

# FANCL Corporation

Consolidated Financial Statements for the Third  
Quarter of the Fiscal Year Ending  
March 31, 2007

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)

Third quarter results for the Fiscal Year Ending March 31, 2007

### FANCL CORPORATION

January 31, 2007

www.fancl.co.jp

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

Contact: Yoshinori Harigae

Managing Executive Officer and Director/General  
Manager of Administrative Headquarters

Representative: Telephone: +81-45-226-1200

Kenji Fujiwara, CEO and Representative Director

#### 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: Nine-month portion of estimated amount for the year
2. Intangible fixed assets: Nine-month 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 third quarter of Fiscal 2007 (April 1, 2006 to December 31, 2006)

*Millions of yen, rounded down*

(1) Sales and Income	Nine months ended December 31, 2006		Nine months ended December 31, 2005		Year ended March 31, 2006
		Change %		Change %	
Net sales .....	74,223	3.0	72,050	8.8	95,322
Operating income .....	5,749	(24.2)	7,580	100.4	8,574
Ordinary income .....	5,862	(26.9)	8,015	101.4	9,113
Net income .....	3,602	(20.1)	4,507	214.2	5,183
Earnings per share (¥) .....	55.86		211.30		242.56
Earnings per share (diluted) (¥) .....	55.17		209.29		240.78

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

(2) On April 1, 2006, a 1:3 share split took place. Per share figures adjusted to eliminate effect of share split are as follows:

Earnings per share: Nine months ended December 31, 2005: ¥70.43 Full year ended March 31, 2006: ¥80.85

Earnings per share (diluted): Nine months ended December 31, 2005: ¥69.76 Full year ended March 31, 2006: ¥80.26

*Millions of yen, rounded down*

(2) Consolidated Financial Position	As of December 31, 2006	As of December 31, 2005	As of March 31, 2006
Total assets .....	84,416	83,611	85,147
Shareholders' equity .....	72,085	70,375	71,405
Shareholders' equity/total assets (%) .....	85.4%	84.2%	83.9%
Shareholders' equity per share (¥) .....	1,132.45	3,281.58	3,317.02

**Note:** On April 1, 2006, a 1:3 share split took place. Per share figures adjusted to eliminate effect of share split are as follows:

Net assets per share: Nine months ended December 31, 2005: ¥1,093.86 Full year ended March 31, 2006: ¥1,105.67

*Millions of yen, rounded down*

(3) Cash Flows	Nine months ended December 31, 2006	Nine months ended December 31, 2005	Year ended March 31, 2006
Net cash provided by (used in) operating activities .....	1,494	5,318	9,162
Net cash used in investing activities .....	(2,566)	(3,723)	(10,280)
Net cash used in financing activities .....	(2,754)	(305)	(21)
Cash and cash equivalents at end of period .....	17,341	23,596	21,167

#### 3) Consolidated forecasts for the fiscal year ending March 31, 2007 (April 1, 2006 to March 31, 2007)

*Millions of yen*

	FY ending March 31, 2007
Net sales .....	98,700
Ordinary income .....	7,500
Net income .....	4,100

Note: Consolidated net income per share forecast for the fiscal year ending March 31, 2007: ¥63.34

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.

Qualitative information regarding this results forecast:

Performance is largely in line with expectations and there are no changes to the forecast made October 25, 2006.

## Consolidated operating results<sup>1</sup>

The domestic economy in the period under review has continued its gradual recovery and corporate expenditure appears to be expanding despite new record highs of crude oil prices and other concerns. In the cosmetics industry sales of skincare and make-up products continued to perform well. In the nutritional supplements industry, market growth slackened as a result of negative coverage and the cooling off of a boom in products such as *Co-enzyme Q<sub>10</sub>*.

### Net Sales

Consolidated net sales increased 3.0% to ¥74,223 million due to strong sales in the Cosmetics business and Other businesses such as IIMONO OHKOKU mail-order business.

### Ordinary Income

Consolidated ordinary income decreased 26.9% to ¥5,862 million largely due to a decrease in sales from highly profitable nutritional supplements businesses and a ¥1,320 million increase in advertising and sales promotion expenses aimed at strengthening our customer base. The ordinary income margin decreased 3.2 percentage points to 7.9%.

### Net Income

Consolidated net income for the period under review decreased 20.1% to ¥3,602 million, and the net income margin decreased 1.4 percentage points to 4.9%.

