FANCL Corporation

Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2011

Consolidated results for the period April 1, 2010 to June 30, 2010

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)

First Quarter Results for the Fiscal Year Ending March 31, 2011

FANCL CORPORATION **August 13, 2010**

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Scheduled date for submission of the first quarter *hokokusho* (securities report): August 13, 2010

Scheduled date for distribution of dividends: --

Availability of supplementary explanatory material for first quarter results: Available

Presentation meeting for first quarter results: Scheduled (for institutional investors and analysts)

1) Consolidated results for the first quarter (April 1, 2010 to June 30, 2010) of the fiscal year ending March 31, 2011

(1) Consolidated Operating Results *Millions of yen, rounded down*

	Three months ended June 30, 2010		Three months ended June 30, 2009	
		% change		% change
Net sales	23,394	(2.8)	24,064	(2.8)
Operating income	2,127	18.0	1,802	(19.8)
Ordinary income	2,063	14.1	1,808	(22.4)
Net income	813	(16.2)	970	(12.6)
Earnings per share (¥)	12.53	--	¥15.83	--
Earnings per share (diluted) (¥)	12.49	--	¥15.80	--

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

(2) Consolidated Financial Position *Millions of yen, rounded down*

	As of June 30, 2010	As of March 31, 2010
Total assets	92,645	92,983
Net assets	77,328	77,596
Shareholders' equity/total assets (%)	83.0	83.0
Net assets per share (¥)	1,184.28	1,188.32

Shareholders' equity: As of June 30, 2010: ¥76,902 million
As of March 31, 2010: ¥77,137 million

2) Dividends per share

	FY ended March 31, 2010	FY ending March 31, 2011 (forecast)
Interim period	17.00	17.00
Year-end	17.00	17.00
Annual	34.00	34.00

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

3) Consolidated forecasts for the fiscal year ending March 31, 2011 (April 1, 2010 to March 31, 2011)

(1) Consolidated *Millions of yen*

	Six months ending September 30, 2010		Fiscal year ending March 31, 2011	
Net sales	47,700	0.0	97,500	(2.0)
Operating income	2,870	(8.2)	8,000	(12.7)
Ordinary income	2,870	(7.5)	8,000	(12.9)
Net income	1,600	3.7	4,400	2.2
Earnings per share (¥)	24.65	---	67.78	--

Note: 1. The percentages shown above are a comparison with the interim period of the previous fiscal year for 'Six months ending September 30, 2010' and a comparison with the previous full fiscal year for 'Fiscal year ending March 31, 2011'.
2. Changes to the Consolidated forecasts during the period under review: None

4) Other

(1) Transfer of important subsidiaries during the period: None
Note: Indicates transfers of specified subsidiaries resulting in changes in the scope of consolidation during the interim period under review.

(2) Use of simplified accounting methods or special accounting procedures: Yes
Note: Indicates adoption of simplified accounting methods or special accounting methods for the preparation of the quarterly financial statements.

(3) Changes in accounting methods, procedures and presentation of accounting methods:

1. Changes following revisions to accounting standards: Yes
2. Other changes: None

Note: Indicates changes in principles, procedures and methods of presentation of accounting methods in the making of these financial statements, as mentioned in "Significant Items for the Preparation of Consolidated Financial Statements"

(4) Number of outstanding shares (common stock)

1. Number of shares outstanding (including treasury shares)	June 30, 2010:	65,176,600 shares	March 31, 2010:	65,176,600 shares
2. Number of treasury shares	June 30, 2010	240,341 shares	March 31, 2010:	263,985 shares
3. Average number of shares during the interim period	Three months to June 30, 2010	64,917,361 shares	Three months to June 30, 2009	61,282,616 shares

Important Notice

Disclosure of status of quarterly report review procedures

At time of disclosure of this quarterly financial report the review procedures for quarterly securities reports as stipulated under the Financial Instruments and Exchange Law had been completed.

Appropriate use of 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 7: Commentary on Results, Section 3, Forecasts for the consolidated fiscal year ending March 31, 2011.

