

# FANCL Corporation

## Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2006

Consolidated and non-consolidated results for the period April 1, 2005 to June 30, 2005

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

## SUMMARY OF FINANCIAL STATEMENTS (consolidated)

First Quarter Results for the Fiscal Year Ending March 31, 2006

**FANCL CORPORATION**

**July 26, 2005**

Stock exchange listings: Tokyo 1<sup>st</sup> section, code number 4921

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### 1) Notes to preparation of these financial statements

(1) Use of simplified accounting methods: Yes

#### Details

Method of depreciation of fixed assets:

1. Tangible fixed assets Quarterly portion of estimated amount for the year

2. Intangible fixed assets Quarterly portion of estimated amount for the year

Standard for stating income taxes: Calculated using the estimated annual tax rate based on the effective statutory tax rate.

Simplified procedures are used for amounts with an immaterial effect.

(2) Changes from accounting methods used in most recent consolidated fiscal year: None

(3) Changes in scope of consolidation and application of equity method: None

### 2) Consolidated results for the first quarter of Fiscal 2006 (April 1, 2005 to June 30, 2005)

(1) Sales and Income

*Millions of yen, rounded down*

	Three months ended June 30, 2005		Three months ended June 30, 2004		Year ended March 31, 2005
Net sales .....	22,960	9.6%	20,951	0.3%	87,937
Operating income .....	3,287	281.2%	862	(71.9%)	5,428
Ordinary income .....	3,300	293.9%	837	(72.5%)	5,490
Quarterly net income .....	1,877	785.3%	212	(87.6%)	1,709
Earnings per share (¥) .....	88.25		9.97		80.29
Earnings per share (diluted) (¥) .....	87.92		--		80.23

Notes: (1) The percentages shown for above are a comparison of the same period in the previous fiscal year.

(2) Financial Position

*Millions of yen, rounded down*

	As of June 30, 2005	As of June 30, 2004	As of March 31, 2005
Total assets .....	80,584	77,604	79,416
Shareholders' equity .....	67,581	65,297	66,203
Shareholders' equity/total assets (%) .....	83.9	84.1	83.4
Shareholders' equity per share (¥) .....	3,176.09	3,067.94	3,111.15

(3) Cash Flows

*Millions of yen, rounded down*

	Three months ended June 30, 2005	Three months ended June 30, 2004	Year ended March 31, 2005
Net cash provided by (used in) operating activities .....	2,742	(968)	4,637
Net cash used in investing activities .....	(836)	(517)	(4,807)
Net cash used in financing activities .....	(447)	(460)	(1,090)
Cash and cash equivalents at end of period .....	23,766	21,614	22,307

### 3) Projected results for Fiscal 2006 (April 1, 2005 to March 31, 2006)

(1) Consolidated

*Millions of yen*

	Interim period	FY ending March 31, 2006
Net Sales .....	44,000	93,000
Ordinary Income .....	4,000	8,000
Net Income .....	2,250	4,200

Note: Consolidated net income per share forecast for the fiscal year ending March 31, 2006: ¥197.38

(2) Non-consolidated

*Millions of yen*

	Interim period	FY ending March 31, 2006
Net Sales .....	34,500	73,000
Ordinary Income .....	3,000	6,000
Net Income .....	1,650	3,000

Note: Non-consolidated net income per share forecast for the fiscal year ending March 31, 2006: ¥140.98 .

This forecast contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. Please refer to page 3 for further information.

## 1. Operating results (consolidated)<sup>1</sup>

In the domestic economy in the period under review, although there was some improvement in corporate earnings and employment, wages and salaries in general did not grow and consumer spending remained sluggish.

In the cosmetics industry there was strong growth, with sales of make-up products greatly exceeding those of last year.

In the nutritional supplements industry, a boom in products such as co-enzyme Q<sub>10</sub> resulted in both market expansion and a sharp increase in competition.

### Net Sales

Consolidated net sales increased 9.6% to ¥22,960 million. This was largely the result of strong sales in our core businesses of cosmetics and nutritional supplements.

### Operating Income

Consolidated operating income increased 281.2% to ¥3,287 million, and operating income margin improved 10.2 percentage points to 14.3%.

### Ordinary Income

Consolidated ordinary income increased 293.9% to ¥3,300 million, and the ordinary income margin increased 10.4 percentage points to 14.4%. The growth in both ordinary and operating income is primarily attributable to a larger proportion of sales and an expanding market in the high-margin cosmetics and nutritional supplements businesses, improved performance in the loss-making 'Other businesses' segment, and a more efficient approach to sales and marketing.

