Nov 8, 2006

Brief announcement of non-consolidated interim financial statements for the accounting period ending September 2006

Name of listed company: TAYA Co., Ltd. Listed stock exchange: Tokyo Stock Exchange (First Section)
Code number: 4679 Location of head office: Tokyo
(URL http://www.taya.co.jp/)
Representative: Kazumasa Taya
President
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Director and Senior Executive Officer,
General Manager of Management Planning Office

Date of the board of directors' meeting for interim financial results: Nov 8, 2006 Commencement date of dividend payments: -
Adoption of the trade unit system: Adopted (Stock trade unit: 100 stocks)

1. Financial results for the interim period ended September 2006 (April 1, 2006 to September 30, 2006)

(1) Operating results (Amounts less than 1 million yen were rounded down.)

	Sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Interim period ended September 2006	6,826	(2.6)	304	79.7	301	87.9
Interim period ended September 2005	7,010	1.7	169	-	160	-
Period ending March 2006	14,017		570		553	

	Net profit for the current interim period		Net profit per share for the current interim period	Current net profit per share after adjustment of latent shares
	million yen	%	yen sen	yen sen
Interim period ended September 2006	129	-	25.62	-
Interim period ended September 2005	(63)	-	(12.64)	-
Period ending March 2006	112		22.33	-

(NOTE)
1) Profit and loss on investments based on the equity method for the term ending September 2006: - million yen; for the term ending September 2005: - million yen; for the term ending March 2006: - million yen.
2) Average number of shares during the term for the term ending September 2006: 5,057,500 shares; for the term ending September 2005: 5,057,500 shares; for the term ending March 2006: 5,057,500 shares.
3) Changes in the methods of accounting treatment: none
4) The percentages shown for sales, operating income, ordinary income and net profit for the current interim period represent changes from the interim period of the previous year.

(2) Financial position (Amounts less than 1 million yen were rounded down.)

	Total assets	Net assets	Capital ratio	Net assets per share
	million yen	million yen	%	yen sen
Interim period ended September 2006	8,929	4,426	49.6	875.19
Interim period ended September 2005	8,973	4,220	47.0	834.59
Period ending March 2006	8,908	4,397	49.4	869.56

(NOTE)
1) The number of outstanding shares at the end of the term for the term ending September 2006: 5,057,500 shares; for the term ending September 2005: 5,057,500 shares; for the term ending March 2006: 5,057,500 shares.
2) The number of treasury stocks at the end of the term for the term ending September 2006: 42,500 shares; for the term ending September 2005: 42,500 shares; for the term ending March 2006: 42,500 shares.

(3) Cash flow (Amounts less than 1 million yen were rounded down.)

	Cash flow from operations	Cash flow from investments	Cash flow from financial activities	Closing balance of cash and cash equivalents
	million yen	million yen	million yen	million yen
Interim period ended September 2006	312	(88)	(133)	1,764
Interim period ended September 2005	235	34	(464)	1,568
Period ending March 2006	764	(51)	(802)	1,673

2. Projected financial results for the term ending March 2007 (April 1, 2006 to March 31, 2007)

	Sales	Ordinary income	Current net profit
	million yen	million yen	million yen
Full year	13,800	750	310

(Reference) Projected net profit per share for the current term (full year): 61.30 yen.

3. Dividend payments

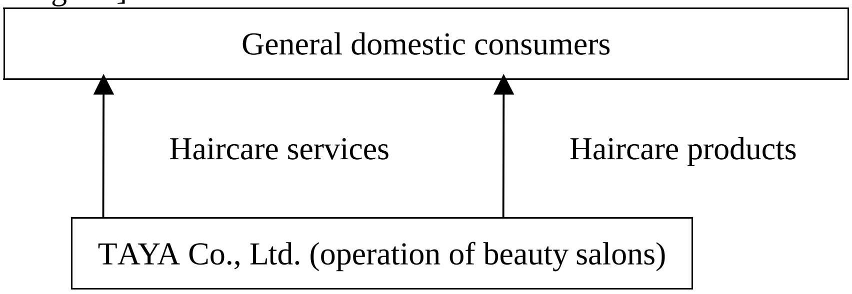
Cash dividend	Dividends per share (yen)		
	Interim dividend	Final dividend	Annual dividend
Period ending March 2006	-	20.00	20.00
Period ending March 2007 (actual results)	-	-	22.00
Period ending March 2007 (forecast)	-	22.00	

* The projected financial results include the figures forecast based on future outlooks and plans as of the date of announcement. The projection includes uncertain factors, so actual business performance may differ from the projected business performance. Please refer to page 6 of the attached material for the above projected business performance.

1. Status of the corporate group

The company operates beauty salons based on the “Beauticians Law” (called “beauty shops” under that Law). At the beauty salons, beauticians with national licenses provide customers with haircare services (treatments such as haircuts, permanents, and hair coloring), and sell haircare products suitable for those customers.

[Business system diagram]



2. Management policy

2-1. Basic management policy

The Company aims to enhance the techniques, creativity, sensitivity, and service quality of its beauty therapists, while placing greatest emphasis throughout its businesses on the use of exceptional and practical techniques. Our Company's principal goal is to add beauty to the lives of our customers through haircare, in line with the Company's mission statement: "Our contribution to society is to provide everybody with hopes and dreams."

The Company acknowledges that its role in society, in conducting its businesses, is to pursue the four goals of customer satisfaction, shareholder satisfaction, employee satisfaction and community satisfaction.

2-2. Basic dividend policy

It is the Company's basic policy to ensure the stable distribution of dividends to its shareholders, to return profits to shareholders in line with the Company's business results, and to make every effort to expand its operations. The retained earnings of the Company will be used to strengthen its financial position by maximizing corporate value. Retained earnings will also be used to expand the Company's businesses in the future to meet the expectations of shareholders.