## Consolidated financial position

Cash and cash equivalents as of December 31, 2006 were ¥17,341 million, a decrease of ¥3,826 million over the end of the previous fiscal year. The main contributing factors are detailed below.

### Cash flow from operating activities

Cash flow from operating activities during the nine-month period under review was ¥1,494 million. Main contributing factors included income before income taxes of ¥5,539 million and an increase of ¥1,962 million in depreciation and amortization, while factors reducing operating cash flow included a ¥1,839 million increase in accounts receivable and corporate tax payments of ¥3,195 million.

### Cash flow from investing activities

Cash flow used in investing activities during the period under review was ¥2,566 million. This was largely the result of a ¥1,829 million expense related to the acquisition of tangible fixed assets and ¥1,200 million for the acquisition of intangible fixed assets.

### Cash flow from financing activities

Cash flow from financing activities during the period under review was ¥2,754 million. This was largely due to the ¥1,490 million net expense for the acquisition and sale of treasury stock and an outflow of ¥1,263 million for the distribution of dividends.

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

## 1. Consolidated Third Quarter Financial Statements

<b>Consolidated Third Quarter Balance Sheets</b>						
<i>Millions of yen, rounded down</i>						
	As of December 31, 2006	%	As of December 31, 2005	%	As of March 31, 2006	%
<b>ASSETS</b>						
<b>I. Current assets:</b>						
Cash and cash equivalents .....	15,501		19,169		19,247	
Notes and accounts receivable .....	10,816		10,734		8,977	
Marketable securities .....	8,003		6,129		8,625	
Inventories .....	7,041		7,169		6,680	
Others .....	1,899		1,502		1,436	
Total current assets .....	43,262	51.2	44,705	53.5	44,965	52.8
<b>II. Fixed assets:</b>						
Tangible fixed assets						
Buildings and structures .....	12,158		12,477		12,486	
Land .....	10,636		10,720		10,636	
Others .....	2,841		2,654		2,670	
Total tangible fixed assets .....	25,637	30.4	25,852	30.9	25,793	30.3
Intangible fixed assets						
Investments and other assets						
Investments securities .....	2,039		1,977		2,206	
Long-term loans receivable .....	685		683		696	
Guarantee money .....	2,713		2,673		2,715	
Others .....	7,518		6,419		7,432	
Total investments and other assets .....	12,957	15.4	11,754	14.0	12,871	15.1
Total fixed assets .....	41,153	48.8	38,906	46.5	40,182	47.2
<b>Total Assets .....</b>	<b>84,416</b>	<b>100.0</b>	<b>83,611</b>	<b>100.0</b>	<b>85,147</b>	<b>100.0</b>
<b>LIABILITIES</b>						
<b>I. Current liabilities:</b>						
Notes and accounts payable .....	3,982		4,171		4,007	
Accrued liabilities .....	3,707		3,679		3,918	
Accrued income taxes .....	741		1,839		2,055	
Others .....	1,916		1,706		1,948	
Total current liabilities .....	10,348	12.3	11,397	13.6	11,929	14.0
<b>II. Long-term liabilities:</b>						
Allowance for retirement bonuses .....	1,366		1,264		1,281	
Allowance for directors' retirement bonuses ..	216		177		188	
Others .....	275		397		342	
Total long-term liabilities .....	1,858	2.2	1,838	2.2	1,812	2.1
Total liabilities .....	12,207	14.5	13,236	15.8	13,742	16.1

	As of December 31, 2006		As of December 31, 2005		As of March 31, 2006	
<b>SHAREHOLDERS' EQUITY</b>						
I. Common stock .....	--	--	10,795	12.9	10,795	12.7
II. Capital reserve .....	--	--	11,806	14.1	11,846	13.9
III. Retained earnings .....	--	--	54,650	65.4	55,326	65.0
IV. Net Unrealized holding gain on other securities .....	--	--	43	0.1	66	0.1
V. Foreign currency translation adjustment .....	--	--	(4)	(0.0)	(4)	(0.0)
VI. Treasury stock .....	--	--	(6,915)	(8.3)	(6,624)	(7.8)
Total shareholders' equity .....	--	--	70,375	84.2	71,405	83.9
Total Liabilities and Shareholders' Equity .....	--	--	83,611	100.0	85,147	100.0
<b>NET ASSETS</b>						
I. Shareholders' equity						
Common stock.....	10,795	12.8	--	--	--	--
Capital reserve .....	11,857	14.0	--	--	--	--
Retained earnings .....	57,506	68.1	--	--	--	--
Treasury stock.....	(8,125)	(9.6)	--	--	--	--
Total shareholders' equity.....	72,033	85.3	--	--	--	--
II. Valuation and translation gain .....	52	0.1	--	--	--	--
III. Share warrants.....	123	0.1	--	--	--	--
Total net assets .....	72,209	85.5	--	--	--	--
<b>Total Liabilities and Net Assets .....</b>	<b>84,416</b>	<b>100.0</b>	--	--	--	--