### Net Income

Consolidated net income for the period under review grew 785.3% to ¥1,877 million, with the net income margin increasing 7.2 percentage points to 8.2%.

## 2. Consolidated financial position

Cash and cash equivalents as of June 30, 2005 were ¥23,766 million, ¥1,459 million higher than at the end of the previous fiscal year. The main contributing factors are detailed below.

### Cash flows from operating activities

Cash flow from operating activities during the three-month period under review increased to ¥2,742 million. Factors that increased operating cash flow included income before income taxes of ¥3,235 million and an increase of ¥602 million in depreciation and amortization, while factors reducing operating cash flow included corporate tax payments of ¥1,781 million.

### Cash flows from investing activities

Cash flow used in investing activities during the period under review was ¥836 million. This was largely the result of ¥783 million used to acquire fixed assets such as those used in store renovations.

### Cash flows from financing activities

Cash flow from financing activities during the period under review was minus ¥447 million. This was largely due to the distribution of dividends of ¥478 million.

In the period under review, ordinary income and quarterly net income were greater than expected due to strong sales in our core cosmetic and nutritional supplements businesses and less than expected expenditures. We expect to exceed our interim income forecast and therefore have revised our forecast ordinary income and interim net income upwards. Forecasts for the full year have not been revised, as certain expenditures planned for the first half of the year will take place in the second half.

<sup>1</sup> Note: All comparisons are with the first quarter of the previous fiscal year, unless otherwise stated.

### 3. Consolidated Financial Statements

<b>Consolidated Balance Sheets</b>						
<i>Millions of yen</i>						
	As of June 30, 2005		As of March 31, 2005		As of June 30, 2004	
		%		%		%
<b>ASSETS</b>						
<b>I. Current assets:</b>						
Cash and cash equivalents .....	19,839		17,380		13,882	
Notes and accounts receivable .....	8,957		8,713		8,468	
Marketable securities .....	3,926		4,926		7,732	
Inventories .....	5,687		5,663		6,272	
Others .....	1,829		2,395		2,395	
<b>Total current assets.....</b>	<b>40,240</b>	<b>49.9</b>	<b>39,079</b>	<b>49.2</b>	<b>38,751</b>	<b>49.9</b>
<b>II. Fixed assets:</b>						
Tangible fixed assets						
Buildings and structures.....	12,725		12,781		12,457	
Land.....	10,916		10,916		10,847	
Others.....	2,827		2,835		3,115	
<b>Total tangible fixed assets.....</b>	<b>26,469</b>	<b>32.9</b>	<b>26,533</b>	<b>33.4</b>	<b>26,420</b>	<b>34.1</b>
Intangible fixed assets .....	1,275	1.6	1,222	1.5	1,481	1.9
Investments and other assets						
Investments securities .....	1,954		1,954		1,290	
Long-term loans receivable.....	668		659		960	
Guarantee money .....	2,540		2,526		2,457	
Others .....	7,435		7,439		6,242	
<b>Total investments and other assets .....</b>	<b>12,598</b>	<b>15.6</b>	<b>12,579</b>	<b>15.9</b>	<b>10,950</b>	<b>14.1</b>
<b>Total fixed assets .....</b>	<b>40,343</b>	<b>50.1</b>	<b>40,336</b>	<b>50.8</b>	<b>38,853</b>	<b>50.1</b>
<b>Total Assets.....</b>	<b>80,584</b>	<b>100.0</b>	<b>79,416</b>	<b>100.0</b>	<b>77,604</b>	<b>100.0</b>
<b>LIABILITIES</b>						
<b>I. Current liabilities:</b>						
Notes and accounts payable.....	3,465		3,049		3,478	
Accrued liabilities .....	3,047		3,985		3,070	
Accrued income taxes.....	1,498		1,914		559	
Others .....	2,231		1,509		2,314	
<b>Total current liabilities .....</b>	<b>10,242</b>	<b>12.7</b>	<b>10,457</b>	<b>13.2</b>	<b>9,423</b>	<b>12.2</b>
<b>II. Long-term liabilities:</b>						
Allowance for retirement bonuses.....	1,198		1,194		1,228	
Allowance for directors' retirement bonuses ..	1,144		1,117		1,237	
Others .....	417		442		417	
<b>Total long-term liabilities .....</b>	<b>2,760</b>	<b>3.4</b>	<b>2,754</b>	<b>3.4</b>	<b>2,883</b>	<b>3.7</b>
<b>Total liabilities.....</b>	<b>13,003</b>	<b>16.1</b>	<b>13,212</b>	<b>16.6</b>	<b>12,307</b>	<b>15.9</b>
<b>SHAREHOLDERS' EQUITY</b>						
I. Common stock .....	10,795	13.4	10,795	13.6	10,795	13.9
II. Capital reserve .....	11,706	14.6	11,706	14.8	11,706	15.1
III. Retained earnings .....	52,554	65.2	51,172	64.4	50,207	64.7
IV. Net Unrealized holding gain on other securities .....	26	0.0	26	0.0	54	0.0
V. Foreign currency translation adjustment.....	(4)	(0.0)	(4)	(0.0)	--	--
VI. Treasury stock .....	(7,496)	(9.3)	(7,492)	(9.4)	(7,466)	(9.6)
<b>Total shareholders' equity .....</b>	<b>67,581</b>	<b>83.9</b>	<b>66,203</b>	<b>83.4</b>	<b>65,297</b>	<b>84.1</b>
<b>Total Liabilities and Shareholders' Equity..</b>	<b>80,584</b>	<b>100.0</b>	<b>79,416</b>	<b>100.0</b>	<b>77,604</b>	<b>100.0</b>

