FANCL Corporation

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2009

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)

Results for the Fiscal Year Ended March 31, 2009

FANCL CORPORATION **May 1, 2009**

www.fancl.co.jp

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

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Representative: Yoshifumi Narimatsu, C.E.O. and Representative Director
Scheduled date for regular shareholders' meeting: June 20, 2009
Scheduled date for submission of the financial report: June 22, 2009
Scheduled date for distribution of dividends: June 22, 2009

1. Consolidated results for the fiscal year April 1, 2008 to March 31, 2009

(1) Sales and Income

Millions of yen, rounded down

	FY ended March 31, 2009		FY ended March 31, 2008	
		Change (%)		Change (%)
Net sales	98,004	(1.4)	99,349	(1.7)
Operating income	6,666	(10.7)	7,467	(10.8)
Ordinary income	6,938	(10.6)	7,765	(7.4)
Net income	2,662	(27.9)	3,694	45.0
Net income per share (¥)	¥43.46		¥58.42	
Fully diluted earnings per share (¥)	¥43.35		¥58.10	
Return on equity	3.8%		5.2%	
Ratio of ordinary income to total capital	8.1%		9.0%	
Ratio of operating income to net sales	6.8%		7.5%	

Note: Percentage figures for sales, operating income, etc. represent changes compared to the previous fiscal year.
Gain from investments in subsidiaries and affiliates accounted for by the equity method:
Fiscal year ended March 31, 2009: ¥-- Fiscal year ended March 31, 2008: ¥--

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of March 31, 2009	As of March 31, 2008
Total assets	85,309	85,685
Shareholders' equity	71,242	70,268
Equity ratio (%)	83.0	81.6%
Shareholders' equity per share (¥)	¥1,155.74	¥1,141.56

Shareholders' equity at end of period: FY ended March 2009: ¥70,823 million FY ended March 2008: ¥69,899 million

(3) Cash Flows

Millions of yen, rounded down

	FY ended March 31, 2009	FY ended March 31, 2008
Net cash provided by operating activities	6,005	7,379
Net cash used in investing activities	(1,517)	(672)
Net cash used in financing activities	(1,769)	(6,036)
Cash and cash equivalents at end of year	26,732	24,060

2. Dividends

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Fiscal year ending March 31, 2010 (forecast)
Interim dividend per share (¥)	12.00	17.00	17.00
Year-end dividend per share (¥)	12.00	17.00	17.00
Annual dividend per share (¥)	24.00	34.00	34.00
Total dividend payment *(millions of yen)*	1,538	2,083	
Consolidated dividend payout ratio (%)	41.1	78.2	61.3
Dividend to net assets ratio (%)	2.1	3.0	

3. Consolidated forecasts for the fiscal year ending March 31, 2010 (April 1, 2009 to March 31, 2010)

Millions of yen

	Interim period ending September 30, 2009		FY Ending March 31, 2010	
		Change %		Change %
Net sales	47,900	(1.4)	97,500	(0.5)
Operating income	2,950	(0.6)	7,300	9.5
Ordinary income	2,950	(5.9)	7,300	5.2
Net income	1,350	0.3	3,400	27.7
Net income per share (¥)	¥22.03		¥55.48	

Percentage figures for sales, operating income, etc. represent changes compared to the previous fiscal year.

4. Other

1) Transfer of key subsidiaries during the period (transfers of certain subsidiaries resulting in changes in the scope of consolidation): No applicable changes

2) Changes in accounting methods, procedures and presentation in the making of these financial statements (key items mentioned in Significant Items for the Preparation of Consolidated Financial Statements):

1. Changes following revisions to accounting standards: Yes
2. Other changes: No

Note: See Significant Items for the Preparation of Consolidated Financial Statements on page 17 for more detail.

3) Number of shares outstanding (ordinary shares)

1. Number of shares outstanding (including treasury shares):
   As of March 31, 2009: 65,176,600
   As of March 31, 2008: 70,176,600
2. Number of treasury shares:
   As of March 31, 2009: 3,896,949
   As of March 31, 2008: 8,944,863

Note: See Per share information on page 33 for detail on the number of outstanding shares used for the basis of calculations for net income per share

Reference: Outline of Non-consolidated Financial Results

1. Non-consolidated operating results for the fiscal year ended March 31, 2009

1) Non-consolidated Operating Results

Millions of yen, rounded down

	FY ended March 31, 2009		FY ended March 31, 2008	
		(% change)		(% change)
Sales	73,783	(1.5)	74,917	(2.2)
Operating income	4,991	11.3	4,484	(13.4)
Ordinary income	5,338	10.8	4,818	(18.5)
Net income	2,025	(14.2)	2,359	106.1
Earnings per share (¥)	33.06		37.31	
Fully diluted earnings per share (¥)	32.98		37.11	

Percentage figures for sales, operating income, etc. represent changes compared to the previous fiscal year.

2) Non-Consolidated financial position

	As of March 31, 2009	As of March 31, 2008
Total assets *(millions of yen)*	65,880	65,962
Net assets *(millions of yen)*	55,818	55,496
Equity ratio (%)	84.3	83.7%
Net assets per share (¥)	905.82	¥901.84

Note: Shareholders' equity:
FY ended March 2009: ¥55,508 million
FY ended March 2008: ¥55,221 million

Forecasts and forward-looking statements in this document are 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 economic conditions, legislative and regulatory developments, delay in new product or service launches, and pricing and product initiatives of competitors. Please see Page 4, Consolidated operating results and Page 6, Outlook for FY ending March 31, 2010 for information regarding forecasts for the next period.

1. Consolidated operating results

(1) Operating results

1. Consolidated fiscal year

In the fiscal year under review, the economic environment rapidly worsened as domestic demand declined, corporate revenues decreased and the unemployment rate increased as a result of a significant drop in the securities and real estate markets, worsening results from the manufacturing industry, primarily from the export industry, and other factors amidst a global financial and economic crisis stemming from the sub-prime problem.

In this environment, the cosmetics industry has begun to decline as sales of skin care products have worsened.

In the health foods industry, the adjustment phase is nearing its end and the market is trending upwards as differentiation between companies increase.

Net sales in the consolidated fiscal year under review decreased 1.4% to ¥98,004 million despite strong sales such as from renewed core products of the cosmetics business, as the nutritional supplements business and other businesses such as IIMONO OHKOKU performed poorly. Operating income decreased 10.7% to ¥6,666 million, the operating profit margin decreased 0.7 percentage points to 6.8, ordinary income decreased 10.6% to ¥6,938 million and the ordinary income margin decreased 0.7 percentage points to 7.1%.

Net income during the period under review decreased 27.9% to ¥2,662 million as a loss from disposal of fixed assets from closure of stores and losses following the closure of a hatsuga genmai factory were recorded. The net income margin decreased 1.0 percentage points to 2.7%.

2. Status of operations

1) Cosmetics Business

Sales

Cosmetics sales increased 2.1% compared to the previous year, reaching ¥50,081 million.

(Millions of yen)

	FY ended March 31, 2009		FY ended March 31, 2008		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
FANCL Cosmetics	38,394	76.7	37,813	77.1	1.5
ATTENIR Cosmetics	10,489	20.9	10,710	21.8	(2.1)
Others	1,197	2.4	538	1.1	122.4
Totals	50,081	100.0	49,061	100.0	2.1

	FY ended March 31, 2009		FY ended March 31, 2008		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	26,140	52.2	25,989	53.0	0.6
Retail store sales	17,212	34.4	17,582	35.8	(2.1)
Wholesales and others	6,727	13.4	5,490	11.2	22.5
Totals	50,081	100.0	49,061	100.0	2.1

Sales of **FANCL cosmetics** increased 1.5% to ¥38,394 million, from the effects of renewals of skin care products, beauty essence and *Facial Washing Powder*.

Sales of **ATTENIR cosmetics** decreased 2.1% to ¥10,489 million, with pro-active marketing activities failing to lead to an increase in the number of customers.

Results by sales channels were: mail order sales increased 0.6% year on year to ¥26,140 million, retail store sales decreased 2.1% to ¥17,212 million from a decrease in the number of retail stores, and wholesale sales through other sales channels increased 22.5% to ¥6,727 million, with strong results from overseas sales and an increase in OEM sales.

Operating income

Operating income decreased 8.7% to ¥6,761 million due to a rise in the cost percentage following the increase in OEM sales. The operating income margin decreased 1.6 percentage points to 13.5%.

2) Nutritional Supplements Business

Sales

Nutritional supplement sales decreased 3.1% year on year to ¥29,088 million.

(Millions of yen)

	FY ended March 31, 2009		FY ended March 31, 2008		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	13,011	44.7	13,513	45.0	(3.7)
Retail store sales	7,948	27.3	8,629	28.8	(7.9)
Wholesales and others	8,129	28.0	7,874	26.2	3.2
Totals	29,088	100.0	30,017	100.0	(3.1)

Active marketing of beauty supplements such as HTC Collagen and certain products targeting middle-aged and elderly customers led to strong sales, but this was unable to cover the decrease in sales of other product groups such as vitamins and herbs.

Results by sales channels were: mail order sales decreased 3.7% to ¥13,011 million, retail store sales decreased 7.9% to ¥7,948 million as sales at existing stores were sluggish and the number of retails stores decreased, and wholesale sales through other sales channels increased 3.2% to ¥8,129 million, supported by strong overseas sales.

