

### Sales By Segment

(Millions of yen, %)

| Consolidated                    |              | Three Months ended 6/04 |            |          | Three Months ended 6/05 |            |          | Three Months ended 6/06 |            |          |
|---------------------------------|--------------|-------------------------|------------|----------|-------------------------|------------|----------|-------------------------|------------|----------|
|                                 |              | amount                  | % of Total | % change | amount                  | % of Total | % change | amount                  | % of Total | % change |
| C<br>O<br>S<br>M<br>E           | Mail Order   | 5,575                   | 62.9       | 0.2      | 5,957                   | 59.6       | 6.9      | 6,202                   | 57.2       | 4.1      |
|                                 | Retail Store | 2,683                   | 30.2       | 0.5      | 3,214                   | 32.2       | 19.8     | 3,685                   | 34.0       | 14.7     |
|                                 | Wholesale    | 611                     | 6.9        | (1.4)    | 820                     | 8.2        | 34.1     | 960                     | 8.8        | 17.1     |
|                                 | Sub total    | 8,870                   | 42.3       | 0.2      | 9,991                   | 43.5       | 12.6     | 10,848                  | 44.7       | 8.6      |
| S<br>U<br>P<br>P<br>L<br>I<br>E | Mail Order   | 3,850                   | 53.3       | (1.6)    | 4,475                   | 54.4       | 16.3     | 3,616                   | 47.2       | (19.2)   |
|                                 | Retail Store | 1,612                   | 22.3       | 17.8     | 2,024                   | 24.6       | 25.5     | 1,988                   | 26.0       | (1.8)    |
|                                 | Wholesale    | 1,767                   | 24.4       | 13.1     | 1,733                   | 21.0       | (2.0)    | 2,056                   | 26.8       | 18.7     |
|                                 | Sub total    | 7,230                   | 34.5       | 5.6      | 8,233                   | 35.9       | 13.9     | 7,662                   | 31.6       | (6.9)    |
| O<br>T<br>H<br>E<br>R<br>S      | Mail Order   | 3,645                   | 75.2       | (9.0)    | 3,622                   | 76.5       | (0.6)    | 4,513                   | 78.3       | 24.6     |
|                                 | Retail Store | 298                     | 6.1        | 8.0      | 382                     | 8.1        | 28.1     | 391                     | 6.8        | 2.6      |
|                                 | Wholesale    | 906                     | 18.7       | 0.1      | 730                     | 15.4       | (19.5)   | 859                     | 14.9       | 17.7     |
|                                 | Sub total    | 4,850                   | 23.2       | (6.5)    | 4,735                   | 20.6       | (2.4)    | 5,765                   | 23.7       | 21.8     |
| T<br>O<br>T<br>A<br>L           | Mail Order   | 13,070                  | 62.4       | (3.0)    | 14,056                  | 61.2       | 7.5      | 14,333                  | 59.0       | 2.0      |
|                                 | Retail Store | 4,594                   | 21.9       | 6.5      | 5,620                   | 24.5       | 22.3     | 6,066                   | 25.0       | 7.9      |
|                                 | Wholesale    | 3,286                   | 15.7       | 6.4      | 3,283                   | 14.3       | (0.1)    | 3,876                   | 16.0       | 18.1     |
|                                 | Sub total    | 20,951                  | 100.0      | 0.3      | 22,960                  | 100.0      | 9.6      | 24,276                  | 100.0      | 5.7      |

(Millions of yen, %)

|                  |              | Three Months ended 6/04 |            |          | Three Months ended 6/05 |            |          | Three Months ended 6/06 |            |          |
|------------------|--------------|-------------------------|------------|----------|-------------------------|------------|----------|-------------------------|------------|----------|
|                  |              | amount                  | % of Total | % change | amount                  | % of Total | % change | amount                  | % of Total | % change |
| R<br>I<br>C<br>E | Mail Order   | 742                     | 51.4       | (18.3)   | 640                     | 56.8       | (13.8)   | 741                     | 53.4       | 15.8     |
|                  | Retail Store | 81                      | 5.7        | 4.7      | 94                      | 8.4        | 16.2     | 114                     | 8.3        | 21.0     |
|                  | Wholesale    | 620                     | 42.9       | 7.6      | 391                     | 34.8       | (36.9)   | 532                     | 38.3       | 36.0     |
|                  | Sub total    | 1,444                   | 6.9        | (7.6)    | 1,126                   | 4.9        | (22.0)   | 1,388                   | 5.7        | 23.3     |
| K<br>A<br>I<br>E | Mail Order   | 320                     | 46.1       | (20.2)   | 445                     | 45.2       | 38.7     | 459                     | 46.8       | 3.3      |
|                  | Retail Store | 122                     | 17.6       | 34.6     | 243                     | 24.7       | 98.7     | 246                     | 25.1       | 1.1      |
|                  | Wholesale    | 252                     | 36.3       | (15.9)   | 296                     | 30.1       | 17.3     | 275                     | 28.1       | (7.0)    |
|                  | Sub total    | 696                     | 3.3        | (12.3)   | 985                     | 4.3        | 41.5     | 982                     | 4.0        | (0.3)    |

