FANCL Corporation

Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2010

Consolidated results for the period
April 1, 2009 to December 31, 2009

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

SUMMARY OF FINANCIAL STATEMENTS

Third Quarter Results for the Fiscal Year Ending March 31, 2010

FANCL CORPORATION **February 10, 2010**

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: February 12, 2010

1) Consolidated results for the third quarter (April 1, 2009 to December 31, 2009) of the fiscal year ending March 31, 2010

(1) Consolidated Operating Results

(Millions of yen, rounded down)

	Nine months ended December 31, 2009		Nine months ended December 31, 2008	
		% change		% change
Net sales	76,662	1.9	75,217	--
Operating income	6,712	37.8	4,869	--
Ordinary income	6,760	33.8	5,050	--
Net income	3,064	28.6	2,384	--
Earnings per share (¥)	49.03		38.91	
Earnings per share (diluted) (¥)	48.93		38.82	

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

(2) Consolidated Financial Position

	As of December 31, 2009	As of March 31, 2009
Total assets (millions of yen)	101,358	85,309
Net assets (millions of yen)	76,771	71,242
Shareholders' equity/total assets (%)	74.9%	83.0%
Net assets per share (¥)	¥1,169.14	¥1,155.74

Shareholders' equity: As of December 31, 2009: ¥75,889 million
As of March 31, 2009: ¥70,823 million

2) Dividends per share

	FY ended March 31, 2009	FY ending March 31, 2010	FY ending March 31, 2010 (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, 2010 (April 1, 2009 to March 31, 2010)

(1) Consolidated

Millions of yen

	FY ending March 31, 2010	
Net sales	105,100	7.2%
Operating income	8,500	27.5%
Ordinary income	8,500	22.5%
Net income	3,400	27.7%
Earnings per share (¥)	53.88	

Note: 1. The percentages shown above are a comparison with the previous fiscal year.
2. Changes to the consolidated forecasts during the period under review: None

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: No

(3) Changes in accounting principles, procedures and method of presentation associated with preparation of these consolidated financial statements. (Changes in important matters for preparation of Consolidated Financial Statements)

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

Note: For further detail, please see page 7: Consolidated operating results and financial position, Section 4: Other.

(4) Number of outstanding shares (common stock)

1. Number of outstanding shares (including treasury shares):
   December 31, 2009: 65,176,600 shares
   March 31, 2009: 65,176,600 shares

2. Number of treasury shares:
   December 31, 2009: 266,453 shares
   March 31, 2009: 3,896,949 shares

3. Average number of shares during the period:
   Third quarter ended December 31, 2009: 62,505,721 shares
   Third quarter ended December 31, 2008: 61,273,503 shares

Notice regarding the appropriate use of the 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: Consolidated operating results and financial position, Section 3, Forecasts for the consolidated fiscal year ending March 31, 2010.

Consolidated operating results and financial position

1. Operating results (consolidated)

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

During the period under review, there was a moderate improvement in the overall domestic economy due to a recovery in exports and production following emergency stimulus measures and improvements in overseas economies, primarily those of emerging nations. Despite this, employment and income levels remain concern.

Against this background, there were challenges throughout the cosmetics industry due to slow sales at department stores and other factors.

In the health foods industry, the declining trend has come to an end and differences in performance between companies have become strikingly clear as market adjustments continue.

During the period under review, consolidated net sales increased 8.8% to ¥28,978 million from increased revenues from the Nutritional Supplements Business and from making sales agency offices in Hong Kong and China Group companies. Operating income increased 88.7% to ¥3,585 million as a result of the addition of these companies, and from efficiencies made primarily in distribution, production and head office costs that aimed to create highly profitable structures. The operating income ratio increased 5.3 percentage points to 12.4%, ordinary income increased 90.9% to ¥3,657 million and the ordinary income ratio increased 5.4 percentage points to 12.6%.

Net income for the period increased 46.6% to ¥1,522 million and the net income ratio increased 1.4 percentage points to 5.3%.

Please see the Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2010 (issued July 30, 2009) and the Financial Statements for the Interim Period of the Fiscal Year Ending March 31, 2010 (issued November 9, 2009) for information on operating results (consolidated) for the first quarter (April 1, 2009 to June 30, 2009) and the interim period (April 1, 2009 to September 30, 2009).

As of the third quarter of the fiscal year ending March 31, 2010, and after having made the sales agency offices in Hong Kong and China Group companies, changes have been made to the sales channel segments for the Cosmetics Business and the Nutritional Supplements Businesses. As a result, and in order to make comparisons with the current fiscal year, changes have been made to the same segments of the third quarter of the previous fiscal year. Accordingly, wholesale sales through other sales channels are recorded as those of domestic wholesale and others, and overseas sales are recorded as those of overseas wholesale sales and retail sales.

1) Cosmetics Business

Sales

Sales from the Cosmetics business increased 14.7% to ¥15,228 million. *(Millions of yen, rounded down)*

	Nine months ended December 31, 2009		Nine months ended December 31, 2008		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
FANCL Cosmetics	12,297	80.7	10,155	76.5	21.1
ATTENIR Cosmetics	2,491	16.4	2,659	20.0	(6.3)
Others	440	2.9	467	3.5	(5.8)
Totals	15,228	100.0	13,282	100.0	14.7

	Nine months ended December 31, 2009		Nine months ended December 31, 2008		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	7,020	46.1	7,121	53.6	(1.4)
Retail store sales	4,159	27.3	4,413	33.2	(5.7)
Wholesales and others	707	4.7	742	5.6	(4.7)
Overseas sales	3,340	21.9	1,004	7.6	232.6
Totals	15,228	100.0	13,282	100.0	14.7

Sales of **FANCL cosmetics** grew significantly, increasing 21.1% to ¥12,297 million due to making sales agency offices in Hong Kong and China Group companies and strong sales of limited design bottles of *Mild Cleansing Oil*.

Sales of **ATTENIR cosmetics** decreased 6.3% to ¥2,491 million, affected by a decrease in customer numbers despite holding a Winter Campaign and other initiatives.

Results by sales channels were: mail order sales decreased 1.4% to ¥7,020 million, retail store sales decreased 5.7% to ¥4,159 million, wholesale sales through other sales channels decreased 4.7% to ¥707 million, and overseas sales increased 232.6% to ¥3,340 million due to making sales agency offices in Hong Kong and China Group companies.

Operating income
Operating income increased 64.4% to ¥3,088 million largely due to efficient use of marketing expenses and from making sales agency offices in Hong Kong and China a part of the Group of companies. The operating income margin increased 6.2 percentage points to 20.3%.

2) Nutritional Supplements Business
Sales
Nutritional supplement sales increased 3.7% to ¥8,320 million. *(Millions of yen, rounded down)*

	Nine months ended December 31, 2009		Nine months ended December 31, 2008		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	3,339	40.1	3,620	45.1	(7.8)
Retail store sales	1,906	22.9	2,109	26.3	(9.6)
Wholesales and others	1,503	18.1	1,654	20.6	(9.1)
Overseas sales	1,571	18.9	636	8.0	146.8
Totals	8,320	100.0	8,019	100.0	3.7

Sales revenues increased due to strong sales of beauty supplements, primarily those targeting middle-aged and elderly customers, and sales of beauty supplements overseas, although sales of other product groups such as vitamins and minerals were poor.

Results by sales channels were: mail order sales decreased 7.8% to ¥3,339 million, retail store sales decreased 9.6% to ¥1,906 million, wholesale sales through other sales channels decreased 9.1% to ¥1,503 million and overseas sales increased 146.8% to ¥1,571 million from making sales agency offices in Hong Kong and China Group companies.

Operating income
Operating income increased 46.1% to ¥792 million largely due to efficient use of marketing expenses and from making sales agency offices in Hong Kong and China a part of the Group of companies. The operating income margin increased 2.7 percentage points to 9.5%.

3) Other Businesses
Sales in Other businesses increased 1.8% to ¥5,429 million.

(Millions of yen, rounded down)

	Nine months ended December 31, 2009	Nine months ended December 31, 2008	Change (%)
Hatsuga genmai business	863	941	(8.3)
Kale juice business	989	921	7.4
IIMONO OHKOKU mail order business	2,348	2,540	(7.6)
Other businesses	1,227	929	32.1
Totals	5,429	5,333	1.8

In the Hatsuga Genmai (germinated brown rice) business, sales decreased 8.3% to ¥863 million as commercial sales to convenience stores and others remained sluggish and despite actively expanding sales through new rice campaigns and by launching *Hatsuga Genmai Soup.*
In the Kale juice business, sales increased 7.4 to ¥989 million due to strong sales of powder-type kale juice such as *Kale Marugoto Shibori*.
Sales through the IIMONO OHKOKU (Kingdom of Wonderful Things) mail order business decreased 7.6% to ¥2,348 million, as sales of seasonal products were slow due to mild winter weather.
Sales at other businesses increased 32.1% to ¥1,227 million due to the consolidation of NEUES, K.K. a developer of beauty clinics.

Operating income
Operating profit of ¥16 million was recorded compared to an operating loss of ¥118 million in the same period of the previous fiscal year. This was the first quarterly operating profit recorded since the third quarter of the fiscal year ended 2007, and was due to the implementation of thorough cost control measures such as the consolidation of the hatsuga genmai production facilities. The operating income margin was 0.3%.

For reference: Domestic sales network

	Number of stores as of December 31, 2009	Change compared to September 30, 2009
FANCL Ginza Square	1	--
FANCL Shop	19	--
FANCL House	87	(1)
FANCL House J	67	(1)
Genki Station	5	--
ATTENIR Shop	13	--
Other	3	--
Total	195	(2)

2. Financial situation

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

Assets increased ¥16,049 million to ¥101,358 million as a result of a ¥6,488 million increase in current assets and a ¥9,560 million increase in fixed assets. The increase in current assets was largely the result of a ¥10,179 million increase in cash and cash deposits from an increase in consolidated subsidiaries. The increase in fixed assets was largely the result of a ¥9,000 million increase in intangible fixed assets from the recording of goodwill following business integration and a ¥523 million increase in investments and other assets.

Liabilities increased ¥10,520 million to ¥24,586 million as a result of a ¥10,514 million increase in current liabilities and a ¥5 million increase in long-term liabilities. The main factors contributing to the increase in current liabilities were increases of ¥2,498 million in short-term borrowings following an increase in consolidated subsidiaries, ¥1,119 million in advance payments, ¥5,376 million in unpaid dividends recorded as unpaid dividends for minority investors and others. The main contributing factors to the increase in long-term liabilities was an ¥81 million increase in allowance for retirement bonuses and a decrease in other fixed assets due to payments for allowance for retirement bonuses of the parent company.

Net assets increased ¥5,528 million to ¥76,771 million. The primary contributing factors were an increase of ¥4,623 million for the acquisition of treasury stock, a quarterly net income of ¥3,064 million, and a decrease of ¥2,084 million in dividend payments.

As a result, the shareholders' equity ratio declined 8.1 percentage points from the end of the previous consolidated fiscal year to 74.9%.

Cash flow

Cash and cash equivalents as of December 31, 2009 were ¥32,894 million, ¥6,161 million higher than at the end of the previous fiscal year. The main contributing factors are detailed below.

Cash flow from operating activities

Cash provided by operating activities during the nine-month period under review was ¥7,274 million, compared to cash inflow of ¥3,347 million in the previous comparable period. Factors increasing operating cash flow were income before income taxes of ¥6,674 million, depreciation expenses of ¥2,365 million and amortization of goodwill of ¥529 million. Factors reducing operating cash flow included a ¥547 million decrease in allowance for bonuses and tax payments of ¥3,065 million.

Cash flows from investing activities

Cash provided by investing activities during the nine-month period under review was ¥1,783 million compared to an outflow of ¥3,326 million in the previous comparable period. This was largely the result of ¥1,500 million in proceeds from the redemption of fixed-term deposits and outlays of ¥985 million for the acquisition of tangible fixed assets, ¥482 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 generated from financing activities during the nine-month period under review was ¥469 million compared to a payment of ¥1,812 million in the previous comparable period, primarily due to proceeds of ¥4,140 million from the disposal of treasury stock, dividend payments of ¥2,054 million and ¥1,159 million in dividend payments to minority investors.

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

The business plan is progressing largely as forecasted and therefore no changes have been made to the financial results forecasts announced November 9, 2009.

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 nine month period under review, the amounts from each of Disposal of fixed assets, Loss from sale of fixed assets, and Other, that were formerly included in Loss from closure of stores under Extraordinary losses, have increased in importance and have therefore been included as separate items.

In the nine-month period of the previous fiscal year, Loss from the closure of stores was ¥136 million, consisting of a ¥3 million loss from the Disposal of fixed assets, a ¥95 million loss from the Sale of fixed assets and a loss of ¥37 million from Other.

Consolidated Financial Statements

Consolidated Balance Sheet

Millions of yen, rounded down

	As of December 31, 2009	As of March 31, 2009
ASSETS		
I. Current assets:		
Cash and cash deposits	26,389	16,209
Notes and accounts receivable	9,444	9,967
Marketable securities	9,003	13,520
Merchandise and products	4,163	3,060
Work in progress	24	68
Raw materials and supplies	3,006	3,041
Others	2,741	2,418
Allowance for doubtful accounts	(156)	(157)
Total current assets	54,617	48,128
II. Fixed assets:		
Tangible fixed assets		
Buildings and structures	22,483	21,650
Accumulated depreciation and accumulated impairment loss	(11,684)	(10,832)
Buildings and structures (net)	10,799	10,817
Machinery and transport equipment	5,588	5,385
Accumulated depreciation and accumulated impairment loss	(4,385)	(4,018)
Machinery and transport equipment (net)	1,203	1,366
Furniture, tools and fixtures	7,279	5,961
Accumulated depreciation and accumulated impairment loss	(6,028)	(4,899)
Furniture, tools and fixtures (net)	1,250	1,061
Land	10,971	10,971
Lease assets	263	194
Accumulated depreciation and accumulated impairment loss	(81)	(33)
Lease assets (net)	181	160
Others	60	51
Total tangible fixed assets	24,467	24,430
Intangible fixed assets		
Goodwill	10,306	898
Others	2,667	3,075
Total intangible fixed assets	12,973	3,973
Investments and other assets	9,300	8,777
Total fixed assets	46,741	37,181
Total assets	101,358	**85,309**

Consolidated Balance Sheets

Millions of yen, rounded down

	As of December 31, 2009	As of March 31, 2009
LIABILITIES		
I. Current liabilities:		
Notes and accounts payable	3,907	3,206
Short-term borrowings	2,498	--
Accrued liabilities	1,792	1,477
Allowance for bonuses	641	1,021
Allowance for points	1,468	1,353
Others	11,665	4,400
Total current liabilities	21,973	11,459
II. Long-term liabilities:		
Allowance for retirement bonuses	1,900	1,818
Allowance for directors' retirement bonuses	71	60
Others	641	728
Total long-term liabilities	2,612	2,607
Total liabilities	24,586	14,066
NET ASSETS		
Shareholders' equity:		
Common stock	10,795	10,795
Capital reserve	11,706	11,706
Retained earnings	53,821	53,288
Treasury stock	(339)	(4,960)
Total shareholders' equity	75,983	70,828
Difference from exchange and valuation		
Valuation difference on other marketable securities	3	(0)
Foreign exchange adjustment account	(97)	(4)
Total difference from exchange and valuation	(94)	(5)
Warrants	343	310
Minority interests	539	109
Total net assets	76,771	71,242
Total Liabilities and Net Assets	101,358	**85,309**

Consolidated Statements of Income
(Nine month period from April 1 to December 31, 2009)

Millions of yen, rounded down

	April 1, 2009 to December 31, 2009	April 1, 2008 to December 31, 2008
Net sales	76,662	75,217
Cost of sales	25,489	24,894
Gross profit	51,172	50,322
Selling, general and administrative expenses	44,460	45,453
Operating income	6,712	4,869
Non-operating income		
Interest income	71	120
Dividend income	13	13
Other non-operating income	191	164
Total net operating income	277	298
Non-operating expenses		
Interest expense	8	0
Exchange loss	83	50
Provisions for doubtful accounts	80	-
Other non-operating expenses	55	66
Total non-operating expenses	229	116
Ordinary income	6,760	5,050
Extraordinary income		
Income from sale of fixed assets	0	31
Gain on sale of investment securities	0	-
Reversal of allowance for doubtful accounts	1	36
Income from recovery of bad debts	-	10
Others	0	23
Total extraordinary income	2	101
Extraordinary loss		
Loss on sale of fixed assets	2	49
Loss on disposal of fixed assets	18	155
Impairment loss	14	178
Loss on store closures	32	-
Others	21	255
Total extraordinary loss	88	638
Income before income taxes	6,674	4,513
Income tax and other taxes	2,957	1741
Adjustments to income tax and other taxes	(60)	378
Total income and other taxes	2,896	2,119
Income from minority interests	712	10
Net income	3,064	2,384

Consolidated Statements of Income
(Three month period from October 1 to December 31, 2009)

Millions of yen, rounded down

	April 1, 2009 to December 31, 2009	April 1, 2008 to December 31, 2008
Net sales	28,978	26,635
Cost of sales	8,786	9,029
Gross profit	20,192	17,606
Selling, general and administrative expenses	16,606	15,705
Operating income	3,585	1,900
Non-operating income		
Interest income	23	33
Dividend income	1	0
Other non-operating income	106	46
Total net operating income	132	81
Non-operating expenses		
Interest expense	4	-
Exchange loss	35	39
Provisions for doubtful accounts	5	-
Other non-operating expenses	16	25
Total non-operating expenses	60	65
Ordinary income	3,657	1,916
Extraordinary income		
Income from sale of fixed assets	0	21
Reversal of allowance for doubtful accounts	0	36
Others	-	(0)
Total extraordinary income	0	56
Extraordinary loss		
Loss on sale of fixed assets	-	35
Loss on disposal of fixed assets	5	82
Loss on store closures	10	-
Others	14	204
Total extraordinary loss	30	323
Income before income taxes	3,628	1,649
Income tax and other taxes	1,294	318
Adjustments to income tax and other taxes	102	291
Total income and other taxes	1,396	610
Income from minority interests	709	1
Net income	1,522	1,038

Consolidated Statements of Cash Flows
(Nine month period from April 1 to December 31, 2009)

Millions of yen

	April 1, 2009 to December 31, 2009	April 1, 2008 to December 31, 2008
I. Cash flows from operating activities		
Income before income taxes	6,674	4,513
Depreciation	2,365	2,319
Impairment loss	14	178
Stock compensation plan expense	54	87
Amortization of goodwill	529	111
Increase (decrease) in allowance for doubtful accounts	90	(69)
Increase (decrease) in allowance for bonuses	(547)	(502)
Increase (decrease) in allowance for points	37	(34)
Increase (decrease) in allowance for retirement benefits	81	120
Increase (decrease) in allowance for directors retirement bonuses	11	11
Interest and dividend income	(85)	(133)
Interest paid	8	0
Increase (decrease) of foreign exchange	(72)	30
Loss (gain) on sale of investments securities	6	95
Loss for revaluation of shares in affiliates	-	59
Loss (gain) on sale of tangible fixed assets	1	17
Loss from disposal of other investments	18	155
Decrease (increase) in trade receivables	(367)	(891)
Decrease (increase) in inventories	(56)	300
Decrease (increase) in other current assets	(4)	(223)
Increase (decrease) in accounts payable	1,095	471
Increase (decrease) in other current liabilities	504	81
Increase (decrease) in other fixed liabilities	(98)	(247)
Others	24	80
Sub-total	10,288	6,532
Interest and dividends received	59	107
Interest paid	(8)	(0)
Other income	-	0
Income taxes paid	(3,065)	(3,293)
Net cash provided by (used in) operating activities	7,274	3,347

Consolidated Statements of Cash Flows continued
(Nine month period from April 1 to December 31, 2009)

Millions of yen

	April 1, 2009 to December 31, 2009	April 1, 2008 to December 31, 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 investments in marketable securities	(4,496)	(7,983)
Proceeds from sale and redemption of marketable securities	4,997	7,997
Payment for purchase of tangible fixed assets	(985)	(1,539)
Proceeds from sale of tangible fixed assets	28	203
Payment for purchase of intangible fixed assets	(482)	(798)
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)	(36)
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	-	(1,315)
Payments for loans	(161)	(30)
Proceeds from collection of loans	37	13
Other payments	(265)	(81)
Others proceeds	113	260
Net cash used in investing activities	-	(17)
III. Cash flows from financing activities	(1,783)	(3,326)
Proceeds from short-term lending		
Repayment of short-term loans	408	-
Repayment of long-term loans	(473)	-
Payment for redemption of bonds	(155)	(48)
Proceeds from sale of treasury stock	(180)	-
Payment for purchase of treasury stock	4,140	3
Cash dividends paid	(1)	(1)
Payment of dividends to minority investors	(2,054)	(1,753)
Others	(1,159)	-
Net cash used in financing activities	(54)	(12)
IV. Effect of exchange rate changes on cash and cash equivalents	469	(1,812)
V. Net increase in cash and cash equivalents	200	(17)
VI. Cash and cash equivalents at the beginning of the period	6,161	(1,809)
VII. Cash and cash equivalents at end of period	26,732	24,060
	32,894	22,251

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

(5) Segment Information
a. Segment information by business

Three-month period from October 1, 2009 to December 31, 2009 *(Millions of yen)*

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
Sales						
(1) Sales to external customers	15,228	8,320	5,429	28,978	--	28,978
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	15,228	8,320	5,429	28,978	--	28,978
Operating income (loss)	3,088	792	16	3,897	(312)	3,585

Notes:
1. Segmentation has been adopted for internal management purposes.
2. Segment operations are as follows:
   (1) Cosmetic Business: Mail-order sales, retail sales and wholesaling of a variety of cosmetic products
   (2) Nutritional Supplements Business: Mail-order sales, retail sales and wholesaling of a variety of nutritional supplements
   (3) Other Businesses: Mail-order sales of personal sundries, accessories, undergarments, health equipment and household sundries, and *Hatsuga Genmai* (germinated brown rice), Kale Juice, beauty clinics and other businesses.

Three-month period from October 1, 2008 to December 31, 2008 *(Millions of yen)*

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
Sales						
(1) Sales to external customers	13,282	8,019	5,333	26,635	--	26,635
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	13,282	8,019	5,333	26,635	--	26,635
Operating income (loss)	1,879	542	(118)	2,303	(403)	1,900

Notes:
1. Segmentation has been adopted for internal management purposes.
2. Segment operations are as follows:
   (1) Cosmetic Business: Mail-order sales, retail sales and wholesaling of a variety of cosmetic products
   (2) Nutritional Supplements Business: Mail-order sales, retail sales and wholesaling of a variety of nutritional supplements
   (3) Other Businesses: Mail-order sales of personal sundries, accessories, undergarments, health equipment and household sundries, mail-order and *Hatsuga Genmai* (germinated brown rice), Kale Juice, and other businesses.

Nine-month period from April 1, 2009 to December 31, 2009 *(Millions of yen)*

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
Sales						
(1) Sales to external customers	40,140	21,848	14,672	76,662	--	76,662
(2) Inter-segment sales or transfers						
Total sales	40,140	21,848	14,672	76,662	--	76,662
Operating income (loss)	6,159	2,128	(381)	7,907	(1,195)	6,712

Notes:

1. Segmentation has been adopted for internal management purposes.
2. Segment operations are as follows:
   (1) Cosmetic Business: Mail-order sales, retail sales and wholesaling of a variety of cosmetic products
   (2) Nutritional Supplements Business: Mail-order sales, retail sales and wholesaling of a variety of nutritional supplements
   (3) Other Businesses: Mail-order sales of personal sundries, accessories, undergarments, health equipment and household sundries, and *Hatsuga Genmai* (germinated brown rice), Kale Juice, beauty clinics and other businesses.
3. Special change to assets by segment
   Assets increased significantly compared to the end of the previous fiscal year due to the consolidation of one subsidiary by Fantastic Natural Cosmetics Limited, and the consolidation of two subsidiaries by Fantastic Natural Cosmetics (China) Limited during the second quarter of the current consolidated fiscal year. The increase was largely due to increases in goodwill in the Cosmetics Business, Nutritional Supplements Business and Other Businesses of ¥6,376 million, ¥3,164 million and ¥12 million respectively.

Nine-month period from April 1, 2008 to December 31, 2008 *(Millions of yen)*

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
Sales						
(1) Sales to external customers	38,091	22,511	14,614	75,217	--	75,217
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	38,091	22,511	14,614	75,217	--	75,217
Operating income (loss)	4,909	2,224	(654)	6,478	(1,609)	4,869

Notes:

1. Segmentation has been adopted for internal management purposes.
2. Segment operations are as follows:
   (1) Cosmetic Business: Mail-order sales, retail sales and wholesaling of a variety of cosmetic products
   (2) Nutritional Supplements Business: Mail-order sales, retail sales and wholesaling of a variety of nutritional supplements
   (3) Other Businesses: Mail-order sales of personal sundries, accessories, undergarments, health equipment and household sundries, mail-order and *Hatsuga Genmai* (germinated brown rice), Kale Juice and other businesses.
3. Changes to accounting methods
   Accounting standards for the evaluation of inventory assets
   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, and compared to the former accounting method, operating income in each of the Cosmetics Business, the Nutritional Supplements Business and Other Businesses decreased by ¥103 million, ¥106 million and ¥27 million respectively.

b. Segment information by area:

Three-month period from October 1, 2009 to December 31, 2009 *(Millions of yen)*

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
Sales					
(1) Sales to external customers	24,054	4,924	28,978	--	28,978
(2) Inter-segment sales or transfers	1,857	--	1,857	(1,857)	--
Total sales	25,911	4,924	30,836	(1,857)	28,978
Operating income (loss)	3,044	828	3,872	(286)	3,585

Note:

1. Countries and regions are based on their geographic areas
2. Major countries or regions other than Japan are:
   Asia: China (includes Hong Kong) and Singapore
3. Formerly, the domestic business had comprised over 90% of total sales and segment information by area had been omitted. However, as of the third quarter of the current fiscal year, and due to the inclusion of operating results of overseas subsidiaries consolidated in the second quarter of the current fiscal year, the 'Major countries or regions other than Japan' segment has increased in importance and segment information by area has been provided.

The third quarter of the consolidated fiscal year (October 1, 2008 to December 31, 2008)
Since the domestic business comprised over 90% of total sales, segment information by area has been omitted.

Nine-month period from April 1, 2009 to December 31, 2009 *(Millions of yen)*

	Japan	Asia	Total	Eliminations or Corporate	Consolidated
Sales					
(1) Sales to external customers	68,242	8,419	76,662	--	76,662
(2) Inter-segment sales or transfers	4,574	--	4,574	(4,574)	--
Total sales	72,816	8,419	81,236	(4,574)	76,662
Operating income (loss)	6,289	1,115	7,404	(692)	6,712

Note:

1. Countries and regions are based on their geographic areas
2. Major countries or regions other than Japan are:
   Asia: China (includes Hong Kong) and Singapore
3. Formerly, the domestic business had comprised over 90% of total sales and segment information by area had been omitted. However, as of the third quarter of the current fiscal year, and due to the inclusion of operating results of overseas subsidiaries consolidated in the second quarter of the current fiscal year, the 'Major countries or regions other than Japan' segment has increased in importance and segment information by area has been provided.

The third quarter of the consolidated fiscal year (April 1, 2008 to December 31, 2008)
Since the domestic business comprised over 90% of total sales, segment information by area has been omitted.

c. Overseas sales:

Three-month period from October 1, 2009 to December 31, 2009

	Asia	Other regions	Total
(1) Overseas sales (¥ millions)	4,913	11	4,924
(2) Consolidated sales (¥ millions)	--	--	28,978
(3) Overseas sales as a percentage of consolidated sales (%)	17.0%	0.0%	17.0%

Note:

1. Countries and regions are based on their geographic areas
2. Major countries or regions other than Japan are:
   (1) Asia: China (includes Hong Kong), Singapore and Taiwan
   (2) Other regions: USA
3. Overseas sales include sales of FANCL and its consolidated subsidiaries to countries other than Japan, as well as sales from other regions
4. Formerly, overseas sales had comprised less than 10% of total sales and overseas sales information had been omitted. However, as of the third quarter of the current fiscal year, its importance has increased and overseas sales information has been provided.

The third quarter of the consolidated fiscal year (April 1, 2008 to December 31, 2008)
Since the overseas sales segment comprised less than 10% of total sales, overseas sales information has been omitted.

Nine-month period from April 1, 2009 to December 31, 2009

	Asia	Other regions	Total
(1) Overseas sales (¥ millions)	8,327	92	8,419
(2) Consolidated sales (¥ millions)	--	--	76,662
(3) Overseas sales as a percentage of consolidated sales (%)	10.9%	0.1%	11.0%

Note:

1. Countries and regions are based on their geographic areas
2. Major countries or regions other than Japan are:
   (1) