

FANCL Corporation

Consolidated Financial Statements for the Third
Quarter of the Fiscal Year Ending
March 31, 2008

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)

FANCL CORPORATION

January 31, 2008

Stock exchange listings: Tokyo 1st section, code number 4921

Contact: Toshinori Ryuchi
Executive Officer and Director

Telephone: +81-45-226-1200

Homepage: www.fancl.co.jp

CEO and Representative Director: Kazuyoshi Miyajima,

1) Consolidated results for the third quarter of Fiscal 2008 (April 1, 2007 to December 31, 2007)

Percentage figures represent changes compared to the previous fiscal year

(1) Sales and Income

Millions of yen, rounded down

	Nine months ended December 31, 2007		Nine months ended December 31, 2006		FY ended March 31, 2007
		Change %		Change %	
Net sales	75,556	1.8	74,223	3.0	101,065
Operating income	6,033	4.9	5,749	(24.2)	8,370
Ordinary income	6,151	4.9	5,862	(26.9)	8,388
Net income	3,041	(15.6)	3,602	(20.1)	2,547
Net income per share (¥)	47.61		55.86		39.59
Net income per share (diluted) (¥)	47.34		55.17		39.13

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of December 31, 2007	As of December 31, 2006	As of March 31, 2007
Total assets	85,320	84,416	86,931
Net assets	70,425	72,209	71,560
Net assets / total assets (%)	82.2	85.4	82.2
Net assets equity per share (¥)	1,133.33	1,132.45	1,116.59

(3) Cash Flows

Millions of yen, rounded down

	Nine months ended December 31, 2007	Nine months ended December 31, 2006	FY ended March 31, 2007
Net cash provided by operating activities	3,740	1,494	6,472
Net cash used in investing activities	(1,607)	(2,566)	(1,733)
Net cash used in financing activities	(4,224)	(2,754)	(2,495)
Cash and cash equivalents at end of period	21,314	17,341	23,411

2) Dividends

	Third quarter of Fiscal 2008	Third quarter of Fiscal 2007
Dividend per share	--	--

3) Consolidated forecasts for the fiscal year ending March 31, 2008 (April 1, 2007 to March 31, 2008)

Except for revisions to net income per share, there have been no changes to our consolidated forecasts for the fiscal year ending March 31, 2008.

Millions of yen, rounded down

	FY ending March 31, 2008	Change (%)
Net sales	100,500	(0.6)
Operating income	8,650	3.3
Ordinary income	8,800	4.9
Net income	4,000	57.0
Net income per share	¥62.61	

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.

4) Other

1) **Transfer of important subsidiaries during the period** (Transfers of certain subsidiaries resulting in changes in the scope of consolidation): None

2) **Utilization of simplified method of accounting:** Yes

3) **Changes to accounting methods during the fiscal year:** Yes

See *Operating Results, Other* on page 3 for more detail.

Consolidated operating results and financial position

I. Operating results (consolidated)

Note: Since December 31, 2006 the accounting method used to record points has changed so that points are recorded as an expense at time of issue. Previously, points were recognized as a cost at time of use. For reference in the following section (including the charts), like-for-like comparative figures are provided in brackets and marked with an asterisk to show the year-on-year changes in net sales and ordinary income if the figures for the period under review are calculated using the previous accounting standard.

In the domestic economy, business continued to improve steadily during the period under review. However, the direction of consumer trends is increasingly uncertain, as a series of rises in the price of goods, primarily in foods, continues due to the high prices of crude oil and raw materials.

In the cosmetics industry, skin care products offering anti-ageing benefits performed well, although overall sales remained relatively unchanged.

In the health foods industry, the market continued its period of adjustment, while governmental monitoring of product labeling methods and safety regulations became stricter and differences began to emerge among competing companies.

Consolidated net sales during the period under review increased 1.8% (*decreased 2.3%) to ¥75,556 million. This was largely the result of strong sales in our cosmetics business, which was offset by a sluggish performance in nutritional supplements businesses and other businesses.

Consolidated operating income increased 4.9% (*increased 2.9%) to ¥6,033 million supported by steady performance in the highly profitable cosmetics business, as well as enhanced cost efficiencies in sales promotion. The operating profit margin increased 0.3 percentage points (*increased 0.4 percentage points) to 8.0%. Ordinary income increased 4.9% (*increased 2.9%) to ¥6,151 million; and the ordinary income margin increased 0.2 percentage points (*increased 0.4 percentage points) to 8.1%.