### Sales By Segment

(Millions of yen, %)

| Consolidated                    |              | Six Months ended 9/04 |            |          | Six Months ended 9/05 |            |          | Six Months ended 9/06<br>(Projection) |            |          |
|---------------------------------|--------------|-----------------------|------------|----------|-----------------------|------------|----------|---------------------------------------|------------|----------|
|                                 |              | amount                | % of Total | % change | amount                | % of Total | % change | amount                                | % of Total | % change |
| C<br>O<br>S<br>M<br>E           | Mail Order   | 11,059                | 61.9       | 4.8      | 11,595                | 58.8       | 4.8      | 12,000                                | 55.8       | 3.5      |
|                                 | Retail Store | 5,438                 | 30.5       | 3.5      | 6,458                 | 32.7       | 18.7     | 7,500                                 | 34.9       | 16.1     |
|                                 | Wholesale    | 1,353                 | 7.6        | 18.5     | 1,683                 | 8.5        | 24.4     | 2,000                                 | 9.3        | 18.8     |
|                                 | Sub total    | 17,852                | 42.3       | 5.3      | 19,736                | 43.1       | 10.6     | 21,500                                | 44.8       | 8.9      |
| S<br>U<br>P<br>P<br>L<br>I<br>E | Mail Order   | 7,889                 | 53.1       | (0.2)    | 8,453                 | 51.2       | 7.2      | 6,900                                 | 44.5       | (18.4)   |
|                                 | Retail Store | 3,403                 | 22.9       | 19.9     | 4,154                 | 25.1       | 22.1     | 4,100                                 | 26.5       | (1.3)    |
|                                 | Wholesale    | 3,557                 | 24.0       | 2.0      | 3,916                 | 23.7       | 10.1     | 4,500                                 | 29.0       | 14.9     |
|                                 | Sub total    | 14,850                | 35.1       | 4.4      | 16,524                | 36.1       | 11.3     | 15,500                                | 32.3       | (6.2)    |
| O<br>T<br>H<br>E<br>R<br>S      | Mail Order   | 7,097                 | 74.4       | (8.4)    | 7,260                 | 76.4       | 2.3      | 8,500                                 | 77.3       | 17.1     |
|                                 | Retail Store | 667                   | 7.0        | 20.5     | 761                   | 8.0        | 14.1     | 770                                   | 7.0        | 1.1      |
|                                 | Wholesale    | 1,778                 | 18.6       | 4.1      | 1,483                 | 15.6       | (16.6)   | 1,730                                 | 15.7       | 16.6     |
|                                 | Sub total    | 9,543                 | 22.6       | (4.7)    | 9,505                 | 20.8       | (0.4)    | 11,000                                | 22.9       | 15.7     |
| T<br>O<br>T<br>A<br>L           | Mail Order   | 26,046                | 61.7       | (0.6)    | 27,309                | 59.7       | 4.8      | 27,400                                | 57.1       | 0.3      |
|                                 | Retail Store | 9,509                 | 22.5       | 10.0     | 11,374                | 24.8       | 19.6     | 12,370                                | 25.8       | 8.8      |
|                                 | Wholesale    | 6,689                 | 15.8       | 5.5      | 7,083                 | 15.5       | 5.9      | 8,230                                 | 17.1       | 16.2     |
|                                 | Sub total    | 42,245                | 100.0      | 2.5      | 45,766                | 100.0      | 8.3      | 48,000                                | 100.0      | 4.9      |