2-3. Purpose and policy of the reduced number of unit shares

The Company considers the setting up of conditions to facilitate investment in the Company's stock to be an important management issue. The purpose of this is to diversify the Company's investor structure and encourage trading of the Company's stocks. (The Company changed its unit of stocks from 1,000 shares to 100 shares on August 1, 2000.)

2-4. Targeted financial indexes

The Company aims to achieve the major financial indexes below:

(1) Return on shareholders' equity 15%
(2) Ratio of ordinary income to sales 10%
(3) Current net profit per share 150 yen

2-5. Medium- to long-term corporate strategy

Based on the corporate philosophy, the Company is aiming to position its corporate brand at the top of the domestic hairdressing business. In order to achieve this, the Company will strive to expand its market share by developing technologies and services that are well received by customers and improving quality, as well as by cultivating many excellent cosmetic technicians.

Furthermore, we will strive to reinforce the profitability of salons and improve the financial position, in addition to increasing the efficiency of funds operations, to enhance corporate values.

We will develop and announce the new medium-term management strategy by the end of the fiscal period under review.

2-6. Items to be considered

In accordance with its mission statement, the Company will continue to create an environment that benefits its customers, regardless of their age, gender or race. The Company, as a leading company in the hairdressing industry, will simultaneously pursue profitability and growth, with an emphasis on developing new technology, training its employees, disseminating information, increasing the number of its beauty salons, and reasonably reducing costs.

The Company will also comply with laws and ordinances, further enhance its internal control system and strive to improve and reinforce its corporate culture to be able to quickly and flexibly cope with changes in such management environments as the economic structure and social situation.

2-7. Matters related to the parent company

N/A

2-8. Other important matters related to the management of the Company

N/A

3. Operating results and financial condition

3-1. Operating results

The Japanese economy during the current interim term maintained its moderate economic expansion backed by increased capital investment, reflecting strong corporate earnings, despite concerns such as soaring oil prices and rising interest rates.

The hairdressing industry faced increasingly intense competition since the number of hairdressing establishments outstripped market demand and, as a consequence, prices were lower.

Under these circumstances, the Company continued to promote the drastic management reform plan, which we had been implementing until the previous fiscal year. We have newly started to focus on "Morale Enhancement Activities," in which we provide high-quality services that will attract customers, in order to strengthen sales capability in terms of increasing regular customers and sales per customer backed by customer satisfaction. In addition, the Company focused on improving its existing salons and efficiently distributing its management resources.

As the strategy to revitalize beauty salons, the Company renovated four existing salons and changed the brand of one existing salon. As a result, the number of its directly managed operations as of the end of the current interim term under review is 144 beauty salons and one retail shop. During the current fiscal year, the Company is working on remodeling the façade of salons to use it effectively to emphasize the brand image of beauty salons to customers, and has renovated the façade of 15 beauty salons as of the end of the current interim term under review.

As the sales strategy, the Company promoted suggestions from the viewpoint of customers such as "the most popular hairstyle chosen by customers" and "popular haircare schedules among customers," etc., and enhanced its website to encourage customers to come to its salons.

Competition to acquire customers remains severe and sales of low-priced Shampoo salons were weak, but sales of the existing salons in the current interim term increased 0.4% year-on-year because of increases in regular customers and sales per customer. At the same time, the Company strived to improve its operating efficiency by properly deploying personnel and improving the technical ability of its beauticians, and sought to foster management efficiency by reducing unnecessary expenses.

Consequently, although sales decreased to 6,826 million yen (down 2.6% from the same period last year) as the number of shops decreased, the Company achieved a profit increase, with ordinary income reaching 301 million yen (an increase of 87.9% from the same period last year) and net profit rising to 129 million yen (compared with a 63 million yen net loss for the same period last year).

3-2. Financial position

Total assets at the end of the current interim term were 8,929 million yen, an increase of 20 million yen from the same period last year.

The remaining balance of current assets was 2,903 million yen, an increase of 41 million yen from the same period last year.

The remaining balance of fixed assets was 6,025 million yen, a decrease of 21 million yen from the same period last year. The increase mainly consists of 88 million yen increase of cash and cash equivalent because the end of the current interim term fell on a holiday, and the decrease was primarily comprised of a decrease of 41 million yen in tangible fixed assets because of depreciation etc.

Total liabilities at the end of the current interim term were 4,502 million yen, a decrease of 8 million yen from the same period last year.

The remaining balance of current liabilities was 2,698 million yen, an increase of 178 million yen from the same period last year, and the remaining balance of fixed liabilities was 1,804 million yen, a decrease of 186 million yen from the same period last year.

This increase mainly consists of an increase of 121 million yen in short-term borrowings to finance

seasonal items (tax and bonus payment) and the decrease was primarily attributable to a decrease of 190 million yen in interest-bearing debt because of contracted payment of long-term debt and redemption of bonds.
Net assets at the end of the current interim term were 4,426 million yen, an increase of 28 million yen from the same period last year. This increase was attributable to the interim net profit of 129 million yen and the decrease was due to a dividend payment of 101 million yen. Consequently, capital ratio increased to 49.6% from 49.4% at the end of the previous fiscal year.

[Cash flows]
Cash and cash equivalents ("funds" hereinafter) at the end of the current interim term increased 90 million yen from the same period last year, to 1,764 million yen.
Detailed cash flows in the current interim term are shown below:

(Cash flow from operations)
Funds from operating activities amounted to 312 million yen in the current interim term (an increase of 76 million yen from the same period last year). This was primarily attributable to current net profit before tax of 277 million yen and loss from disposal of fixed assets of 3 million yen (as compared with 178 million yen in the same period last year) as well as paid corporate tax, etc. of 170 million yen (as compared with 107 million yen in the same period last year).