## Consolidated Third Quarter Statements of Income

*Millions of yen, rounded down*

	April 1 to December 31, 2006		April 1 to December 31, 2005		FY ended March 31, 2006	
Net sales.....	74,223	100.0	72,050	100.0	95,322	100.0
Cost of sales.....	25,993	35.0	24,811	34.4	33,239	34.9
Gross profit.....	48,230	65.0	47,238	65.6	62,082	65.1
Selling, general and administrative expenses.....	42,480	57.3	39,658	55.1	53,507	56.1
Operating income.....	5,749	7.7	7,580	10.5	8,574	9.0
<b>Net operating income.....</b>	<b>414</b>	<b>0.6</b>	<b>652</b>	<b>0.9</b>	<b>1,023</b>	<b>1.1</b>
Interest and dividend income.....	70		43		78	
Other non-operating income.....	343		609		945	
<b>Net operating expenses.....</b>	<b>301</b>	<b>0.4</b>	<b>217</b>	<b>0.3</b>	<b>485</b>	<b>0.5</b>
Loss on disposal of obsolete inventories.....	213		161		402	
Other non-operating expenses.....	87		55		82	
Ordinary income.....	5,862	7.9	8,015	11.1	9,113	9.6
<b>Extraordinary income.....</b>	<b>0</b>	<b>0.0</b>	<b>3</b>	<b>0.0</b>	<b>24</b>	<b>0.0</b>
<b>Extraordinary expenses.....</b>	<b>322</b>	<b>0.4</b>	<b>453</b>	<b>0.6</b>	<b>622</b>	<b>0.7</b>
Loss on disposal of fixed assets.....	68		83		130	
Directors' retirement benefit expenses.....	--		71		71	
Other extraordinary expenses.....	254		298		420	
<b>Income before income taxes.....</b>	<b>5,539</b>	<b>7.5</b>	<b>7,565</b>	<b>10.5</b>	<b>8,514</b>	<b>8.9</b>
Income taxes.....	1,937	2.6	3,058	4.2	3,331	3.5
<b>Net income.....</b>	<b>3,602</b>	<b>4.9</b>	<b>4,507</b>	<b>6.3</b>	<b>5,183</b>	<b>5.4</b>

## Consolidated Statements of Cash Flows

	<i>Millions of yen</i>		
	April 1 to December 31, 2006	April 1 to December 31, 2005	FY ended March 31, 2006
<b>I. Cash flows from operating activities</b>			
Income before income taxes .....	5,539	7,565	8,514
Depreciation and amortization .....	1,962	1,851	2,540
Increase (decrease) in allowance for bonuses.....	(379)	(168)	124
Increase (decrease) in allowance for retirement benefits .....	85	69	86
Interest and dividend income .....	(70)	(43)	(78)
Loss on disposal of tangible fixed assets.....	59	36	59
Decrease (increase) in trade receivables.....	(1,839)	(2,020)	(263)
Decrease (increase) in inventories.....	(361)	(1,505)	(1,016)
Decrease (increase) in other current assets .....	(547)	959	1,028
Increase (decrease) in trade payables.....	(24)	1,122	958
Increase (decrease) in other current liabilities .....	153	132	(119)
Others .....	(91)	(952)	(1,007)
<b>Sub-total .....</b>	<b>4,485</b>	<b>7,046</b>	<b>10,827</b>
Interest and dividends received .....	67	43	74
Income taxes paid.....	(3,195)	(2,840)	(2,813)
Others .....	135	1,069	1,074
<b>Net cash provided by (used in) operating activities .....</b>	<b>1,494</b>	<b>5,318</b>	<b>9,162</b>
<b>II. Cash flows from investing activities</b>			
Payment for purchase of investment securities .....	(10,997)	(1,702)	(7,703)
Proceeds from maturity of investment securities.....	11,698	--	999
Payment for purchase of tangible fixed assets .....	(1,829)	(1,248)	(1,410)
Payment for purchase of intangible fixed assets.....	(1,200)	(506)	(881)
Payment for purchase of other investments.....	(211)	(277)	(376)
Others .....	(25)	11	(907)
<b>Net cash used in investing activities .....</b>	<b>(2,566)</b>	<b>(3,723)</b>	<b>(10,280)</b>
<b>III. Cash flows from financing activities</b>			
Net payment (expense) from purchase and sale of treasury stock .....	(1,490)	676	1,008
Cash dividends paid.....	(1,263)	(1,018)	(1,065)
Proceeds from capital increase by minority shareholders.....	--	36	36
<b>Net cash used in financing activities.....</b>	<b>(2,754)</b>	<b>(305)</b>	<b>(21)</b>
<b>IV. Effect of exchange rate changes on cash and cash equivalents .....</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>V. Net increase in cash and cash equivalents ....</b>	<b>(3,826)</b>	<b>1,289</b>	<b>(1,139)</b>
<b>VI. Cash and cash equivalents at the beginning of the period .....</b>	<b>21,167</b>	<b>22,307</b>	<b>22,307</b>
<b>VII. Cash and cash equivalents at end of period ...</b>	<b>17,341</b>	<b>23,596</b>	<b>21,167</b>