(Millions of yen, %)

|                  |              | Six Months ended 6/04 |            |          | Six Months ended 6/05 |            |          | Six Months ended 6/06<br>(Projection) |            |          |
|------------------|--------------|-----------------------|------------|----------|-----------------------|------------|----------|---------------------------------------|------------|----------|
|                  |              | amount                | % of Total | % change | amount                | % of Total | % change | amount                                | % of Total | % change |
| R<br>I<br>C<br>E | Mail Order   | 1,391                 | 53.0       | (18.0)   | 1,239                 | 57.1       | (10.9)   | 1,380                                 | 55.2       | 11.4     |
|                  | Retail Store | 157                   | 6.0        | 8.5      | 178                   | 8.3        | 13.3     | 200                                   | 8.0        | 11.8     |
|                  | Wholesale    | 1,077                 | 41.0       | 3.6      | 751                   | 34.6       | (30.3)   | 920                                   | 36.8       | 22.5     |
|                  | Sub total    | 2,626                 | 6.2        | (8.8)    | 2,169                 | 4.8        | (17.4)   | 2,500                                 | 5.2        | 15.3     |
| K<br>A<br>I<br>E | Mail Order   | 710                   | 43.0       | (11.8)   | 888                   | 43.8       | 25.1     | 930                                   | 44.3       | 4.7      |
|                  | Retail Store | 326                   | 19.8       | 67.4     | 492                   | 24.3       | 50.9     | 500                                   | 23.8       | 1.5      |
|                  | Wholesale    | 614                   | 37.2       | (0.6)    | 647                   | 31.9       | 5.3      | 670                                   | 31.9       | 3.5      |
|                  | Sub total    | 1,651                 | 3.9        | 2.0      | 2,028                 | 4.4        | 22.9     | 2,100                                 | 4.4        | 3.5      |

## Sales By Segment

(Millions of yen, %)

| Consolidated                              | FY2005       |            |          | FY2006 |            |          | FY2007<br>(Projection) |            |          |      |
|---|--------------|------------|----------|--------|------------|----------|------------------------|------------|----------|------|
|   | amount       | % of Total | % change | amount | % of Total | % change | amount                 | % of Total | % change |      |
| C<br>o<br>s<br>m<br>e<br>t<br>i<br>c<br>s | Mail Order   | 22,829     | 61.5     | 4.4    | 24,060     | 58.3     | 5.4                    | 25,300     | 55.8     | 5.2  |
|   | Retail Store | 11,491     | 31.0     | 8.3    | 13,721     | 33.2     | 19.4                   | 16,100     | 35.6     | 17.3 |
|   | Wholesale    | 2,777      | 7.5      | 13.5   | 3,504      | 8.5      | 26.2                   | 3,900      | 8.6      | 11.3 |
|   | Sub total    | 37,098     | 42.2     | 6.2    | 41,286     | 43.3     | 11.3                   | 45,300     | 44.2     | 9.7  |
| S<br>u<br>p<br>p<br>l<br>e                | Mail Order   | 16,709     | 53.7     | 1.6    | 16,822     | 50.6     | 0.7                    | 16,900     | 47.7     | 0.5  |
|   | Retail Store | 7,175      | 23.0     | 19.7   | 8,393      | 25.2     | 17.0                   | 9,900      | 28.0     | 17.9 |
|   | Wholesale    | 7,246      | 23.3     | 0.3    | 8,030      | 24.2     | 10.8                   | 8,600      | 24.3     | 7.1  |
|   | Sub total    | 31,131     | 35.4     | 5.0    | 33,246     | 34.9     | 6.8                    | 35,400     | 34.5     | 6.5  |
| O<br>t<br>h<br>e<br>r<br>s                | Mail Order   | 15,004     | 76.1     | (7.0)  | 16,353     | 78.7     | 9.0                    | 16,600     | 76.1     | 1.5  |
|   | Retail Store | 1,400      | 7.1      | 25.1   | 1,492      | 7.2      | 6.6                    | 1,700      | 7.8      | 13.9 |
|   | Wholesale    | 3,301      | 16.8     | 5.6    | 2,943      | 14.1     | (10.9)                 | 3,500      | 16.1     | 18.9 |
|   | Sub total    | 19,706     | 22.4     | (3.3)  | 20,789     | 21.8     | 5.5                    | 21,800     | 21.3     | 4.9  |
| T<br>o<br>t<br>a<br>l                     | Mail Order   | 54,543     | 62.0     | 0.2    | 57,237     | 60.0     | 4.9                    | 58,800     | 57.4     | 2.7  |
|   | Retail Store | 20,067     | 22.8     | 13.2   | 23,607     | 24.8     | 17.6                   | 27,700     | 27.0     | 17.3 |
|   | Wholesale    | 13,326     | 15.2     | 4.1    | 14,477     | 15.2     | 8.6                    | 16,000     | 15.6     | 10.5 |
|   | Sub total    | 87,937     | 100.0    | 3.5    | 95,322     | 100.0    | 8.4                    | 102,500    | 100.0    | 7.5  |