(Cash flow from investments)
Funds used for investments in the current interim term were 88 million yen (a decrease of 123 million yen from the same period last year). This was primarily due to a collection of security deposit and guarantee money that amounted to 67 million yen (as compared with 200 million yen in the same period last year) as a result of the closure of salons.

(Cash flow from financial activities)
Funds used in financing activities in the current interim term were 133 million yen (a decrease of 331 million yen from the same period last year). This was primarily due to an increase of 58 million yen in long- and short-term borrowings (a decrease of 247 million yen in the same period last year.

[Trend of cash flow indices]

	31st term Interim term ended September 2004	32nd term Interim term ended September 2005	33rd term Interim term ended September 2006	31st term Year ended March 2005	32nd term Year ended March 2006
Capital ratio (%)	46.6	47.0	49.6	45.8	49.4
Mark-to-market capital ratio (%)	46.8	49.7	64.2	46.6	60.2
Debt retirement (years)	35.0	6.4	4.0	11.5	3.4
Interest coverage ratio	3.5	10.6	18.6	6.2	20.5

Capital ratio: Net worth/Total assets
Mark-to-market capital ratio: Total market capitalization/Total assets
Debt retirement (years): Interest bearing debt/Operating cash flows
Debt retirement (years) during the interim term: Interest bearing debt/(Operating cash flows × 2)
Interest coverage ratio: Operating cash flows/Interest payment
*1. Total market capitalization was calculated by multiplying the closing stock price at interim term-end (year-end) by the total number of outstanding shares at interim term-end (year-end) (after deducting treasury stocks).

2. Operating cash flow represents cash flow from operating activities in the cash flow statement. Interest-bearing debt represents all interest-bearing debts recorded on the balance sheet. In addition, interest payments represent the interest payment recorded in the cash flow statement.

3-3. Outlook for the full year

We believe the future economic environment will maintain a phase of gradual recovery, backed by strong corporate earnings and capital investment primarily in the manufacturing industry. However, we forecast that the hairdressing industry will continue to face severe conditions as it is uncertain if this economic recovery will lead to increases of personal income and consumption.

Under these circumstances, the Company will thoroughly promote “Morale enhancement activities,” aiming to provide “High-quality services” that will attract customers on a daily and salon-wide basis. In the second half of the year, the Company will strive to expand sales of existing salons further by rolling out plans to encourage all customers to come to salons primarily in December and March, months when customers have many occasions to dress up, to deepen relations of trust with customers and acquire new customers. In the meantime, the Company will renovate salons and redesign the façade to create a new image and attract customers.

In addition, we will strive to increase management efficiency and improve profitability on a corporate level, in an effort to reinforce operating foundations.

However, the operation of Shampoo salons is expected to face severe conditions, amid intense price competition in the hairdressing industry, requiring some more time before we can see a recovery in the industry.

For the fiscal year ending March 2007, we expect sales of 13,800 million yen, ordinary income of 750 million yen and net profit of 310 million yen.

3-4. Business and other management risks

Regarding the operation status, financial conditions, etc., stated in this brief announcement of account settlement, the remarks made hereunder explain such matters which may significantly affect the judgment of the investors.

(1) Specific management policy adopted by the Company:

It is essential for the business development of the Company to employ beauticians that have national licenses. For the maintenance and improvement of its service quality, the Company has been recruiting such licensed beauticians as regular salaried employees in principle and sending them out to the job after educating them by the novice training course or the mid-career new employee training course held at the Company’s training facilities and offices. If the recruiting or the educational training does not proceed as planned, the business development, operation performance, etc., of the Company may be disturbed.

(2) Situation to cause unusual fluctuation of the financial conditions and the operation performance:

The sales amount of the Company tends to increase in July, when the sense of season is felt strongly, December, among the winter months; and in March, when the entrance and graduation ceremonies of kindergartens, schools and companies as well as welcome parties are held, in comparison with other months of the year. On the other hand, such bad weather as cool summers, warm winters, long periods of rain, and typhoons may adversely affect the business development, operation performance, etc., of the Company.

(3) Heavy dependence on specific business partners, etc., with which the continuity of business is unstable:

For the majority cases of the business development by the Company, the salons are located in the rental spaces or the shops of other businesses rather than the Company's own properties. Although the relations with the landlords and developers are favorable at this moment, when such occasion arises that the continuation of such business partner becomes questionable, there may be the possibility that the lease and guarantee money cannot be recovered or the Company's salon has to be removed or the business has to be discontinued, and the business development, operation performance, etc. of the Company may be disturbed.

(4) Heavy dependence on specific products or technologies, of which future prospects are unknown:

For the development of the Company's business, as stated above, it is deemed important to have the beauticians, who have national licenses and are highly supported by the customers, do the job. If such specialists quit the Company in large number, the business development, operation performance, etc. of the Company may be disturbed.

(5) Specific legal regulations, etc.:

The Beauticians Law, which applies to the Company, may possibly be revised or the way in which this law is construed may alter if there is any change in the social situation, or such like. This may affect the Company's business.

(6) Others (related to the management of personal information):

The Company has been doing its best to perfectly protect personal information by continuously improving the customer database access conditions and the security systems. In addition, the Company has reinforced the internal security control environment by conducting thorough education of the employees to heighten their consciousness in the handling of information, constraining the number of staff authorized to access the information and constructing a supervision system.

The Company will conduct tight security control of personal information hereafter; however, should a leakage of personal information occur, the business development, operation performance, etc. of the Company may be disturbed.

4. Non-consolidated financial statement, etc.

(1) Interim balance sheet

Unit: thousand yen

Items	Notes	End of the previous interim term (as of September 30, 2005)			End of the current interim term (as of September 30, 2006)			Balance sheet for the previous fiscal year (as of March 31, 2006)		
		Amount		Breakdown	Amount		Breakdown	Amount		Breakdown
(Assets)				%			%			%
I Current assets										
1. Cash and deposits		1,756,7			1,954,8			1,866,4		
2. Accounts receivable-trade		457,6			521,7			526,6		
3. Inventories		174,8			154,9			156,2		
4. Deferred tax assets		150,0			98,0			101,5		
5. Others		248,8			176,5			214,4		
Bad debt reserves		(3,1			(2,1			(3,3		
Total current assets			2,784,9	31.0		2,903,9	32.5		2,862,0	32.1
II Fixed assets										
1. Tangible fixed assets	*1									
(1) Buildings	*2	2,195,3			2,047,8			2,087,9		
(2) Land	*2	1,377,8			1,377,8			1,377,8		
(3) Others		16,3			12,6			13,9		
Total tangible fixed assets			3,589,5			3,438,2			3,479,6	
2. Intangible fixed assets			35,8			34,2			34,9	
3. Investments and other assets										
(1) Deferred tax assets		129,0			141,4			136,8		
(2) Security deposit and guarantee money	*2	2,351,0			2,328,2			2,304,6		
(3) Others		95,0			94,6			102,4		
Bad debt reserves		(11,6			(11,7			(11,8		
Total investments and other assets			2,563,4			2,552,5			2,532,1	
Total fixed assets			6,188,8	69.0		6,025,1	67.5		6,046,7	67.9
Total assets			8,973,8	100.0		8,929,1	100.0		8,908,7	100.0

Unit: thousand yen

Items	Notes	End of the previous interim term (as of September 30, 2005)			End of the current interim term (as of September 30, 2006)			Balance sheet for the previous fiscal year (as of March 31, 2006)		
		Amount		Breakdown	Amount		Breakdown	Amount		Breakdown
(Liabilities)				%			%			%
I Current liabilities										
1. Notes payable		368,4			411,1			399,8		
2. Trade accounts payable		80,0			92,6			82,2		
3. Short-term loans	*2	135,2			228,8			107,8		
4. Long-term loans due within one year	*2	379,1			333,2			325,8		
5. Corporate bonds to be redeemed within one year		180,0			180,0			180,0		
6. Accounts payable-other		363,2			367,5			356,0		
7. Accrued expenses		541,3			573,5			547,5		
8. Unpaid corporate taxes		59,6			176,7			200,2		
9. Bonus reserve		207,1			182,9			188,5		
10. Others	*4	114,5			151,8			131,9		
Total current liabilities			2,428,8	27.1		2,698,6	30.2		2,520,0	28.3
II Fixed liabilities										
1. Corporate bonds		580,0			400,0			490,0		
2. Long-term loans payable	*2	1,079,2			842,2			912,1		
3. Retirement benefit reserve		241,3			256,7			253,9		
4. Long-term accounts payable		415,7			299,5			329,9		
5. Others		7,6			5,5			4,7		
Total fixed liabilities			2,324,0	25.9		1,804,1	20.2		1,990,8	22.3
Total liabilities			4,752,8	53.0		4,502,8	50.4		4,510,9	50.6

Unit: thousand yen

Items	Notes	End of the previous interim term (as of September 30, 2005)			End of the current interim term (as of September 30, 2006)			Balance sheet for the previous fiscal year (as of March 31, 2006)		
		Amount		Breakdown	Amount		Breakdown	Amount		Breakdown
(Shareholders' equity)				%			%			%
						-	-			
I Capital stock			1,480,180	16.5					1,480,180	16.6
II Capital surplus										
1. Capital reserve		1,702,245			-			1,702,245		
Total capital surplus			1,702,245	18.9		-	-		1,702,245	19.1
III Retained earnings										
1. Profit reserve		66,920			-			66,920		
2. Voluntary reserve		860,000			-			860,000		
3. Unappropriated retained earnings		229,987			-			406,859		
Total retained earnings			1,156,907	12.9		-	-		1,333,779	15.0
IV Treasury stock			(118,377)	(1.3)		-	-		(118,377)	(1.3)
Total shareholder's equity			4,220,955	47.0		-	-		4,397,826	49.4
Total liabilities and shareholders' equity			8,973,823	100.0		-	-		8,908,757	100.0
(Net assets)										
I Shareholders' equity										
1. Capital stock			-	-		1,480,180	16.6		-	-
2. Capital surplus										
(1) Capital reserve		-			1,702,245			-		
Total capital surplus			-	-		1,702,245	19.1		-	-
3. Retained earnings										
(1) Profit reserve		-			66,920			-		
(2) Other retained earnings										
Separate reserve		-			860,000			-		
Earned surplus carried forward		-			435,300			-		
Total retained earnings			-	-		1,362,220	15.3		-	-
4. Treasury stock			-	-		(118,377)	(1.4)		-	-
Total shareholders' equity			-	-		4,426,268	49.6		-	-
Total net assets			-	-		4,426,268	49.6		-	-
Total liabilities and net assets			-	-		8,929,130	100.0		-	-

(2) Interim income statement

Unit: thousand yen

Items	Notes	Previous term (April 1 to September 30, 2005)			Current term (April 1 to September 30, 2006)			Balance sheet for the previous fiscal year (April 1, 2005 to March 31, 2006)		
		Amount		Breakdown	Amount		Breakdown	Amount		Breakdown
				%			%			%
I Sales			7,010,054	100.0		6,826,252	100.0		14,017,103	100.0
II Cost of sales			6,121,335	87.3		5,780,211	84.7		12,054,235	86.0
Gross profit			888,718	12.7		1,046,040	15.3		1,962,867	14.0
III Sales and administrative expenses			719,482	10.3		741,979	10.9		1,392,774	9.9
Operating income			169,236	2.4		304,061	4.4		570,093	4.1
IV Non-operating income	*1		21,391	0.3		20,932	0.3		42,516	0.3
V Non-operating expenses	*2		30,331	0.4		23,849	0.3		59,403	0.5
Ordinary income			160,295	2.3		301,143	4.4		553,206	3.9
VI Extraordinary income	*3		2,880	0.0		1,240	0.0		18,264	0.2
VII Extraordinary losses	*4, 6		211,564	3.0		24,776	0.3		261,655	1.9
Current net profit (loss) before tax			(48,388)	(0.7)		277,607	4.1		309,815	2.2
Corporate tax, inhabitant tax and enterprise tax		30,457			149,010			171,133		
Amount of adjustment for corporate tax		(14,939)	15,517	0.2	(994)	148,015	2.2	25,716	196,849	1.4
Current net profit (loss)			(63,905)	(0.9)		129,591	1.9		112,966	0.8
Profits carried-over from the previous term			293,893			-			293,893	
Unappropriated retained earnings at the end of the current term			229,987			-			406,859	

(3) Interim statement of shareholders' equity

The current interim term (April 1 to September 30, 2006)

	Shareholders' equity								Total net assets
	Capital stock	Capital surplus	Retained earnings				Treasury stock	Total share-holders' equity	
		Capital reserve	Profit reserve	Other retained earnings		Total retained earnings			
				Separate reserve	Earned surplus carried forward				
Balance as of March 31, 2006 (thousand yen)	1,480,180	1,702,245	66,920	860,000	406,859	1,333,779	(118,377)	4,397,826	4,397,826
Changes during the current interim term									
Distribution of surplus					(101,150)	(101,150)		(101,150)	(101,150)
Interim net profit					129,591	129,591		129,591	129,591
Net changes during the current interim term (thousand yen)	-	-	-	-	28,441	28,441	-	28,441	28,441
Balance as of September 30, 2006 (thousand yen)	1,480,180	1,702,245	66,920	860,000	435,300	1,362,220	(118,377)	4,426,268	4,426,268

(4) Interim cash flow statement

Unit: thousand yen

Items	Notes	Previous term (April 1 to September 30, 2005)	Current term (April 1 to September 30, 2006)	Cash flow statement for the previous fiscal year (April 1, 2005 to March 31, 2006)
		Amount	Amount	Amount
I Cash flow from operations				
Current net profit (loss) before tax		(48,388)	277,607	309,815
Depreciation		113,823	104,801	228,465
Impairment loss		33,372	10,055	33,372
Increase (decrease) in bonus reserve		50,393	(5,560)	31,820
Increase in retirement benefit reserve		9,514	2,726	22,169
Decrease in bad debt reserve		(2,880)	(1,240)	(2,450)
Interest received		(271)	(479)	(515)
Interest paid		22,551	17,481	37,697
Loss from disposal of fixed assets		178,191	3,221	228,283
Decrease in accounts receivable-trade		89,331	5,486	19,915
Decrease in inventory		8,906	1,218	27,560
Increase (decrease) in trade payables		(9,179)	8,078	33,492
Others		(80,285)	75,658	(37,373)
Sub-total		365,081	499,056	932,253
Amount of received interest		271	392	513
Amount of interest payments		(22,234)	(16,801)	(37,343)
Paid corporate taxes		(107,711)	(170,551)	(130,789)
Cash flow from operations		235,407	312,096	764,634

Unit: thousand yen

Items	Notes	Previous term (April 1 to September 30, 2005)	Current term (April 1 to September 30, 2006)	Cash flow statement for the previous fiscal year (April 1, 2005 to March 31, 2006)
		Amount	Amount	Amount
II Cash flow from investments				
Payment for time deposits		(170,997)	(238,457)	(279,183)
Income from withdrawal of time deposits		160,206	240,678	263,334
Payment for the acquisition of tangible fixed assets		(150,411)	(124,699)	(288,953)
Expenditure for payment of security deposit and guarantee money		(2,217)	(26,432)	(5,629)
Income due to the recovery of security deposit and guarantee money		200,893	67,830	246,705
Others		(2,563)	(7,343)	12,157
Cash flow from investments		34,911	(88,424)	(51,568)
III Cash flow from financial activities				
Income from additional short-term loans		270,000	396,000	490,000
Repayment of short-term loans		(223,103)	(274,998)	(470,503)
Income from long-term loans		120,000	100,000	120,000
Repayment of long-term loans		(414,271)	(162,506)	(634,538)
Outflow by redemption of corporate bonds		(90,000)	(90,000)	(180,000)
Dividend payments		(126,823)	(101,548)	(127,188)
Cash flow from financial activities		(464,197)	(133,052)	(802,229)
IV Amount of increase (decrease) in cash and cash equivalents		(193,879)	90,619	(89,163)
V Opening balance of cash and cash equivalents		1,762,813	1,673,649	1,762,813
VI Closing balance of cash and cash equivalents	*	1,568,934	1,764,269	1,673,649

Important accounting policy for the preparation of interim financial statements

Items	Previous term (April 1 to September 30, 2005)	Current term (April 1 to September 30, 2006)	Previous fiscal year (April 1, 2005 to March 31, 2006)
1. Standards for and methods of evaluating assets	(1) Inventories Merchandise and materials for beauty treatment: At cost, based on the moving average method Supplies: At cost, based on the final purchase cost	(1) Inventories Merchandise and materials for beauty treatment: Same as on the left Supplies: Same as on the left	(1) Inventories Merchandise and materials for beauty treatment: Same as on the left Supplies: Same as on the left
2. Depreciation of fixed assets	(1) Tangible fixed assets Declining method. However, the straight-line method is used for buildings acquired on or after April 1, 1998 (excluding attached equipment). Useful lives: Buildings: 8 to 60 years Furniture and fixtures: 3 to 10 years (2) Intangible fixed assets Straight-line method. The straight-line method is applied to software for the Company's use based on the usable period in the Company (five years). (3) Long-term prepaid expenses Straight-line method.	(1) Tangible fixed assets Same as on the left (2) Intangible fixed assets Same as on the left (3) Long-term prepaid expenses Same as on the left	(1) Tangible fixed assets Same as on the left (2) Intangible fixed assets Same as on the left (3) Long-term prepaid expenses Same as on the left
3. Accounting standards for reserves	(1) Reserves for bad debts As the reserve for losses from the default on payment of accounts receivable, the amount that it is impossible to collect is set aside based on the actual bad debt ratio for general receivables and by individually considering the possibility of collecting specified receivables, such as receivables over which there is concern about their collection. (2) Bonus reserve A reserve is set aside for the payment of bonuses to employees to provide for bonuses accrued in the current interim term, based on bonuses to be paid in the future.	(1) Reserves for bad debts Same as on the left (2) Bonus reserve Same as on the left	(1) Reserves for bad debts Same as on the left (2) Bonus reserve A reserve is set aside for the payment of bonuses to employees to provide for bonuses accrued in the current term, based on bonuses to be paid in the future.

