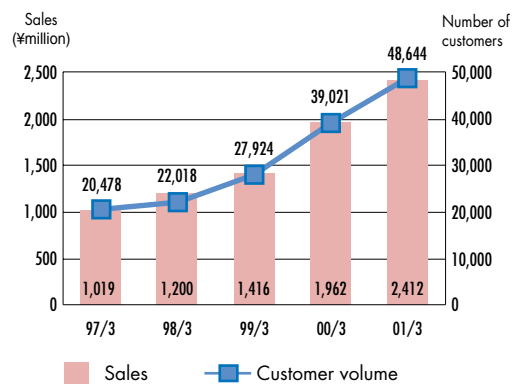
As a result of our frequent service presentations at life insurers' branch offices as well as various membership campaigns targeted at the total market of approximately 320,000 life insurance sales agents, we achieved a substantial increase in the number of members.

In addition to our book-keeping service, we have broadened our service offerings to life insurers' sales agents to comprise a total support service for day-to-day marketing operations. For this purpose, we have created a business support website called "e-seiho," thereby laying the groundwork for future expansion of value-added services.

As another means of boosting membership, it is hoped that the "e-seiho" website, started during the term under review on a trial basis, will prove invaluable — once it is in full operation — in drawing new members. We also expect the website to serve as a launching pad for the Company's entry into the business of promotional gifts for customers of life insurance sales agents, as well as in firmly establishing a book-keeping service for other categories of sole proprietor apart from life insurance sales agents, a project that is only at the market research stage at present.

## Sales and customer volume

Revenue from the Outsourcing Business in the term under review came to ¥2,412 million, while the number of customers continued the steady rise enjoyed in the previous term. As of the end of March, 2001, this business had 48,644 customers, representing a net year-on-year increase of 9,623.



## Business Support Service "via e-seiho Club" Website Started

The "e-seiho Club" is a ground-breaking Internet system fully equipped with contents and functions designed to provide a full support for the business activities of life insurers' sales agents. Apart from basic features such as client database management and client visit scheduling, the service also offers diagnosis of eligibility for public subsidies — which helps insurance sales agents develop new clients among small and medium-sized businesses — business report functions, and a database on life insurance products offered by all companies in the sector. It also allows users to create their own websites, and features an easy-to-use e-mail function. The service, which is accessible via i-mode-enabled mobile phones as well as PCs, is proving extremely popular.

### Main Services Offered

- Client database management
- Scheduling
- Notification of clients' birthdays, etc.
- Tools for developing market among smaller companies
- "Life Insurance Compendium"
- Life insurance industry news
- New client development tools
- Confirmation/viewing of business expenses

### Website created in response to request from 2,000 life insurance sales agents



URLs—

For PCs: <http://www.e-seihoclub.com>

For i-mode phones: <http://www.e-seihoclub.com/i>

# F&M Club Business

## Number of F&M Club Member Companies Grows by 1,651 in FY2000 to 5,339 Enterprises

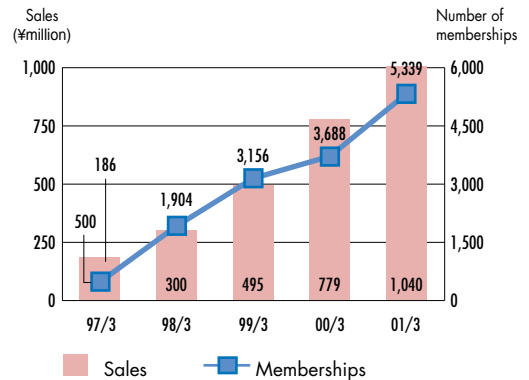
To raise the level of user satisfaction among members of the F&M Club, we have been making strenuous efforts to expand the range of services offered. In addition to the existing services, we have added the "e-somu" general affairs department portal site utilizing the extensive know-how we have built up, as well as other additional services to address user needs.