(Millions of yen, %)

|                  | FY2005       |            |          | FY2006 |            |          | FY2007<br>(Projection) |            |          |      |
|------------------|--------------|------------|----------|--------|------------|----------|------------------------|------------|----------|------|
|                  | amount       | % of Total | % change | amount | % of Total | % change | amount                 | % of Total | % change |      |
| R<br>i<br>c<br>e | Mail Order   | 2,838      | 56.5     | (11.7) | 2,639      | 58.0     | (7.0)                  | 2,750      | 55.0     | 4.2  |
|                  | Retail Store | 332        | 6.6      | 19.4   | 361        | 7.9      | 8.8                    | 400        | 8.0      | 10.7 |
|                  | Wholesale    | 1,855      | 36.9     | (1.8)  | 1,549      | 34.1     | (16.5)                 | 1,850      | 37.0     | 19.4 |
|                  | Sub total    | 5,026      | 5.7      | (6.6)  | 4,549      | 4.8      | (9.5)                  | 5,000      | 4.9      | 9.9  |
| K<br>a<br>l<br>e | Mail Order   | 1,557      | 44.2     | 8.5    | 1,858      | 46.1     | 19.4                   | 2,050      | 44.6     | 10.3 |
|                  | Retail Store | 725        | 20.6     | 66.9   | 963        | 23.9     | 32.8                   | 1,100      | 23.9     | 14.1 |
|                  | Wholesale    | 1,241      | 35.2     | 11.4   | 1,207      | 30.0     | (2.8)                  | 1,450      | 31.5     | 20.1 |
|                  | Sub total    | 3,524      | 4.0      | 18.1   | 4,029      | 4.2      | 14.3                   | 4,600      | 4.5      | 14.2 |

## Number of Active Customers

|                       | As of June 30, 2004     | As of June 30, 2005 | As of June 30, 2006 | Increase  |          |
|-----------------------|-------------------------|---------------------|---------------------|-----------|----------|
| F<br>A<br>N<br>C<br>L | Cosmetics               | 1,052,490           | 1,176,880           | 1,349,647 | 172,767  |
|                       | Cosmetics Mail Order    | 604,916             | 615,073             | 651,222   | 36,149   |
|                       | Cosmetics Retail Stores | 530,597             | 662,600             | 817,997   | 155,397  |
|                       | Nutritional Supple      | 1,058,023           | 1,141,436           | 1,142,911 | 1,475    |
|                       | Supple Mail Order       | 655,683             | 638,779             | 615,867   | (22,912) |
|                       | Supple Retail Stores    | 446,572             | 561,533             | 588,796   | 27,263   |
|                       | Rice Mail Order         | 395,685             | 221,397             | 274,818   | 53,421   |
|                       | Kale Mail Order         | 91,343              | 98,541              | 123,627   | 25,086   |
|                       | Mail order              | 1,346,016           | 1,129,846           | 1,209,767 | 79,921   |
|                       | Retail Stores           | 852,868             | 1,041,209           | 1,201,429 | 160,220  |
| Others                | 403,739                 | 418,770             | 501,490             | 82,720    |          |

## Unit Prices (FANCL)

(Yen, %)

|                      | Three Months<br>ended 6/05 | Three Months<br>ended 6/06 | % change |
|----------------------|----------------------------|----------------------------|----------|
| Cosmetics Mail Order | 5,853                      | 6,038                      | 3.2      |
| Supple Mail Order    | 5,932                      | 5,834                      | (1.7)    |
| Retail Stores        | 3,360                      | 3,382                      | 0.7      |

## Existing Stores Year-on-year-change

| Three Months<br>ended 6/04 | Three Months<br>ended 6/05 | Three Months<br>ended 6/06 |
|----------------------------|----------------------------|----------------------------|
| 102.4%                     | 109.5%                     | 96.3%                      |