## Consolidated Statements of Income

*Millions of yen*

	April 1 to June 30, 2005		April 1 to June 30, 2004		FY ended March 31, 2005	
Net sales.....	22,960	100.0	20,951	100.0	87,937	100.0
Cost of sales.....	7,829	34.1	7,187	34.3	30,031	34.2
Gross profit.....	15,130	65.9	13,763	65.7	57,905	65.8
Selling, general and administrative expenses.....	11,842	51.6	12,901	61.6	52,476	59.7
Operating income.....	3,287	14.3	862	4.1	5,428	6.2
<b>Non-operating income.....</b>	<b>83</b>	<b>0.4</b>	<b>53</b>	<b>0.3</b>	<b>770</b>	<b>0.9</b>
Interest and dividend income.....	3		3		56	
Other non-operating income.....	80		50		713	
<b>Non-operating expenses.....</b>	<b>71</b>	<b>0.3</b>	<b>77</b>	<b>0.4</b>	<b>709</b>	<b>0.8</b>
Loss from disposal of inventories.....	47		49		681	
Other non-operating expenses.....	23		28		27	
Ordinary income.....	3,300	14.4	837	4.0	5,490	6.2
<b>Extraordinary income.....</b>	<b>--</b>		<b>18</b>	<b>0.1</b>	<b>57</b>	<b>0.1</b>
<b>Extraordinary expenses.....</b>	<b>65</b>	<b>0.3</b>	<b>153</b>	<b>0.7</b>	<b>1,181</b>	<b>1.3</b>
Loss on disposal of fixed assets.....	7		10		335	
Retirement benefit for directors.....	--		--		39	
Other extraordinary expenses.....	58		143		806	
<b>Income before income taxes.....</b>	<b>3,235</b>	<b>14.1</b>	<b>703</b>	<b>3.4</b>	<b>4,366</b>	<b>5.0</b>
Income taxes.....	1,357	5.9	491	2.4	2,657	3.1
<b>Net income.....</b>	<b>1,877</b>	<b>8.2</b>	<b>212</b>	<b>1.0</b>	<b>1,709</b>	<b>1.9</b>