During the term under review, as part of the F&M Group's strategy, we created a staff search website through a business tie-up with e-Career Inc. to provide extra staff-hiring support for member companies, and established the Small and Medium-Sized Company M&A Center Inc. to strengthen our consulting service for corporate managements.

From here on, we will work to more strongly cement our ties with business partners such as life insurance companies and banks while expanding our network of alliances with companies that provide superior services for small and medium-sized enterprises. By this means, we are confident of being able to increase user satisfaction and thus open up the way to further earnings opportunities.

## Sales and memberships

Revenues from F&M Club operations in the term under review amounted to ¥1,040 million. As of the end of March 2001, the number of member corporations stood at 5,339, a net increase of 1,651 over the previous term-end for the largest year-on-year net increase in the past 5 years.



## Number of Registered Users Growing Thanks to Extensive Array of Contents Offered by "e-somu" Website

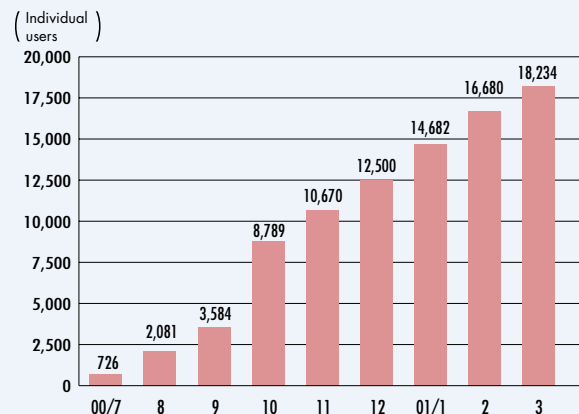
The "e-somu" website service offers a rich variety of convenient support features and contents for small and medium-sized companies' general affairs operations, including scheduling, a salary and other compensation calculation ASP service, and public subsidy eligibility diagnosis. User response has been very positive.

### Invaluable support for companies' general affairs staff



<http://www.e-somu.com>

## Registered users of "e-somu" website (started July 2000)



## Balance Sheet

[Assets]	(¥million) March 31, 2001	(\$thousand) March 31, 2001	[Liabilities, minority interests, and shareholders' equity]	(¥million) March 31, 2001	(\$thousand) March 31, 2001
<b>Current assets</b>			<b>[Liabilities]</b>		
Cash and cash equivalents	1,233	10,024	<b>Current liabilities</b>		
Trade notes and accounts receivable	427	3,472	Short-term borrowings	316	2,569
Marketable securities	335	2,724	Accrued income tax	191	1,553
Supplies	42	341	Allowance for employees' bonuses	122	992
Other current assets	190	1,545	Other current liabilities	241	1,959
Allowance for doubtful accounts	(7)	(57)	Total current liabilities	872	7,089
Total current assets	2,221	18,060	<b>Noncurrent liabilities</b>		
<b>Noncurrent assets</b>			Long-term borrowings	1,693	13,764
<b>Tangible fixed assets</b>			Reserve for retirement allowance	4	33
Buildings and structures	1,157	9,407	Other noncurrent liabilities	132	1,073
Land	729	5,927	Total noncurrent liabilities	1,830	14,878
Other tangible fixed assets	144	1,171	<b>Total liabilities</b>	2,702	21,967
Total tangible fixed assets	2,032	16,520	<b>[Minority interests]</b>		
Intangible fixed assets	110	894	Minority interests	3	24
Investment and other fixed assets			<b>[Shareholders' equity]</b>		
Investment securities	380	3,089	Capital	826	6,715
Insurance premiums	292	2,374	Additional paid-in capital	1,044	8,488
Other investments	235	1,911	Legal reserve	662	5,382
Allowance for doubtful accounts	(32)	(260)	<b>Total shareholders' equity</b>	2,533	20,593
Total investments and other fixed assets	875	7,114	<b>Total liabilities, minority interests and shareholders' equity</b>	5,239	42,593
Total noncurrent assets	3,017	24,528			
<b>Total assets</b>	5,239	42,593			

Note: The U.S.dollar amounts represent translations of Japanese yen for convenience only at the approximate exchange rate on March 31, 2001 of ¥123=U.S.\$1

### Tangible fixed assets

A building and land for the Osaka Head Office were purchased in March 2001.