Operating income

Operating income decreased 16.4% to ¥2,929 million due to a drop in revenues and an increase in expenses for sales promotion. The operating income margin decreased 1.6 percentage points to 10.1%.

3) Other Businesses

Sales in Other businesses decreased 7.1% year on year to ¥18,834 million

(Millions of yen)

	FY ended March 31, 2009	FY ended March 31, 2008	Change (%)
Hatsuga Genmai Business	3,571	3,744	(4.6)
Kale juice business	3,593	3,761	(4.5)
IIMONO OHKOKU mail order business	8,226	8,840	(6.9)
Other	3,442	3,924	(12.3)
Totals	18,834	20,270	(7.1)

In the **Hatsuga Genmai business,** sales decreased 4.6% to ¥3,571 million due to sluggish mail-order sales from a decrease in customer numbers and despite an expansion of commercial sales such as sales to convenience stores.

In the **Kale Juice business**, sales decreased 4.5% to ¥3,593 million, as sales of frozen-type kale juice were poor.

Sales through **the IIMONO OHKOKU mail order business** decreased 6.9% year on year to ¥8,226 million, as catalogue sales were sluggish.

Sales **at other businesses** decreased 12.3% to ¥3,442 million, as sales of undergarments did not perform well.

Operating income

Operating loss improved ¥403 million over the previous fiscal year to ¥981 million due to improved operating results in the Hatsuga Genmai and Kale juice businesses and despite worsened operating losses in the IIMONO OHKOKU business.

For reference: Sales network

	Number of stores as of March 31, 2009	Change compared to March 31, 2008
FANCL Ginza Square	1	--
FANCL Shop (Next Generation Store)	14	+7
FANCL House	93	-7
FANCL House J	68	-19
Genki Station	5	-3
ATTENIR Shop	13	+2
Other	3	-1
Total	197	-21

(3) Outlook for FY ending March 31, 2010

In the year ahead, we expect the challenging economic environment to continue.

In the Cosmetics business, revenues for FANCL cosmetics are expected to increase due to strong sales of *Mild Cleansing Oil* renewed during the previous fiscal year. Sales of ATTENIR cosmetics are expected to remain at about the same level as the previous year. Although we will develop sales promotions around the 20th anniversary, we also expect challenging conditions to continue.

In the Nutritional Supplements business, revenues are expected to decrease as we anticipate that customer numbers will continue to decrease, even though we expect stronger sales of beauty supplements targeting women and growth in sales of products for middle-aged and elderly customers.

In other businesses, revenues are expected to decrease due to forecasted continued sluggishness in catalogue sales through the IIMONO OHKOKU mail order business and despite an expected increase in revenues from the impact of new products in the Kale juice business.

As a result, consolidated net sales for the fiscal year ending March 31, 2010 are forecast to decrease 0.5% year on year to ¥97,500 million. Operating income is forecast to increase 9.5% to ¥7,300 million, benefiting from cost efficiencies, ordinary income is forecast to increase 5.2% to ¥7,300 million, and consolidated net income is forecast to increase 27.7% to ¥3,400 million.

Financial situation

Cash and cash equivalents as of March 31, 2009 were ¥26,732 million, ¥2,671 million higher than at the end of the previous fiscal year. The main contributing factors were as follows:

<u>Cash flows from operating activities</u>

Cash flow generated from operating activities during the period under review was ¥6,005 million. The primary factors that increased operating cash flow included income before income taxes of ¥5,750 million and depreciation expenses of ¥3,167 million. Factors reducing operating cash flow included tax payments of ¥3,317 million.

<u>Cash flows from investing activities</u>

Cash used in investing activities during the period under review was ¥1,517 million. This was largely the result of decreases from outlays such as ¥9,983 million for the acquisition of marketable securities, ¥1,848 million for acquisitions of tangible fixed assets such as equipment for new and renewed stores and factory facilities, and an outlay of ¥1,315 million for the transfer of operations following the establishment of NICOSTAR BEAUTECH Co., Ltd. Increases included a ¥11,996 million gain from the redemption and sale of marketable securities.

<u>Cash flows from financing activities</u>

Cash flow used in financing activities during the period under review was ¥1,769 million. This was largely the result of ¥1,771 million paid out in dividends.

For the next fiscal year, funds for investing activities and financing activities are expected to be included in the scope of increase in cash flows from operating activities.

Trends in Cash Flow-related Indices

	FY ended March 31, 2005	FY ended March 31, 2006	FY ended March 31, 2007	FY ended March 31, 2008	FY ended March 31, 2009
Equity ratio (%)	83.4	83.9	82.2	81.6	83.0
Equity ratio based on market price (%)	110.9	183.9	120.3	98.2	80.2
Debt service coverage (%)	--	--	--	0.0	--
Interest coverage ratio (times)	--	--	--	1,635.2	34,577.9

Notes:
Equity ratio: Shareholders' equity /Total assets
Equity ratio based on market price: Market capitalization/Total assets
Debt service coverage: Interest-bearing debt/Operating cash flow
Interest coverage ratio: Operating cash flow/interest paid

1. Calculations based on consolidated financial results figures.
2. Market capitalization = market price on last trading day of period x total shares outstanding at end of period (excluding treasury shares)
3. Operating cash flow is the Net Cash Provided From Operating Activities figure in the consolidated statements of cash flows.
4. Interest bearing debt includes all debt on which interest is paid recorded in the liabilities section of the consolidated balance sheet.

(3) Policy Regarding Allocation of Earnings and Proposed Dividends

FANCL recognizes that ensuring shareholders obtain a fair return on their investment is a key management responsibility. Our basic policy for allocation of earnings is as follows:

Dividends	Maintain a dividend pay out ratio of at least 40% of consolidated net income
Acquisition of treasury shares	Flexibly consider the acquisition of treasury shares with the aim of improving the capital efficiency ratio, while taking into account trends in the share price and future capital funding requirements
Cancellation of treasury shares	Treasury shares in excess of 10% of the total number of outstanding shares will be cancelled

As determined by the Board of Directors, FANCL will pay dividends from retained earnings using September 30 of each year as the record date for payment of the interim dividend. Further, FANCL will pay dividends twice annually—an interim and year-end dividend—from retained earnings.

Based on the above, dividends for the fiscal year ended March 31, 2009 will be ¥17 per share. Similar to the interim dividend, this represents a ¥10 increase over the dividend per share paid in the comparable term of the previous fiscal year. For the fiscal year ending March 31, 2010, we forecast an annual dividend of ¥34.00 per share (interim: ¥17 and year-end: ¥17).

During the current fiscal year, 5,000,000 treasury shares were cancelled.

3. Management Policy

(1) Basic management policy

Management policy for the Group operations is aimed at building a structure through which we will strive to eliminate the *negatives* in health and beauty. Today, “dissatisfaction” and “safety concerns” are just some of the negative factors in society. The FANCL Group companies are fully focused on creating new markets and value by eliminating such negatives. Looking forward, we believe that a policy that endeavors to eliminate the negative factors will lead to increased corporate value and long-term profitability for our shareholders.

(2) Management targets and the medium-term management strategy and key issues

Progress in our medium-term plan *Unparalleled quality = New value 2010* (fiscal year March 31, 2009 to fiscal year March 21, 2011)

The fiscal year ended March 31, 2009, is the first year of the new medium-term plan *Unparalleled quality = New value 2010* (fiscal year March 31, 2009 to fiscal year March 21, 2011) launched by the FANCL Group. We recognize that strengthening our customer base is the key to achieving long-term, continuous growth. From the customer’s perspective, we will concentrate on creating a long-term relationship based on trust by continuing to provide *Unparalleled quality = New value* that exceeds our customers expectations in products and services on every front. We firmly believe that creating loyal customers will lead to improved corporate value.

In the first fiscal year of the plan, we significantly underachieved our sales and income targets due to the effects of the sudden deterioration of the economic environment. Although we do not plan to change the basic strategy of the medium-term plan, during the fiscal year ending March 31, 2010, we will formulate a new medium-term plan to begin in the fiscal year ending March 31, 2011 and will reconsider the strategy for each business and review the numerical targets while we strive towards shifting to a highly profitable structure based on the economic environment.

Basic strategy

- Improve brand value and build stronger relations with customers
- Shift towards product-centered management following adoption of Company structure
- Achieve ground-breaking FANCL customer service
- Implement improvements aiming to raise revenues

Strategy for each business

In the cosmetic businesses, we will promote the development of competitive products emphasizing functionality. We will renew core products and aim to be number one in the preservative-free market and the only provider in the sensitive skin market.

In the nutritional supplement businesses, we will implement concentration and selection. Additionally, we will adjust and consolidate our product line-up as well as strengthen products targeting middle-aged and elderly customers and female customers of beauty supplements.

In other businesses, we aim to turn operations into profit-making businesses. In the hatsuga genmai business, we aim to achieve profitability through a structural change centered on a reduction in manufacturing costs. In the kale juice business, we aim to further improve profitability by concentrating factories and by shifting to highly profitable product groups. In the IIMONO OHKOKU mail-order business, we will thoroughly pursue management cost reductions and strive to reform the business structure such as by shifting to products with longer product cycles for improved profits.

Sales channel strategies

- For mail-order sales, we aim to strengthen customer services and heighten customer loyalty while further strengthening highly profitable internet sales.
- For store sales, we will promote scrap and build and develop new types of stores.
- For overseas development, we will continue to focus on the development of the Chinese market and review non-profitable areas.

