FANCL Corporation

Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2009

Consolidated and non-consolidated results for the period April 1, 2008 to June 30, 2008

SUMMARY OF FINANCIAL STATEMENTS (consolidated)

First Quarter Results for the Fiscal Year Ended March 31, 2009

FANCL CORPORATION **July 30, 2008**

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Scheduled date of submission of financial report: August 13, 2008

1) Consolidated results for the first quarter (April 1, 2008 to June 30, 2008) of the fiscal year ending March 31, 2009

(1) Consolidated Operating Results

Millions of yen, rounded down

	Three months ended June 30, 2008		Three months ended June 30, 2007	
		% change		% change
Net sales	24,753	--	24,929	2.7%
Operating income	2,247	--	2,470	95.9%
Ordinary income	2,329	--	2,495	101.5%
Net income	1,109	--	1,208	47.7%
Earnings per share (¥)	¥18.11	--	¥18.88	--
Earnings per share (diluted) (¥)	¥18.10	--	¥18.76	--

Note: The percentages shown above are a comparison with the same period in the previous fiscal year.

(2) Consolidated Financial Position

	As of June 30, 2008	As of March 31, 2008
Total assets (millions of yen)	85,420	85,685
Net assets (millions of yen)	70,664	70,268
Shareholders' equity/total assets (%)	82.4%	81.6%
Net assets per share (¥)	¥1,147.97	¥1,141.56

Shareholders' equity: As of June 30, 2008: ¥70,345 million
As of March 31, 2008: ¥69,899 million

2) Dividends per share

	FY ended March 31, 2008	FY ending March 31, 2009 (forecast)
Interim period	¥12.00	¥12.00
Year-end	¥12.00	¥12.00
Annual	¥24.00	¥24.00

Note: Changes to the dividend forecast during the period under review: None

3) Consolidated forecasts for the fiscal year ending March 31, 2009 (April 1, 2008 to March 31, 2009)

(1) Consolidated

Millions of yen

	Consolidated interim period ending September 30, 2008		FY ending March 31, 2009	
Net sales	48,900	1.0%	101,500	2.2%
Operating income	3,150	(6.3)%	8,000	7.1%
Ordinary income	3,150	(10.2)%	8,000	3.0%
Net income	1,650	14.6%	4,200	13.7%
Earnings per share (¥)	26.95	--	68.59	--

Note: 1. The percentages shown above are a comparison with the interim period of the previous fiscal year for 'Consolidated interim period ending September 30, 2008' and a comparison with the previous fiscal year for 'FY ending March 31, 2009'.
2. Changes to the Consolidated forecasts during the period under review: None

4) Other

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

(2) Use of simplified accounting methods or special accounting procedures: Yes
Note: For further detail, please see page 7: Commentary on Results, Section 4: Other.

(3) Changes in accounting principles, procedures and method of presentation associated with preparation of these consolidated financial statements. (Changes in important matters for preparation of Consolidated Financial Statements)
1. Changes due to revisions of accounting standards: Yes
2. Other changes: Yes
Note: For further detail, please see page 7: Commentary on Results, Section 4: Other.

(4) Number of outstanding shares (common stock)
1. Number of outstanding shares (including treasury shares):
June 30, 2008: 70,176,600 shares
March 31, 2008: 70,176,600 shares

2. Number of treasury shares:
June 30, 2008: 8,898,067 shares
March 31, 2008: 8,944,863 shares

3. Average number of shares during the period:
First quarter ended June 30, 2008: 61,260,570 shares
First quarter ended June 30, 2007: 64,037,168 shares

Notice regarding the appropriate use of the financial forecasts

Forecasts, etc., recorded in this document include 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. For further detail, please see Page 6: Commentary on Results, Section 3, Forecasts for the consolidated fiscal year ending March 31, 2009.

As of the current consolidated fiscal year, Accounting Standards for Quarterly Reporting (Accounting Standards Board of Japan Article 12) and Application Guidelines related to Accounting Standards for Quarterly Reporting (Accounting Standards Board of Japan Article 14) will be applied. Further, in accordance with the Regulations for Consolidated Quarterly Reporting a quarterly consolidated financial report will be prepared.

Commentary on Results

1. Operating results (consolidated)

(All comparisons are with the first quarter of the previous fiscal year, unless stated otherwise.)

During the period under review, the domestic economic environment worsened and the outlook became less clear due to financial sector uncertainty, soaring prices of crude oil and raw materials, and other factors. Consumer spending continued to be sluggish and apprehension over the economic slowdown spread further.