### Long-term borrowings

Mainly for purchase of building and land for Osaka Head Office.

### Capital and Additional paid-in capital

Capital and additional paid-in capital came to ¥826 million and ¥1,044 million, respectively, as a result of share issuance for listing on the stock market.

## Income Statement

	(¥million) Fiscal year to March 31, 2001	(\$thousand) Fiscal year to March 31, 2001
<b>Sales</b>	3,555	28,902
<b>Cost of sales</b>	1,351	10,984
Gross margin on sales	2,203	17,911
<b>Selling, general and administrative expenses</b>	1,574	12,797
Operating income	628	5,106
<b>Non-operating income</b>	40	325
<b>Non-operating expenses</b>	54	439
Ordinary income	614	4,992
<b>Extraordinary losses</b>	74	602
Income before income taxes	540	4,390
Provision for income taxes	301	2,447
Income tax adjustment	(43)	(350)
Loss on minority interests	11	89
Net income	294	2,390

## Statement of Retained Earnings

	(¥million) Fiscal year to March 31, 2001	(\$thousand) Fiscal year to March 31, 2001
<b>Retained earnings at the beginning of the period</b>	394	3,203
<b>Decrease in retained earnings</b>		
Dividend	26	211
<b>Net income</b>	294	2,390
<b>Retained earnings at the end of the period</b>	662	5,382

## Information on the F&M Group companies

- Number of consolidated subsidiaries: 2
- Number of equity method affiliates: 1

### OUTLINE OF SUBSIDIARIES

#### ■ Consolidated subsidiary

<b>Incorporated as</b>	Small and Medium-Sized Company M&A Center Inc.
<b>President</b>	Shigeo Tsuji
<b>Location</b>	Marunouchi-Yaesu Bldg. 5F, 2-6-2 Marunouchi, Chiyoda-ku, Tokyo
<b>Date of founding</b>	February 1, 2001
<b>Business lines</b>	Mediation and brokerage business on transaction of goodwill, assets, capital participation, business tie-ups and M&As, mainly for unlisted companies
<b>Accounts settlement date</b>	January 31 every year
<b>Capital</b>	¥30 million
<b>Shareholding</b>	Wholly-owned subsidiary

#### ■ Consolidated subsidiary

<b>Incorporated as</b>	F&M net CO., LTD.
<b>President</b>	Minori Miie
<b>Location</b>	2-9-5 Higashi-Gotanda, Shinagawa-ku, Tokyo
<b>Date of founding</b>	September 1, 2000
<b>Business lines</b>	Computer and Internet planning and development
<b>Accounts settlement date</b>	March 31 every year
<b>Capital</b>	¥30 million
<b>Shareholding</b>	50% of the shares held by F&M Co.,Ltd.

#### ■ Equity method affiliate

<b>Incorporated as</b>	Challenger, Gray & Christmas K.K.
<b>President</b>	Akio Karibe
<b>Location</b>	1-15-16 Ginza, Chuo-ku, Tokyo
<b>Date of founding</b>	February 22, 1999
<b>Business lines</b>	Consulting on outplacements and training for job seekers
<b>Accounts settlement date</b>	March 31 every year
<b>Capital</b>	¥281.15 million
<b>Shareholding</b>	29.7% of the shares held by F&M Co.,Ltd.