Contents

1. Operating Results

(1) Summary of business performance (consolidated)

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

During the first quarter period under review, the Japanese economy recovered steadily. Although unemployment remained high with continued pressure on wages and salaries, exporting and manufacturing activity increased as overseas economies improved, and corporate earnings trended favorably.

Amid these business conditions, FANCL pursued a fundamental policy of building a foundation for growth and improving profitability, and began implementing strategic investment and cost efficiency measures aimed at building a global premium brand.

Net sales for the first quarter decreased 2.8% to ¥23,394 million, with stronger sales in Other businesses due to contributions from NEUES, K.K. which was added to the scope of consolidation in the second quarter of the previous year, but lagging sales in the Nutritional supplements and Cosmetics businesses. Sales in the Kale juice business were also favorable. Operating income increased 18.0% to ¥2,127 million and the operating income ratio increased 1.6 percentage points to 9.1% due to a decrease in marketing expenses compared to the previous year. Ordinary income increased 14.1% to ¥2,063 million and the ordinary income ratio increased 1.3 percentage points to 8.8%. Net income for the period decreased 16.2% to ¥813 million and the net income ratio decreased 0.5 percentage points to 3.5%. This reflected the impact of extraordinary losses recorded with the adoption of Accounting Standards for Asset Retirement Obligations, along with other factors.

Segment results are as follows:
Note: As of the three-month period under review, FANCL has adopted *Accounting Standard for Disclosures about Segments of an Enterprise and Related information*, and *Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related information*. It should be noted that methods used to measure and present segmentation, segment sales and segment income are the same as those used in the previous method.

1) Cosmetics Business
Sales
Sales from the Cosmetics business decreased 5.8% to ¥12,045 million. *(Millions of yen, rounded down)*

	Three months ended June 30, 2010		Three months ended June 30, 2009		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
FANCL Cosmetics	9,441	78.4	9,818	76.8	(3.8)
ATTENIR Cosmetics	2,255	18.7	2,539	19.9	(11.2)
Others	349	2.9	428	3.3	(18.5)
Totals	12,045	100.0	12,786	100.0	(5.8)

	Three months ended June 30, 2010		Three months ended June 30, 2009		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	6,102	50.7	6,644	52.0	(8.2)
Retail store sales	4,069	33.8	4,238	33.1	(4.0)
Wholesales and others	580	4.8	685	5.4	(15.3)
Overseas Sales	1,293	10.7	1,217	9.5	6.2
Totals	12,045	100.0	12,786	100.0	(5.8)

Sales of **FANCL cosmetics** decreased 3.8% to ¥9,441 million, reflecting the absence of a *Mild Cleansing Oil* product renewal marketing campaign that boosted sales in the previous year.
Sales of **ATTENIR cosmetics** decreased 11.2% to ¥2,255 million due to a decrease in achieved unit prices and despite a summer campaign and other initiatives to improve sales.

Results by sales channels were: mail order sales decreased 8.2% year on year to ¥6,102 million, retail store sales decreased 4.0% to ¥4,069 million, wholesale sales through other sales channels decreased 15.3% to ¥580 million, and overseas sales increased 6.2% to ¥1,293 million.

Operating income

Operating income increased 22.1% to ¥2,186 million, as a decrease in marketing costs offset a decrease in sales. The operating income margin improved 4.1 percentage points to 18.1%.

2) Nutritional Supplements Business

Sales

Nutritional supplement sales decreased 2.1% to ¥6,626 million. *(Millions of yen, rounded down)*

	Three months ended June 30, 2010		Three months ended June 30, 2009		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	2,822	42.6	3,023	44.7	(6.7)
Retail store sales	1,778	26.9	1,825	27.0	(2.5)
Wholesales and others	1,373	20.7	1,400	20.7	(1.9)
Overseas Sales	651	9.8	518	7.6	25.8
Totals	6,626	100.0	6,766	100.0	(2.1)

In terms of sales by product, strong sales of beauty supplements and supplements that target middle-aged and elderly customers were not enough to offset the decrease in sales of other product groups such as vitamins and minerals.