(3) Other important items

Not applicable.

4. Consolidated Financial Statements

Consolidated Balance Sheet

Millions of yen, rounded down

	As of March 31, 2009	As of March 31, 2008
ASSETS		
I. Current assets:		
Cash and cash equivalents	16,209	16,551
Notes and accounts receivable	9,967	10,053
Marketable securities	13,520	13,508
Inventories	--	6,710
Merchandise and products	3,060	--
Work in progress	68	--
Raw materials and supplies	3,041	--
Deferred tax assets	1,007	1,155
Others	1,411	1,182
Allowance for doubtful accounts	(157)	(159)
Total current assets	48,128	49,003
II. Fixed assets:		
Tangible fixed assets		
Buildings and structures[3,4]	21,650	21,140
Accumulated depreciation and accumulated impairment loss [5]	(10,832)	(10,112)
Net	10,817	11,028
Machinery and transport equipment	5,385	5,419
Accumulated depreciation and accumulated impairment loss [5]	(4,018)	(4,014)
Net	1,366	1,404
Furniture, tools and fixtures	5,961	5,724
Accumulated depreciation and accumulated impairment loss [5]	(4,899)	(4,639)
Net	1,061	1,085
Land[3,4]	10,971	10,901
Lease assets	194	--
Accumulated depreciation and accumulated impairment loss	(33)	--
Net	160	--
Construction in progress	51	74
Total tangible fixed assets	24,430	24,494
Intangible fixed assets		
Goodwill	898	738
Other intangible fixed assets	3,075	2,953
Total intangible fixed assets	3,973	3,692
Investments and other assets		
Investments securities[1]	1,074	1,240
Long-term loans receivable	440	447
Deposits and guarantee money	2,137	2,680
Long-term prepaid expense	116	278
Deferred tax assets	474	275
Others[1]	4,806	3,998
Allowance for doubtful accounts	(272)	(424)
Total investments and other assets	8,777	8,496
Total fixed assets	37,181	36,682
Total assets	**85,309**	**85,685**

Consolidated Balance Sheets

Millions of yen, rounded down

	As of March 31, 2009	As of March 31, 2008
LIABILITIES		
I. Current liabilities:		
Notes and accounts payable	3,206	3,599
Lease obligations	47	--
Accrued liabilities	3,398	3,979
Accrued expenses	680	684
Accrued income taxes	1,477	1,865
Allowance for bonuses	1,021	1,037
Allowance for points	1,353	1,496
Others	273	290
Total current liabilities	11,459	12,953
II. Long-term liabilities:		
Lease obligations	135	--
Allowance for retirement bonuses	1,818	1,642
Allowance for directors' retirement bonuses	60	46
Others	592	773
Total long-term liabilities	2,607	2,462
Total liabilities	14,066	15,416
NET ASSETS		
I. Shareholders' equity:		
1. Common stock	10,795	10,795
2. Capital reserve	11,706	11,861
3. Retained earnings	53,288	58,608
4. Treasury stock	(4,960)	(11,387)
Total shareholders' equity	70,828	69,877
II. Valuation and translation gain		
1. Net unrealized holding gain on other securities	(0)	27
2. Foreign currency translation adjustment	(4)	(4)
Total valuation and translation gain	(5)	22
III. Share warrants	310	275
IV. Minority interests	109	94
Total net assets	71,242	70,268
Total Liabilities and Net Assets	85,309	85,685

2 Consolidated Statements of Income

Millions of yen, rounded down

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
Net sales	98,004	99,349
Cost of sales[1, 5]	32,722	32,362
Gross profit	65,281	66,987
Selling, general and administrative expenses		
Sales promotion expenses	12,434	12,509
Packing and transport expenses	3,978	4,108
Advertising expenses	8,963	9,876
Sales commission fee	5,627	5,697
Communications expenses	2,167	2,111
Directors remuneration	545	565
Salaries and bonuses	10,168	10,181
Provision for accrued bonuses	847	1,009
Provision for accrued pensions	557	644
Provision for retirement benefits for directors and corporate auditors	21	12
Compulsory welfare expenses	1,117	1,080
Welfare expenses	306	493
Stock compensation expense	19	75
Depreciation	2,024	1,868
Research and development expenses	661	771
Rent expenses	1,676	1,349
Provisions for allowance for bad debt	100	115
Other	7,396	7,048
Total selling, general and administrative expenses[1]	58,615	59,520
Operating income	6,666	7,467
Non-operating income		
Interest income	161	161
Dividend income	2	3
Compensation payments received	43	333
Insurance premiums returned, etc.	--	280
Investment income from anonymous associations	21	20
Other non-operating income	216	195
Total net operating income	446	993
Non-operating expenses		
Interest expense	0	4
Loss on disposal of obsolete inventories	--	525
Loss on foreign exchange	92	--
Other non-operating expenses	80	165
Total net operating expenses	173	695
Ordinary income	6,938	7,765

2 Consolidated Statements of Income (continued)

Millions of yen, rounded down

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
Extraordinary income		
Gain from sale of fixed assets[2]	31	0
Reversal of allowance for doubtful accounts	38	5
Gain on sale of investments in securities	--	6
Others	41	--
Total extraordinary income	111	12
Extraordinary expenses		
Loss on disposal of fixed assets[3]	--	150
Loss on sale of fixed assets[3]	64	--
Loss on retirement of fixed assets[4]	64	--
Loss on revaluation of marketable securities	95	13
Loss on revaluation of shares in affiliates	59	122
Loss from voluntary product recalls	--	261
Impairment loss[6]	482	--
Loss on store closures	344	--
Other extraordinary expenses[5]	189	39
Total extraordinary expenses	1,299	586
Income before income taxes	5,750	7,191
Income taxes	2,940	3,436
Adjustment for income taxes	132	64
Total income before income taxes	3,072	3,500
Minority shareholder income	14	(4)
Net income	**2,662**	**3,694**

Changes in shareholders' equity during the period

Millions of yen, rounded down

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
Shareholders' equity		
Common stock		
Balance at end of previous term	10,795	10,795
Changes during the period		
Total change during the period	--	--
Balance at end of term	10,795	10,795
Capital reserve		
Balance at end of previous term	11,861	11,852
Changes during the period		
Sale of treasury stock	3	9
Cancellation of treasury stock	(159)	--
Total change during the period	(155)	9
Balance at end of term	11,706	11,861
Retained earnings		
Balance at end of previous term	58,608	56,451
Changes during the period		
Surplus dividend	(1,776)	(1,538)
Net income	2,662	3,694
Sale of treasury stock	(0)	--
Cancellation of treasury stock	(6,206)	--
Total change during the period	(5,319)	2,156
Balance at end of term	53,288	58,608
Treasury stock		
Balance at end of previous term	(11,387)	(7,699)
Changes during the period		
Acquisition of treasury stock	(2)	(4,000)
Sale of treasury stock	63	312
Cancellation of treasury stock	6,365	--
Total change during the period	6,426	(3,687)
Balance at end of previous term	(4,960)	(11,387)
Total shareholders' equity		
Balance at end of previous term	69,877	71,399
Changes during the period		
Surplus dividend	(1,776)	(1,538)
Net income	2,662	3,694
Acquisition of treasury stock	(2)	(4,000)
Sale of treasury stock	67	321
Cancellation of treasury stock	--	--
Total change during the period	951	(1,521)
Balance at end of previous term	70,828	69,877
Valuation differences due to foreign exchange		
Valuation differences on other marketable securities		
Balance at end of previous term	27	54
Changes during the period		
Changes to items other than shareholders' equity during the period	(27)	(27)
Total change during the period	(27)	(27)
Balance at end of term	(0)	27

Changes in shareholders' equity during the period (continued)

Millions of yen, rounded down

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
Translation adjustment account		
Balance at end of previous term	(4)	(4)
Changes during the period		
Total change during the period	--	--
Balance at end of term	(4)	(4)
Total valuation and translation differences		
Balance at end of previous term	22	50
Changes during the period		
Changes to items other than shareholders' equity during the period	(27)	(27)
Total change during the period	(27)	(27)
Balance at end of term	(5)	22
Warrants		
Balance at end of previous term	275	111
Changes during the period		
Changes to items other than shareholders' equity during the period	35	163
Total change during the period	35	163
Balance at end of term	310	275
Minority interests		
Balance at end of previous term	94	--
Changes during the period		
Changes to items other than shareholders' equity during the period	14	94
Total change during the period	14	94
Balance at end of term	109	94
Net assets		
Balance at end of previous term	70,268	71,560
Changes during the period		
Surplus dividend	(1,776)	(1,538)
Net income	2,662	3,694
Acquisition of treasury stock	(2)	(4,000)
Sale of treasury stock	67	321
Cancellation of treasury stock	--	--
Changes to items other than shareholders' equity during the period	22	229
Changes during the period	973	(1,291)
Balance at end of term	71,242	70,268