## 4. Segment Information

### Business Segments

April 1 to December 31, 2006

(Millions of yen)

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
<b>Sales:</b>						
(1) Sales to external customers	33,618	23,157	17,448	74,223	--	74,223
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	33,618	23,157	17,448	74,223	--	74,223
Operating expenses	28,739	20,335	18,132	67,207	1,266	68,474
Operating income (loss)	4,879	2,821	(684)	7,016	(1,266)	5,749

April 1 to December 31, 2005

(Millions of yen)

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
<b>Sales:</b>						
(1) Sales to external customers	31,029	25,478	15,541	72,050	--	72,050
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	31,029	25,478	15,541	72,050	--	72,050
Operating expenses	26,438	21,148	15,618	63,205	1,264	64,469
Operating income (loss)	4,590	4,330	(76)	8,845	(1,264)	7,580



## Operating Results by Segment

### 1) Cosmetics Business

#### SALES

Sales in the cosmetics business increased 8.3% over the same period last year, to ¥33,618 million.

(Millions of yen)

	April 1 to December 31, 2006		April 1 to December 31, 2005		% change
	Amount	% of total	Amount	% of total	
FANCL Cosmetics	25,617	76.2	23,482	75.7	9.1
ATTENIR Cosmetics	7,734	23.0	7,279	23.4	6.2
Other	267	0.8	267	0.9	0.3
Total	33,618	100.0	31,029	100.0	8.3

(Millions of yen)

	April 1 to December 31, 2006		April 1 to December 31, 2005		% change
	Amount	% of total	Amount	% of total	
Mail-order sales	18,798	55.9	18,292	58.9	2.8
Retail store sales	11,660	34.7	10,142	32.7	15.0
Other	3,160	9.4	2,594	8.4	21.8
Total	33,618	100.0	31,029	100.0	8.3

#### FANCL cosmetics

Sales of FANCL Cosmetics increased 9.1% to ¥25,617 million from continued strong sales of skin care products such as *Mild Cleansing Oil* and *Beauty Concentrate* and sales growth in hair care products renewed in May and make up products renewed in August.

#### ATTENIR cosmetics

Sales of ATTENIR Cosmetics increased 6.2% to ¥7,734 million due to a boom in sales of skin care products following a major renewal in September. Sales of make up products and body products also increased from the effect of new products.

#### Results by sales channels

Sales increased through all sales channels. Mail-order sales increased 2.8% to ¥18,798 million, store sales increased 15.0% to ¥11,660 million from the effect of new store openings, and Other sales increased 21.8% to ¥3,160 million, with overseas sales very strong.

#### OPERATING INCOME

Operating income in this segment increased 6.3% to ¥4,879 million. However, from the effects of an increase in the low margin overseas sales and a drop in the gross profit margin ratio, the operating income ratio dropped 0.3% to 14.5%.

## 2) Nutritional Supplements Business

### SALES

Sales in the nutritional supplements business decreased 9.1% to ¥23,157 million.

(Millions of yen)

	April 1 to December 31, 2006		April 1 to December 31, 2005		% change
	Amount	% of total	Amount	% of total	
Mail-order sales	10,673	46.1	13,015	51.1	(18.0)
Retail store sales	6,158	26.6	6,328	24.8	(2.7)
Other	6,324	27.3	6,134	24.1	3.1
Total	23,157	100.0	25,478	100.0	(9.1)

### Products

Sales of beauty supplements such as *HTC Collagen* and *Tense Up EX* and diet-related products such as *Perfect Slim α* and *Calorie Limit* were strong. Sales of new products targeting middle-aged consumers were not enough to offset the decline in sales of *Co-enzyme Q<sub>10</sub>* and *Alpha Lipoic Acid* that recorded record sales in the previous period.

### Results by sales channel

Sales in Other sales channels increased 3.1% to ¥6,324 million largely as a result of an increase in the number of wholesale customers. Mail order sales decreased 18.0% to ¥10,673 million and store sales decreased 2.7% to ¥6,158 million.

### OPERATING INCOME

Operating income in this segment decreased 34.8% to ¥2,821 million from a large decline in the highly profitable mail-order sales and an increase in advertising expenses for the release of new products. The operating income margin decreased 4.8 percentage points to 12.2%.

## 3) Other businesses

### SALES

Sales in Other business increased 12.3% to ¥17,448 million.

(Millions of yen)

	April 1 to December 31, 2006	April 1 to December 31, 2005	% change
<i>Hatsuga Genmai</i> business	3,724	3,388	9.9
Kale juice business	2,910	2,996	(2.9)
IIMONO OHKOKU mail-order business	7,667	6,280	22.1
Other related businesses	3,146	2,875	9.4
Total	17,448	15,541	12.3

### *Hatsuga Genmai* business

Sales by all sales channels increased 9.9% to ¥3,724 million due to such factors as positive television coverage of health information.

### Kale juice business

Sales decreased 2.9% to ¥2,910 million. Sales of frozen type *Kale Juice* declined despite active marketing.

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

Sales increased 22.1% to ¥7,667 million on the back of strong sales in *Walking shoes*, golfing goods and health equipment.

### Other related businesses

Sales increased 9.4% to ¥3,146 million with growth in sales of household sundries and undergarments.

**OPERATING INCOME**

The operating loss worsened ¥607 million to ¥684 million from the effect of expenses from marketing activities for the Hatsuga Genmai business and Kale juice business.

**For reference: Sales network**

	As of December 31, 2006	Compared with March 31, 2006
FANCL Ginza Square	1	--
FANCL House	109	-4
FANCL House J	87	+16
Genki Station	8	-1
ATTENIR Shop	10	--
Other	4	--
<b>Total</b>	<b>219</b>	<b>+11</b>

## Reference:

<b>Non-consolidated Third Quarter Balance Sheets</b>						
<i>Millions of yen, rounded down</i>						
	As of December 31, 2006	%	As of December 31, 2005	%	As of March 31, 2006	%
<b>ASSETS</b>						
<b>I. Current assets:</b>						
Cash and cash equivalents .....	9,955		9,480		7,861	
Notes and accounts receivable .....	8,463		8,829		7,708	
Marketable securities .....	3,993		6,129		8,625	
Inventories .....	2,754		2,925		2,453	
Others .....	2,399		1,904		1,897	
Total current assets.....	27,566	40.3	29,269	42.6	28,546	41.6
<b>II. Fixed assets:</b>						
Tangible fixed assets						
Buildings and structures.....	6,372		6,381		6,293	
Land .....	7,176		7,260		7,176	
Others .....	1,008		951		1,236	
Total tangible fixed assets.....	14,557	21.3	14,592	21.2	14,706	21.5
Intangible fixed assets .....	2,400	3.5	1,016	1.5	1,317	1.9
Investments and other assets						
Investments securities .....	1,087		1,078		1,083	
Long-term loans receivable.....	6,039		6,876		6,224	
Guarantee money .....	2,470		2,393		2,437	
Others .....	14,222		13,462		14,237	
Total investments and other assets .....	23,819	34.9	23,811	34.7	23,983	35.0
Total fixed assets .....	40,778	59.7	39,420	57.4	40,007	58.4
<b>Total Assets.....</b>	<b>68,345</b>	<b>100.0</b>	<b>68,690</b>	<b>100.0</b>	<b>68,554</b>	<b>100.0</b>
<b>LIABILITIES</b>						
%						
<b>I. Current liabilities:</b>						
Notes and accounts payable.....	2,832		3,305		2,588	
Accrued liabilities .....	2,790		2,678		2,979	
Accrued income taxes.....	757		1,100		1,100	
Others .....	1,647		1,400		1,351	
Total current liabilities .....	8,028	11.8	8,485	12.4	8,018	11.7
<b>II. Long-term liabilities:</b>						
Allowance for retirement bonuses.....	910		805		820	
Allowance for directors' retirement bonuses ..	189		177		188	
Others .....	69		90		60	
Total long-term liabilities .....	1,169	1.7	1,073	1.5	1,070	1.6
Total liabilities .....	9,197	13.5	9,558	13.9	9,089	13.3

