FANCL Corporation

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2012

April 1, 2011 to June 30, 2011

SUMMARY OF FINANCIAL STATEMENTS (consolidated)

First Quarter Results for the Fiscal Year Ending March 31, 2012

FANCL CORPORATION **July 28, 2011**

www.fancl.co.jp

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Scheduled date for submission of the first quarter *hokokusho* (securities report): August 12, 2011

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, 2011 to June 30, 2011) of the fiscal year ending March 31, 2012

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

	Three months ended June 30, 2011		Three months ended June 30, 2010	
		% change		% change
Net sales	21,706	(7.2)	23,394	(2.8)
Operating income	1,001	(52.9)	2,127	18.0
Ordinary income	956	(53.7)	2,063	14.1
Net income	415	(48.9)	813	(16.2)
Earnings per share (¥)	¥6.40	--	¥12.53	--
Earnings per share (diluted) (¥)	¥6.38	--	¥12.49	--

Notes: 1. The percentages shown above are a comparison with the same period in the previous fiscal year.
2. Comprehensive income: Three months ended June 30, 2011: ¥414 million (-50.4%)
Three months ended June 30, 2010: ¥835 million (--%)

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

	As of June 30, 2011	As of March 31, 2011
Total assets	91,857	94,030
Net assets	77,904	78,647
Shareholders' equity/total assets (%)	84.4%	83.2%

Shareholders' equity: As of June 30, 2011: ¥77,526 million
As of March 31, 2011: ¥78,269 million

2) Dividends per share

	FY ended March 31, 2011	FY ending March 31, 2012 (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, 2012 (April 1, 2011 to March 31, 2012)

(1) Consolidated *Millions of yen*

	Six months ending September 30, 2011		Fiscal year ending March 31, 2012	
Net sales	44,700	(2.4)	94,000	0.2
Operating income	1,630	(37.0)	6,000	(15.7)
Ordinary income	1,630	(33.7)	6,000	(10.0)
Net income	815	(16.5)	3,000	5.3
Earnings per share (¥)	¥12.56	--	¥46.22	--

Note: 1. The percentages shown above are a comparison with the interim period of the previous fiscal year for 'Six months ending September 30, 2011' and a comparison with the previous full fiscal year for 'Fiscal year ending March 31, 2012'.
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 period under review.

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

(3) Changes in accounting policy, changes in accounting estimates, and restatements:

1. Changes following revisions to accounting standards: Yes
2. Other changes: None
3. Changes in accounting estimates: None
4. Restatements: None

(4) Number of outstanding shares (common stock)

1. Number of shares outstanding (including treasury shares)	June 30, 2011:	65,176,600 shares	March 31, 2011:	65,176,600 shares
2. Number of treasury shares	June 30, 2011	291,001 shares	March 31, 2011:	240,901 shares
3. Average number of shares during the first quarter period	Three months to June 30, 2011	64,934,601 shares	Three months to June 30, 2010	61,917,361 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 was in progress.

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: Operating Results, Section 3, Forecasts for the fiscal year ending March 31, 2012.

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 continued to face an overall difficult environment. Exports and manufacturing activity declined due to a downturn in supply capacity and power supply shortages resulting from the Great East Japan Earthquake, and consumer spending was weak, however conditions are beginning to improve as supply constraints gradually ease.

Net sales for the first quarter decreased 7.2% to ¥21,706 million due to decline in sales in the Cosmetics business and Other businesses due to changes and cancellations for certain marketing campaigns following the Great East Japan Earthquake. Operating income decreased 52.9% to ¥1,001 million, ordinary income decreased 53.7% to ¥956 million, and net income decreased 48.9% to ¥415 million due to a year-on-year increase in marketing expenses for TV commercials for dietary supplement *Calorie Limit* in addition to rapidly replacing product-oriented TV commercials scheduled for April with commercials based on corporate messages in light of a nationwide mood of self-restraint following the Great East Japan Earthquake.