Against this background, the cosmetics industry saw growth in sales of certain skin care products that appeal for their anti-aging functionality, while overall sales trended sideways.

In the nutritional supplements industry, amidst the continuing market adjustments the disparities between companies become clearer.

During the period under review, despite a strong performance in the cosmetics business due to the renewal of core products and other factors, consolidated net sales decreased 0.7% to ¥24,753 million due to sluggish sales in the Other businesses segment such as the IIMONO OHKOKU mail order business. Operating income decreased 9.0% to ¥2,247 million due to an increase in operational expenses incurred from the start-up of a new logistics center, etc. The operating income ratio decreased 0.8 percentage points to 9.1%, ordinary income decreased 6.7% to ¥2,329 million and the ordinary income ratio decreased 0.6 percentage points to 9.4%.

Net income for the period decreased 8.2% to ¥1,109 million as extraordinary losses were recorded, such as an impairment loss of ¥178 million for land and buildings, and the net income ratio decreased 0.3 percentage points to 4.5%.

1) Cosmetics Business

Sales

Sales from the Cosmetics business increased 3.3% to ¥12,578 million. *(Millions of yen, rounded down)*

	Three months ended June 30, 2008		Three months ended June 30, 2007		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
FANCL Cosmetics	9,709	77.2	9,399	77.2	3.3
ATTENIR Cosmetics	2,674	21.3	2,653	21.8	0.8
Others	194	1.5	127	1.0	53.1
Totals	12,578	100.0	12,180	100.0	3.3

	Three months ended June 30, 2008		Three months ended June 30, 2007		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	6,615	52.6	6,527	53.6	1.4
Retail store sales	4,394	34.9	4,423	36.3	(0.7)
Wholesales and others	1,568	12.5	1,230	10.1	27.5
Totals	12,578	100.0	12,180	100.0	3.3

Sales of **FANCL cosmetics** increased 3.3% to ¥9,709 million from robust sales of staple products such as *Mild Cleansing Oil* in addition to strong sales of skin care products renewed in the previous term.

Sales of **ATTENIR cosmetics** increased 0.8% to ¥2,674 million largely on the back of strong sales of limited seasonal products.

Results by sales channels were: mail order sales increased 1.4% year on year to ¥6,615 million, retail store sales decreased 0.7% to ¥4,394 million and wholesale sales through other sales channels increased 27.5% to ¥1,568 million, with strong results from overseas sales.

Operating income

Operating income decreased 9.6% to ¥2,240 million, due to an increase in selling, general and administrative expenses. The operating income margin decreased 2.5 percentage points to 17.8%.

2) Nutritional Supplements Business

Sales

Nutritional supplement sales decreased 1.2% to ¥7,466 million. *(Millions of yen, rounded down)*

	Three months ended June 30, 2008		Three months ended June 30, 2007		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	3,305	44.3	3,401	45.0	(2.8)
Retail store sales	2,066	27.7	2,185	28.9	(5.4)
Wholesales and others	2,093	28.0	1,969	26.1	6.3
Totals	7,466	100.0	7,556	100.0	(1.2)

Sales of actively marketed *HTC Collagen* and other beauty supplements were strong, but did not offset the decrease in sales of other product groups such as vitamins and minerals.

Results by sales channels: Mail order sales decreased 2.8% to ¥3,305 million, retail store sales decreased 5.4% to ¥2,066 million, while wholesale sales through other sales channels increased 6.3% to ¥2,093 million, supported by strong overseas sales.

Operating income

Operating income increased 5.7% to ¥940 million due to an improved sales cost ratio resulting from an increase in the proportion of sales of highly profitable products, and other factors. The operating income margin increased 0.8 percentage points to 12.6%.

3) Other Businesses

Sales in Other businesses decreased 9.3% year on year to ¥4,709 million

(Millions of yen, rounded down)

	Three months ended June 30, 2008	Three months ended June 30, 2007	Change (%)
Hatsuga genmai business	1,001	1,001	(0.0)
Kale juice business	915	1,007	(9.1)
IIMONO OHKOKU mail order business	1,894	2,268	(16.5)
Other businesses	897	916	(2.0)
Totals	4,709	5,192	(9.3)

In the Hatsuga Genmai (germinated brown rice) business, sales decreased less than 1% year on year to ¥1,001 million compared to last year when a 20% price reduction implemented in April increased the level of sales.

In the Kale juice business, sales decreased 9.1% to ¥915 million, as sales of frozen type were sluggish.

Sales through the IIMONO OHKOKU mail order business decreased 16.5% year on year to ¥1,894 million, as sales through catalogue were sluggish.

Sales at other businesses decreased 2.0% to ¥897 million as sales of sundries were robust while sales of undergarments performed poorly.

Operating income

Operating loss improved ¥145 million to ¥263 million due to reduced operating losses in the Hatsuga Genmai and Kale juice businesses as a result of cost efficiencies.

For reference: Sales network

	Number of stores as of June 30, 2008	Change compared to March 31, 2008
FANCL Ginza Square	1	--
FANCL Shop (Next Generation Store)	9	+2
FANCL House	98	-2
FANCL House J	86	-1
Genki Station	8	--
ATTENIR Shop	12	+1
Other	4	--
Total	218	--

2. Financial situation

(All comparisons are with the end of the previous fiscal year, unless stated otherwise.)

Assets decreased ¥265 million to ¥85,420 million. The primary contributing factors were an increase of ¥12 million in current assets and a decrease of ¥277 million in fixed assets. The increase in current assets was largely the result of a ¥2,002 million increase in marketable securities, a ¥2,026 million decrease in cash and bank deposits and a decrease in inventories. The decrease in fixed assets was due to depreciation, although tangible fixed assets and intangible fixed assets increased due to opening new store openings, store remodeling and system maintenance for the new logistics center.

Liabilities decreased ¥660 million to ¥14,756 million. The primary contributing factors were a decrease of ¥619 million in current liabilities and a decrease of ¥41 million in long-term liabilities. The decrease in current liabilities was largely due to decreases in accounts payable and accrued income taxes, and despite an increase in allowance for bonuses. The decrease in long-term liabilities was the result of a decrease in long-term accounts payable from payments for the allowance for retirement benefits for directors.

Net assets increased ¥395 million to ¥70,664 million, primarily due to an increase in retained earnings and other factors from net income recorded during the period under review.

As a result, the shareholders' equity ratio improved 0.8 percentage points over the end of the previous fiscal year to 82.4%.

Cash and cash equivalents as of June 30, 2008 were ¥24,037 million, ¥23 million lower than at the end of the previous fiscal year. The main contributing factors are detailed below.

Cash flows from operating activities

Cash flow generated from operating activities during the period under review was ¥1,431 million. Factors increasing operating cash flow were income before income taxes of ¥2,115 million and depreciation expenses of ¥714 million. Factors reducing operating cash flow included tax payments of ¥1,753 million.

Cash flows from investing activities

Cash used in investing activities during the period under review was ¥799 million. This largely reflected outlays of ¥697 million for acquisitions of tangible fixed assets such as equipment for new and renewed stores and system maintenance for the new logistics center, and an outlay of ¥180 million for the acquisition of intangible fixed assets.

Cash flows from financing activities

Cash flow used in financing activities during the period under review was ¥663 million, primarily due to dividend payments of ¥647 million.

3. Forecasts for the consolidated fiscal year ending March 31, 2009

There are no changes to the forecasts made on May 1, 2008 for the consolidated fiscal year ending March 31, 2009.

4) Other

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

(2) Use of simplified accounting methods or special accounting procedures:

1. Calculation method for estimating amount of losses from general debt

   Since there have been no significant changes to the loan loss ratio and other ratios calculated at the end of the previous consolidated accounting period, the loan loss ratio and other ratios calculated at the end of the previous consolidated fiscal year have been used for calculating the estimated loan losses for the period under review.

2. Method for evaluating inventory assets

   As regards the calculation of the inventory amount at the end of the consolidated period under review, actual stock taking was not implemented and instead the inventory amount as of the end of the previous consolidated fiscal year was used as the basis for a rational calculation.

   Regarding the reduction in the book value of inventory assets, in respect of only those items where the decline in profitability is clear, we have estimated the net sale price and reduced the book value accordingly.

3. Calculation method for fixed asset depreciation expense

   Calculations for assets depreciated using the declining balance method employ the corresponding amount of depreciation expense from the previous consolidated fiscal year for the period under review.

(3) Changes in accounting principles, procedures and method of presentation associated with the preparation of the consolidated financial statements.

1. As of the current consolidated fiscal year, Accounting Standards for Quarterly Reporting (Accounting Standards Board of Japan Article 12) and Application Guidelines related to Accounting Standards for Quarterly Reporting (Accounting Standards Board of Japan Application Guideline 14) will be applied. Further, in accordance with the Regulations for Consolidated Quarterly Reporting a quarterly consolidated financial report will be prepared.

