

FANCL Corporation

Financial Statements for the
Interim Period of the Fiscal Year Ending
March 31, 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)

Interim results for the Fiscal Year Ending March 31, 2010

FANCL CORPORATION

November 9, 2009

www.fancl.co.jp

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

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Scheduled date for submission of the financial report: November 11, 2009

Scheduled date for distribution of dividends: December 7, 2009

1. Consolidated results for the interim period (April 1, 2009 to September 30, 2009) of Fiscal 2009

Percentage figures represent changes compared to the equivalent period of the previous fiscal year

1) Consolidated Operating Results

Millions of yen, rounded down

	Interim period ended September 30, 2009		Interim period ended September 30, 2008	
		Change %		Change %
Net sales	47,683	(1.8)	48,581	--
Operating income	3,126	5.3	2,969	--
Ordinary income	3,102	(1.0)	3,134	--
Net income	1,542	14.6	1,345	--
Net income per share (¥).....	25.16		21.96	
Net income per share (diluted) (¥).....	25.11		21.95	

2) Consolidated Financial Position

Millions of yen, rounded down

	As of September 30, 2009	As of March 31, 2009
Total assets (millions of yen)	101,500	85,309
Net assets (millions of yen)	76,144	71,242
Net assets / total assets (%).....	74.4	83.0
Net assets per share (¥).....	1,163.85	1,155.74

Note: Shareholders' equity:

Interim period ended September 30, 2009: ¥75,496 million

Fiscal year ended March 31, 2009: ¥70,823 million

2. Dividends

	FY Ended March 31, 2009	FY Ending March 31, 2010	FY Ending March 31, 2010 (forecast)
Interim	17.00	17.00	--
Year-end	17.00	--	17.00
Annual	34.00	--	34.00

Note: Revisions made to dividends forecast during the period: None

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

Millions of yen

	FY ending March 31, 2010	
	Amount	Change from previous fiscal year (%)
Net sales	105,100	7.2
Operating income	8,500	27.5
Ordinary income	8,500	22.5
Net income	3,400	27.7
Net income per share (¥).....	53.88	--

Note: Revisions made to consolidated financial results forecast during the period: Yes

4. Other

- 1) Transfer of important subsidiaries during the period (Transfers of subsidiaries resulting in changes in the scope of consolidation): None
- 2) Use of simplified accounting methods or special accounting procedures: None
- 3) Changes in accounting principles, procedures and presentation in the preparation of these financial statements
 - (1) Changes in accordance with revision to accounting standards: None
 - (2) Other changes: Yes

Note: For details, see page 6 of *Consolidated operating results and financial position*, Section 4, *Other*

- 4) Number of shares outstanding (ordinary shares)
 - (1) Number of shares outstanding at end of period (including treasury shares):
As of September 30, 2009: 65,176,600 shares; As of March 31, 2009: 65,176,600 shares;
 - (2) Number of treasury shares at end of period:
As of September 30, 2009: 3,865,845 shares; As of March 31, 2009: 3,896,949 shares
 - (3) Average number of shares during the period:
As of September 30, 2009: 61,296,776 shares; As of September 30, 2008: 61,270,080 shares

* Notice regarding the appropriate use of the financial forecasts

1. This document contains revisions to the consolidated year-end forecasts that were announced on May 1, 2009.
2. On October 1, 2009, FANCL sold 3,600,000 treasury shares to CMC Holdings Limited. Therefore, the calculations for consolidated net income per share forecasts for the fiscal year ending March 31, 2010 include the sale of treasury shares.
3. 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 5: *Consolidated operating results and financial position*, Section 3, *Forecasts for the consolidated fiscal year ending March 31, 2010*.

Consolidated operating results and financial position

I. Operating results (consolidated)

In the domestic economy during the period under review, exports in the manufacturing and other sectors showed signs of improvement due to an emerging recovery primarily in developing countries, but the employment environment continued to worsen and the overall economic environment remained severe.

In the cosmetic industry, consumer spending was sluggish and the overall downward trend continued.

In the health foods industry, the market remained on a downward trend despite certain sections showing signs of bottoming out.

Consolidated net sales during the interim period under review decreased 0.9% to ¥23,618 million due to sluggish sales from the nutritional supplements business and despite maintaining a similar level of sales compared to the previous year in the cosmetics business as well as increased revenues in other business following consolidation of NEUES, K.K. Operating income increased 83.5% to ¥1,324 million as a result of implementing the company-wide cost reduction measures announced at the beginning of the term. The operating profit margin improved 2.6 percentage points to 5.6%; ordinary income increased 60.8% to ¥1,294 million; and the ordinary income margin improved 2.1 percentage points to 5.5%.

Consolidated net income for the interim period under review increased 142.6% to ¥572 million and the net income margin increased 1.4 percentage points to 2.4%.

For information on the consolidated operating results of the first quarter of the current fiscal year, please see the Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2010, issued on July 30, 2009.

1) Cosmetics Business

Sales decreased 0.9% compared to the previous interim period, to ¥12,125 million.

	Interim period ended September 30, 2009		Interim period ended September 30, 2008		Increase (decrease) in percent
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
FANCL Cosmetics	9,480	78.2	9,575	78.3	(1.0)
ATTENIR Cosmetics	2,271	18.7	2,472	20.2	(8.1)
Others	373	3.1	183	1.5	104.0
Total	12,125	100.0	12,231	100.0	(0.9)

	Interim period ended September 30, 2009		Interim period ended September 30, 2008		Increase (decrease) in percent
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	6,172	50.9	6,293	51.5	(1.9)
Retail store sales	4,121	34.0	4,410	36.0	(6.5)
Wholesales and others	1,830	15.1	1,527	12.5	19.9
Total	12,125	100.0	12,231	100.0	(0.9)

Sales of FANCL Cosmetics decreased only slightly, despite the severe operating environment, with firm sales of *Mild Cleansing Oil*, renewed in the previous term, supporting overall sales that declined 1.0% to ¥9,480 million.

Sales of ATTENIR cosmetics decreased 8.1% to ¥2,271 million as sales from a summer campaign fell short of targets.

In sales by sales channels, mail-order sales decreased 1.9% to ¥6,172 million, retail store sales decreased 6.5% to ¥4,121 million and wholesale sales through other sales channels increased 19.9% to ¥1,830 million with strong overseas sales to China, Hong Kong and others.

Operating income

Operating income increased 62.3% to ¥1,280 million, due to efforts made to promote efficient management of advertising and other marketing expenses. The operating income margin increased 4.1 percentage points to 10.6%.

2) Nutritional Supplements Business

Nutritional supplement sales decreased 3.8% to ¥6,761 million.

	Interim period ended September 30, 2009		Interim period ended September 30, 2008		Increase (decrease) in percent
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	2,882	42.6	3,014	42.9	(4.4)
Retail store sales	1,902	28.2	1,951	27.8	(2.5)
Wholesales and others	1,976	29.2	2,058	29.3	(4.0)
Total	6,761	100.0	7,025	100.0	(3.8)

Sales of Bitoki and supplements and beauty supplements targeting elderly and middle-aged customers were strong. However, revenues decreased due to a decline in sales of vitamins and other product groups.

In sales by sales channels, mail-order sales decreased 4.4% to ¥2,882 million, retail store sales decreased 2.5% to ¥1,902 million, and wholesale sales through other sales channels decreased 4.0% to ¥1,976 million.

Operating income

Operating income decreased 14.9% to ¥631 million due to an increase in the cost to sales ratio and a decrease in sales. The operating income margin declined 1.3 percentage points to 9.3%.

3) Other Businesses

Sales in Other businesses increased 3.5% to ¥4,731 million.

(Millions of yen)

	Interim period ended September 30, 2009	Interim period ended September 30, 2008	Increase (decrease) in percent
<i>Hatsuga Genmai</i> business	709	863	(17.9)
Kale Juice business	1,033	952	8.5
IIMONO OHKOKU mail order business	1,889	1,951	(3.2)
Other businesses	1,099	803	36.9
Total	4,731	4,571	3.5

In the **Hatsuga Genmai business**, sales decreased 17.9% to ¥709 million due to continued sluggish commercial sales.

In the **Kale Juice business**, sales increased 8.5% to ¥1,033 million due to strong sales of powder-type kale juice.

Sales in the **IIMONO OHKOKU** (Kingdom of Wonderful Things) **mail order business** decreased 3.2% to ¥1,889 million due to poor sales of seasonal goods due to the effects of a cool summer.

Other businesses increased 36.9% to ¥1,099 million due to the consolidation of NEUES, K.K. a developer of beauty clinics, and despite poor sales of comfort undergarments and household sundries.

Operating income

An operating loss of ¥203 million was recorded for the period, an improvement of ¥69 million compared to the operating loss in the previous interim period. This was supported by the effects of cost reductions from the consolidation of Hatsuga Genmai facilities.

For reference: Sales network

	Number of stores as of September 30, 2009	Change compared to June 30, 2009
FANCL Ginza Square	1	--
FANCL Shop	19	+3
FANCL House	88	-3
FANCL House J	68	--
Genki Station	5	--
ATTENIR Shop	13	--
Other	3	--
Total	197	--

2. Financial situation

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

Assets increased ¥16,190 million to ¥101,500 million as a result of a ¥5,870 million increase in current assets and a ¥10,320 million increase in fixed assets.

The increase in current assets was largely the result of a ¥9,596 million increase in cash and cash deposits due to an increase in consolidated subsidiaries and despite a ¥3,520 million decrease in marketable securities. The increase in fixed assets was largely the result of a ¥426 million increase in tangible fixed assets and a ¥9,502 million increase in intangible fixed assets as goodwill.

Liabilities increased ¥11,288 million to ¥25,355 million as a result of a ¥11,298 million increase in current liabilities and a ¥9 million decrease in long-term liabilities.

The main factors contributing to the increase in current liabilities were increases of ¥2,582 million in short-term borrowings following an increase in consolidated subsidiaries, ¥1,082 million in advance payments, ¥6,049 million in unpaid dividends recorded for dividends for minority investors and others. The main factor contributing to the decrease in long-term liabilities was a decrease in other fixed liabilities from payments for allowance for director's retirement bonuses for new company directors and despite an increase in lease obligations.

Net assets increased ¥4,901 million to ¥76,144 million, primarily due to an increase of ¥4,140 million from payments for application for treasury stock and recording ¥1,542 million in quarterly net income.

As a result, the shareholders' equity ratio declined 8.6 percentage points from the end of the previous fiscal year to 74.4%.

Cash flow

Cash and cash equivalents as of September 30, 2009 were ¥34,806 million, ¥8,073 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 generated from operating activities during the period under review was ¥4,758 million compared to a revenue of ¥3,164 million from the interim period of the previous fiscal year. Factors increasing operating cash flow were income before income taxes of ¥3,046 million, depreciation expenses of ¥1,515 million and a ¥602 million decrease in inventory assets. Factors reducing operating cash flow included tax payments of ¥1,332 million.

Cash flows from investing activities

Cash generated from investing activities during the period under review was ¥259 million compared to an outflow of ¥4,601 million from the interim period of the previous fiscal year. This was largely the result of ¥1,500 million in proceeds from the redemption of fixed-term deposits, and revenue of ¥3,997 million from the sale and redemption of marketable securities. Outlays were ¥795 million for the acquisition of tangible fixed assets, ¥387 million for the acquisition of intangible fixed assets, a payment of ¥529 million for the acquisition of shares in affiliate companies and ¥1,210 million in payments for acquisition of shares in subsidiaries following changes to the scope of consolidation.

Cash flows from financing activities

Cash flow generated from financing activities during the period under review was ¥2,726 million compared to a payment of ¥786 million from the interim period of the previous fiscal year, primarily due to revenues of ¥4,140 million from payments for application for treasury stock and dividend payments of ¥1,040 million.

3. Forecasts for the consolidated fiscal year ending March 31, 2010

Business results are progressing largely in line with plans. However, due to the consolidation of Fantastic Natural Cosmetics Limited and Fantastic Natural Cosmetics (China) Limited, forecasts for consolidated net sales has been raised ¥7,600 million and forecasts for consolidated operating income and ordinary income have been raised ¥1,200 million in comparison to the previously announced forecasts. There is no change to the previously announced forecast for consolidated net income.

4. Other

(1) Transfer of important subsidiaries during the period (Transfers of subsidiaries resulting in changes in the scope of consolidation:

None

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

None

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

As of the six month period under review, the materiality of the amount of loss from the closure of stores, included in loss from disposal of fixed assets, loss from sale of fixed assets and other, has increased and has therefore been included as a separate item. In the six-month period of the previous fiscal year, loss from the closure of stores was ¥40 million consisting of ¥27 million in loss from disposal of fixed assets, ¥2 million in loss from sale of fixed assets and a loss of ¥10 million from other.

Consolidated Financial Statements

Consolidated Balance Sheet

Millions of yen, rounded down

	As of September 30, 2009	As of March 31, 2009
ASSETS		
I. Current assets:		
Cash and cash deposits	25,806	16,209
Notes and accounts receivable	8,955	9,967
Marketable securities	9,999	13,520
Merchandise and products	3,466	3,060
Work in progress	58	68
Raw materials and supplies	3,035	3,041
Others	2,819	2,418
Allowance for doubtful accounts	(142)	(157)
Total current assets	53,998	48,128
II. Fixed assets:		
<i>Tangible fixed assets</i>		
Buildings and structures	22,471	21,650
Accumulated depreciation and accumulated impairment loss	(11,455)	(10,832)
Buildings and structures (net)	11,015	10,817
Machinery and transport equipment	5,586	5,385
Accumulated depreciation and accumulated impairment loss	(4,276)	(4,018)
Machinery and transport equipment (net)	1,309	1,366
Furniture, tools and fixtures	7,203	5,961
Accumulated depreciation and accumulated impairment loss	(5,847)	(4,899)
Furniture, tools and fixtures (net)	1,355	1,061
Land	10,971	10,971
Lease assets	263	194
Accumulated depreciation and accumulated impairment loss	(65)	(33)
Lease assets (net)	197	160
Others	7	51
Total tangible fixed assets	24,856	24,430
<i>Intangible fixed assets</i>		
Goodwill	10,662	898
Others	2,813	3,075
Total intangible fixed assets	13,476	3,973
Investments and other assets	9,168	8,777
Total fixed assets	47,501	37,181
Total assets	101,500	85,309

Consolidated Balance Sheets

Millions of yen, rounded down

	As of September 30, 2009	As of March 31, 2010
LIABILITIES		
I. Current liabilities:		
Notes and accounts payable	3,355	3,206
Short-term borrowings	2,582	--
Accrued liabilities	2,252	1,477
Allowance for bonuses	1,173	1,021
Allowance for points	1,417	1,353
Others	11,976	4,400
Total current liabilities	22,758	11,459
II. Long-term liabilities:		
Allowance for retirement bonuses	1,846	1,818
Allowance for directors' retirement bonuses	70	60
Others	680	728
Total long-term liabilities	2,597	2,607
Total liabilities	25,355	14,066
NET ASSETS		
Shareholders' equity:		
Common stock	10,795	10,795
Capital reserve	11,706	11,706
Retained earnings	53,784	53,288
Treasury stock	(4,921)	(4,960)
Application for treasury stock	4,140	--
Total shareholders' equity	75,504	70,828
Difference from exchange and valuation		
Valuation difference on other marketable securities	(3)	(0)
Foreign exchange adjustment account	(4)	(4)
Total Difference from exchange and valuation	(8)	(5)
Warrants	274	310
Minority interests	373	109
Total net assets	76,144	71,242
Total Liabilities and Net Assets	101,500	85,309

Consolidated Statements of Income
(Interim period of FY 2009)

Millions of yen, rounded down

	April 1, 2009 to September 30, 2009	April 1, 2008 to September 30, 2008
Net sales.....	47,683	48,581
Cost of sales.....	16,703	15,865
Gross profit.....	30,980	32,716
Selling, general and administrative expenses.....	27,853	29,747
Operating income.....	3,126	2,969
Non-operating income		
Interest income.....	47	86
Dividend income.....	11	12
Other non-operating income.....	85	117
Total net operating income.....	144	216
Non-operating expenses		
Interest expense.....	4	0
Exchange loss.....	48	10
Provisions for doubtful accounts.....	75	--
Other non-operating expenses.....	39	41
Total non-operating expenses.....	168	51
Ordinary income.....	3,102	3,134
Extraordinary income		
Income from sale of fixed assets.....	0	10
Income from recovery of bad debts.....	--	10
Reversal of allowance for doubtful accounts.....	0	--
Gain on sale of investment securities.....	0	--
Others.....	0	24
Total extraordinary income.....	1	45
Extraordinary loss.....		
Loss on sale of fixed assets.....	2	13
Loss on disposal of fixed assets.....	12	72
Impairment loss.....	14	178
Loss on store closures.....	21	--
Others.....	6	50
Total extraordinary loss.....	57	315
Income before income taxes.....	3,046	2,863
Income tax and other taxes.....	1,663	1,422
Adjustments to income tax and other taxes.....	(163)	86
Total income and other taxes.....	1,500	1,509
Income from minority interests.....	3	8
Net income.....	1,542	1,345

Consolidated Statements of Income
(Second Quarter of FY 2009)

Millions of yen, rounded down

	July 1, 2009 to September 30, 2009	July 1, 2008 to September 30, 2008
Net sales.....	23,618	23,828
Cost of sales.....	8,733	7,877
Gross profit.....	14,885	15,950
Selling, general and administrative expenses.....	13,561	15,229
Operating income.....	1,324	721
Non-operating income		
Interest income.....	23	56
Dividend income.....	10	10
Other non-operating income.....	53	41
Total net operating income.....	87	108
Non-operating expenses		
Interest expense.....	4	0
Exchange loss.....	10	0
Provisions for doubtful accounts.....	75	--
Other non-operating expenses.....	26	24
Total non-operating expenses.....	117	25
Ordinary income.....	1,294	805
Extraordinary income		
Income from sale of fixed assets.....	0	5
Income from recovery of bad debts.....	--	2
Reversal of allowance for doubtful accounts.....	0	--
Gain on sale of investment securities.....	0	--
Others.....	0	23
Total extraordinary income.....	1	31
Extraordinary loss.....		
Loss on sale of fixed assets.....	2	13
Loss on disposal of fixed assets.....	11	64
Impairment loss.....	1	--
Loss on store closures.....	14	--
Others.....	(7)	10
Total extraordinary loss.....	21	88
Income before income taxes.....	1,273	748
Income tax and other taxes.....	710	302
Adjustments to income tax and other taxes.....	(12)	205
Total income and other taxes.....	698	508
Income from minority interests.....	3	3
Net income.....	572	235

Consolidated Statements of Cash Flows
(Interim period of FY 2010)

	<i>Millions of yen</i>	
	April 1, 2009 to September 30, 2009	April 1, 2008 to September 30, 2008
I. Cash flows from operating activities		
Income before income taxes.....	3,046	2,863
Depreciation	1,515	1,482
Impairment loss	14	178
Stock compensation plan expense	34	67
Amortization of goodwill.....	172	63
Increase (decrease) in allowance for doubtful accounts	77	(3)
Increase (decrease) in allowance for bonuses	(13)	22
Increase (decrease) in allowance for points	(15)	(49)
Increase (decrease) in allowance for retirement benefits	28	89
Increase (decrease) in allowance for directors retirement bonuses.....	10	6
Interest and dividend income.....	(59)	(99)
Interest paid.....	4	0
Increase of foreign exchange	(9)	(5)
Gain on sale of investments securities	6	--
Loss on sale of tangible fixed assets	2	3
Loss from disposal of other investments.....	12	72
Decrease (increase) in trade receivables	103	226
Decrease (increase) in inventories	602	735
Decrease (increase) in other current assets	(143)	(403)
Decrease (increase) in accounts payable.....	546	(214)
Increase (decrease) in other current liabilities	148	36
Increase (decrease) in other fixed liabilities.....	(76)	(192)
Others.....	31	(24)
Sub-total.....	6,041	4,855
Interest and dividends received	54	87
Interest paid.....	(4)	(0)
Other income	--	0
Income taxes paid	(1,332)	(1,779)
Net cash provided by (used in) operating activities	4,758	3,164

Consolidated Statements of Cash Flows continued
(Interim period of FY 2009)

	<i>Millions of yen</i>	
	April 1, 2009 to September 30, 2009	April 1, 2008 to September 30, 2008
II. Cash flows from investing activities		
Increase in fixed-term deposits	--	(1,000)
Proceeds from cancellation of fixed-term deposits	1,500	1,000
Acquisition of investment marketable securities	(1,998)	(4,993)
Proceeds from sale and redemption of marketable securities	3,997	2,999
Payment for purchase of tangible fixed assets	(795)	(1,048)
Proceeds from sale of tangible fixed assets	28	100
Payment for purchase of intangible fixed assets	(387)	(352)
Payments for acquisition of investments securities	(1,014)	--
Proceeds from redemption and sale of investment securities.....	506	--
Payment for acquisition of shares in affiliate companies	(529)	--
Payment for acquisition of shares in subsidiaries following changes to the scope of consolidation	(1,210)	--
Proceeds from acquisition of shares in subsidiaries following changes to the scope of consolidation	178	--
Payments for transfer of operations.....	--	(1,250)
Payments for loans	(1)	(30)
Proceeds from collection of loans	26	8
Other payments	(142)	(92)
Others proceeds	101	57
Net cash used in investing activities	259	(4,601)
III. Cash flows from financing activities		
Repayment of long-term loans	(155)	(48)
Payment for redemption of bonds.....	(180)	--
Proceeds from sale of treasury stock	0	2
Payment for purchase of treasury stock.....	(0)	(0)
Proceeds for application of treasury shares	4,140	
Cash dividends paid	(1,040)	(732)
Others	(37)	(7)
Net cash used in financing activities	2,726	(786)
IV. Effect of exchange rate changes on cash and cash equivalents	328	10
V. Net increase in cash and cash equivalents	8,073	(2,212)
VI. Cash and cash equivalents at the beginning of the period.....	26,732	24,060
VII. Cash and cash equivalents at end of period	34,806	21,847