Items	Previous term (April 1 to September 30, 2005)	Current term (April 1 to September 30, 2006)	Previous fiscal year (April 1, 2005 to March 31, 2006)
	(3) Retirement benefits and allowances reserve A certain amount that is deemed to have accrued at the end of the current interim term is set aside to provide for retirement benefits and allowances to employees based on the expected amount of retirement benefit liabilities at the end of the current fiscal year. The entire difference from the actuarial calculation shall be treated as an expense in the accounting term when that difference occurs.	(3) Retirement benefits and allowances reserve Same as on the left	(3) Retirement benefits and allowances reserve A certain amount is set aside to provide for retirement benefits and allowances to employees based on the expected amount of retirement benefit liabilities at the end of the current fiscal year. The entire difference from the actuarial calculation shall be treated as an expense in the accounting term when that difference occurs.
4. Lease transactions	Finance lease transactions other than those under which ownership of the leased equipment is transferred to the lessee are based on the accounting method applied to operating lease transactions.	Same as on the left	Same as on the left
5. Method for hedging accounting	(1) Method for hedging accounting Because interest rate swap transactions satisfy the requirements for special treatment, this special treatment is applied to these transactions. (2) Hedging vehicles and hedged items Hedging vehicles: Interest rate swap Hedged items: Borrowings (3) Hedging policy The Company uses hedging transactions in order to avert risks associated with interest rate changes in the future. (4) Valuation method for the effectiveness of hedging activities The Company's method satisfies the requirements for special treatment of interest rate swap transactions, and the effectiveness of hedging activities is determined based on the effectiveness of that method.	(1) Method for hedging accounting Same as on the left (2) Hedging vehicles and hedged items Hedging vehicles: Same as on the left Hedged items: Same as on the left (3) Hedging policy Same as on the left (4) Valuation method for the effectiveness of hedging activities Same as on the left	(1) Method for hedging accounting Same as on the left (2) Hedging vehicles and hedged items Hedging vehicles: Same as on the left Hedged items: Same as on the left (3) Hedging policy Same as on the left (4) Valuation method for the effectiveness of hedging activities Same as on the left

Items	Previous term (April 1 to September 30, 2005)	Current term (April 1 to September 30, 2006)	Previous fiscal year (April 1, 2005 to March 31, 2006)
6. Scope of funds in the interim cash flow statement	Funds (cash and cash equivalents) in the interim cash flow statement consist of cash on hand, deposits that can be withdrawn at any time, and short-term investments that can be converted into cash easily, involve only a minor risk of price fluctuation, and can be reimbursed within three months of their acquisition.	Same as on the left	Funds (cash and cash equivalents) in the cash flow statement consist of cash on hand, deposits that can be withdrawn at any time, and short-term investments that can be converted into cash easily, involve only a minor risk of price fluctuation, and can be reimbursed within three months of their acquisition.
7. Other important matters that are the bases for the preparation of interim financial statements	(1) Accounting for consumption taxes, etc. Based on net sales exclusive of taxes.	(1) Accounting for consumption taxes, etc. Same as on the left	(1) Accounting for consumption taxes, etc. Same as on the left

Changes of important matters that are the bases for the preparation of interim financial statements

Previous term (April 1 to September 30, 2005)	Current term (April 1 to September 30, 2006)	Previous fiscal year (April 1, 2005 to March 31, 2006)
(Accounting standards for impairment of fixed assets) The Company adopted accounting standards for impairment of fixed assets from the current interim term, in accordance with the "Opinions concerning the establishment of accounting standards for impairment of fixed assets" (Financial Accounting Council, August 9, 2002) and the "Implementation Guide of Corporate Accounting standards for Impairment of Fixed Assets" (Implementation Guide of Corporate Accounting Standards No. 6, October 31, 2003). As a result, the interim net loss before tax increased by 33,372,000 yen. In addition, the accumulated impairment loss was directly deducted from each asset amount based on the revised regulations for interim financial statements.	————————	(Accounting standards for impairment of fixed assets) The Company adopted accounting standards for impairment of fixed assets from the current fiscal year, in accordance with the "Opinions concerning the establishment of accounting standards for impairment of fixed assets" (Financial Accounting Council, August 9, 2002) and the "Implementation guide of accounting standards for impairment of fixed assets" (Implementation Guide of Corporate Accounting Standards No. 6, October 31, 2003). As a result, the current net profit before tax decreased by 33,372,000 yen. In addition, the accumulated impairment loss was directly deducted from each asset amount based on the revised regulations for financial statements.
————————	(Accounting Standard for presentation of net assets in the balance sheet) The Company adopted accounting standards for presentation of net assets from the current interim term, in accordance with the "Corporate Accounting Standards for Presentation of Net Assets in the Balance Sheet" (Corporate Accounting Standards No. 5, December 9, 2005) and "Implementation Guide of Corporate Accounting Standards for Presentation of Net Assets in the Balance Sheet" (Implementation Guide of Corporate Accounting Standards No. 8, December 9, 2005). The amount corresponding to the total of shareholders' equity is 4,426,268,000 yen. The section of net assets in the interim balance sheet was created based on the revised regulations for interim financial statement in line with the revision of the regulations.	————————

Notes

(Notes on balance sheet)

Unit: thousand yen

Items	End of the previous interim term (as of September 30, 2005)	End of the current interim term (as of September 30, 2006)	End of the previous fiscal year (as of March 31, 2006)
*1. Accumulated amount of depreciation on tangible fixed assets	1,367,757	1,497,063	1,436,712
*2. Assets provided as security and secured liabilities			
(1) Assets provided as security			
Buildings	594,634	566,912	581,256
Land	1,317,838	1,317,838	1,317,838
Security deposit and guarantee money	491,660	408,041	408,041
Total	2,404,132	2,292,791	2,307,135
(2) Liabilities in connection with the above			
Short-term loans payable	135,200	228,802	107,800
Long-term loans payable (including the portion of long-term loans payable within one year)	1,457,598	1,175,565	1,238,071
Total	1,592,798	1,404,367	1,345,871
3. Contingent liabilities	(1) Guarantee for borrowings from financial institutions ・ Guarantees for ex-employees based on a program to assist employees become independent: 22,730	(1) Guarantee for borrowings from financial institutions ・ Guarantees for ex-employees based on a program to assist employees become independent: 39,111	(1) Guarantee for borrowings from financial institutions ・ Guarantees for ex-employees based on a program to assist employees become independent: 19,672
*4. Treatment of consumption taxes, etc	・ The net amount of suspense payments and receipts for consumption taxes, etc. was presented as part of “Others” of the current liabilities.	・ Same as on the left	・ ————————

(Notes on interim income statement)

Unit: thousand yen

Items	Previous term (April 1 to September 30, 2005)	Current term (April 1 to September 30, 2006)	Previous fiscal year (April 1, 2005 to March 31, 2006)
*1. Major items in non-operating income			
Interests received	271	479	515
*2. Major items in non-operating expenses			
Interest paid	20,087	15,537	37,697
*3. Major items in extraordinary income			
Income from compensation for closed beauty salons	-	-	15,814
Gain on reversal of allowance for bad debts	2,880	1,240	2,450
*4. Major items in extraordinary losses			
Loss from disposal of fixed assets	178,191	3,221	228,283
Impairment loss	33,372	10,055	33,372
5. Amount of depreciation			
Tangible fixed assets	112,908	103,863	226,627
Intangible fixed assets	914	938	1,837
*6. Impairment loss	The Company posted an impairment loss in the following asset groups in the current interim term. Location / Purpose of usage / Type Chuo-ku, Fukuoka city / Salon / Buildings, lease assets and others Atsuta-ku, Nagoya city / Salon / Buildings and lease assets The Company regards each salon as a group, by considering it to be a basic and minimum unit that generates cash flows. The book value of a group of assets of salons whose operating activities continuously result in losses is reduced to a collectible value, and the reduced value is posted as impairment loss in the extraordinary loss section. The impairment loss consists of 20,845,000 yen for buildings, 10,455,000 yen for lease assets, and 2,070,000 yen for others. In addition, the collectible value of such group of assets is measured based on usable value, and future cash flows are discounted by 2%.	The Company posted an impairment loss in the following asset groups in the current interim term. Location / Purpose of usage / Type Chuo-ku, Fukuoka city / Salon / Buildings, lease assets and others Omiya-ku, Saitama city / Salon / Buildings, lease assets and others The Company regards each salon as a group, by considering it to be a basic and minimum unit that generates cash flows. The book value of a group of assets of salons whose operating activities continuously result in losses is reduced to a collectible value, and the reduced value is posted as impairment loss in the extraordinary loss section. The impairment loss consists of 5,596,000 yen for buildings, 4,251,000 yen for lease assets, and 208,000 yen for others. In addition, the collectible value of such group of assets is measured based on usable value, and future cash flows are discounted by 2%.	The Company posted an impairment loss in the following asset groups in the current fiscal year. Location / Purpose of usage / Type Chuo-ku, Fukuoka city / Salon / Buildings, lease assets and others Atsuta-ku, Nagoya city / Salon / Buildings and lease assets The Company regards each salon as a group, by considering it to be a basic and minimum unit that generates cash flows. The book value of a group of assets of salons whose operating activities continuously result in losses is reduced to a collectible value, and the reduced value is posted as impairment loss in the extraordinary loss section. The impairment loss consists of 20,845,000 yen for buildings, 10,455,000 yen for lease assets, and 2,070,000 yen for others. In addition, the collectible value of such group of assets is measured based on usable value, and future cash flows are discounted by 2%.

(Interim statement of shareholders' equity)

Current interim term (April 1 to September 30, 2006)

1. Matters concerning the types and total number of shares outstanding and the types and number of treasury stocks

Unit: thousand shares

	Balance at the end of the previous fiscal year	Increase during the current interim term	Decrease during the current interim term	Balance at the end of the current interim term
Shares outstanding				
Common stock	5,057	-	-	5,057
Total	5,057	-	-	5,057
Treasury stock				
Common stock	42	-	-	42
Total	42	-	-	42

2. Matters concerning dividend

Dividend paid

Resolution	Types of shares	Total amount of dividend paid (thousand yen)	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 20, 2006	Common stock	101,150	20	March 31, 2006	June 20, 2006

(Notes on the interim cash flow statement)