Consolidated net income for the period under review decreased 15.6% to ¥3,041 million. The net income margin decreased 0.9 percentage points to 4.0%.

2. Consolidated financial position

Total assets as of December 31, 2007 were ¥85,320 million, ¥1,610 million lower than at the end of the previous fiscal year. The main contributing factors from current assets included a ¥1,504 million increase in cash and cash equivalents, a ¥1,313 million increase in notes and accounts receivable and a ¥5,793 million decrease in marketable securities. The main contributing factors from fixed assets included a ¥2,250 million increase in investment securities. The main contributing factors from current liabilities included a ¥961 million decrease in accrued income taxes.

Net assets were ¥70,425 million, ¥1,135 million lower than at the end of the previous fiscal year.

3. Forecasts for the consolidated fiscal year ending March 31, 2008

Net income per share has been revised as a result of the acquisition of treasury stock. Our financial performance is proceeding as planned and there have been no other changes to our consolidated forecasts for the fiscal year ending March 31, 2008 as announced on November 1, 2007.

4. Other

1) Transfer of important subsidiaries during the period (Transfers of subsidiaries resulting in changes in the scope of consolidation): None

2) Utilization of simplified method of accounting:

- Depreciation of fixed assets
 - (1) Tangible fixed assets: calculated using the quarterly amount of the forecasted amount for the year
 - (2) Intangible fixed assets: calculated using the quarterly amount of the forecasted amount for the year
- Corporate tax calculation: calculated using the forecasted tax ratio based on the effective tax ratio
- The effect of other amounts were immaterial and certain simplified procedures were employed

3) Changes to accounting methods during the fiscal year:

- Changes to accounting treatment of the depreciation method of tangible fixed assets
Accounting methods based on the revised Corporate Tax Law will apply to items acquired on April 1, 2007 or later. This follows revisions made to the Corporate Tax Law (Certain revisions made to the Income Tax Act by government decree, March 30, 2007 Law Number 6 and Certain revisions made to the enforcement order of the Corporate Tax Code by government ordinance, March 30, 2007, Cabinet ordinance No. 83).
The effect of this change on operating income, ordinary income and net income before taxes is immaterial.

3. Consolidated Financial Statements

Consolidated Balance Sheets					
<i>Millions of yen, rounded down</i>					
	As of December 31, 2007	As of December 31, 2006	Change		As of March 31, 2007
			Amount	Percent	
ASSETS					
I. Current assets:					
Cash and cash equivalents	15,807	15,501	306	2.0	14,303
Notes and accounts receivable	11,296	10,816	480	4.4	9,983
Marketable securities	10,500	8,003	2,497	31.2	16,294
Inventories.....	6,822	7,041	(219)	(3.1)	6,746
Others	2,213	1,899	313	16.5	2,242
Total current assets	46,641	43,262	3,378	7.8	49,570
II. Fixed assets:					
Tangible fixed assets					
Buildings and structures	10,971	12,158	(1,187)	(9.8)	11,582
Land	10,627	10,636	(9)	(0.1)	10,627
Others	2,619	2,841	(221)	(7.8)	2,753
Total tangible fixed assets	24,218	25,637	(1,419)	(5.5)	24,963
Intangible fixed assets	2,907	2,558	349	13.6	2,761
Investments and other assets					
Investments securities.....	3,080	2,039	1,040	51.0	830
Long-term loans receivable	654	685	(31)	(4.5)	655
Guarantee money.....	2,637	2,713	(75)	(2.8)	2,684
Others	5,180	7,518	(2,338)	(31.1)	5,464
Total investments and other assets	11,553	12,957	(1,404)	(10.8)	9,635
Total fixed assets	38,679	41,153	(2,474)	(6.0)	37,360
Total Assets	85,320	84,416	904	1.1	86,931
LIABILITIES					
I. Current liabilities:					
Notes and accounts payable	4,120	3,982	137	3.5	3,741
Accrued liabilities.....	3,350	3,707	(356)	(9.6)	3,313
Accrued income taxes	1,065	741	324	43.7	2,027
Allowance for points	1,558	--	1,558	--	1,849
Others	2,388	1,916	471	24.6	1,938
Total current liabilities	12,482	10,348	2,134	20.6	12,869
II. Long-term liabilities:					
Allowance for retirement bonuses	1,531	1,366	164	12.1	1,388
Allowance for directors' retirement bonuses	38	216	(178)	(82.4)	223
Others	842	275	567	206.3	889
Total long-term liabilities	2,412	1,858	553	29.8	2,500
Total liabilities	14,895	12,207	2,688	22.0	15,370
NET ASSETS					
Common stock	10,795	10,795	--	--	10,795
Additional paid-in capital	11,867	11,857	10	0.1	11,852
Retained earnings.....	57,955	57,506	448	0.8	56,451
Treasury stock	(10,506)	(8,125)	(2,380)	29.3	(7,699)
Shareholders' equity.....	70,111	72,033	(1,921)	(2.7)	71,399
Total valuation and translation adjustments.....	37	52	(15)	(28.8)	50
Warrants	276	123	152	123.8	111
Total Net Assets	70,425	72,209	(1,783)	(2.5)	71,560
Total Liabilities and Net Assets.....	85,320	84,416	904	1.1	86,931