## Consolidated Statements of Cash Flows

	<i>Millions of yen</i>		
	April 1 to June 30, 2005	April 1 to June 30, 2004	FY ended March 31, 2005
<b>I. Cash flows from operating activities</b>			
Income before income taxes .....	3,235	703	4,366
Depreciation and amortization.....	602	577	2,464
Increase (decrease) in allowance for bonuses .....	450	428	17
Increase (decrease) in allowance for retirement benefits.....	3	32	(1)
Interest and dividend income .....	(3)	(3)	(56)
Gain on sale of marketable securities .....	--	--	(57)
Loss on disposal of tangible fixed assets .....	5	7	613
Decrease (increase) in trade receivables .....	(244)	(654)	(899)
Decrease (increase) in inventories .....	(23)	(800)	(191)
Decrease (increase) in other current assets.....	605	36	(338)
Increase (decrease) in trade payables .....	415	305	(122)
Increase (decrease) in other current liabilities.....	(593)	(646)	(342)
Others .....	17	(189)	(66)
<b>Sub-total .....</b>	<b>4,473</b>	<b>(202)</b>	<b>5,384</b>
Interest and dividends received.....	3	4	57
Income taxes paid .....	(1,781)	(1,040)	(1,510)
Others .....	48	271	705
<b>Net cash provided by (used in) operating activities.....</b>	<b>2,742</b>	<b>(968)</b>	<b>4,637</b>
<b>II. Cash flows from investing activities</b>			
Payment for purchase of tangible fixed assets .....	(556)	(267)	(1,703)
Payment for purchase of intangible fixed assets.....	(227)	(77)	(238)
Proceeds from sales of investment securities .....	--	38	115
Payment for purchase of other investments .....	(48)	(44)	(441)
Others .....	(4)	(166)	(2,540)
<b>Net cash used in investing activities.....</b>	<b>(836)</b>	<b>(517)</b>	<b>(4,807)</b>
<b>III. Cash flows from financing activities</b>			
Payment for purchase and proceeds from sale of treasury stock.....	(4)	--	(26)
Cash dividends paid .....	(478)	(460)	(1,063)
Proceeds from underwriting of capital increase by minority shareholders .....	36	--	--
<b>Net cash used in financing activities .....</b>	<b>(447)</b>	<b>(460)</b>	<b>(1,090)</b>
<b>IV. Effect of exchange rate changes on cash and cash equivalents .....</b>	<b>--</b>	<b>--</b>	<b>5</b>
<b>V. Net increase in cash and cash equivalents.....</b>	<b>1,459</b>	<b>(1,946)</b>	<b>(1,253)</b>
<b>VI. Cash and cash equivalents at the beginning of the period.....</b>	<b>22,307</b>	<b>23,561</b>	<b>23,561</b>
<b>VII. Cash and cash equivalents at end of period ...</b>	<b>23,766</b>	<b>21,614</b>	<b>22,307</b>

## 4. Segment Information

### Business Segments

Three months ended June 30, 2005

(Millions of yen)

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
<b>Sales:</b>						
(1) Sales to external customers	9,991	8,233	4,735	22,960	--	22,960
(2) Inter-segmental sales or transfers	--	--	--	--	--	--
Total sales	9,991	8,233	4,735	22,960	--	22,960
Operating expenses	7,922	6,581	4,716	19,221	451	19,672
Operating income (loss)	2,069	1,651	18	3,739	(451)	3,287

Three months ended June 30, 2004

(Millions of yen)

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
<b>Sales:</b>						
(1) Sales to external customers	8,870	7,230	4,850	20,951	--	20,951
(2) Inter-segmental sales or transfers	--	--	--	--	--	--
Total sales	8,870	7,230	4,850	20,951	--	20,951
Operating expenses	7,272	6,619	5,693	19,584	503	20,088
Operating income (loss)	1,597	611	(843)	1,366	(503)	862

## 5. Operating Results (Quarterly Summary)<sup>2</sup>

### 1) Cosmetics Business

#### SALES

Sales in the cosmetics business increased 12.6% compared to the same period last year to ¥9,991 million. (Millions of yen)

	Three months ended June 30, 2005		Three months ended June 30, 2004		% change
	Amount	% of total	Amount	% of total	
FANCL Cosmetics	7,421	74.3	6,539	73.7	13.5
ATTENIR Cosmetics	2,425	24.3	2,280	25.7	6.3
Other	145	1.4	49	0.6	191.0
Total	9,991	100.0	8,870	100.0	12.6

(Millions of yen)

	Three months ended June 30, 2005		Three months ended June 30, 2004		% change
	Amount	% of total	Amount	% of total	
Mail-order sales	5,957	59.6	5,575	62.9	6.9
Retail store sales	3,214	32.2	2,683	30.2	19.8
Other	820	8.2	611	6.9	34.1
Total	9,991	100.0	8,870	100.0	12.6

#### Mail-order sales

Mail-order sales grew 6.9% to ¥5,957 million, and sales of FANCL Cosmetics increased 8.0% to ¥3,728 million, primarily due to a boom in sales resulting from the renewal of *Mild Cleansing Oil* and *FENATTY* in August and September of 2004.

Sales of ATTENIR Cosmetics were ¥2,227 million, 5.0% higher than in the first quarter of the previous year, largely due to a rise in sales of skin care products. The number of customers grew steadily.

#### Retail store sales

Retail store sales grew 19.8% to ¥3,214 million, with good sales at existing stores along with a contribution from new store openings.

#### Other sales channel

Sales in other channels increased 34.1% to ¥820 million. This was the result of steady performance from overseas and convenience store sales.