2. Previously, assets held in inventory for ordinary sale were calculated based on the overall average cost method, however as of the first quarter of the current fiscal year, and following the application of Accounting Standards Related to the Evaluation of Inventory Assets (Accounting Standards Board of Japan, Article 9, July 5, 2006), assets held in inventory have been calculated primarily using the overall average of cost method (using the reduced book value method for balance sheet amounts based on profitability declines).

   With the application of the above accounting standard, loss on inventory write-offs, previously recorded as a non-operating expense, has been included in cost of sales as of the consolidated period under review.

   As a result of these changes, operating income, ordinary income and income before income taxes would have declined by ¥72 million, ¥4 million and ¥39 million respectively by using the method formerly employed. There was no effect on ordinary income and income before income taxes.

   For information on the effect on each of the business segments, please see page 13: Section 5. Segment Information.

3. As of the three-month period under review, the number of years of the useful lives of certain assets has been changed following reviews concerning the revision to income taxes regarding the number of years of the useful life of equipment and machinery.

   The impact of this change on operating income, ordinary income and Income before income taxes is immaterial.

4. Previously, the accounting treatment for finance lease transactions, other than those involving ownership transfer, was based on accounting methods for operating lease transactions. However, we are now able to apply the Accounting Standards Related to Lease Transactions (Accounting Standards Board of Japan, Article 13, June 17, 1993, (First Committee of the Business Accounting Council)), revised March 30, 2007, and the Application Guidelines for Accounting Standards Related to Lease Transactions

(Accounting Standards Board of Japan, Application Guideline 16, January 18, 1994) (Japanese Institute of Certified Public Accountants, Committee on Accounting Systems)), revised March 30, 2007, to the consolidated financial reports for the consolidated accounting year beginning April 1, 2008. As a result, from first quarter of the current fiscal year these accounting standards will be applied for ordinary sales transactions. Further, as regards the depreciation method for leased assets related to financial lease transactions other than those involving ownership transfer, the straight-line method will be applied to the residual value over the useful life of the asset until it reaches zero.

The impact of this change on operating income, ordinary income and Income before income taxes is immaterial.

3. Consolidated Financial Statements

Consolidated Balance Sheet

Millions of yen, rounded down

	As of June 30, 2008	As of March 31, 2008
ASSETS		
I. Current assets:		
Cash and bank deposits	14,525	16,551
Notes and accounts receivable	10,207	10,053
Marketable securities	15,511	13,508
Merchandise	2,353	2,658
Products	658	571
Raw materials	2,741	3,023
Work in process	73	78
Others	3,099	2,717
Allowance for doubtful accounts	(155)	(159)
Total current assets	49,016	49,003
II. Fixed assets:		
Tangible fixed assets		
Buildings and structures	21,248	21,140
Accumulated depreciation and accumulated impairment loss	(10,346)	(10,112)
Buildings and structures (net)	10,902	11,028
Machinery and transport equipment	5,473	5,419
Accumulated depreciation and accumulated impairment loss	(4,083)	(4,014)
Machinery and transport equipment (net)	1,390	1,404
Furniture, tools and fixtures	5,769	5,724
Accumulated depreciation	(4,663)	(4,639)
Furniture, tools and fixtures (net)	1,105	1,085
Land	10,695	10,901
Others	248	74
Total tangible fixed assets	24,343	24,494
Intangible fixed assets		
Goodwill	710	738
Others	2,865	2,953
Total intangible fixed assets	3,576	3,692
Total investments and other assets	8,485	8,496
Total fixed assets	36,404	36,682
Total Assets	**85,420**	**85,685**

Consolidated Balance Sheet continued

Millions of yen, rounded down

	As of June 30, 2008	As of March 31, 2008
LIABILITIES		
I. Current liabilities:		
Notes and accounts payable	3,283	3,599
Accrued income taxes	1,152	1,865
Allowance for bonus	1,591	1,037
Allowance for points	1,476	1,496
Others	4,830	4,954
Total current liabilities	12,334	12,953
II. Long-term liabilities:		
Allowance for retirement benefits	1,682	1,642
Allowance for directors' retirement bonuses	47	46
Others	692	773
Total long-term liabilities	2,421	2,462
Total liabilities	14,756	15,416
NET ASSETS		
Shareholders' equity		
Common stock	10,795	10,795
Additional paid-in capital	11,865	11,861
Retained earnings	58,982	58,608
Treasury stock	(11,327)	(11,387)
Total shareholders' equity	70,315	69,877
Difference from exchange and evaluation		
Valuation difference on other marketable securities	34	27
Foreign exchange adjustment account	(4)	(4)
Total difference from exchange and evaluation	29	22
Warrants	219	275
Minority interests	99	94
Total net assets	70,664	70,268
Total Liabilities and Net Assets	85,420	85,685