Consolidated Statements of Income

Millions of yen, rounded down

	April 1 to December 31, 2007	April 1 to December 31, 2006	Change		FY ended March 31, 2007
			Amount	Percent	
Net sales	75,556	74,223	1,332	1.8	101,065
Cost of sales	24,615	25,993	(1,377)	(5.3)	33,895
Gross profit.....	50,940	48,230	2,710	5.6	67,170
Selling, general and administrative expenses.....	44,907	42,480	2,427	5.7	58,800
Operating income	6,033	5,749	283	4.9	8,370
Non-operating income	464	414	50	12.2	621
Interest and dividend income	109	70	39	55.5	118
Other non-operating income	355	343	11	3.3	502
Non-operating expenses	346	301	44	14.9	603
Loss on disposal of inventories	259	213	45	21.3	429
Other non-operating expenses.....	87	87	0	(0.6)	174
Ordinary income	6,151	5,862	288	4.9	8,388
Extraordinary income	6	0	6	--	641
Extraordinary losses	316	322	(6)	(2.0)	3,983
Loss on disposal of fixed assets	29	68	(39)	(57.5)	163
Other extraordinary losses	287	254	33	13.0	3,820
Income before income taxes	5,841	5,539	301	5.4	5,045
Income taxes	2,799	1,937	862	44.5	2,498
Net income	3,041	3,602	(560)	(15.6)	2,547

Notes: 1. In the previous fiscal year, the accounting method used to record points was changed so that points are recorded under selling, general and administrative expenses at time of issue. Previously, points were recognized as a cost at time of use and were deducted from net sales. Applying the current accounting method to the results of the third quarter of the previous fiscal year would result in net sales of ¥77,357 million (an increase of ¥3,133 million compared to the previous accounting method), selling, general and administrative expenses of ¥45,499 million (an increase of ¥3,018 million) and ordinary income of ¥5,977 million (an increase of ¥115 million).

Consolidated Statements of Cash Flows

Millions of yen, rounded down

	April 1 to December 31, 2007	April 1 to December 31, 2006	FY ended March 31, 2007
I. Cash flows from operating activities			
Income before income taxes	5,841	5,539	5,045
Depreciation	2,229	1,962	2,669
Impairment losses	--	--	981
Increase (decrease) in allowance for bonuses	(435)	(379)	46
Increase (decrease) in allowance for retirement benefits	143	85	107
Interest and dividend income	(109)	(70)	(118)
Loss on disposal of tangible fixed assets	26	59	150
Decrease (increase) in trade receivables	(1,313)	(1,839)	(1,006)
Decrease (increase) in inventories	(75)	(361)	(66)
Decrease (increase) in other current assets	(24)	(547)	(47)
Increase (decrease) in trade payables	378	(24)	(265)
Increase (decrease) in other current liabilities	734	153	(118)
Others	(446)	(91)	1,513
Sub-total	6,948	4,485	8,891
Interest and dividends received	119	67	105
Income taxes paid	(3,569)	(3,195)	(3,381)
Others	241	135	856
Net cash provided by (used in) operating activities	3,740	1,494	6,472
II. Cash flows from investing activities			
Acquisition of marketable securities	(12,479)	(10,997)	(12,988)
Income from redemption of marketable securities	14,485	11,698	12,695
Acquisition of tangible fixed assets	(859)	(1,829)	(2,145)
Acquisition of intangible fixed assets	(721)	(1,200)	(1,829)
Acquisition of other investments	(51)	(211)	(305)
Others	(1,980)	(25)	2,835
Net cash provided by (used in) investing activities	(1,607)	(2,566)	(1,733)
III. Cash flows from financing activities			
Net payment for purchase (and proceeds from sale) of treasury stock	(2,818)	(1,490)	(1,076)
Cash dividends paid	(1,405)	(1,263)	(1,418)
Net cash used in financing activities	(4,224)	(2,754)	(2,495)
IV. Effect of exchange rate changes on cash and cash equivalents	(5)	--	--
V. Net increase in cash and cash equivalents	(2,096)	(3,826)	2,243
VI. Cash and cash equivalents at the beginning of the period	23,411	21,167	21,167
VII. Cash and cash equivalents at end of period	21,314	17,341	23,411