## Statement of Cash Flows

	(¥million) Fiscal year to March 31,2001	(\$thousand) Fiscal year to March 31,2001
<b>I Cash flows from operating activities</b>		
Income before income taxes	540	4,390
Depreciation and amortization	82	667
Amortization of long-term pre-paid expenses	1	8
Amortization of expenses for share issuance	31	252
Increase in allowance for doubtful accounts	22	179
Increase in reserve for employees' bonus	21	171
Increase in retirement allowance	4	33
Interest and dividends received	(14)	(114)
Interest paid	8	65
Gain on investment in an equity method affiliate	2	16
Loss on redemption of investment securities	69	561
Loss on disposal of tangible and intangible assets	19	154
Loss on sales of tangible and intangible assets	0	0
Increase in accounts receivable	(142)	(1,154)
Increase in supplies	(16)	(130)
Increase in other operating assets	(39)	(317)
Increase in other operating debts	81	659
Decrease in deferred consumption tax	(34)	(276)
Increase in other long-term liabilities	109	886
Subtotal	749	6,089
Interest and dividends receivable	14	114
Interest paid	(10)	(81)
Income taxes paid	(296)	(2,407)
<b>Net cash flow from operating activities</b>	<b>457</b>	<b>3,715</b>
<b>II Cash flows from investing activities</b>		
Increase in time deposit	(604)	(4,911)
Proceeds from payment of time deposits	765	6,220

	(¥million) Fiscal year to March 31,2001	(\$thousand) Fiscal year to March 31,2001
Purchase of marketable securities	(848)	(6,894)
Proceeds from sales of marketable securities	568	4,618
Purchase of tangible fixed assets	(1,957)	(159,106)
Proceeds from sale of tangible fixed assets	0	0
Purchase of intangible fixed assets	(68)	(553)
Proceeds from sales of investment securities	0	0
Purchase of investment securities	(328)	(2,667)
Loans to affiliated companies	(200)	(1,626)
Proceeds from collection of loans	204	1,659
Expenditure on long-term pre-paid expenses	(5)	(41)
Expenses on guarantee deposits	(67)	(545)
Refund of guaranty money deposited	32	260
Other expenses for investment	(235)	(1,911)
<b>Net cash flow from investing activities</b>	<b>(2,742)</b>	<b>(22,293)</b>
<b>III Cash flows from financing activities</b>		
Proceeds from short-term borrowings	500	4,065
Repayment of short-term borrowings	(960)	(7,805)
Proceeds from long-term borrowings	2,000	16,260
Repayment of long-term borrowings	(25)	(203)
Proceeds from share issuance	1,286	10,455
Dividend paid	(26)	(211)
Proceeds from sale of shares to minority shareholders	15	122
<b>Net cash flow from financing activities</b>	<b>2,790</b>	<b>22,683</b>
<b>IV Cash and cash equivalents on foreign currency translation adjustment</b>	<b>—</b>	<b>—</b>
<b>V Increase in cash and cash equivalents during the period</b>	<b>505</b>	<b>4,106</b>
<b>VI Cash and cash equivalents at beginning of period</b>	<b>696</b>	<b>5,659</b>
<b>VII Cash and cash equivalents at end of period</b>	<b>1,201</b>	<b>9,764</b>

## Non-Consolidated Financial Statements

### Balance Sheets

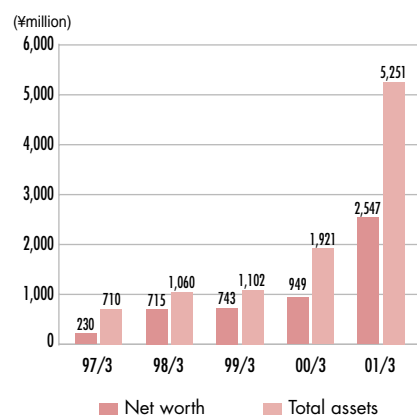
[Assets]	(¥million) March 31, 2001	(¥million) March 31, 2000	(\$thousand) March 31, 2001
<b>Current assets:</b>			
Cash and cash equivalents	1,167	889	9,488
Accounts receivable	426	301	3,463
Marketable securities	335	—	2,724
Supplies	20	26	163
Other current assets	245	66	1,992
Allowance for doubtful accounts	(8)	(1)	(65)
Total current assets	2,186	1,281	17,772
<b>Fixed assets</b>			
Tangible fixed assets			
Buildings and structures	1,157	38	9,407
Land	729	—	5,927
Other tangible fixed assets	140	108	1,138
Total tangible fixed assets	2,027	146	16,480
Intangible fixed assets	134	62	1,089
Investments and other fixed assets			
Securities	254	154	2,065
Equity in subsidiaries and affiliates	173	10	1,407
Guarantee deposits receivable	151	121	1,228
Insurance premiums	292	124	2,374
Other investments	64	35	520
Allowance for doubtful accounts	(32)	(15)	(260)
Total investments and other fixed assets	903	431	7,341
Total fixed assets	3,065	640	24,919
<b>Total assets</b>	5,251	1,921	42,691