### Segment Information

(Millions of yen, %)

|                                 |                  | Three Months ended 6/04 |            |          | Three Months ended 6/05 |            |          | Three Months ended 6/06 |            |          |
|---------------------------------|------------------|-------------------------|------------|----------|-------------------------|------------|----------|-------------------------|------------|----------|
|                                 |                  | amount                  | % of Total | % change | amount                  | % of Total | % change | amount                  | % of Total | % change |
| C<br>o<br>m<br>m<br>e           | Sales            | 8,870                   | 42.3       | 0.2      | 9,991                   | 43.5       | 12.6     | 10,848                  | 44.7       | 8.6      |
|                                 | Gross Profit     | 6,626                   | 74.7       |          | 7,449                   | 74.6       |          | 8,169                   | 75.3       |          |
|                                 | SGA              | 5,028                   | 56.7       | 9.6      | 5,380                   | 53.9       | 7.0      | 6,663                   | 61.4       | 23.8     |
|                                 | Advertising      | 956                     | 10.8       | 57.8     | 823                     | 8.2        | (13.9)   | 1,172                   | 10.8       | 42.4     |
|                                 | Operating Income | 1,597                   | 18.0       | (26.3)   | 2,069                   | 20.7       | 29.5     | 1,505                   | 13.9       | (27.2)   |
| S<br>u<br>p<br>p<br>l<br>i<br>e | Sales            | 7,230                   | 34.5       | 5.6      | 8,233                   | 35.9       | 13.9     | 7,662                   | 31.6       | (6.9)    |
|                                 | Gross Profit     | 4,710                   | 65.1       |          | 5,221                   | 63.4       |          | 4,700                   | 61.3       |          |
|                                 | SGA              | 4,098                   | 56.7       | 35.1     | 3,569                   | 43.4       | (12.9)   | 3,869                   | 50.5       | 8.4      |
|                                 | Advertising      | 1,161                   | 16.1       | 238.1    | 274                     | 3.3        | (76.4)   | 457                     | 6.0        | 66.9     |
|                                 | Operating Income | 611                     | 8.5        | (52.6)   | 1,651                   | 20.1       | 170.1    | 831                     | 10.8       | (49.7)   |
| O<br>t<br>h<br>e<br>r<br>s      | Sales            | 4,850                   | 23.2       | (6.5)    | 4,735                   | 20.6       | (2.4)    | 5,765                   | 23.7       | 21.8     |
|                                 | Gross Profit     | 2,426                   | 50.0       |          | 2,459                   | 51.9       |          | 2,895                   | 50.2       |          |
|                                 | SGA              | 3,269                   | 67.4       | 26.3     | 2,441                   | 51.6       | (25.3)   | 3,518                   | 61.0       | 44.1     |
|                                 | Advertising      | 886                     | 18.3       | 66.2     | 388                     | 8.2        | (56.2)   | 1,098                   | 19.1       | 182.9    |
|                                 | Operating Income | (843)                   | (17.4)     | -        | 18                      | 0.4        | -        | (622)                   | (10.8)     | -        |
| Eliminations or Corporate       |                  | (503)                   |            |          | (451)                   |            |          | (452)                   |            |          |
| T<br>o<br>t<br>a<br>l           | Sales            | 20,951                  | 100.0      | 0.3      | 22,960                  | 100.0      | 9.6      | 24,276                  | 100.0      | 5.7      |
|                                 | Gross Profit     | 13,763                  | 65.7       |          | 15,130                  | 65.9       |          | 15,765                  | 64.9       |          |
|                                 | SGA              | 12,901                  | 61.6       | 20.3     | 11,842                  | 51.6       | (8.2)    | 14,504                  | 59.7       | 22.5     |
|                                 | Advertising      | 3,005                   | 14.3       | 102.5    | 1,486                   | 6.5        | (50.5)   | 2,729                   | 11.2       | 83.6     |
|                                 | Operating Income | 862                     | 4.1        | (71.9)   | 3,287                   | 14.3       | 281.2    | 1,260                   | 5.2        | (61.6)   |