Unit: thousand yen

Previous term (April 1 to September 30, 2005)		Current term (April 1 to September 30, 2006)		Previous fiscal year (April 1, 2005 to March 31, 2006)	
* Relationship between the interim closing balance of cash and cash equivalents and the amount recorded in the interim balance sheet (as of September 30, 2005)		* Relationship between the interim closing balance of cash and cash equivalents and the amount recorded in the interim balance sheet (as of September 30, 2006)		* Relationship between the closing balance of cash and cash equivalents and the amount recorded in the balance sheet (as of March 31, 2006)	
Cash and cash accounts	1,756,705	Cash and cash accounts	1,954,878	Cash and cash accounts	1,866,479
Time deposit, deposited for a period of three months or more	(187,771)	Time deposit, deposited for a period of three months or more	(190,609)	Time deposit, deposited for a period of three months or more	(192,829)
Cash and cash equivalents	1,568,934	Cash and cash equivalents	1,764,269	Cash and cash equivalents	1,673,649

1) Notes on lease transactions

Unit: thousand yen

Items: 1. Finance lease transactions, excluding transactions that involve a transference of the ownership of the lease subject to the borrower

Previous term (April 1 to September 30, 2005)

(1) Acquisition price of leased property, accumulated depreciation, accumulated impairment loss and the interim closing balance

	Acquisition price of leased property	Accumulated depreciation	Accumulated impairment loss	Interim closing balance
Tools and fixtures	1,193,647	619,596	7,665	566,386
Software	21,240	9,558	-	11,682
Total	1,214,887	629,154	7,665	578,068

(2) Interim closing balance of prepaid lease fees

One year or less	234,504
Over one year	359,736
Total	594,241
Balance of impairment loss of lease assets	7,665

(3) Lease fees paid, reversal of impairment loss of lease assets, amount equivalent to depreciation expenses, amount equivalent to paid interest and impairment loss during the current interim term

Lease fees paid	138,463
Reversal of impairment loss of lease assets	2,790
Amount equivalent to depreciation expenses	134,661
Amount equivalent to paid interest	4,895
Impairment loss	10,455

(4) Method of calculating the amount equivalent to depreciation expenses
This was calculated based on the straight-line method over the lease period with a residual value of zero.

(5) Method of calculating the amount equivalent to interest paid
The difference between the total amount of lease fees and the amount equivalent to the acquisition price of the leased properties is assumed to be the amount equivalent to the interest paid, and the method of allocation to each term is based on the interest method.

Current term (April 1 to September 30, 2006)

(1) Acquisition price of leased property, accumulated depreciation, accumulated impairment loss and interim closing balance

	Acquisition price of leased property	Accumulated depreciation	Accumulated impairment loss	Interim closing balance
Tools and fixtures	1,076,612	668,729	5,584	402,298
Software	21,240	13,806	-	7,434
Total	1,097,852	682,535	5,584	409,732

(2) Interim closing balance of prepaid lease fees

One year or less	189,748
Over one year	226,766
Total	416,515
Balance of impairment loss of lease assets	5,584

(3) Lease fees paid, reversal of impairment loss of lease assets, amount equivalent to depreciation expenses, amount equivalent to paid interest and impairment loss during the current interim term

Lease fees paid	121,070
Reversal of impairment loss of lease assets	3,463
Amount equivalent to depreciation expenses	116,359
Amount equivalent to paid interest	3,892
Impairment loss	4,251

(4) Method of calculating the amount equivalent to depreciation expenses
Same as on the left

(5) Method of calculating the amount equivalent to interest paid
Same as on the left

Previous fiscal year (April 1, 2005 to March 31, 2006)

(1) Acquisition price of leased property, accumulated depreciation, accumulated impairment loss and closing balance

	Acquisition price of leased property	Accumulated depreciation	Accumulated impairment loss	Closing balance
Tools and fixtures	1,110,367	638,278	4,795	467,293
Software	21,240	11,682	-	9,558
Total	1,131,607	649,960	4,795	476,851

(2) Closing balance of prepaid lease fees

One year or less	211,465
Over one year	277,789
Total	489,255
Balance of impairment loss of lease assets	4,795

(3) Lease fees paid, reversal of impairment loss of lease assets, amount equivalent to depreciation expenses, amount equivalent to paid interest and impairment loss during the current term

Lease fees paid	266,185
Reversal of impairment loss of lease assets	5,659
Amount equivalent to depreciation expenses	257,609
Amount equivalent to paid interest	9,169
Impairment loss	10,455

(4) Method of calculating the amount equivalent to depreciation expenses
Same as on the left

(5) Method of calculating the amount equivalent to interest paid
Same as on the left

2) Securities

Previous interim term (as of September 30, 2005)

N/A

Current interim term (as of September 30, 2006)

N/A

Previous fiscal year (as of March 31, 2006)

N/A

3) Derivative transactions

Previous interim term (April 1 to September 30, 2005)

The description of derivative transactions is omitted because the Company adopted accounting for hedging transactions for all these transactions.

Current interim term (April 1 to September 30, 2006)

The description of derivative transactions is omitted because the Company adopted accounting for hedging transactions for all these transactions.

Previous fiscal year (April 1, 2005 to March 31, 2006)

The description of derivative transactions is omitted because the Company adopted accounting for hedging transactions for all these transactions.

4) Profit or loss under the equity method, etc.

Previous interim term (April 1 to September 30, 2005)

N/A

Current interim term (April 1 to September 30, 2006)

N/A

Previous fiscal year (April 1, 2005 to March 31, 2006)

N/A

5. Comparison of sales by category

Unit: thousand yen

Items	Previous term (April 1 to September 30, 2005)		Current term (April 1 to September 30, 2006)		Previous fiscal year (April 1, 2005 to March 31, 2006)	
	Amount	Breakdown	Amount	Breakdown	Amount	Breakdown
		%		%		%
Haircare services	6,346,975	90.5	6,168,400	90.4	12,672,525	90.4
Merchandise	648,340	9.3	630,090	9.2	1,292,976	9.2
Others	14,738	0.2	27,761	0.4	51,600	0.4
Total	7,010,054	100.0	6,826,252	100.0	14,017,103	100.0