	As of December 31, 2006		As of December 31, 2005		As of March 31, 2006	
<b>SHAREHOLDERS' EQUITY</b>						
I. Common stock .....	--	--	10,795	15.7	10,795	15.7
II. Capital reserve .....	--	--	11,806	17.2	11,846	17.2
III. Retained earnings .....	--	--	43,401	63.2	43,380	63.3
IV. Net Unrealized holding gain on other securities .....	--	--	43	0.1	66	0.1
V. Treasury stock .....	--	--	(6,915)	(10.1)	(6,624)	(9.6)
<b>Total shareholders' equity.....</b>	<b>--</b>	<b>--</b>	<b>59,131</b>	<b>86.1</b>	<b>59,464</b>	<b>86.7</b>
<b>Total Liabilities and Shareholders' Equity..</b>	<b>--</b>	<b>--</b>	<b>68,690</b>	<b>100.0</b>	<b>68,554</b>	<b>100.0</b>
<b>NET ASSETS</b>						
I. Shareholders' equity						
Common stock.....	10,795	15.8	--	--	--	--
Capital reserve .....	11,857	17.3	--	--	--	--
Retained earnings .....	44,441	65.0	--	--	--	--
Treasury stock .....	(8,125)	(11.9)	--	--	--	--
Total shareholders' equity.....	58,967	86.2	--	--	--	--
II. Valuation and translation gain .....	56	0.1	--	--	--	--
III. Share warrants .....	123	0.2	--	--	--	--
Total net assets .....	59,148	86.5	--	--	--	--
<b>Total Liabilities and Net Assets .....</b>	<b>68,345</b>	<b>100.0</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

## Summary of Non-consolidated Statements of Income

*Millions of yen, rounded down*

	April 1 to December 31, 2006		April 1 to December 31, 2005		FY ended March 31, 2006	
Net sales .....	55,725	100.0	56,525	100.0	74,628	100.0
Cost of sales .....	20,106	36.1	20,748	36.7	27,814	37.3
Gross profit.....	35,618	63.9	35,776	63.3	46,813	62.7
Selling, general and administrative expenses .....	32,145	57.7	31,393	55.5	42,086	56.4
Operating income .....	3,472	6.2	4,383	7.8	4,727	6.3
<b>Non-operating income</b>						
Interest and dividend income .....	806		144		196	
Other non-operating income .....	160		917		1,262	
<b>Total non-operating income.....</b>	<b>967</b>	<b>1.7</b>	<b>1,061</b>	<b>1.9</b>	<b>1,458</b>	<b>2.0</b>
<b>Non-operating expenses</b>						
Loss from disposal of inventories.....	163		140		304	
Other non-operating expenses .....	73		46		48	
<b>Total non-operating expenses .....</b>	<b>236</b>	<b>0.4</b>	<b>187</b>	<b>0.3</b>	<b>352</b>	<b>0.5</b>
Ordinary income .....	4,203	7.5	5,257	9.3	5,833	7.8
<b>Extraordinary income .....</b>	<b>--</b>	<b>--</b>	<b>2</b>	<b>0.0</b>	<b>24</b>	<b>0.0</b>
<b>Extraordinary expenses</b>	<b>256</b>	<b>0.4</b>	<b>450</b>	<b>0.8</b>	<b>1,301</b>	<b>1.7</b>
<b>Income before income taxes .....</b>	<b>3,947</b>	<b>7.1</b>	<b>4,809</b>	<b>8.5</b>	<b>4,555</b>	<b>6.1</b>
Income taxes .....	1,463	2.6	1,939	3.4	1,707	2.3
<b>Net income.....</b>	<b>2,483</b>	<b>4.5</b>	<b>2,869</b>	<b>5.1</b>	<b>2,848</b>	<b>3.8</b>