Consolidated Statements of Income

	Millions of yen, rounded down
	April 1, 2008 to June 30, 2008
Net sales	24,753
Cost of sales	7,987
Gross profit	16,765
Selling, general and administrative expenses	14,518
Operating income	2,247
Non-operating income	
Interest income	30
Dividend income	1
Other non-operating income	76
Total non-operating income	108
Non-operating expenses	
Interest expense	0
Exchange loss	9
Other non-operating expenses	16
Total non-operating expenses	26
Ordinary income	2,329
Extraordinary income	
Income from sale of fixed assets	5
Income from recovery of bad debts	7
Other	0
Total extraordinary income	13
Extraordinary loss	
Loss on disposal of fixed assets	8
Impairment loss	178
Other	40
Total extraordinary loss	226
Income before income taxes	2,115
Income and other taxes	1,119
Adjustments to income and other taxes	(118)
Total income and other taxes	1,000
Income from minority interests	5
Net income	1,109

Consolidated Statements of Cash Flows

Millions of yen, rounded down	April 1, 2008 to June 30, 2008
I. Cash flows from operating activities	
Income before income taxes	2,115
Depreciation	714
Impairment losses	178
Stock compensation expenses	35
Amortization of goodwill	28
Increase (decrease) in allowance for doubtful accounts	(4)
Increase (decrease) in allowance for bonuses	554
Increase (decrease) in allowance for points	(20)
Increase (decrease) in allowance for retirement benefits	39
Increase (decrease) in allowance for directors retirement benefits	0
Interest and dividend income	(31)
Interest paid	0
Gain (loss) from foreign exchange	(0)
Gain on sale of fixed assets	(5)
Loss from disposal of fixed assets	8
Decrease (increase) in trade receivables	(154)
Decrease (increase) in inventories	531
Decrease (increase) in other current assets	(353)
Increase (decrease) in trade payables	(315)
Increase (decrease) in other current liabilities	(35)
Increase (decrease) in other long-term liabilities	(118)
Others	(0)
Sub-total	3,165
Interest and dividends received	18
Interest paid	(0)
Other income	0
Income taxes paid	(1,753)
Net cash provided by (used in) operating activities	1,431
II. Cash flows from investing activities	
Acquisition of marketable securities	(999)
Income from sale and redemption of marketable securities	999
Acquisition of tangible fixed assets	(697)
Income from sale of tangible fixed assets	70
Acquisition of intangible fixed assets	(180)
Income from loans receivable	4
Other payments	(20)
Other income	24
Net cash provided by (used in) investing activities	(799)
III. Cash flows from financing activities	
Repayment of long-term loans	(12)
Sale of treasury stock	0
Acquisition of treasury stock	(0)
Cash dividends paid	(647)
Others	(3)
Net cash provided by (used in) financing	(663)
IV. Effect of exchange rate changes on cash and cash equivalents	7
V. Net increase in cash and cash equivalents	(23)
VI. Cash and cash equivalents at the beginning of the period	24,060
VII. Cash and cash equivalents at end of period	**24,037**

As of the current consolidated fiscal year, Accounting Standards for Quarterly Reporting (Accounting Standards Board of Japan Article 12) and Application Guidelines related to Accounting Standards for Quarterly Reporting (Accounting Standards Board of Japan Article 14) will be applied. Further, in accordance with the Regulations for Consolidated Quarterly Reporting a quarterly consolidated financial report will be prepared.

4. Items related to going concern assumption
   No applicable items

5. Segment Information
   a. Business Segments

Three months ended June 30, 2008 (Millions of yen, rounded down)

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
1. Sales and operating income:						
(1) Sales to external customers	12,578	7,466	4,709	24,753	--	24,753
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	12,578	7,466	4,709	24,753	--	24,753
Operating income (loss)	2,240	940	(263)	2,917	(669)	2,247

Notes:
1. Segmentation has been adopted for internal management purposes.
2. Segment operations are as follows:
   Cosmetic Business: Mail order and retail sales and wholesaling of a variety of cosmetics products
   Nutritional Supplements Business: Mail order and retail sales and wholesaling of a variety of nutritional supplements
   Other businesses: Mail order of personal sundries, accessories, undergarments, health equipment and household sundries, mail order and retail sales and wholesales of *Hatsuga genmai* (germinated brown rice) and Kale Juice, etc.
3. Changes to accounting methods
   Accounting standards related to the evaluation of inventory assets
   As described in section 2 of *Changes in accounting principles, procedures and method of presentation associated with preparation of the consolidated financial statements*, as of the first quarter of the consolidated current fiscal year, Accounting Standards Related to the Evaluation of Inventory Assets (Accounting Standards Board of Japan, Article 9, July 5, 2006) will be applied.
   With the application of the above accounting standard, losses on inventory write-offs, previously recorded as a non-operating expense, have been included in cost of sales as of the consolidated period under review. As a result of this change, and in comparison to the former accounting method, operating income decreased by ¥17 million in the cosmetics business, ¥47 million in the nutritional supplements business and by ¥8 million in other businesses.

b. Segment information by area:

April 1, 2008 to June 30, 2008

Since the domestic business comprises over 90% of total for sales, segment information by area has been omitted.

c. Overseas sales:

April 1, 2008 to June 30, 2008

Since overseas sales are less than 10% of consolidated sales overseas sales has been omitted.

6. Special changes to shareholders equity

No applicable items

REFERENCE:

(1) Consolidated Statements of Income for First Quarter of the Fiscal Year Ending March 31, 2008 (Summarized)

Millions of yen, rounded down

	April 1, 2007 to June 30, 2007
Net sales	24,929
Cost of sales	8,111
Gross profit	16,818
Selling, general and administrative expenses	14,347
F	2,470
Non-operating income	
Interest and dividend income	32
Other non-operating income	87
Total non-operating income	119
Non-operating expenses	
Loss on disposal of inventories	75
Other non-operating expenses	19
Total non-operating expenses	94
Ordinary income	2,495
Extraordinary income	--
Extraordinary loss	
Loss on disposal of fixed assets	3
Other extraordinary expenses	286
Total extraordinary loss	289
Income before income taxes	2,205
Income taxes	996
Net income	**1,208**

(2) Consolidated Statements of Cash Flows for First Quarter of the Fiscal Year Ending March 31, 2008 (Summarized)

Millions of yen, rounded down

	April 1, 2007 to June 30, 2007
I. Cash flows from operating activities	
Income before income taxes	2,205
Depreciation	702
Increase (decrease) in allowance for bonuses	487
Increase (decrease) in allowance for retirement benefits	28
Interest and dividend income	(32)
Loss on disposal of tangible fixed assets	3
Decrease (increase) in trade receivables	(232)
Decrease (increase) in inventories	(276)
Decrease (increase) in other current assets	(259)
Increase (decrease) in trade payables	211
Increase (decrease) in other current liabilities	734
Others	(201)
Sub-total	3,370
Interest and dividends received	30
Income taxes paid	(1,766)
Others	64
Net cash provided by (used in) operating activities	1,697
II. Cash flows from investing activities	
Acquisition of marketable securities	(4,492)
Income from redemption of marketable securities	4,997
Acquisition of tangible fixed assets	(232)
Acquisition of intangible fixed assets	(498)
Acquisition of other investments	(26)
Others	193
Net cash provided by (used in) investing activities	(58)
III. Cash flows from financing activities	
Net payment for purchase (and proceeds from sale) of treasury stock	205
Cash dividends paid	(617)
Net cash provided by (used in) financing activities	(412)
IV. Effect of exchange rate changes on cash and cash equivalents	--
V. Net increase in cash and cash equivalents	1,226
VI. Cash and cash equivalents at the beginning of the period	23,411
VII. Cash and cash equivalents at end of period	**24,638**

3. Segment Information

a. Business Segments

Three months ended June 30, 2007

Millions of yen, rounded down

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
Total sales	12,180	7,556	5,192	24,929	--	24,929
Operating expenses	9,702	6,666	5,601	21,971	488	22,459
Operating income (loss)	2,478	889	(409)	2,958	(488)	2,470

b. Segment information by area:

April 1, 2007 to June 30, 2007

Since the domestic business comprises over 90% of total for sales, segment information by area has been omitted.

c. Overseas sales:

April 1, 2007 to June 30, 2007

Since overseas sales are less than 10% of consolidated sales overseas sales has been omitted.