Consolidated Statements of Cash Flows

Millions of yen

	FY ended March 31, 2009	FY ended March 31, 2008
I. Cash flows from operating activities		
Income before income taxes	5,750	7,191
Depreciation	3,167	3,020
Impairment loss	482	--
Stock option plan expense	107	182
Goodwill	160	70
Increase (decrease) in allowance for doubtful accounts	(154)	19
Increase (decrease) in allowance for bonuses	(16)	83
Increase (decrease) in allowance for points	(142)	(353)
Increase (decrease) in allowance for retirement benefits	175	252
Increase (decrease) in allowance for directors retirement bonuses	14	(176)
Interest and dividend income	(164)	(164)
Interest paid	0	4
Increase (decrease) from foreign exchange	76	16
Investment gain on anonymous association	(21)	(20)
Net refund of insurance premiums	--	(280)
Gain from sale of investment securities	--	(6)
Loss from sale of investments securities	95	13
Loss on revaluation of investments in affiliates	59	122
Gain on sale of tangible fixed assets	--	(0)
Loss from sale of tangible fixed assets	--	53
Loss from sale of other investments	--	38
Loss from sale of fixed assets	32	--
Loss from disposal of tangible fixed assets	--	78
Loss from disposal of intangible fixed assets	--	7
Loss from write-off of long-term pre-paid expenses	--	10
Loss on disposal of fixed assets	64	--
Loss on store closures	344	--
Decrease (increase) in trade receivables	83	25
Decrease (increase) in inventories	628	70
Decrease (increase) in other current assets	(173)	248
Decrease (increase) in accounts payable	(394)	(151)
Increase (decrease) in other current liabilities	(703)	126
Increase (decrease) in other fixed liabilities	(350)	(415)
Others	16	(21)
Sub-total	9,139	10,044
Interest and dividends received	161	181
Interest paid	(0)	(4)
Dividends received from anonymous associations	21	20
Refund received on insurance premiums	--	716
Income taxes paid	(3,317)	(3,579)
Net cash provided by (used in) operating activities	**6,005**	**7,379**

Consolidated Statements of Cash Flows (continued) ***Millions of yen***

	FY ended March 31, 2009	FY ended March 31, 2008
II. Cash flows from investing activities		
Increase in fixed-term deposits	(1,000)	--
Proceeds from refund of fixed-term deposits	1,000	190
Payment for acquisition of marketable securities	(9,983)	(15,477)
Proceeds from redemption and sale of marketable securities	11,996	17,480
Payment for purchase of tangible fixed assets	(1,848)	(1,087)
Proceeds from sales of tangible fixed assets	204	190
Payment for acquisition of intangible fixed assets	(929)	(1,024)
Payment for acquisition of investment securities	--	(600)
Proceeds from sale and redemption of investment securities	--	16
Payments for acquisition of shares in affiliates	(36)	--
Payments for acquisition of shares in subsidiaries following changes to the scope of consolidation [2]	--	(1,112)
Payments for transfer of operations[2]	(1,315)	--
Payments for loans	(30)	(14)
Proceeds from collection of loans	32	758
Other payments	(85)	(147)
Other proceeds	492	150
Others	(17)	6
Net cash used in investing activities	(1,517)	(672)
III. Cash flows from financing activities		
Payments for repayment of short-term debt	--	(350)
Payments for repayment of long-term debt	(48)	(266)
Payments for redemption of bonds	--	(160)
Proceeds from sale of treasury stock	3	274
Payment for purchase of treasury stock	(2)	(4,000)
Cash dividends paid	(1,771)	(1,534)
Others	49	--
Net cash used in financing activities	**(1,769)**	**(6,036)**
IV. Effect of exchange rate changes on cash and cash equivalents	**(45)**	**(21)**
V. Net increase in cash and cash equivalents	**2,671**	**649**
VI. Cash and cash equivalents at the beginning of the period	**24,060**	**23,411**
VII. Cash and cash equivalents at end of period	**26,732**	**24,060**

Significant items for the Preparation of Consolidated Financial Statements

<table>
<tr><th>Item</th><th>Fiscal year ended March 31, 2009</th><th>Fiscal year ended March 31, 2008</th></tr>
<tr><td>1.Scope of Consolidation</td><td>1) Number of consolidated subsidiaries: 8
Name of consolidated subsidiaries:
ATTENIR CORPORATION
NICOSTAR Co., Ltd.
IIMONO OHKOKU Co., Ltd
FANCL Hatsuga Genmai Co., Ltd.
FANCL ASIA (PTE) LTD.
FANCL B&H Co., Ltd.
CHALONE Inc.
NICOSTAR BEAUTECH Co., Ltd.

During the consolidated fiscal year, NICOSTAR BEAUTECH Co., Ltd. was established and included in the scope of consolidation.

2) Main non-consolidated companies:
Same as right

Reasons for not being included in the scope of consolidation:
Same as right</td><td>1) Number of consolidated subsidiaries: 7
Name of consolidated subsidiaries:
ATTENIR CORPORATION
NICOSTAR Co., Ltd.
IIMONO OHKOKU Co., Ltd
FANCL Hatsuga Genmai Co., Ltd.
FANCL ASIA (PTE) LTD.
FANCL B&H Co., Ltd.
CHALONE Inc.

During the consolidated fiscal year, CHALONE Inc. was included in the scope of consolidation from the acquisition of shares.

2) Main non-consolidated companies
FANCL STAFF Co., Ltd.
FANCL Home Life Co., Ltd.

Reasons for not being included in the scope of consolidation:
Non-consolidated subsidiaries are not included in the scope of consolidation because they are small-sized companies and their respective total assets, (in proportion to equity) and retained earnings (in proportion to equity) would not have a significant effect on the consolidated financial statements.</td></tr>
<tr><td>2. Application of the Equity Method</td><td>1) Non-consolidated companies accounted for by the equity method:
Same as right

2) Affiliate companies accounted for by the equity method:
Same as right

3) Name of main Non-consolidated and affiliate companies accounted for by the equity method:
Same as right</td><td>1) Non-consolidated companies accounted for by the equity method:
Not applicable

2) Affiliate companies accounted for by the equity method:
Not applicable

3) Name of main non-consolidated and affiliate companies accounted for by the equity method:
Non-consolidated:
FANCL STAFF Co., Ltd.
FANCL Home Life Co., Ltd.
Affiliate companies:
SHANGHAI WEMMING CLOTHING CO., Ltd.
Reasons for not being accounted for by the equity method:
Companies not accounted for by the equity method do not have a material effect on items such as net income and retained earnings in the consolidated financial statements and are therefore excluded from application of the equity method.</td></tr>
<tr><td>3. Fiscal Year-End of Consolidated Subsidiaries</td><td>Same as right</td><td>Among consolidated subsidiaries, the fiscal year closing date of FANCL ASIA (PTE.,) LTD. is December 31. The financial statements as of the closing date are used in preparing the consolidated financial statements. Consolidation adjustments are made as necessary for significant transactions occurring prior to the consolidated closing date.</td></tr>
</table>

Item	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
4. Accounting Standards (1) Basis and method for valuation of major assets	1) Other marketable securities: Stocks with no market value: Same as right 2) Derivatives: Same as right 3) Inventories Inventories held for regular sales Balance sheet values calculated by acquisition cost method (Reduction in book value method used in cases of decline in profitability) Finished goods, work in process, raw materials: At cost by the average method Merchandise: At cost by the monthly average method Supplies: At cost by the last purchase price method	1) Other marketable securities: At lower of cost or market by the moving average method, based on the market closing price on the last day of the period. (Valuation gains and losses resulting are calculated by the full net capital costing method; cost of disposal is calculated by the moving average method.) Stocks with no market value: At cost by the average method Regarding investments in anonymous associations, the net assets held by the company are calculated based on the most recent reporting period. 2) Derivatives: Market value method 3) Inventories Finished goods, work in process, raw materials: At cost by the average method Merchandise: At cost by the monthly average method Supplies: At cost by the last purchase price method
(2) Depreciation of Fixed Assets	1) Tangible fixed assets: (not including leased assets) Buildings (not including attached facilities) ・ The former declining balance method is used for buildings acquired prior to March 31, 1998 ・ The former straight-line method is used for buildings acquired between April 1, 1998 and March 31, 2007 ・ The straight-line method is used for buildings acquired since April 1, 2007 Items other than buildings: ・ The declining balance method is used for items acquired prior to March 31, 2007 ・ The declining-balance method is used for buildings acquired since April 1, 2007 The estimated useful lives for such assets are as follows: Buildings and structures: 2–50 years Machinery and transport equipment: 2–22 years Furniture, tools and fixtures: 2–20 years Purchases made since March 31, 2007 that have fully depreciated to their allowable limit will be fully depreciated over 5 years by the straight line method starting from the following year. 2) Intangible fixed assets: Same as right	1) Tangible fixed assets Buildings (not including attached facilities) ・ The former declining balance method is used for buildings acquired prior to March 31, 1998 ・ The former straight-line method is used for buildings acquired between April 1, 1998 and March 31, 2007 ・ The straight-line method is used for buildings acquired since April 1, 2007 Items other than buildings: ・ The declining balance method is used for items acquired prior to March 31, 2007 ・ The declining-balance method is used for buildings acquired since April 1, 2007 The estimated useful lives for such assets are as follows: Buildings and structures: 3–50 years Machinery and transport equipment: 2–22 years Furniture, tools and fixtures: 2–20 years Additional information As of the period ended September 30, 2007, for tangible fixed assets acquired since March 31, 2007 that have fully depreciated to their allowable limit of depreciation, the remaining balance will be amortized over 5 years by the straight line method starting from the following year. The effect of this change on operating income, ordinary income and net income before taxes is immaterial. 2) Intangible fixed assets: Straight-line method, with the exception of software intended for internal use, which is amortized by the straight-line method over its estimated useful life (five years)

Item	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
	3) Lease assets: Financial lease transactions for lease assets other than ownership transfer The method employed assumes no residual value for the number of serviceable years of the lease. As regards financial lease transactions for lease assets other than ownership transfer prior to the first fiscal year the revised lease transaction accounting standards were applied, lease transactions are accounted for using normal accounting methods. 4) Long-term prepaid expenses: Straight-line method	3) Long-term prepaid expenses: Straight-line method
(3) Allowances	1) Allowance for doubtful accounts: Same as right 2) Allowance for bonuses: Same as right 3) Allowance for points Same as right 4) Allowance for retirement bonuses: Same as right 5) Allowance for directors' retirement bonuses: Same as right	1) Allowance for doubtful accounts: The Company makes provisions against estimated uncollectible receivables sufficient to cover possible losses on the collection of receivables based on a review of the potential for recovery of individual receivables. 2) Allowance for bonuses: To prepare for future bonus payments to employees, the Company makes provisions in the amount accrued based on the estimated payment. 3) Allowance for points The Company bases reserve calculations for the future use of points by comparing the balance of unused points with the historical use of points by customers to forecast likely usage. 4) Allowance for retirement bonuses: To prepare for future retirement benefit payments to employees, the Company makes provisions in the amount recognized as accruing at the end of the consolidated fiscal year based on the estimated retirement benefit obligation and pension assets at the end of the consolidated fiscal year. Actuarial gains and losses are charged to income on a straight-line basis over a certain number of years (five years) within the average remaining years of service starting from the year after the gain or loss arises. 5) Allowance for directors' retirement bonuses: For the parent company and domestic affiliate companies to prepare for future retirement bonus payments to directors, the necessary provisions are made based on internal regulations.
(4) Foreign currency-denominated assets and liabilities	Foreign currency-denominated assets and liabilities: Same as right	Foreign currency-denominated assets and liabilities: Assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet date and differences are accounted for as income or losses. Foreign currency-denominated assets and liabilities hedged by forward exchange contracts are translated at the contracted rate of exchange.
(5) Lease Accounting	Lease Accounting: Same as right	Lease Accounting: Finance leases other than those which transfer the right of ownership to the lessee are accounted for in the same manner as ordinary operating lease transactions.
(6) Other important items affecting the preparation of these financial statements:	Calculation methods used in relation to consumption tax, etc. Same as right	Calculation methods used in relation to consumption tax, etc. All transactions are posted exclusive of consumption and other taxes.

Item	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
5) Evaluation of assets and liabilities of consolidated subsidiaries	Same as right	All assets and liabilities of consolidated subsidiaries are valued using the market price method.
6) Amortization of goodwill and negative goodwill	Same as right	Goodwill is amortized in equal amounts over five years. However small amounts are amortized in full in the fiscal year in which they arise.
7) Scope of Cash and Cash Equivalents	Same as right	Cash and cash equivalents in the consolidated statements of cash flows consist primarily of cash on hand, cash deposits and short-term, highly liquid investments with original maturities of three months or less, which are readily convertible into cash with insignificant risk of change in value.

Changes in accounting treatment

Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
Changes to evaluation standards and the evaluation method of important fixed assets: Inventory assets Inventory assets held for normal sales were primarily calculated using the gross average method based on the acquisition cost method. As of the current consolidated fiscal year and following application of “Accounting Standards for Inventory Assets” (Accounting Standards No. 9, July 5, 2006) Inventory assets will primarily be calculated using the gross average method based on the acquisition cost method (In cases of decline in profitability, reduction in book value method is used). Following the application of the above in the current consolidated fiscal year, loss from disposal of inventory assets, which were previously recorded as a non-operating expense, will be included in the cost of sales. In the current consolidated fiscal year, operating income decreased ¥408 million, ordinary income decreased ¥8 million and net income before taxes decreased ¥43 million as a result of this change in comparison to the former method used. The effect on business segments is discussed in the applicable section of this report.	Changes to the accounting methods of allowance for deprecation of tangible fixed-assets: Accounting methods after revisions to the Corporate Law apply to acquisitions made on or after April 1, 2007,. This follows certain 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 83, March 30, 2007)). The effects on operating income, ordinary income and net income before taxes as a result of this change are immaterial.
Application of current accounting methods for foreign subsidiaries in the creation of the consolidated balance sheet: As of the consolidated fiscal year under review, “Application of current accounting methods for foreign subsidiaries in the preparation of the consolidated balance sheet” (Accounting Standards Board of Japan, May 17, 2006, Report No. 18) will be applied. There is no material impact on operating income, ordinary income or income before taxes, etc. as a result of this change.。	
Application of accounting standards for lease transactions: The application of the following accounting standards have been applied as of the current consolidated fiscal year, accounting standards for lease transactions (Accounting Standards Board of Japan Report No. 13 (June 17, 1993 (JAS Committee 1) revised March 30, 2007)) and Guidelines to the application of standards for lease transactions (Guidelines to the application of standards for lease transactions No. 16 (January 18, 1994 (Accounting Standards Board of Japan, May 17, 2006, Report No. 18). There is no material impact on operating income, ordinary income or income before taxes, etc. as a result of this change.	----------------

Change in the method of disclosure

Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
Consolidated Balance Sheet Finished goods, work in progress and raw materials, which were included in inventory assets in the previous consolidated fiscal year, will be recorded separately as of the current consolidated fiscal year following application of certain revisions to Cabinet Office Regulations for Financial Statements (August 7, 2008, Cabinet Office regulation No. 50). In the previous consolidated fiscal year merchandise and products were ¥3,229 million; work in process were ¥78 million and raw materials were ¥3,402 million, and were all included in inventory assets.	Consolidated Balance Sheet In accordance with the announcement by the Japanese Institute of Certified Public Accountants, in Audit Document No. 1, Commission report No. 42, April 13, 2007, under the audit of reserve for the Special Taxation Measures Law regarding the allowance and reserve of the Special Act, the amount of reserve for retirement benefits for directors and corporate auditors will be transferred to long-term accounts payable and included in 'Other fixed liabilities'. Following this transfer, and as of March 31, 2008, the balance of the reserve for retirement benefits for directors and corporate auditors in long-term accounts payable was ¥161 million. As regards the bonus system for retiring directors and corporate auditors, at the 26th General Shareholders' Meeting held June 17, 2006, it was decided that retirement bonus for directors and corporate auditors would be abolished and that retirement bonus earned up until June 17, 2006 will not be recorded and will be paid upon retirement.
Consolidated income statements In the previous consolidated fiscal year, loss on foreign exchange (FY ended March 31, 2008: ¥26 million) was included in miscellaneous expenses due to its increased materiality.	----------------
	(Consolidated Cash Flow Account) The relative importance of the net amount of 'Net proceeds (payment) for purchase of treasury stock', has increased since fiscal year ended March 31, 2007. As of the current fiscal year, the item has been amount has been classified as 'Payment for purchase of treasury stock' and 'Proceeds from sale of treasury stock'.

Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
	Change to useful life of tangible fixed assets As of the current consolidated fiscal year, the useful lives of certain assets have changed upon review of the corporate tax revision as a contract for the useful life of machinery and equipment, There is no material impact on operating income, ordinary income or income before taxes, etc. as a result of this change.

Items related to the consolidated balance sheet

Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
*1 Non-consolidated subsidiaries and affiliates Investment securities (equities): ¥399 million Other investment assets: ¥25 million (investments)	*1 Non-consolidated subsidiaries and affiliates Investment securities (equities): ¥423 million Other investment assets: ¥25 million (investments)
*2 The company is a co-guarantor of ¥1,757 million in borrowings by the Nagareyama Industrial Park from the Chiba Prefectural SHOKOCHUKIN Bank along with the other 15 co-partners in the industrial park. The company also guarantees bank borrowings of ¥58 million (US $600,000) in respect of our non-consolidated subsidiary FANCL International, Inc.)	*2 The company is a co-guarantor of ¥1,911 million in borrowings by the Nagareyama Industrial Park from the Chiba Prefectural SHOKOCHUKIN Bank along with the other 15 co-partners in the industrial park. The company also guarantees bank borrowings of ¥30 million (US $300,000) in respect of our non-consolidated subsidiary FANCL International, Inc.)
*3 Assets pledged as collateral Land associated with the Chiba factory (Chiba Prefecture, Nagareyama City) (with a book value at the end of the period of ¥591 million,) and buildings (with a book value at the end of the period of ¥1,557 million) have been pledged as collateral against borrowings from the Chiba Prefectural SHOKOCHUKIN Bank as part of the collectivized factory business operations, implemented by the Nagareyama Industrial Park Cooperative.	*3 Assets pledged as collateral Land located in Nagareyama City, Chiba prefecture associated with the Chiba factory and Chiba logistics center (with a book value at the end of the period of ¥591 million,) and buildings (with a book value at the end of the period of ¥1,618 million) have been pledged as collateral against borrowings from the Chiba Prefectural SHOKOCHUKIN Bank as part of the collectivized factory business operations, implemented by the Nagareyama Industrial Park Cooperative.
*4 The accounts contain advanced depreciation allowances of ¥173 million for land as a result of the company receiving state subsidies, and amounts reported in the balance sheet have been deducted to account for this advanced depreciation allowance.	*4 The accounts contain advanced depreciation allowances of ¥23 million for buildings and ¥173 million for land as a result of the company receiving state subsidies, and amounts reported in the balance sheet have been deducted to account for this advanced depreciation allowance.
*5 The amount of accumulated impairment losses is included in accumulated depreciation.	*5 The amount of accumulated impairment losses is included in accumulated depreciation.

Notes to consolidated statements of income

April 1, 2008 to March 31, 2009	April 1, 2007 to March 31, 2008
*1 Research and development expenses of ¥2,188 million are included in SG&A expenses and production expenses for the period.	1. Research and development expenses of ¥2,302 million are included in SG&A expenses and production expenses for the period.
2 Income from the sale of fixed assets was primarily due to the sale company facilities for employee welfare, etc.	2. Income from sale of fixed assets was primarily due to the sale of factory equipment and facilities.
3 Losses from sale of fixed assets were primarily due to the sale of company facilities for employee welfare, etc.	3. Disposal losses from fixed assets was primarily due to disposals associated with store renovations and closures.
4 Losses from disposal of fixed assets were primarily due disposals associated with the closure of logistics center.	
5. Reductions in book value from reduced profitability of inventory assets held for normal sales: Cost of sales: ¥8 million Extraordinary loss: ¥34 million	
6 Impairment losses *(Millions of yen)*	4.

Facility	Type	Amount	Location
Factory	Buildings &. Structures	63	Kagawa Prefecture, Mitoyo City
	Machinery and Automotive equipment	136	
	Equipment and fixtures	1	
	Land	29	
	Prepaid expenses and long-term prepaid expenses	67	
	Other	0	
company facilities for employee welfare, etc.	Buildings &. Structures	36	Yokohama City, Sakae Ward
	Land	142	
Retail facilities	Buildings &. Structures	3	Kyushu area
	Equipment and fixtures	1	

Recognition of impairment losses:

1. In regards to the hatsuga genmai factory and facilities, the company has accounted for ¥299 million of impairment losses where the recoverable value of assets was less than the book value following the decision to close the Kagawa factory based on a review of the hatsuga genmai production system. These have been recorded in extraordinary loss.
2. As regards the company facilities for employee welfare, the company has accounted for ¥178 million of impairment losses where the recoverable value of assets was less than the book value following the decision sell the facilities. These have been recorded in extraordinary loss.
3. As regards the retail facilities, the company has accounted for ¥4 million of impairment losses where the recoverable value of assets was less than the book value following the decision close stores. These have been recorded in extraordinary loss.

April 1, 2008 to March 31, 2009	April 1, 2007 to March 31, 2008
Grouping method The FANCL Group primarily groups assets by type of operation. Idle assets are grouped by facility. Method of calculating recoverable value: 1. The recoverable value of the hatsuga genmai production facilities are estimated using net sale values and calculated based on assessed values of fixed assets. 2. The recoverable value of company facilities for employee welfare are estimated using net sale values and are calculated based on estimated values determined using estimated real estate value. 3. The recoverable value of stores are calculated from estimated net sale values. Assets without other applications are recorded as zero since there is the possibility that it will not be sold.	

Changes to shareholders' equity during the period April 1, 2008 to March 31, 2009

1. Number and type of common shares issued and treasury stock

	Number of shares as of March 31, 2008	Increase of shares during fiscal year to March 31, 2009	Decrease of shares during fiscal year to March 31, 2009	Number of shares as of March 31, 2009
Shares issued				
Common shares (note 1)	70,176,600	--	5,000,000	65,176,600
Total	70,176,600	--	5,000,000	65,176,600
Treasury stock				
Common shares (note 2,3)	8,944,863	1,778	5,049,692	3,896,949
Total	8,944,863	1,778	5,049,692	3,896,949

Note: 1. The decrease of 5,000,000 in common shares was due to the elimination of treasury shares.
2. The increase of 1,778 in treasury stock was due to the purchase of odd lot shares.
3. The decrease of 5,049,692 in treasury stock was due to a reduction of 5,000,000 shares from a decision by the board of directors to eliminate treasury shares, a reduction of 49,100 shares through the exercise of share warrants a decrease of 592 shares as a result of applications to purchase odd lot shares.

2. Share warrants and treasury share warrants

Type	Breakdown of share warrants	Type of shares for share warrants	Number of shares resulting from share warrants (Thousands of shares)				Balance as of March 31, 2009 (¥ million)
			FY ending March 31, 2008	Increase of shares during fiscal year to March 31, 2009	Decrease of shares during fiscal year to March 31, 2009	Number of shares at end fiscal year March 31, 2009	
Parent company	Stock option share warrants	—	—	—	—	—	310
Total		—	—	—	—	—	310

3. Dividends

(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividends per share	Dividend record date	Effective date
May 15, 2008 Board of directors' meeting	Common shares	¥734 million	¥12	March 31, 2008	June 16, 2008
November 4, 2008 Board of directors' meeting	Common shares	¥1,041 million	¥17	September 30, 2008	December 1, 2008

(2) Dividends for which the effective date is in the following fiscal year

Decision-making schedule as follows:

Date to be confirmed	Type of stock	Total Dividends paid	Source of dividends	Dividends per share	Dividend record date	Effective date
May 15, 2009 Board of directors' meeting	Common shares	¥1,041 million	Profit reserve	¥17	March 31, 2009	June 22, 2009

Changes to shareholders' equity during the period April 1, 2007 to March 31, 2008

1. Number and type of common shares issued and treasury stock

	Number of shares as of March 31, 2007	Increase of shares during fiscal year to March 31, 2008	Decrease of shares during fiscal year to March 31, 2008	Number of shares as of March 31, 2008
Shares issued				
Common shares	70,176,600	--	--	70,176,600
Total	70,176,600	--	--	70,176,600
Treasury stock				
Common shares (note 1,2)	6,188,080	3,002,323	245,540	8,944,863
Total	6,188,080	3,002,323	245,540	8,944,863

Note: 1. The increase of 3,002,323 in treasury stock was due to an increase of 2,323 as a result of purchases of odd lot shares and an increase of 3,000,000 shares from the purchase of our own shares following a decision by the board of directors.

2. The decrease of 245,540 in treasury stock was due to a reduction of 245,300 shares through the exercise of share warrants, and 240 shares as a result of applications to purchase odd lot shares.

2. Share warrants and treasury share warrants

Type	Breakdown of share warrants	Type of shares for share warrants	Number of shares resulting from share warrants (Thousands of shares)				Balance as of March 31, 2008 (¥million)
			FY ending March 31, 2007	Increase of shares during fiscal year to March 31, 2008	Decrease of shares during fiscal year to March 31, 2008	Number of shares at end fiscal year March 31, 2008	
Parent company	Stock option share warrants	—	—	—	—	—	275
Total		—	—	—	—	—	275

3. Dividends

(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividends per share	Dividend record date	Effective date
May 16, 2007 Board of directors' meeting	Common shares	¥767 million	¥12	March 31, 2007	June 18, 2007
November 1, 2007 Board of directors' meeting	Common shares	¥770 million	¥12	September 30, 2007	December 3, 2007

(2) Dividends for which the effective date is in the following fiscal year

Decision-making schedule as follows:

Date to be confirmed	Type of stock	Total Dividends paid	Source of dividends	Dividends per share	Dividend record date	Effective date
May 15, 2008 Board of directors' meeting	Common shares	¥734 million	Profit reserve	¥12	March 31, 2008	June 16, 2008

Notes to the Consolidated Statements of Cash Flows

(Millions of yen)

April 1, 2008 to March 31, 2009		April 1, 2007 to March 31, 2008	
1. Relationship of cash and cash equivalents at the period end to amounts recorded in the consolidated balance sheets		1. Relationship of cash and cash equivalents at the period end to amounts recorded in the consolidated balance sheets	
	As at March 31, 2009		As at March 31, 2008
Cash and deposits	16,209	Cash and deposits	16,551
Marketable securities	13,520	Marketable securities	13,508
TOTAL	29,730	TOTAL	30,060
Fixed deposits with maturities exceeding 3 months	(2,997)	Fixed deposits with maturities exceeding 3 months	(1,000)
Cash and cash equivalents	26,732	Marketable securities with maturities exceeding 3 months	(4,999)
		Cash and cash equivalents	24,060

2. Breakdown of assets and liabilities that have increased or decreased as a result of the transfer of cash and deposits to NICOSTAR BEAUTECH Co., Ltd.		2. Breakdown of assets and liabilities, as well as the value of shares acquired and net payment for the acquisition of CHALONE Inc. at the time of consolidation are as follows: *(Millions of yen)*	
Current assets	108	Current assets	1,615
Fixed assets	968	Fixed assets	748
Goodwill	324	Goodwill	795
Total assets	1,400	Current liabilities	(603)
Long-term liabilities	85	Long-term liabilities	(775)
Total liabilities	85	Minority interest	(98)
Payment from transfer of operations	1,315	Value of CHALONE Inc. shares acquired	1,681
		Cash and cash equivalents of CHALONE Inc.	(569)
		Payment for acquisition of CHALONE Inc.	1,112

SEGMENT INFORMATION

a. Business Segments

For the fiscal year April 1, 2008 to March 31, 2009 *(Millions of yen)*

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
1. Sales and operating income: (1) Sales to external customers	50,081	29,088	18,834	98,004	--	98,004
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	50,081	29,088	18,834	98,004	--	98,004
Operating expenses	43,319	26,159	19,815	89,294	2,043	91,338
Operating income (loss)	6,761	2,929	(981)	8,709	(2,043)	6,666
2. Assets, depreciation and capital payments						
Assets	33,752	13,949	11,700	59,402	25,907	85,309
Depreciation	1,818	746	383	2,948	61	3,010
Impairment losses	2	1	299	304	178	482
Capital payments	2,565	858	435	3,858	46	3,905

Notes:

1. Segmentation has been adopted for internal management purposes.
2. Segment operations are as follows:
   1. Cosmetic Business: Mail-order and retail sales and wholesaling of a variety of cosmetics products
   2. Nutritional Supplements Business: Mail-order and retail sales and wholesaling of a variety of nutritional supplements
   3. 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. Unallocatable earnings of ¥2,043, million, included in operating expenses under eliminations and corporate, were primarily from expenses from stock options for directors and expenses related to the General Affairs Dept. and other management departments at the head office of the parent company.
4. Total company assets of ¥25,907, included under eliminations and corporate primarily consist of cash and cash equivalents, marketable securities, land and investment securities of the parent company.
5. Change to accounting methods

Accounting standards for inventory assets

As mentioned in the Significant items for the Preparation of Consolidated Financial Statements section of this report, Accounting Standards for Inventory Assets (Accounting Standards No. 9, July 5, 2006) will be applied as of the current consolidated fiscal year. In comparison to use of the former method, operating income is ¥213 million lower in the cosmetics business, ¥143 million lower in the nutritional supplements business and ¥51 million lower in other businesses.

SEGMENT INFORMATION

a. Business Segments

For the fiscal year April 1, 2007 to March 31, 2008 *(Millions of yen)*

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
1. Sales and operating income: (1) Sales to external customers	49,061	30,017	20,270	99,349	--	99,349
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	49,061	30,017	20,270	99,349	--	99,349
Operating expenses	41,652	26,511	21,655	89,819	2,062	91,882
Operating income (loss)	7,409	3,505	(1,384)	9,529	(2,062)	7,467
2. Assets, depreciation and capital payments						
Assets	32,713	14,652	12,480	59,846	25,838	85,685
Depreciation	1,695	733	360	2,788	62	2,851
Impairment losses	--	--	--	--	--	--
Capital payments	1,471	643	202	2,317	--	2,317

Notes:

1. Segmentation has been adopted for internal management purposes.
2. Segment operations are as follows:
    1. Cosmetic Business: Mail-order and retail sales and wholesaling of a variety of cosmetics products
    2. Nutritional Supplements Business: Mail-order and retail sales and wholesaling of a variety of nutritional supplements
    3. 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. Un-allocatable operating expenses of ¥2,062 million included in “Eliminations or Corporate” consist of operating expenses incurred by the Administration Department of the Company and expenses for stock options for directors.
4. Total company assets of ¥25,838 consist of the amounts for items mentioned in Eliminations and Corporate and are composed of the cash and cash equivalents, marketable securities, land and investment securities the parent company.

2. Geographic area

For the previous fiscal year April 1, 2007 to March 31, 2008 and the current fiscal year April 1, 2008 to March 31, 2009, more than 90% of the sales and assets from all segments were in the domestic market. Accordingly, information on sales by geographic area is not included in this report.

3. Overseas sales

For the previous fiscal year April 1, 2007 to March 31, 2008 and the current fiscal year April 1, 2008 to March 31, 2009, sales in overseas markets did not exceed 10% of consolidated net sales. Accordingly, overseas sales information is not included in this report.

Value of other securities

1. Market Value of Other Marketable Securities *(Millions of yen)*

Type	As of March 31, 2009		
Other marketable securities Exceeding acquisition cost	Acquisition Cost	Book Value	Unrealized Gain (Loss)
1. Stocks	19	26	6
2. Bonds	--	--	--
3. Others	--	--	--
Total	19	26	6
Other marketable securities Not exceeding acquisition cost			
1. Stocks	48	40	(7)
2. Bonds	--	--	--
3. Others	--	--	--
Total	48	40	(7)
Net total	67	67	(0)

2. Other marketable securities sold during the period April 1, 2008 to March 31, 2009:

(Millions of yen)

Sale value	Total income from sale	Total loss from sale
--	--	--

3. Securities for which market value is not calculated *(Millions of yen)*

Type	As of March 31, 2009
Other marketable securities	Book Value
(Current assets)	
Bonds	5,995
Foreign bonds	3,000
Other	4,524
(Fixed assets)	
Government agency bonds	500
Unlisted stocks	107
Total	14,128

4. Estimated maturity value of other marketable securities with future maturity dates

1. Other marketable securities *(Millions of yen)*

Type	Maturities within one year	Maturities in excess of one year
Other marketable securities		
(Current assets)		
Bonds	5,995	--
Foreign bonds	3,000	--
Other	4,524	--
(Fixed assets)		
Government agency bonds	500	--
Total	14,020	--

2. Market Value of Other Marketable Securities

(Millions of yen)

Type	As of March 31, 2008		
Other marketable securities Exceeding acquisition cost	Acquisition Cost	Book Value	Unrealized Gain (Loss)
1. Stocks	66	112	46
2. Bonds	--	--	--
3. Others	--	--	--
Total	66	112	46
Other marketable securities Not exceeding acquisition cost			
1. Stocks	1	1	(0)
2. Bonds	--	--	--
3. Others	--	--	--
Total	1	1	(0)
Net total	67	113	46

2. Other marketable securities sold during the period April 1, 2007 to March 31, 2008:

(Millions of yen)

Sale value	Total income from sale	Total loss from sale
16	6	—

3. Securities for which market value is not calculated

(Millions of yen)

Type	As of March 31, 2008
Other marketable securities	Book Value
(Current assets)	
Bonds	2,996
Commercial paper (CP)	2,497
Foreign bonds	5,999
Other	2,013
(Fixed assets)	
Government agency bonds	500
Unlisted stocks	203
Total	14,211

4. Estimated maturity value of other marketable securities with future maturity dates

1. Other marketable securities

(Millions of yen)

Type	Maturities within one year	Maturities in excess of one year
Other marketable securities		
(Current assets)		
Bonds	2,996	--
Commercial paper (CP)	2,497	--
Foreign bonds	5,999	--
Other	2,013	--
(Fixed assets)		
Government agency bonds	--	500
Total	13,508	500

Per Share Information

	FY Ended March 31, 2009	FY ended March 31, 2008
Net assets per share	¥1,155.74	¥1,141.56
Net income per share	¥43.46	¥58.42
Net income per share (diluted)	¥43.35	¥58.10

Note: The basis for the calculation of net income (loss) per share and the net income per share after adjustment for residual securities is as follows:

	FY Ended March 31, 2009	FY ended March 31, 2008
Net income per share		
Net income (loss) (¥ million)	2,662	3,694
Amount not attributable to common shareholders (¥ million)	--	--
Net income (loss) attributable to common shares (¥ million)	2,662	3,694
Average number of outstanding common shares during the year (1,000 shares)	61,275,074	63,244,832
Fully diluted earnings per share		
Net income adjustments (¥ million)	--	--
Breakdown of additional common shares used for calculating net income per share (diluted) (1,000 shares)	144,954	346,803
Residual securities not included in the calculation of the net income after adjustment for residual securities due to the fact that these securities had no dilutive effect.	1 type of subscription rights: Number of residual securities: 411,840	1 type of subscription rights: Number of residual securities: 468,000

Important information after the preparation of this report
None

Omissions
Due to the immaterial effect of lease transactions, transactions with related parties, deferred tax accounting, retired benefits, stock options, etc., have on the financial statements, these items have been omitted.

Non-consolidated Balance Sheets

Millions of yen

	As of March 31, 2009	As of March 31, 2008
ASSETS		
I. Current assets:		
Cash and cash equivalents	8,297	8,050
Notes receivable	4	4
Accounts receivable	7,640	7,656
Marketable securities	8,000	8,498
Merchandise	--	2,465
Merchandise and products	2,184	--
Supplies	--	267
Raw materials and supplies	399	--
Prepaid expenses	409	300
Deferred tax assets	906	984
Income receivable	193	143
Short-term loans to affiliate companies	210	405
Others	367	344
Allowance for doubtful accounts	(23)	(23)
Total current assets	28,590	29,097
II. Fixed assets:		
Tangible fixed assets		
Buildings	10,147	10,420
Accumulated depreciation and impairment losses	(5,010)	(4,771)
Net	5,136	5,648
Structures	504	510
Accumulated depreciation	(353)	(340)
Net	151	170
Machinery and fittings	186	524
Accumulated depreciation	(157)	(450)
Net	28	74
Vehicles	12	17
Accumulated depreciation	(10)	(13)
Net	2	3
Furniture and fixtures	3,378	3,250
Accumulated depreciation and impairment losses	(2,611)	(2,525)
Net	767	725
Land	7,030	7,167
Lease assets	116	--
Accumulated depreciation	(18)	--
Net	98	--
Construction in progress	41	64
Total tangible fixed assets	13,257	13,854
Intangible fixed assets		
Trademarks	9	11
Software	2,898	2,543
Software suspense account	77	274
Utility rights	1	3
Telephone subscription rights	47	47
Total intangible fixed assets	3,034	2,880

Non-consolidated Balance Sheets (continued)

Millions of yen

	As of March 31, 2009	As of March 31, 2008
Investments and other assets		
Investments securities	673	814
Shares in affiliates	8,669	8,669
Contribution to capital	645	646
Long-term loans receivable	90	93
Long-term loans to affiliated companies	7,653	6,221
Bankruptcy reclamation, etc.	--	54
Long-term prepaid expenses	102	144
Deferred tax assets	497	488
Long-term deposits	4,000	3,000
Deposit and guarantee money	1,855	2,368
Insurance reserve	7	6
Others	69	53
Allowance for doubtful accounts	(3,266)	(2,430)
Total investments and other assets	20,998	20,130
Total fixed assets	37,290	36,865
Total assets	**65,880**	**65,962**

Non-consolidated Balance Sheets (continued)

Millions of yen

	As of March 31, 2009	As of March 31, 2008
LIABILITIES		
I. Current liabilities:		
Accounts payable	2,309	2,152
Lease obligations	33	--
Accrued liabilities	2,244	3,107
Accrued expenses	443	418
Accrued income taxes	1,225	955
Accrued consumption taxes	111	14
Advances from customers	5	6
Withholdings	222	230
Allowance for bonuses	764	792
Allowance for points	1,326	1,458
Others	18	14
Total current liabilities	8,703	9,149
II. Long-term liabilities:		
Lease obligations	71	--
Allowance for retirement bonuses	1,180	1,076
Others	106	240
Total long-term liabilities	1,358	1,316
Total liabilities	10,062	10,466
Owners' Equity		
I. Common stock	10,795	10,795
II. Capital surplus		
Capital reserve	11,706	11,706
Other capital surplus	--	155
Total capital surplus	11,706	11,861
III. Retained earnings		
Revenue reserve	267	267
Other retained earnings		
Special reserve	34,693	40,900
Surplus brought forward	3,006	2,757
Total retained earnings	37,967	43,924
IV. Treasury stock	(4,960)	(11,387)
Shareholders' equity total	55,508	55,193
Valuation, translation adjustments, etc.		
I. Unrealized holding gain on securities	0	27
Total valuation, translation adjustments	0	27
Share warrants:	310	275
Total net assets total	55,818	55,496
Total liabilities and net assets	65,880	65,962

Non-consolidated Statements of Income

Millions of yen

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
Net sales	73,783	74,917
Cost of goods sold		
Inventory at start of period	2,465	2,590
Purchases during the year	25,140	25,793
Total sales	27,605	28,384
Other transfers	860	774
Inventory at end of period	2,184	2,465
Total cost of goods sold	24,561	25,144
Gross profit	49,222	49,773
Selling, general and administrative expenses		
Sales promotion expenses	8,508	8,548
Packing and transport expenses	2,891	3,022
Advertising expenses	5,178	6,075
Sales commission fee	4,736	5,146
Outsourcing expenses	2,849	2,595
Communication expenses	1,172	1,229
Directors’ remuneration	371	446
Salaries and bonuses	7,886	7,924
Employee bonuses	752	767
Provision for accrued bonuses	713	763
Provision for accrued pensions	458	529
Welfare expenses	260	384
Compulsory welfare expenses	939	950
Stock compensation expenses	19	75
Depreciation	1,780	1,649
Research and development expenses	614	750
Rent expenses	1,201	929
Other	26	25
Total selling, general and administrative expenses	3,870	3,472
Total of selling, general and administrative expenses	**44,230**	**45,289**
Operating income	**4,991**	**4,484**

Non-consolidated Statements of Income (continued)

Millions of yen

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
Non operating income		
Interest income	146	146
Dividend income	72	73
Commissions from outsourced operations	306	311
Insurance premiums returned	--	199
Investment return from anonymous associations	21	20
Income from leases	7	7
Commissions from operations	360	360
Compensation payments received	18	237
Other non-operating income	167	138
Total of non operating income	1,099	1,495
Non operating expenses		
Loss on disposal of obsolete inventories	--	418
Transfer to allowance for bad debt	699	644
Other non-operating expenses	53	97
Total of non operating expenses	752	1,160
Ordinary income	**5,338**	**4,818**
Extraordinary income		
Gain from sale of fixed assets	16	--
Gain from sale of investment securities	--	6
Other	1	--
Total extraordinary income	18	6
Extraordinary expenses		
Impairment loss	182	--
Loss on disposal of fixed assets	--	71
Loss on sale of fixed assets	18	--
Loss on retirement of fixed assets	73	--
Appraisal loss on investment securities	95	13
Loss on store closures	325	--
Provision for allowance for bad debt	202	--
Other extraordinary expenses	45	4
Total extraordinary income	943	88
Income before income taxes	4,412	4,736
Income taxes	2,299	2,197
Adjustment for income taxes	87	179
Total income tax	2,386	2,376
Net income	**2,025**	**2,359**

Changes in shareholders' equity during the period

Millions of yen, rounded down

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
Shareholders' equity		
Capital		
Balance at end of previous term	10,795	10,795
Changes during the period		
Total change during the period	--	--
Balance at end of term	10,795	10,795
Capital surplus		
Balance at end of previous term	11,706	11,706
Changes during the period		
Total change during the period	--	--
Balance at end of term	11,706	11,706
Other capital surplus		
Balance at end of previous term	155	145
Changes during the period		
Sale of treasury stock	3	9
Cancellation of treasury stock	(159)	--
Total change during the period	(155)	9
Balance at end of term	--	155
Total capital surplus		
Balance at end of previous term	11,861	11,852
Changes during the period		
Sale of treasury stock	3	9
Cancellation of treasury stock	(159)	-
Total change during the period	(155)	9
Balance at end of term	11,706	11,861
Earned reserve		
Balance at end of previous term	267	267
Changes during the period		
Total change during the period	--	--
Balance at end of term	267	267
Special reserve		
Balance at end of previous term	40,900	40,900
Changes during the period		
Cancellation of treasury stock	(6,206)	--
Total change during the period	(6,206)	--
Balance at end of term	34,693	40,900
Retained profit carried forward		
Balance at end of previous term	2,757	1,935
Changes during the period		
Surplus dividend	(1,776)	(1,538)
Net income	2,025	2,359
Sale of treasury stock	(0)	--
Total change during the period	249	821
Balance at end of term	3,006	2,757
Retained profit		
Balance at end of previous term	43,924	43,103
Changes during the period		
Surplus dividend	(1,776)	(1,538)
Net income	2,025	2,359
Sale of treasury stock	(0)	--
Cancellation of treasury stock	(6,206)	--
Total change during the period	(5,957)	821
Balance at end of term	37,967	43,924

Treasury stock		
Balance at end of previous term	(11,387)	(7,699)
Changes during the period		
Acquisition of treasury stock	(2)	(4,000)
Sale of treasury stock	63	312
Cancellation of treasury stock	6,365	--
Total change during the period	6,426	(3,687)
Balance at end of previous term	(4,960)	(11,387)
Total shareholders' equity		
Balance at end of previous term	55,193	58,050
Changes during the period		
Surplus dividend	(1,776)	(1,538)
Net income	2,025	2,359
Acquisition of treasury stock	(2)	(4,000)
Sale of treasury stock	67	321
Cancellation of treasury stock	--	--
Total change during the period	314	(2,856)
Balance at end of previous term	55,508	55,193
Valuation differences due to foreign exchange		
Valuation differences on other marketable securities		
Balance at end of previous term	27	54
Changes during the period		
Changes to items other than shareholders' equity during the period	(27)	(27)
Total change during the period	(27)	(27)
Balance at end of previous term	0	27
Total valuation differences due to foreign exchange		
Balance at end of previous term	27	54
Changes during the period		
Changes to items other than shareholders' equity during the period	(27)	(27)
Total change during the period	(27)	(27)
Balance at end of previous term	0	27
Warrants		
Balance at end of previous term	275	111
Changes during the period		
Changes to items other than shareholders' equity during the period	35	163
Total change during the period	35	163
Balance at end of previous term	310	275
Net assets		
Balance at end of previous term	55,496	58,217
Changes during the period		
Surplus dividend	(1,776)	(1,538)
Net income	2,025	2,359
Acquisition of treasury stock	(2)	(4,000)
Sale of treasury stock	67	321
Cancellation of treasury stock	--	--
Changes to items other than shareholders' equity during the period	8	135
Total change during the period	322	(2,721)
Balance at end of term	55,818	55,496

Changes of Directors (As of June 20, 2009)

1) Changes in Representative Directors

Tsuyoshi Tatai (Currently C.O.O. and Representative Director)

Note:Tsuyoshi Tatai is to be appointed Corporate Adviser.

2) Change of Directors

1. New director candidates

Director Norito Ikeda(Former President of The Ashikaga Bank, Ltd.)

Note: Norito Ikeda is an outside director candidate.

2. Retiring director

Akira Yajima(Currently Executive Officer of The office of the president and Director)

Note:Akira Yajima is to be appointed Corporate Adviser.

3. New auditor candidates

Statutory Auditor Masako Maeda

(Currently Chairperson & C.E.O. of Yokohama Association for International Communications and Exchanges)

Note: Masako Maeda is an outside statutory auditor candidate.

4. Retiring auditor

Fumiko Ikeda(Currently Outside Statutory Auditor)