Looking at sales channels, mail order sales decreased 6.7% to ¥2,822 million, retail store sales decreased 2.5% to ¥1,778 million, wholesale sales through other sales channels decreased 1.9% to ¥1,373 million and overseas sales increased 25.8% to ¥651 million.

Operating income

Operating income decreased 12.3% to ¥618 million due to a decrease in sales. The operating income margin decreased 1.1 percentage points to 9.3%.

3) Other Businesses

Sales in Other businesses increased 4.7% year on year to ¥4,722 million

(Millions of yen, rounded down)

	Three months ended June 30, 2010	Three months ended June 30, 2009	Change (%)
Hatsuga genmai business	766	776	(1.3)
Kale juice business	968	913	6.0
IIMONO OHKOKU mail order business	1,929	2,005	(3.8)
Other businesses	1,058	815	29.8
Totals	4,722	4,510	4.7

In the Hatsuga genmai (germinated brown rice) business, sales decreased 1.3% to ¥776 million, but evidence of a recovery began to show, including an increase in regular purchases and commercial sales.

In the Kale juice business, sales increased 6.0% to ¥968 million due to an increase in sales of *Kale Marugoto Shibori* and other powder type products.

Sales through the IIMONO OHKOKU mail order business decreased 3.8% year on year to ¥1,929 million due to poor sales of seasonal products for the start of summer and lower sales of golf products.

Sales at other businesses increased 29.8% to ¥1,058 million due to the consolidation of NEUES, K.K. which operates a beauty salon business.

Operating income

An operating loss of ¥194 million was recorded for the first quarter, largely in line with the previous comparable period. Strong sales in the Kale juice business, along with a return to profitability in the Hatsuga Genmai business, offset reduced sales in the IIMONO OHKOKU mail order business.

(2) Summary of consolidated financial position

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

Assets decreased ¥337 million to ¥92,645 million. The primary contributing factors were a decrease of ¥215 million in current assets and a decrease of ¥122 million in fixed assets. The decrease in current assets was largely the result of a ¥88 million decrease in notes and accounts receivable, and a ¥174 million decrease in inventories. The decrease in fixed assets was primarily the result of a ¥217 million decrease in investment securities due to the adoption of the equity method.

Liabilities decreased ¥70 million to ¥15,317 million. The primary contributing factors were a decrease of ¥579 million in current liabilities and an increase of ¥509 million in noncurrent liabilities. The decrease in current liabilities was largely the result of a ¥1,107 million decrease in accrued income taxes following a payment of corporate and other taxes and a ¥492 million increase in allowance for bonuses. The increase in non-current liabilities was primarily the result of a ¥474 million increase in asset retirement obligations.

Net assets decreased ¥267 million to ¥77,328 million. Although net income of ¥813 million was recorded for the period, this was offset by dividend payments of ¥1,103 million.

As a result, the shareholders' equity ratio remained at a similar level to the end of the previous fiscal year at 83.0%.

Cash flow

Cash and cash equivalents as of June 30, 2010 were ¥25,687 million, ¥677 million higher than at the end of the previous fiscal year. The main contributing factors are detailed below.

Cash flows from operating activities

Cash flow gained in operating activities during the period under review was ¥1,283 million compared to ¥1,641 million for the first quarter of the previous fiscal year. Factors increasing operating cash flow were income before income taxes of ¥1,658 million, depreciation expenses of ¥700 million, an increase in accrued bonuses of ¥492 million, and the effect of the adoption of accounting standards for asset retirement obligations of ¥309 million. Factors reducing operating cash flow included tax payments of ¥2,120 million.

Cash flows from investing activities

Cash gained in investing activities during the period under review was ¥412, compared to a ¥1,068 million outflow for the first quarter of the previous fiscal year. Factors increasing investment cash flow included ¥1,999 million for sales and reimbursements of securities. Factors reducing investment cash flow were outlays of ¥998 million for acquisitions of securities, ¥343 million for acquisitions of tangible fixed assets and ¥267 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 ¥1,004 million, compared to ¥896 million for the first quarter of the previous fiscal year, and was primarily due to dividend payments of ¥986 million.

(3) Forecasts for the fiscal year ending December 31, 2010

There are no changes to the forecasts made on May 14, 2010 for the consolidated fiscal year ending March 31, 2011.

2. Other

(1) Changes to subsidiaries during the period: None

(2) Use of simplified accounting methods or special accounting procedures: None

(3) Changes in accounting methods, procedures and presentation used in the preparation of these financial statements:

(1) Adoption of the *Accounting Standard for Equity Method of Accounting for Investment*s and the *Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method*

Effective from the three-month period under review, the *Accounting Standard for Equity Method of Accounting for Investments* (Accounting Standards Board of Japan (ASBJ) Statement No. 16 issued on March 10, 2008) and the *Practical Solution on Unification of Accounting Policies Applied to*

Associates Accounted for Using the Equity Method (ASBJ Practical Issues Task Force (PITF) No. 24 issued on March 10, 2008) have been adopted.
This change had no material effect on consolidated ordinary income and consolidated net income before taxes and other adjustments.

(2) Adoption of the Accounting Standard for Asset Retirement Obligations:
Effective from the three-month period under review, the *Accounting Standard for Asset Retirement Obligations* (ASBJ Statement No. 18 issued on March 31, 2008)" and the *Guidance on Accounting Standard for Asset Retirement Obligation*s (ASBJ Guidance No. 21 issued on March 31, 2008)" have been adopted.
For the three-month period under review, the effect of this change was to reduce consolidated operating income and ordinary income by ¥8 million, respectively, and reduce consolidated net income before taxes and other adjustments by ¥318 million.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen, rounded down

	As of June 30, 2010	As of March 31, 2010
ASSETS		
I. Current assets:		
Cash and bank deposits	21,181	19,505
Notes and accounts receivable	10,152	10,240
Marketable securities	8,005	10,005
Merchandise and products	2,978	3,048
Work in progress	76	40
Raw materials and supplies	2,963	3,103
Others	2,698	2,316
Allowance for doubtful accounts	(244)	(233)
Total current assets	47,812	48,027
II. Fixed assets:		
Tangible fixed assets		
Buildings and structures	22,786	22,331
Accumulated depreciation and accumulated impairment loss	(12,170)	(11,719)
Buildings and structures (net)	10,615	10,612
Machinery and transport equipment	5,570	5,491
Accumulated depreciation and accumulated impairment loss	(4,500)	(4,421)
Machinery and transport equipment (net)	1,069	1,069
Furniture, tools and fixtures	6,189	6,011
Accumulated depreciation and accumulated impairment loss	(5,203)	(5,099)
Furniture, tools and fixtures (net)	986	911
Land	10,971	10,971
Lease assets	272	263
Accumulated depreciation and accumulated impairment loss	(130)	(115)
Lease assets (net)	141	148
Others	6	83
Total tangible fixed assets	23,791	23,797
Intangible fixed assets		
Goodwill	482	511
Others	2,628	2,602
Total intangible fixed assets	3,111	3,114
Investments and other assets		
Investment securities	11,711	11,928
Others	6,219	6,116
Total investments and other assets	17,930	18,044
Total fixed assets	44,833	44,956
Total Assets	92,645	92,983

Consolidated Balance Sheets, continued

Millions of yen, rounded down

	As of June 30, 2010	As of March 31, 2010
LIABILITIES		
I. Current liabilities:		
Notes and accounts payable	2,853	3,357
Accrued income taxes	1,207	2,314
Allowance for bonus	1,542	1,050
Allowance for points	1,388	1,352
Others	5,194	4,690
Total current liabilities	12,185	12,765
II. Noncurrent liabilities:		
Allowance for retirement benefits	2,012	1,946
Allowance for directors' retirement bonuses	85	80
Asset retirement obligations	474	--
Others	558	595
Total non-current liabilities	3,131	2,622
Total liabilities	15,317	15,387
NET ASSETS		
Shareholders' equity		
Common stock	10,795	10,795
Additional paid-in capital	11,706	11,706
Retained earnings	54,775	55,065
Treasury stock	(306)	(336)
Total shareholders' equity	76,970	77,230
Difference from exchange and evaluation		
Valuation difference on other marketable securities	8	10
Foreign exchange adjustment account	(76)	(103)
Total difference from exchange and evaluation	(67)	(93)
Warrants	312	342
Minority interests	113	116
Total net assets	77,328	77,596
Total Liabilities and Net Assets	92,645	92,983

(2) Consolidated statements of income

Millions of yen, rounded down

	April 1, 2010 to June 30, 2010	April 1, 2009 to June 30, 2009
Net sales	23,394	24,064
Cost of sales	8,157	7,969
Gross profit	15,237	16,094
Selling, general and administrative expenses	13,109	14,292
Operating income	2,127	1,802
Non-operating income		
Interest income	20	24
Dividend income	8	1
Other non-operating income	38	31
Total non-operating income	67	57
Non-operating expenses		
Interest expense	114	-
Exchange loss	4	37
Other non-operating expenses	12	13
Total non-operating expenses	131	51
Ordinary income	2,063	1,808
Extraordinary income		
Income from sale of fixed assets	0	0
Other	0	0
Total extraordinary income	0	0
Extraordinary loss		
Loss on sale of fixed assets	-	0
Loss on disposal of fixed assets	7	1
Impairment loss	13	13
Loss on closure of stores	-	6
Effect of change in accounting standards for disposal of fixed assets	309	-
Other	74	14
Total extraordinary loss	405	36
Income before income taxes	1,658	1,772
Income and other taxes	1,009	952
Adjustments to income and other taxes	(161)	(150)
Total income and other taxes	848	801
Net income from minority interests prior to adjustments	809	-
Income from minority interests	(3)	0
Net income	813	970

(3) Consolidated statements of cash flows

Millions of yen, rounded down

	April 1, 2010 to June 30, 2010	April 1, 2009 to June 30, 2009
I. Cash flows from operating activities		
Income before income taxes	1,658	1,772
Depreciation	700	738
Impairment losses	13	13
Stock compensation expenses	-	19
Amortization of goodwill	28	48
Increase (decrease) in allowance for doubtful accounts	8	14
Increase (decrease) in allowance for bonuses	492	478
Increase (decrease) in allowance for points	36	(16)
Increase (decrease) in allowance for retirement	66	(29)
Increase (decrease) in allowance for directors retirement benefits	4	5
Interest and dividend income	(29)	(25)
Gain (loss) from foreign exchange	15	(63)
	114	-
Gain (loss) from revaluation of investment in securities	2	6
Gain on sale of fixed assets	(0)	0
Loss from disposal of fixed assets	7	1
	309	-
Decrease (increase) in trade receivables	88	(484)
Decrease (increase) in inventories	174	(132)
Decrease (increase) in other current assets	(256)	(188)
	54	-
Increase (decrease) in trade payables	(504)	253
Increase (decrease) in other current liabilities	357	572
Increase (decrease) in other noncurrent liabilities	(27)	(54)
Others	72	7
Sub-total	3,388	2,938
Interest and dividends received	16	13
Income taxes paid	(2,120)	(1,310)
Net cash provided by (used in) operating activities	1,283	1,641
II. Cash flows from investing activities		
Acquisition of marketable securities	(998)	(998)
Income from sale and redemption of marketable securities	1,999	997
Acquisition of tangible fixed assets	(343)	(563)
Income from sale of tangible fixed assets	0	23
Acquisition of intangible fixed assets	(267)	(290)
Acquisition of shares in affiliates	-	(259)
Income from loans receivable	11	12
Other payments	(5)	(77)
Other income	17	86
Net cash provided by (used in) investing activities	412	(1,068)
III. Cash flows from financing activities		
Sale of treasury stock	0	0
Acquisition of treasury stock	(0)	(0)
Cash dividends paid	(986)	(875)
Others	(17)	(19)
Net cash provided by (used in) financing activities	(1,004)	(896)
IV. Effect of exchange rate changes on cash and cash equivalents	(14)	58
V. Net increase in cash and cash equivalents	677	(265)
VI. Cash and cash equivalents at the beginning of the period	25,010	26,732
VII. Cash and cash equivalents at end of period	**25,687**	**26,467**

(4) Items related to going concern:

No applicable items

(5) Segment information

The reporting of segmental information at FANCL is based on financial information able to be separated from the various businesses that comprise the consolidated FANCL group of companies, and is subject to regular review to enable the board of directors to allocate management resources and to evaluate business performance.
FANCL operates a range of businesses, focusing on the production and sale of cosmetics and nutritional supplements. The company and its consolidated subsidiaries include not only companies that manufacture single products, but also companies that manufacture and sell multiple products. FANCL operates each business by establishing comprehensive domestic and overseas strategies based on the products handled.
Accordingly, the corporate group consists of segments based on the products handled, and are separated into two main business segments—Cosmetics Business and Nutritional Supplements Business. The Cosmetics Business manufactures and sells cosmetics and supplies OEM products. The Nutritional Supplements Business conducts manufactures and sells nutritional products.

Business Segments
Three months ended June 30, 2010 (Millions of yen, rounded down)

	Business Segments			Other*[1]	Total	Eliminations or Corporate*[2]	Consolidated *[3]
	Cosmetics Business	Nutritional Supplements Business	Total				
1. Sales and operating income:							
(1) Sales to external customers	12,045	6,626	18,672	4,722	23,394	--	23,394
(2) Inter-segment sales or transfers	--	--	--	--	--	--	--
Total sales	12,045	6,626	18,672	4,722	23,394	--	23,394
Operating income (loss)	2,186	618	2,804	(194)	2,610	(483)	2,127

Notes:
1. The Others business segment includes sales of Hatsuga Genmai (germinated brown rice), kale juice, mail-order sales by consolidated subsidiary IIMONO OHKOKU (Kingdom of Wonderful Things) Co., Ltd., Kaiteki Hadagi comfort undergarments and household sundries, and beauty salon operations at.
2. The Eliminations or Corporate amount of ¥483 million recorded in segmental operating income (loss) includes overall costs not allocated in each segment, and mainly consists of corporate costs applicable to the business segments, such as costs pertaining to the General Affairs Department of the parent company.
3. Segment income or loss has been adjusted with the operating income for the consolidated income statement for the quarter

Three months ended June 30, 2009 (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	12,786	6,766	4,510	24,064	--	24,064
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	12,786	6,766	4,510	24,064	--	24,064
Operating income (loss)	1,790	705	(193)	2,301	(499)	1,802

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.

b. Segment information by area:

April 1, 2009 to June 30, 2009

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

c. Overseas sales:

April 1, 2009 to June 30, 2009

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

d. Segment Information:

(Additional information)

As of the three-month period under review, FANCL has adopted *Accounting Standard for Disclosures about Segments of an Enterprise and Related information* (ASBJ Statement No.17 issued March 27, 2009) and *Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related information* (ASBJ Guidance No.20 issued March 21, 2008). It should be noted that methods used to measure and present enterprise segment information under the current 'business management' approach to business segmentation are the same as those used in the previous method of segmentation by type of operation.

3. Impairment losses on fixed assets and goodwill by reporting segment

Significant losses related to fixed assets

As of the end of the three-month period under review, the book value of retail facilities scheduled for closure has been written down to the estimated recoverable amount and an impairment loss recorded. This impairment loss-related information for the Cosmetic and Nutritional Supplements Businesses has been omitted due to low materiality.

Significant changes to goodwill

No applicable items

Significant gain on negative goodwill

No applicable items

(6) Note on significant change in shareholders' equity

No applicable items