4. Segment Information

Business Segments

Nine months ended December 31, 2007

Millions of yen, rounded down

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
Total sales	37,003	22,938	15,615	75,556	--	75,556
Operating expenses	31,171	20,166	16,617	67,954	1,569	69,523
Operating income (loss)	5,832	2,772	(1,001)	7,602	(1,569)	6,033

Nine months ended December 31, 2006

Millions of yen, rounded down

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
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

Fiscal year ended March 31, 2007 (For reference)

Millions of yen, rounded down

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
Total sales	46,376	31,665	23,023	101,065	--	101,065
Operating expenses	39,242	27,763	23,921	90,926	1,768	92,695
Operating income (loss)	7,133	3,902	(897)	10,138	(1,768)	8,370

Note: Accounting methods for the fiscal year ended March 31, 2007 have changed with regard to the awarding of points. The effects of this change on each segment for the period ended December 31, 2006 are shown as gains and losses below.

Millions of yen, rounded down

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total
Sales	+1,570	+1,082	+480	+3,133
Operating expenses	+1,514	+1,042	+462	+3,018
Operating income (loss)	+56	+40	+18	+115

Operating Results by Segment

1) Cosmetics Business

SALES

Sales in the cosmetics business increased 10.1% (*increased 5.2%) over the same period last year, to ¥37,003 million.

Millions of yen, rounded down

	April 1 to December 31, 2007		April 1 to December 31, 2006		% change
	Amount	% of total	Amount	% of total	
FANCL Cosmetics	28,887	78.1	25,617 <i>27,187</i>	76.2 <i>77.3</i>	12.8 <i>6.3</i>
ATTENIR Cosmetics	7,829	21.1	7,734	23.0 <i>22.0</i>	1.2
Other	286	0.8	267	0.8 <i>0.7</i>	7.4
Total	37,003	100.0	33,618 <i>35,188</i>	100.0	10.1 <i>5.2</i>

Millions of yen, rounded down

	April 1 to December 31, 2007		April 1 to December 31, 2006		% change
	Amount	% of total	Amount	% of total	
Mail-order sales	19,644	53.1	18,798 <i>19,628</i>	55.9 <i>55.8</i>	4.5 <i>0.1</i>
Retail store sales	13,345	36.1	11,660 <i>12,399</i>	34.7 <i>35.2</i>	14.5 <i>7.6</i>
Other	4,013	10.8	3,160	9.4 <i>9.0</i>	27.0
Total	37,003	100.0	33,618 <i>35,188</i>	100.0	10.1 <i>5.2</i>

Note: The italicized lower figures in the amount column and in the % of total column are the operating results for the previous year, represented using the accounting methods employed for the nine months ended December 31, 2007. The italicized figures in the % change column are a comparison of the current and previous fiscal year third quarter sales using the accounting methods employed for the nine months ended December 31, 2007.

FANCL cosmetics

Sales of FANCL Cosmetics increased 12.8% (*increased 6.3%) to ¥28,887 million from strong sales of products such as renewed skin care products and whitening-related products as well as a boom in sales of staple products such as *Mild Cleansing Oil*.

ATTENIR cosmetics

Sales of ATTENIR Cosmetics increased 1.2% to ¥7,829 million supported by sales of skin care products renewed in the previous period.

Results by sales channels

Mail-order sales increased 4.5% (*increased 0.1%) to ¥19,644 million, sales at existing stores were strong and store sales increased 14.5% (*increased 7.6%) to ¥13,345 million, and wholesale sales directed to overseas markets were strong and increased 27.0% to ¥4,013 million.

OPERATING INCOME

Operating income in this segment increased 19.5% (*increased 18.2%) to ¥5,832 million from an improved cost-to-sales ratio as a result of a renewal of skin care products and the effects of sales promotion efficiencies. The operating income ratio increased 1.3 percentage points (*increased 1.8 percentage points) to 15.8%.

2) Nutritional Supplements Business

SALES

Sales in the nutritional supplements business decreased 0.9% (*decreased 5.4%) to ¥22,938 million.

Millions of yen, rounded down

	April 1 to December 31, 2007		April 1 to December 31, 2006		% change
	Amount	% of total	Amount	% of total	
Mail-order sales	10,293	44.9	10,673	46.1	(3.6)
			<i>11,355</i>	<i>46.8</i>	<i>(9.3)</i>
Retail store sales	6,564	28.6	6,158	26.6	6.6
			<i>6,559</i>	<i>27.1</i>	<i>0.1</i>
Other	6,080	26.5	6,324	27.3	(3.9)
			<i>26.1</i>		
Total	22,938	100.0	23,157	100.0	(0.9)
			<i>24,239</i>		<i>(5.4)</i>

Note: The italicized lower figures in the amount column and in the % of total column are the operating results for the previous year, represented using the accounting methods employed for the nine months ended December 31, 2007. The italicized figures in the % change column are a comparison of the current and previous fiscal year third quarter sales using the accounting methods employed for the nine months ended December 31, 2007.

Products

Sales of *Beauty supplements* such as *HTC Collagen* were strong, but sales of Coenzyme Q₁₀ continued to decline, while sales of herbal products and support series products, which were renamed in accordance with government guidelines, were also sluggish.

Results by sales channel

Store sales increased 6.6% (*increased 0.1%) to ¥6,564 million as a result of strong sales at existing stores. Mail order sales decreased 3.6% (*decreased 9.3%) to ¥10,293 million and wholesale sales decreased 3.9% to ¥6,080 million as wholesale sales to overseas customers were strong but domestic demand was sluggish.

OPERATING INCOME

Operating income in this segment decreased 1.8% (*decreased 3.1%) to ¥2,772 million. Efforts made to increase sales promotion efficiencies were not sufficient to cover a decline in income from the lower sales. The operating income margin decreased 0.1 percentage points (*increased 0.3% percentage points) to 12.1%.

3) Other businesses

SALES

Sales in Other business decreased 10.5% (*decreased 12.9%) to ¥15,615 million.

Millions of yen, rounded down

	April 1 to December 31, 2007	April 1 to December 31, 2006	% change
<i>Hatsuga Genmai</i> business	2,840	3,724	(23.7)
		<i>3,889</i>	<i>(27.0)</i>
Kale juice business	2,880	2,910	(1.0)
		<i>3,052</i>	<i>(5.7)</i>
IIMONO OHKOKU mail-order business	6,847	7,667	(10.7)
Other related businesses	3,047	3,146	(3.2)
		<i>3,318</i>	<i>(8.2)</i>
Total	15,615	17,448	(10.5)
		<i>17,928</i>	<i>(12.9)</i>

Note: The italicized lower figures in the amount column and in the % of total column are the operating results for the previous year, represented using the accounting methods employed for the nine months ended December 31, 2007. The italicized figures in the % change column are a comparison of the current and previous fiscal year third quarter sales using the accounting methods employed for the nine months ended December 31, 2007.

Hatsuga Genmai (germinated brown rice) business

Sales of *Hatsuga Genmai* decreased 23.7% (*decreased 27.0%) to ¥2,840 million. Price reductions of 20% since April 2007 have not lead to an expansion in sales volumes and sales were down in all sales channels compared to the same period in the previous fiscal year.

Kale juice business

Sales decreased 1.0% (*decreased 5.7%) to ¥2,880 million. Mail order sales performed well but there was a lack of growth in wholesale sales.

IIMONO OHKOKU(Kingdom of Wonderful Things) Co., Ltd. mail-order business

Sales decreased 10.7% to ¥6,847 million. Sales of products such as Walking shoes and health equipment, which were strong in the same in the previous fiscal year, decreased.

Other related businesses

Sales decreased 3.2% (*decreased 8.2%) to ¥3,047 million with slower in sales of household sundries and undergarments.

OPERATING INCOME

The operating loss widened ¥317 million (*widened ¥335 million) to ¥1,001 million. Although revenues in the Kale juice business improved by restraining advertising expenses and other factors, revenues in the Hatsuga Genmai business and the IIMONO OHKOKU Co., Ltd. mail-order business declined.