[Liabilities and shareholders' equity]	(¥million) March 31, 2001	(¥million) March 31, 2000	(\$thousand) March 31, 2001
<b>[Liabilities]</b>			
<b>Current liabilities</b>			
Short-term borrowings	35	495	285
Current portion of long-term debt	281	—	2,285
Accrued expenses	182	104	1,480
Accrued income taxes	191	186	1,553
Accrued consumption tax	—	36	—
Allowance for employees' bonuses	118	101	959
Other current liabilities	64	48	520
Total current liabilities	874	972	7,106
<b>Noncurrent liabilities</b>			
Long-term borrowings	1,693	—	13,764
Reserve for retirement allowance	4	—	33
Deposits received for guarantees	132	—	1,073
Total noncurrent liabilities	1,830	—	14,878
<b>Total liabilities</b>	2,704	972	21,984
<b>[Shareholders' equity]</b>			
<b>Capital</b>	826	350	6,715
<b>Additional paid-in capital</b>	1,044	204	8,488
<b>Legal reserve</b>	7	5	57
<b>Other retained earnings</b>			
Reserve for accelerated depreciation	2	—	16
Voluntary reserve	100	100	813
Unappropriated earnings for the term	566	289	4,602
Total other retained earnings	668	389	5,431
<b>Total shareholders' equity</b>	2,547	949	20,708
<b>Total liabilities and shareholders' equity</b>	5,251	1,921	42,691

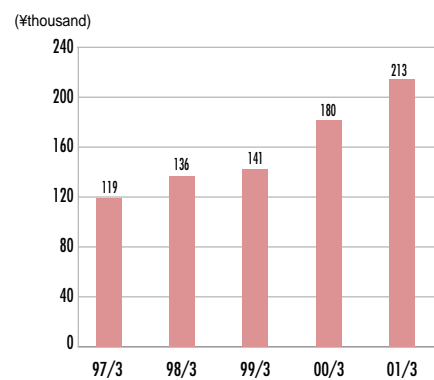
## Income Statements

	(¥million) Fiscal year to March 31, 2001	(¥million) Fiscal year to March 31, 2000	(\$thousand) Fiscal year to March 31, 2001
<b>Sales</b>	3,554	2,769	28,894
<b>Cost of sales</b>	1,392	1,264	11,317
Gross margin on sales	2,161	1,504	17,569
<b>Selling, general and administrative expenses</b>	1,499	1,072	12,187
Operating income	662	431	5,382
<b>Non-operating income</b>	46	14	374
<b>Non-operating expenses</b>	52	5	423
Ordinary income	656	440	5,333
<b>Extraordinary gains</b>	—	4	—
<b>Extraordinary losses</b>	74	5	602
Income before income taxes	582	439	4,732
Provision for income taxes	301	219	2,447
Income tax adjustment	(27)	(11)	(220)
Net income for the period	308	232	2,504
Earnings carried forward	258	57	2,098
Unappropriated earnings for the period	566	289	4,602

## Net worth and total assets



## Equity per share



## Stock Information

(as of March 31, 2001)

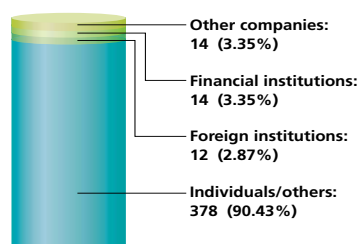
<b>Number of shares authorized for issue</b>	21,000
<b>Number of shares issued and outstanding</b>	11,936
<b>Number of shareholders</b>	418