#### OPERATING INCOME

Operating income in this segment increased 29.5% to ¥2,069 million, due to the effect of higher revenues and lower expenditure on sales and marketing. The operating income margin increased 2.7 percentage points to 20.7%.

<sup>2</sup> Note: All comparisons are with the first quarter of the previous fiscal year, unless stated otherwise.



## 2) Nutritional Supplements Business

### SALES

Sales in the nutritional supplements business increased 13.9% to ¥8,233 million.

(Millions of yen)

	Three months ended June 30, 2005		Three months ended June 30, 2004		% change
	Amount	% of total	Amount	% of total	
Mail-order sales	4,475	54.4	3,850	53.3	16.3
Retail store sales	2,024	24.6	1,612	22.3	25.5
Other	1,733	21.0	1,767	24.4	(2.0)
Total	8,233	100.0	7,230	100.0	13.9

#### Mail-order sales

Mail-order sales grew 16.3% to ¥4,475 million, due to strong sales of *Co-enzyme Q<sub>10</sub>* and new products such as *Alpha Lipoic Acid* and *HTC Collagen*.

#### Retail store sales

Retail store sales grew 25.5% to ¥2,024 million, supported by an increase in the number of new and converted FANCL House J stores (which generate a high proportion of their sales from nutritional supplements), and strong sales at existing stores.

#### Other sales channels

Sales in other channels decreased 2.0% to ¥1,733 million. Sales to super markets remained firm, but overseas sales were lower.

### OPERATING INCOME

Operating income in this segment increased 170.1% to ¥1,651 million, with a decrease in the overall sales income margin from an increase in the price of materials more than offset by efficiencies achieved in areas such as sales and marketing expenses.

## 3) Other businesses

### SALES

Sales in this segment decreased 2.4% to ¥4,735 million.

(Millions of yen)

	Three months ended June 30, 2005	Three months ended June 30, 2004	% change
<i>Hatsuga Genmai</i> business	1,126	1,444	(22.0)
Kale juice business	985	696	41.5
IIMONO OHKOKU mail-order business	1,833	1,728	6.1
Other related businesses	789	980	(19.5)
Total	4,735	4,850	(2.4)

#### *Hatsuga Genmai* business

Overall sales were lower, with reduced customer numbers causing a decline in mail order sales, and weakness in wholesale activity.

#### Kale juice business

Sales increased due to strong sales of powder-type kale juice with Twintose.

#### IIMONO OHKOKU Co., Ltd. mail-order business

Sales increased due to firm catalogue sales.

**Other related businesses**

Sales declined, due to sluggish sales of undergarments and household sundries.

**OPERATING INCOME**

Operating income in this segment was ¥18 million, an improvement on the operating loss of ¥861 million recorded in the previous comparable period. This was largely due to strong sales of high-margin powder-type kale juice, and the return to profitability of the IIMONO OHKOKU mail order business following a major restructuring in the previous fiscal year.

**Number of stores by business type**

	As of June 30, 2005	Compared with March 31, 2005
FANCL House	109	- 1
FANCL House J	48	+ 11
Genki Station	9	-
ATTENIR Shop	10	+ 1
Other	3	-
Total	179	+ 11

**FOR REFERENCE:**

**Non-consolidated Financial Statements and Notes**

<b>Summary of First Quarter Non-consolidated Balance Sheets</b>						
<i>Millions of yen</i>						
	As of June 30, 2005		As of March 31, 2005		As of June 30, 2004	
<b>ASSETS</b>		%		%		%
<b>I. Current assets:</b>						
Cash and cash equivalents .....	10,572		8,250		6,768	
Notes and accounts receivable .....	7,080		7,107		6,679	
Marketable securities .....	3,926		4,926		7,732	
Inventories.....	1,952		3,047		3,658	
Others .....	2,420		2,928		2,456	
<b>Total current assets .....</b>	<b>25,951</b>	<b>38.9</b>	<b>26,260</b>	<b>39.9</b>	<b>27,295</b>	<b>42.0</b>
<b>II. Fixed assets:</b>						
<b>Tangible fixed assets</b>						
Buildings and structures .....	6,399		8,847		9,063	
Land .....	7,456		8,048		8,048	
Others .....	1,030		2,090		2,094	
<b>Total tangible fixed assets .....</b>	<b>14,886</b>	<b>22.3</b>	<b>18,986</b>	<b>28.8</b>	<b>19,207</b>	<b>29.6</b>
Intangible fixed assets .....	832	1.3	708	1.1	740	1.2
<b>Investments and other assets</b>						
Investments securities.....	1,055		1,041		219	
Long-term loans receivable .....	7,210		6,858		6,818	
Guaranty money.....	2,258		2,242		2,178	
Others .....	14,471		9,749		8,451	
<b>Total investments and other assets .....</b>	<b>24,995</b>	<b>37.5</b>	<b>19,891</b>	<b>30.2</b>	<b>17,668</b>	<b>27.2</b>
<b>Total fixed assets .....</b>	<b>40,715</b>	<b>61.1</b>	<b>39,586</b>	<b>60.1</b>	<b>37,616</b>	<b>58.0</b>
<b>Total Assets .....</b>	<b>66,666</b>	<b>100.0</b>	<b>65,847</b>	<b>100.0</b>	<b>64,911</b>	<b>100.0</b>