For reference: Sales network

	As of December 31, 2007	Compared with March 31, 2006
FANCL Ginza Square	1	--
FANCL House	106	-1
FANCL House J	87	-1
Genki Station	8	--
ATTENIR Shop	10	--
Other	4	--
Total	216	-2

Reference: Non-Consolidated Financial Statements

Non-consolidated Balance Sheets					
<i>Millions of yen, rounded down</i>					
	As of December 31, 2007	As of December 31, 2006	Change		As of March 31, 2007
			Amount	Percent	
ASSETS					
I. Current assets:					
Cash and cash equivalents.....	8,263	9,955	(1,692)	(17.0)	7,594
Notes and accounts receivable.....	8,992	8,463	528	6.2	7,605
Marketable securities.....	5,497	3,993	1,503	37.6	12,293
Inventories.....	3,021	2,754	267	9.7	2,808
Others.....	2,609	2,399	209	8.7	2,502
Total current assets.....	28,384	27,566	817	3.0	32,804
II. Fixed assets:					
Tangible fixed assets					
Buildings and structures.....	5,847	6,372	(524)	(8.2)	6,208
Land.....	7,167	7,176	(9)	(0.1)	7,167
Others.....	808	1,008	(200)	(19.8)	922
Total tangible fixed assets.....	13,823	14,557	(734)	(5.0)	14,298
Intangible fixed assets.....	2,818	2,400	417	17.4	2,622
Investments and other assets					
Investments securities.....	852	1,087	(234)	(21.6)	284
Long-term loans receivable.....	6,200	6,039	160	2.7	6,238
Guarantee money.....	2,392	2,470	(78)	(3.2)	2,438
Others.....	12,230	14,222	(1,992)	(14.0)	10,912
Total investments and other assets.....	21,675	23,819	(2,144)	(9.0)	19,873
Total fixed assets.....	38,317	40,778	(2,461)	(6.0)	36,794
Total Assets.....	66,701	68,345	(1,644)	(2.4)	69,599
LIABILITIES					
I. Current liabilities:					
Accounts payable.....	2,611	2,832	(220)	(7.8)	2,672
Accrued liabilities.....	2,443	2,790	(347)	(12.5)	2,369
Accrued income taxes.....	514	757	(242)	(32.1)	1,776
Allowance for points.....	1,558	--	1,558	--	1,849
Others.....	1,925	1,647	277	16.9	1,513
Total current liabilities.....	9,052	8,028	1,024	12.8	10,180
II. Long-term liabilities:					
Allowance for retirement bonuses....	991	910	81	8.9	906
Allowance for directors' retirement bonuses.....	--	189	(189)	(100.0)	189
Others.....	246	69	177	257.0	105
Total long-term liabilities.....	1,238	1,169	69	5.9	1,201
Total liabilities.....	10,291	9,197	1,093	11.9	11,381
NET ASSETS					
Common stock.....	10,795	10,795	--	--	10,795
Additional paid-in capital.....	11,867	11,857	10	0.1	11,852
Retained earnings.....	43,935	44,441	(506)	(1.1)	43,103
Treasury stock.....	(10,506)	(8,125)	(2,380)	29.3	(7,699)
Shareholders' equity.....	56,091	58,967	(2,876)	(4.9)	58,050
Total valuation and translation adjustments.....	42	56	(14)	(25.9)	54
Warrants.....	276	123	152	123.8	111
Total Net Assets.....	56,410	59,148	(2,737)	(4.6)	58,217
Total Liabilities and Net Assets.....	66,701	68,345	(1,644)	(2.4)	69,599

Non-consolidated Statements of Income

Millions of yen, rounded down

	April 1 to December 31, 2007	April 1 to December 31, 2006	Change		FY ended March 31, 2007
			Amount	Percent	
Net sales	57,417	55,725	1,692	3.0	76,574
Cost of sales	19,314	20,106	(792)	(3.9)	26,042
Gross profit.....	38,103	35,618	2,484	7.0	50,532
Selling, general and administrative expenses.....	34,437	32,145	2,291	7.1	45,355
Operating income	3,665	3,472	192	5.5	5,177
Non-operating income	981	967	14	1.5	1,253
Interest and dividend income	183	160	22	14.1	210
Other non-operating income	798	806	(8)	(1.0)	1,043
Non-operating expenses	264	236	27	11.7	517
Loss on disposal of inventories	197	163	33	20.7	304
Other non-operating expenses	66	73	(6)	(8.4)	212
Ordinary income	4,382	4,203	179	4.3	5,914
Extraordinary income	6	--	6	--	636
Extraordinary losses	16	256	(240)	(93.7)	3,453
Income before income taxes	4,372	3,947	425	10.8	3,097
Income taxes	2,002	1,463	538	36.8	1,952
Net income.....	2,370	2,483	(112)	(4.5)	1,144