### General and administrative expenses

(Millions of yen, %)

|  |                  | Three Months ended 6/04 |            |          | Three Months ended 6/05 |            |          | Three Months ended 6/06 |            |          |
|--|------------------|-------------------------|------------|----------|-------------------------|------------|----------|-------------------------|------------|----------|
|  |                  | amount                  | % of Total | % change | amount                  | % of Total | % change | amount                  | % of Total | % change |
|  | Advertising      | 3,005                   | 14.3       | 102.5    | 1,486                   | 6.5        | (50.5)   | 2,729                   | 11.2       | 83.6     |
|  | Sales Promotions | 2,220                   | 10.6       | 15.3     | 2,207                   | 9.6        | (0.6)    | 2,749                   | 11.3       | 24.6     |
|  | Transport        | 998                     | 4.8        | 0.9      | 1,010                   | 4.4        | 1.2      | 1,021                   | 4.2        | 1.2      |
|  | Communications   | 554                     | 2.6        | (16.8)   | 498                     | 2.2        | (10.1)   | 610                     | 2.5        | 22.4     |
|  | Fees/outourcing  | 1,855                   | 8.9        | 6.1      | 1,937                   | 8.4        | 4.4      | 2,135                   | 8.8        | 10.2     |
|  | Salaries         | 2,644                   | 12.6       | 10.4     | 2,952                   | 12.9       | 11.6     | 3,288                   | 13.5       | 11.4     |
|  | Depreciations    | 324                     | 1.5        | (21.2)   | 331                     | 1.4        | 2.0      | 362                     | 1.5        | 9.5      |
|  | Others           | 1,297                   | 6.2        | 17.2     | 1,420                   | 6.2        | 9.4      | 1,606                   | 6.6        | 13.1     |
|  | Total            | 12,901                  | 61.6       | 20.3     | 11,842                  | 51.6       | (8.2)    | 14,504                  | 59.7       | 22.5     |

### Segment Information

(Millions of yen, %)

|                                 |                  | Six Months ended 9/04 |            |          | Six Months ended 9/05 |            |          | Six Months ended 9/06<br>(Projection) |            |          |
|---------------------------------|------------------|-----------------------|------------|----------|-----------------------|------------|----------|---------------------------------------|------------|----------|
|                                 |                  | amount                | % of Total | % change | amount                | % of Total | % change | amount                                | % of Total | % change |
| C<br>o<br>m<br>m<br>e           | Sales            | 17,852                | 42.3       | 5.3      | 19,736                | 43.1       | 10.6     | 21,500                                | 44.8       | 8.9      |
|                                 | Gross Profit     | 13,214                | 74.0       |          | 14,639                | 74.2       |          | 16,000                                | 74.4       |          |
|                                 | SGA              | 11,158                | 62.5       | 21.1     | 12,277                | 62.2       | 10.0     | 13,400                                | 62.3       | 9.1      |
|                                 | Advertising      | 2,563                 | 14.4       | 82.6     | 2,862                 | 14.5       | 11.7     | 2,900                                 | 13.5       | 1.3      |
|                                 | Operating Income | 2,055                 | 11.5       | (43.9)   | 2,361                 | 12.0       | 14.9     | 2,600                                 | 12.1       | 10.1     |
| S<br>u<br>p<br>p<br>l<br>i<br>e | Sales            | 14,850                | 35.1       | 4.4      | 16,524                | 36.1       | 11.3     | 15,500                                | 32.3       | (6.2)    |
|                                 | Gross Profit     | 9,852                 | 66.3       |          | 10,384                | 62.8       |          | 9,650                                 | 62.3       |          |
|                                 | SGA              | 8,123                 | 54.7       | 29.3     | 7,603                 | 46.0       | (6.4)    | 7,450                                 | 48.1       | (2.0)    |
|                                 | Advertising      | 1,911                 | 12.9       | 114.0    | 877                   | 5.3        | (54.1)   | 900                                   | 5.8        | 2.5      |
|                                 | Operating Income | 1,729                 | 11.6       | (35.3)   | 2,780                 | 16.8       | 60.8     | 2,200                                 | 14.2       | (20.9)   |
| O<br>t<br>h<br>e<br>r<br>s      | Sales            | 9,543                 | 22.6       | (4.7)    | 9,505                 | 20.8       | (0.4)    | 11,000                                | 22.9       | 15.7     |
|                                 | Gross Profit     | 4,697                 | 49.2       |          | 4,954                 | 52.1       |          | 5,650                                 | 51.4       |          |
|                                 | SGA              | 6,162                 | 64.6       | 7.8      | 5,093                 | 53.6       | (17.4)   | 6,200                                 | 56.4       | 21.7     |
|                                 | Advertising      | 1,556                 | 16.3       | 5.4      | 960                   | 10.1       | (38.3)   | 1,700                                 | 15.5       | 76.9     |
|                                 | Operating Income | (1,465)               | (15.4)     | -        | (138)                 | (1.5)      | -        | (550)                                 | (5.0)      | -        |
| Eliminations or Corporate       |                  | (1,027)               |            |          | (831)                 |            |          | (850)                                 |            |          |
| T<br>o<br>t<br>a<br>l           | Sales            | 42,245                | 100.0      | 2.5      | 45,766                | 100.0      | 8.3      | 48,000                                | 100.0      | 4.9      |
|                                 | Gross Profit     | 27,764                | 65.7       |          | 29,977                | 65.5       |          | 31,300                                | 65.2       |          |
|                                 | SGA              | 26,471                | 62.6       | 19.0     | 25,806                | 56.4       | (2.5)    | 27,900                                | 58.1       | 8.1      |
|                                 | Advertising      | 6,031                 | 14.3       | 59.8     | 4,700                 | 10.3       | (22.1)   | 5,500                                 | 11.5       | 17.0     |
|                                 | Operating Income | 1,292                 | 3.1        | (73.6)   | 4,171                 | 9.1        | 222.7    | 3,400                                 | 7.1        | (18.5)   |