## Summary of First Quarter Non-consolidated Balance Sheets (continued)

*Millions of yen*

	As of June 30, 2005		As of March 31, 2005		As of June 30, 2004	
		%		%		%
<b>LIABILITIES</b>						
I. Current liabilities:						
Notes and accounts payable.....	2,326		2,010		2,175	
Accrued liabilities .....	2,141		2,895		2,825	
Accrued income taxes .....	1,075		1,217		221	
Others .....	1,620		1,012		1,970	
Total current liabilities.....	7,163	10.8	7,136	10.8	7,192	11.1
II. Long-term liabilities:						
Allowance for retirement bonuses.....	800		899		833	
Allowance for directors retirement .....	1,144		1,117		1,237	
Others .....	78		60		78	
Total long-term liabilities.....	2,024	3.0	2,078	3.2	2,148	3.3
Total liabilities.....	9,188	13.8	9,214	14.0	9,341	14.4
<b>SHAREHOLDERS' EQUITY</b>						
I. Common stock .....	10,795	16.2	10,795	16.4	10,795	16.6
II. Capital reserve.....	11,706	17.5	11,706	17.8	11,706	18.1
III. Retained earnings.....	42,447	63.7	41,597	63.2	40,506	62.4
IV. Net Unrealized holding gain on other securities	26	0.0	26	0.0	28	0.0
V. Treasury stock .....	(7,496)	(11.2)	(7,492)	(11.4)	(7,466)	(11.5)
Total shareholders' equity .....	57,478	86.2	56,633	86.0	55,570	85.6
<b>Total Liabilities and Shareholders' Equity .....</b>	<b>66,666</b>	<b>100.0</b>	<b>65,847</b>	<b>100.0</b>	<b>64,911</b>	<b>100.0</b>

## Summary of Non-consolidated Statements of Income

	<i>Millions of yen</i>					
	April 1 to June 30, 2005		April 1 to June 30, 2004		FY ended March 31, 2005	
Net sales.....	18,055	100.0	16,394	100.0	69,170	100.0
Cost of sales.....	6,543	36.2	5,935	36.2	24,176	35.0
Gross profit.....	11,512	63.8	10,459	63.8	44,994	65.0
Selling, general and administrative expenses .....	9,288	51.5	10,275	62.7	41,856	60.5
Operating income .....	2,223	12.3	183	1.1	3,138	4.5
<b>Non-operating income.....</b>	<b>245</b>	<b>1.4</b>	<b>276</b>	<b>1.7</b>	<b>1,394</b>	<b>2.0</b>
Interest and dividend income .....	79		125		236	
Other non-operating income.....	166		150		1,157	
<b>Non-operating expenses.....</b>	<b>63</b>	<b>0.4</b>	<b>49</b>	<b>0.3</b>	<b>625</b>	<b>0.9</b>
Loss from disposal of inventories .....	44		42		599	
Other non-operating expenses .....	18		7		25	
Ordinary income .....	2,405	13.3	410	2.5	3,907	5.6
<b>Extraordinary income.....</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Extraordinary expenses</b>	<b>64</b>	<b>0.3</b>	<b>10</b>	<b>0.1</b>	<b>679</b>	<b>1.0</b>
<b>Income before income taxes .....</b>	<b>2,341</b>	<b>13.0</b>	<b>400</b>	<b>2.4</b>	<b>3,227</b>	<b>4.7</b>
Income taxes .....	960	5.3	163	1.0	1,367	1.9
<b>Net income .....</b>	<b>1,381</b>	<b>7.7</b>	<b>236</b>	<b>1.4</b>	<b>1,860</b>	<b>2.7</b>