Segment results are as follows:
1) Cosmetics Business
Sales
Sales from the Cosmetics business decreased 8.1% to ¥11,066 million. *(Millions of yen, rounded down)*

	Three months ended June 30, 2011		Three months ended June 30, 2010		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
FANCL Cosmetics	8,762	79.2	9,441	78.4	(7.2)
ATTENIR Cosmetics	1,990	18.0	2,255	18.7	(11.8)
Others	313	2.8	349	2.9	(10.1)
Totals	11,066	100.0	12,045	100.0	(8.1)

	Three months ended June 30, 2011		Three months ended June 30, 2010		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	5,545	50.1	6,102	50.7	(9.1)
Retail store sales	3,655	33.0	4,069	33.8	(10.2)
Wholesales and others	543	4.9	580	4.8	(6.3)
Overseas Sales	1,321	12.0	1,293	10.7	2.1
Totals	11,066	100.0	12,045	100.0	(8.1)

Sales of **FANCL cosmetics** decreased 7.2% to ¥8,762 million, due to the delayed launch of limited edition products and TV commercials for *Mild Cleansing Oil* originally scheduled for May.
Sales of **ATTENIR cosmetics** decreased 11.8% to ¥1,990 million due to a reduction of marketing activities in light of the Great East Japan Earthquake.
Results by sales channels were: mail order sales decreased 9.1% year on year to ¥5,545 million, retail store sales decreased 10.2% to ¥3,655 million, wholesale sales through other sales channels decreased 6.3% to ¥543 million, and overseas sales increased 2.1% to ¥1,321 million.

Operating income
Operating income decreased 41.3% to ¥1,282 million, as a result of a decline in income and marketing expenses due to the rapid replacement of product-oriented TV commercials scheduled for April with corporate message commercials following the Great East Japan Earthquake.

2) Nutritional Supplements Business

Sales

Nutritional supplement sales decreased 2.3% to ¥6,778 million. *(Millions of yen, rounded down)*

	Three months ended June 30, 2011		Three months ended June 30, 2010		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	2,809	41.5	2,822	42.6	(0.4)
Retail store sales	1,634	24.1	1,778	26.9	(8.1)
Wholesales and others	1,608	23.7	1,373	20.7	17.1
Overseas Sales	725	10.7	651	9.8	11.3
Totals	6,778	100.0	6,626	100.0	2.3

Revenues from product sales increased as a result of a significant growth in sales of dietary supplement *Calorie Limit* and strong sales of supplements targeting middle-aged and elderly customers.

Results by sales channels were: mail order sales decreased 0.4% to ¥2,809 million, retail store sales decreased 8.1% to ¥1,634 million, wholesale sales through other sales channels increased 17.1% to ¥1,608 million and overseas sales increased 11.3% to ¥725 million.

Operating income

Despite an increase in revenue, operating income decreased 50.5% to ¥305 million, as a result of marketing expenses for dietary supplement *Calorie Limit.*

3) Other Businesses

Sales in Other businesses decreased 18.2% year on year to ¥3,862 million

(Millions of yen, rounded down)

	Three months ended June 30, 2011	Three months ended June 30, 2010	Change (%)
Hatsuga genmai business	716	766	(6.5)
Kale juice business	864	968	(10.8)
IIMONO OHKOKU mail order business	1,446	1,929	(25.0)
Other businesses	834	1,058	(21.1)
Totals	3,862	4,722	(18.2)

In the Hatsuga genmai (germinated brown rice) business, sales decreased 6.5% to ¥716 million due to sluggish mail order sales and despite an increase in revenues from wholesale sales for which store promotions were strengthened.

In the Kale juice business, sales decreased 10.8% to ¥864 million due to slow mail order sales.

Sales through the IIMONO OHKOKU mail order business decreased 25.0% to ¥1,446 million due to a reduction in newspaper advertising and other media following the Great East Japan Earthquake.

Sales at other businesses decreased 21.1% to ¥834 million due to a clearance of inventory items at reduced prices following the restructuring of the sundries business.

Operating income

The operating loss for the first quarter improved by ¥14 million to ¥179 million primarily due to significant growth in profit margins for the Hatsuga Genmai business due to improvements to the cost rate.