### Principal Shareholders

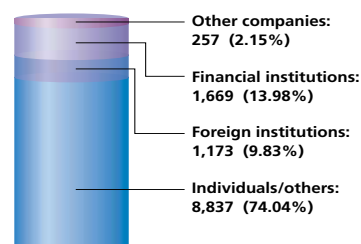
Name	Number of shares owned	% of total
Ichiro Morinaka	6,778	56.78
BBH for Fidelity Japan Small Company Fund	433	3.62
The Toyo Trust and Banking Co., Ltd. (Trust Account A)	392	3.28
The Nomura Trust and Banking Co., Ltd. (Trust Account)	233	1.95
The Mitsubishi Trust and Banking Corp. (Trust Account A)	228	1.91
The Daiwa Bank, Ltd. (Trust Account B)	225	1.88
Mikie Kudo	220	1.84
Bank of Bermuda Gandhi Ltd., Atlantis Japan Growth Fund	196	1.64
The Chuo Mitsui Trust and Banking Co., Ltd. (Fiduciary of Investment Trust)	158	1.32
Japan Trustee Services Bank, Ltd. (Trust Account)	151	1.26

### Share Distribution

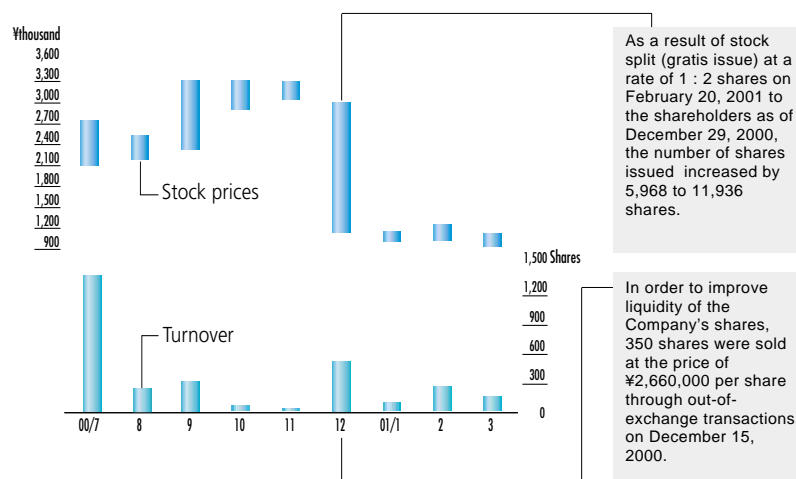
(By type of shareholder)



(By number of shares owned)



### Stock Prices (high and low) and Turnover



## Company Outline

(as of March 31, 2001)

<b>Established</b>	1990
<b>Capital</b>	¥826 million
<b>President</b>	Ichiro Morinaka
<b>Employees</b>	225
<b>Business lines</b>	Book-keeping for sole proprietorships, information provision service for small and medium-sized companies, outplacement service, ASP business operations

<b>Offices</b>	Osaka Head Office, Tokyo Head Office, Nagoya Branch, Fukuoka Branch and Sendai Branch
<b>Average age of employees</b>	29

## Stock Information

Account Settlement Date:	March 31
General Meeting of Shareholders:	June
Dividend Entitlement Date:	March 31
Interim Dividend Entitlement Date:	September 30
Transfer Agent:	The Toyo Trust and Banking Co., Ltd. 4-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Agent's Office: (Contact):	The Toyo Trust and Banking Co., Ltd. 6-3, Fushimicho 3-chome, Chuo-ku, Osaka 541-8502 Tel: +81-6-6229-3011
Handling Offices:	The Toyo Trust and Banking Co., Ltd. Head Office and Branches nationwide
Stock Exchange Listed:	Osaka Securities Exchange NASDAQ Japan Market
Publication of corporate announcements:	The Nihon Keizai Shimbun

\*Contact: +81-3-5683-5111 or <http://www.toyotrustbank.co.jp/>

## Contact

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