(4) Items related to the company as a going concern
None

(5) Segment Information

a. Business segments

Three month period July 1, 2009 to September 30, 2009

(Millions of yen)

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
Sales						
(1) Sales to external customers	12,125	6,761	4,731	23,618	--	23,618
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	12,125	6,761	4,731	23,618	--	23,618
Operating income (loss)	1,280	631	(203)	1,708	(383)	1,324

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), Kale Juice, beauty clinics, etc.

Three month period July 1, 2008 to September 30, 2008

(Millions of yen)

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
Sales						
(1) Sales to external customers	12,231	7,025	4,571	23,828	--	23,828
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	12,231	7,025	4,571	23,828	--	23,828
Operating income (loss)	788	741	(272)	1,257	(536)	721

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.

Interim period April 1, 2009 to September 30, 2009

(Millions of yen)

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
Sales						
(1) Sales to external customers	24,912	13,528	9,242	47,683	--	47,683
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	24,912	13,528	9,242	47,683	--	47,683
Operating income (loss)	3,070	1,336	(397)	4,009	(883)	3,126

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), Kale Juice, beauty clinics, etc.

Interim period April 1, 2008 to September 30, 2008

(Millions of yen)

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
Sales						
(1) Sales to external customers	24,809	14,491	9,281	48,581	--	48,581
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	24,809	14,491	9,281	48,581	--	48,581
Operating income (loss)	3,029	1,681	(536)	4,175	(1,206)	2,969

Notes:

1. Segmentation has been adopted for internal management purposes.
2. Segment operations are as follows:

Cosmetic Business: Mail-order and retail sales and wholesaling of a variety of cosmetics products

Nutritional Supplements Business: Mail-order and retail sales and wholesaling of a variety of nutritional supplements

Other businesses: Mail-order of personal sundries, accessories, undergarments, health equipment and household sundries, mail-order and retail sales and wholesales of *Hatsuga Genmai* (germinated brown rice) and Kale Juice, etc.

3. Changes to accounting methods

Accounting standards related to the evaluation of inventory assets

As described in section 2 of *Changes in accounting principles, procedures and method of presentation associated with preparation of the consolidated financial statements*, as of the first quarter of the consolidated current fiscal year, Accounting Standards Related to the Evaluation of Inventory Assets (Accounting Standards Board of Japan, Article 9, July 5, 2006) have been applied.

As a result of this change, compared to the former accounting method, operating income decreased by ¥75 million in the cosmetics business, ¥84 million in the nutritional supplements business and by ¥16 million in other businesses over the interim period.

Segment information by area:

Second quarter of the consolidated fiscal year (July 1, 2009 to September 30, 2009) and the interim period of the consolidated fiscal year (April 1, 2009 to September 30, 2009):

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

Second quarter of the consolidated fiscal year (April 1, 2008 to September 30, 2008) and the interim period of the consolidated fiscal year (April 1, 2008 to September 30, 2008):

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

Overseas sales:

Second quarter of the consolidated fiscal year (July 1, 2009 to September 30, 2009) and the interim period of the consolidated fiscal year (April 1, 2009 to September 30, 2009)

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

Second quarter of the consolidated fiscal year (July 1, 2008 to September 30, 2008) and the interim period of the consolidated fiscal year (April 1, 2008 to September 30, 2008)

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

6. Special changes to shareholders equity

Fancl Corporation sold treasury shares held in CMC Holdings Limited on October 1, 2009. On September 16, 2009, prior to the date of sale, Fancl Corporation received payment for sale of treasury shares. As a result, during the second quarter period under review a treasury share application payment of ¥4,140 million arose, and this amount was recorded in the books as of September 30, 2009.