### General and administrative expenses

(Millions of yen, %)

|  |                  | Six Months ended 9/04 |            |          | Six Months ended 9/05 |            |          | Six Months ended 9/06<br>(Projection) |            |          |
|--|------------------|-----------------------|------------|----------|-----------------------|------------|----------|---------------------------------------|------------|----------|
|  |                  | amount                | % of Total | % change | amount                | % of Total | % change | amount                                | % of Total | % change |
|  | Advertising      | 6,031                 | 14.3       | 59.8     | 4,700                 | 10.3       | (22.1)   | 5,500                                 | 11.5       | 17.0     |
|  | Sales Promotions | 4,789                 | 11.3       | 31.4     | 4,315                 | 9.4        | (9.9)    | 5,000                                 | 10.4       | 15.9     |
|  | Transport        | 2,057                 | 4.9        | 5.5      | 2,026                 | 4.4        | (1.5)    | 2,000                                 | 4.2        | (1.3)    |
|  | Communications   | 1,119                 | 2.6        | (12.8)   | 1,007                 | 2.2        | (10.0)   | 1,100                                 | 2.3        | 9.2      |
|  | Fees/Outsourcing | 3,763                 | 8.9        | 11.1     | 4,043                 | 8.8        | 7.5      | 4,200                                 | 8.8        | 3.9      |
|  | Salaries         | 5,225                 | 12.4       | 6.4      | 6,030                 | 13.2       | 15.4     | 6,500                                 | 13.5       | 7.8      |
|  | Depreciations    | 696                   | 1.6        | (17.4)   | 678                   | 1.5        | (2.6)    | 750                                   | 1.6        | 10.6     |
|  | Others           | 2,789                 | 6.6        | 13.5     | 3,003                 | 6.6        | 7.7      | 2,850                                 | 5.9        | (5.1)    |
|  | Total            | 26,471                | 62.6       | 19.0     | 25,806                | 56.4       | (2.5)    | 27,900                                | 58.1       | 8.1      |

### Segment Information

(Millions of yen, %)

|                                 |                  | FY2005  |            |          | FY2006  |            |          | FY2007<br>(Projection) |            |          |
|---------------------------------|------------------|---------|------------|----------|---------|------------|----------|------------------------|------------|----------|
|                                 |                  | amount  | % of Total | % change | amount  | % of Total | % change | amount                 | % of Total | % change |
| C<br>o<br>s<br>m<br>e           | Sales            | 37,098  | 42.2       | 6.2      | 41,286  | 43.3       | 11.3     | 45,300                 | 44.2       | 9.7      |
|                                 | Gross Profit     | 27,592  | 74.4       |          | 30,655  | 74.2       |          | 33,700                 | 74.4       |          |
|                                 | SGA              | 22,846  | 61.6       | 13.6     | 25,087  | 60.8       | 9.8      | 27,000                 | 59.6       | 7.6      |
|                                 | Advertising      | 5,073   | 13.7       | 29.0     | 5,464   | 13.2       | 7.7      | 5,000                  | 11.0       | (8.5)    |
|                                 | Operating Income | 4,745   | 12.8       | (24.5)   | 5,567   | 13.5       | 17.3     | 6,700                  | 14.8       | 20.3     |
| S<br>u<br>p<br>p<br>l<br>i<br>e | Sales            | 31,131  | 35.4       | 5.0      | 33,246  | 34.9       | 6.8      | 35,400                 | 34.5       | 6.5      |
|                                 | Gross Profit     | 20,623  | 66.2       |          | 20,829  | 62.7       |          | 23,100                 | 65.3       |          |
|                                 | SGA              | 15,985  | 51.3       | 16.9     | 15,424  | 46.4       | (3.5)    | 17,500                 | 49.4       | 13.5     |
|                                 | Advertising      | 3,291   | 10.6       | 31.6     | 1,835   | 5.5        | (44.2)   | 2,600                  | 7.3        | 41.6     |
|                                 | Operating Income | 4,638   | 14.9       | (13.6)   | 5,405   | 16.3       | 16.5     | 5,600                  | 15.8       | 3.6      |
| O<br>t<br>h<br>e<br>r<br>s      | Sales            | 19,706  | 22.4       | (3.3)    | 20,789  | 21.8       | 5.5      | 21,800                 | 21.3       | 4.9      |
|                                 | Gross Profit     | 9,689   | 49.2       |          | 10,597  | 51.0       |          | 11,300                 | 51.8       |          |
|                                 | SGA              | 11,656  | 59.2       | (3.5)    | 11,359  | 54.6       | (2.5)    | 11,400                 | 52.3       | 0.4      |
|                                 | Advertising      | 2,740   | 13.9       | (20.1)   | 2,492   | 12.0       | (9.1)    | 3,000                  | 13.8       | 20.4     |
|                                 | Operating Income | (1,967) | (10.0)     | -        | (761)   | (3.7)      | -        | (100)                  | (0.5)      | -        |
| Eliminations or Corporate       |                  | (1,988) |            |          | (1,636) |            |          | (1,700)                |            |          |
| T<br>o<br>t<br>a<br>l           | Sales            | 87,937  | 100.0      | 3.5      | 95,322  | 100.0      | 8.4      | 102,500                | 100.0      | 7.5      |
|                                 | Gross Profit     | 57,905  | 65.8       |          | 62,082  | 65.1       |          | 68,100                 | 66.4       |          |
|                                 | SGA              | 52,476  | 59.7       | 9.5      | 53,507  | 56.1       | 2.0      | 57,600                 | 56.2       | 7.6      |
|                                 | Advertising      | 11,105  | 12.6       | 12.6     | 9,792   | 10.3       | (11.8)   | 10,600                 | 10.3       | 8.3      |
|                                 | Operating Income | 5,428   | 6.2        | (30.1)   | 8,574   | 9.0        | 57.9     | 10,500                 | 10.2       | 22.5     |

### General and administrative expenses

(Millions of yen, %)

|  |                  | FY2005 |            |          | FY2006 |            |          | FY2007<br>(Projection) |            |          |
|--|------------------|--------|------------|----------|--------|------------|----------|------------------------|------------|----------|
|  |                  | amount | % of Total | % change | amount | % of Total | % change | amount                 | % of Total | % change |
|  | Advertising      | 11,105 | 12.6       | 12.6     | 9,792  | 10.3       | (11.8)   | 10,600                 | 10.3       | 8.3      |
|  | Sales Promotions | 9,475  | 10.8       | 18.5     | 9,319  | 9.8        | (1.6)    | 10,400                 | 10.1       | 11.6     |
|  | Transport        | 4,240  | 4.8        | 6.1      | 4,214  | 4.4        | (0.6)    | 4,200                  | 4.1        | (0.3)    |
|  | Communications   | 2,199  | 2.5        | (9.5)    | 2,205  | 2.3        | 0.3      | 2,300                  | 2.2        | 4.3      |
|  | Fees/Outsourcing | 7,482  | 8.5        | 4.2      | 8,050  | 8.4        | 7.6      | 9,100                  | 8.9        | 13.0     |
|  | Salaries         | 10,689 | 12.2       | 8.7      | 12,393 | 13.0       | 15.9     | 13,400                 | 13.1       | 8.1      |
|  | Depreciations    | 1,450  | 1.6        | (13.4)   | 1,440  | 1.5        | (0.7)    | 1,600                  | 1.6        | 11.1     |
|  | Others           | 5,834  | 6.6        | 17.9     | 6,091  | 6.4        | 4.4      | 6,000                  | 5.9        | (1.5)    |
|  | Total            | 52,476 | 59.7       | 9.5      | 53,507 | 56.1       | 2.0      | 57,600                 | 56.2       | 7.6      |