(2) Summary of consolidated financial position

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

Assets decreased ¥2,172 million to ¥91,857 million. The primary contributing factors were a decrease of ¥1,447 million in current assets and a decrease of ¥724 million in fixed assets. Primary factors contributing to this result were a ¥743 million increase in cash and deposits, a ¥88 million increase in notes and accounts receivable, a ¥111 million increase in inventories and a ¥2,506 decrease in marketable securities and despite. The decrease in fixed assets was primarily the result of a ¥199 million decrease in long-term loans receivable, and a ¥376 million decrease in deferred tax assets.

Liabilities decreased ¥1,428 million to ¥13,953 million. The primary contributing factors were a decrease of ¥944 million in current liabilities and a decrease of ¥484 million in noncurrent liabilities. Contributing factors to the decrease in current liabilities include a ¥469 million increase in allowance for bonuses, a ¥858 million decrease in notes and accounts payable, and a ¥1,139 decrease in accrued income taxes following a payment of corporate and other taxes. The decrease in noncurrent liabilities was primarily the result of a ¥454 million decrease in allowance for employee retirement benefits.

Net assets decreased ¥743 million to ¥77,904 million. Contributing factors include the recording of ¥415 million in net income for the period and a ¥1,103 million decline in retained earnings from dividend payments.

As a result, the shareholders' equity ratio increased 1.2 percentage points from the end of the previous fiscal year to 84.4%.

Cash flow

Cash and cash equivalents as of June 30, 2011 were ¥27,809 million, ¥260 million lower than at the end of the previous fiscal year. The main contributing factors are detailed below.

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

Cash flow gained in operating activities during the period under review was ¥148 million compared to ¥1,283 million for the first quarter of the previous fiscal year. Factors increasing operating cash flow include income before income taxes of ¥877 million and depreciation expenses of ¥767 million. Factors reducing operating cash flow included income taxes paid of ¥1,531 million.

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

Cash gained in investing activities during the period under review was ¥607, compared to a ¥412 million inflow for the first quarter of the previous fiscal year. Factors increasing investment cash flow included revenues of ¥1,502 million for income from sale and redemption of marketable securities. Factors reducing investment cash flow were outlays of ¥555 million for acquisitions of tangible noncurrent assets, and ¥510 million for the acquisition of intangible noncurrent assets.

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

Cash flow used in financing activities during the period under review was ¥1062 million, compared to ¥1,004 million used in the first quarter of the previous fiscal year, and was primarily due to dividend payments of ¥993 million and the purchase of treasury stock of ¥53 million.

(3) Forecasts for the fiscal year ending December 31, 2012

There are no changes to the results forecasts for the interim and full-year period for the consolidated fiscal year ending March 31, 2012 made on May 9, 2011.

2. Other

(1) Changes to subsidiaries during the period: None

(2) Use of special accounting procedures: None

(3) Changes in accounting policy, changes in accounting estimates, and restatements:

As of the first quarter of the current fiscal year, the *Accounting Standard for Earnings Per Share* (Accounting Standards Board of Japan (ASBJ) Statement No. 2 issued on June 30, 2010) and the *Guidance on Accounting Standard for Earnings Per Share* (ASBJ Guidance No. 4 issued on June 30, 2010) have been adopted.

For the purpose of calculating quarterly diluted earnings per share, with regard to stock options that become effective after a certain period of service, the method of calculating the amount assumed to be received on the exercise of options has been changed to include in the fair value of stock options the portion attributable to future services provided to the company.

There is no material effect as a result of this change.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen, rounded down

	As of June 30, 2011	As of March 31, 2011
ASSETS		
I. Current assets:		
Cash and bank deposits	19,405	18,661
Notes and accounts receivable	10,276	10,187
Marketable securities	8,404	10,911
Merchandise and products	3,200	3,090
Work in progress	72	33
Raw materials and supplies	3,141	3,178
Others	2,554	2,422
Allowance for doubtful accounts	(206)	(189)
Total current assets	46,848	48,295
II. Fixed assets:		
Tangible fixed assets		
Buildings and structures	23,229	23,183
Accumulated depreciation and accumulated impairment loss	(12,844)	(12,709)
Buildings and structures (net)	10,384	10,474
Machinery and transport equipment	5,700	5,582
Accumulated depreciation and accumulated impairment loss	(4,722)	(4,609)
Machinery and transport equipment (net)	978	973
Furniture, tools and fixtures	6,479	6,210
Accumulated depreciation and accumulated impairment loss	(5,358)	(5,182)
Furniture, tools and fixtures (net)	1,120	1,028
Land	10,860	10,885
Lease assets	282	286
Accumulated depreciation and accumulated impairment loss	(190)	(180)
Lease assets (net)	92	105
Others	34	85
Total tangible fixed assets	23,471	23,552
Intangible fixed assets		
Goodwill	369	397
Others	3,404	3,370
Total intangible fixed assets	3,773	3,768
Investments and other assets		
Investment securities	11,902	11,906
Others	5,861	6,507
Total investments and other assets	17,764	18,413
Total fixed assets	45,009	45,734
Total Assets	91,857	94,030

Consolidated Balance Sheets, continued

Millions of yen, rounded down

	As of June 30, 2011	As of March 31, 2011
LIABILITIES		
I. Current liabilities:		
Notes and accounts payable	2,508	3,367
Accrued income taxes	514	1,654
Allowance for bonus	1,435	966
Allowance for points	1,402	1,391
Asset retirement obligations	16	3
Others	5,320	4,759
Total current liabilities	11,197	12,142
II. Noncurrent liabilities:		
Allowance for retirement benefits	1,700	2,155
Allowance for directors' retirement bonuses	104	99
Asset retirement obligations	471	485
Others	479	500
Total non-current liabilities	2,756	3,240
Total liabilities	13,953	15,382
NET ASSETS		
Shareholders' equity		
Common stock	10,795	10,795
Additional paid-in capital	11,706	11,706
Retained earnings	55,381	56,069
Treasury stock	(360)	(306)
Total shareholders' equity	77,522	78,264
Other comprehensive income		
Valuation difference on other marketable securities	3	5
Total other comprehensive income	3	5
Warrants	377	377
Total net assets	77,904	78,647
Total Liabilities and Net Assets	91,857	94,030

(2) Consolidated statements of income

Millions of yen, rounded down

	April 1, 2011 to June 30, 2011	April 1, 2010 to June 30, 2010
Net sales	21,706	23,394
Cost of sales	7,173	8,157
Gross profit	14,532	15,237
Selling, general and administrative expenses	13,530	13,109
Operating income	1,001	2,127
Non-operating income		
Interest income	17	20
Dividend income	1	8
Gain on foreign exchange	11	-
Proceeds from insurance	15	-
Other non-operating income	30	38
Total non-operating income	74	67
Non-operating expenses		
Investment loss on equity method	-	114
Exchange loss	-	4
Provisions for allowance for bad debt	101	-
Other non-operating expenses	17	12
Total non-operating expenses	119	131
Ordinary income	956	2,063
Extraordinary income		
Income from sale of fixed assets	3	0
Reversal of allowance for bad debt	125	-
Other	-	0
Total extraordinary income	128	0
Extraordinary loss		
Loss on sale of fixed assets	3	-
Loss on disposal of fixed assets	0	7
Impairment loss	11	13
Loss on closure of stores	24	-
Effect of change in accounting standards for disposal of fixed assets	-	309
Loss on extinguishment of tie-in shares	143	-
Other	24	74
Total extraordinary loss	206	405
Income before income taxes	877	1,658
Income and other taxes	378	1,009
Adjustments to income and other taxes	83	(161)
Total income and other taxes	462	848
Net income from minority interests prior to adjustments	415	809
Minority shareholder income	-	(3)
Net income	415	813

Consolidated statements of comprehensive income

Millions of yen, rounded down

	April 1, 2011 to June 30, 2011	April 1, 2010 to June 30, 2010
Income before minority interests	415	809
Other comprehensive income		
Net unrealized holding gain on other securities	(1)	(1)
Investments in affiliated companies using the equity method	-	27
Total other comprehensive income	(1)	26
Comprehensive income	414	835
(Breakdown)		
Comprehensive income attributable to owners of the parent company	414	839
Comprehensive income attributable to minor interests	-	(3)

(3) Consolidated statements of cash flows

Millions of yen, rounded down

	April 1, 2011 to June 30, 2011	April 1, 2010 to June 30, 2010
I. Cash flows from operating activities		
Income before income taxes	877	1,658
Depreciation	767	700
Impairment losses	11	13
Amortization of goodwill	28	28
Increase (decrease) in allowance for doubtful accounts	(14)	8
Increase (decrease) in allowance for bonuses	459	492
Increase (decrease) in allowance for points	10	36
Increase (decrease) in allowance for retirement benefits	(468)	66
Increase (decrease) in allowance for directors retirement benefits	4	4
Interest and dividend income	(18)	(29)
Gain (loss) from foreign exchange	(13)	15
Proceeds from investment in equity method affiliates	-	114
Gain (loss) from revaluation of investment in securities	1	2
Gain on sale of fixed assets	(0)	(0)
Loss from disposal of fixed assets	20	7
Effect of change in accounting standards for disposal of fixed assets	-	309
Loss on extinguishment of tie-in shares	143	-
Decrease (increase) in trade receivables	(66)	88
Decrease (increase) in inventories	(101)	174
Decrease (increase) in other current assets	111	(256)
Decrease (increase) in other fixed assets	0	54
Increase (decrease) in trade payables	(861)	(504)
Increase (decrease) in other current liabilities	784	357
Increase (decrease) in other fixed liabilities	(9)	(27)
Others	(0)	72
Sub-total	1,667	3,388
Interest and dividends received	12	16
Income taxes paid	(1,531)	(2,120)
Net cash provided by (used in) operating activities	148	1,283
II. Cash flows from investing activities		
Acquisition of marketable securities	-	(998)
Income from sale and redemption of marketable securities	1,502	1,999
Acquisition of tangible fixed assets	(555)	(343)
Income from sale of tangible fixed assets	29	0
Acquisition of intangible fixed assets	(510)	(267)
Income from loans receivable	0	11
Other payments	(10)	(5)
Other income	151	17
Net cash provided by (used in) investing activities	607	412
III. Cash flows from financing activities		
Sale of treasury stock	0	0
Acquisition of treasury stock	(53)	(0)
Cash dividends paid	(993)	(986)
Others	(15)	(17)
Net cash provided by (used in) financing activities	(1,062)	(1,004)
IV. Effect of exchange rate changes on cash and cash equivalents	11	(14)
V. Net increase in cash and cash equivalents	(294)	677
VI. Cash and cash equivalents at the beginning of the period	28,070	25,010
VII. Decrease in cash and cash equivalents following changes to scope of consolidation	34	-
VIII. Cash and cash equivalents at end of period	27,809	25,687

(4) Items related to going concern:

No applicable items

(5) Segment information

Business Segments

1. Three months ended June 30, 2011

(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	11,066	6,778	17,844	3,862	21,706	--	21,706
(2) Inter-segment sales or transfers	--	--	--	--	--	--	--
Total sales	11,066	6,778	17,844	3,862	21,706	--	21,706
Operating income (loss)	1,282	305	1,588	(179)	1,408	(407)	1,001

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.
2. The Eliminations or Corporate amount of ¥407 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

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

<u>Significant losses related to fixed assets</u>

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.

<u>Significant changes to goodwill</u>

No applicable items

<u>Significant gain on negative goodwill</u>

No applicable items

2. Three months ended June 30, 2010

(Additional information)

As of the first quarter of the current fiscal year, 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.

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.

(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.
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

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

<u>Significant losses related to fixed assets</u>

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.

<u>Significant changes to goodwill</u>

No applicable items

<u>Significant gain on negative goodwill</u>

No applicable items

(6) Note on significant change in shareholders’ equity

No applicable items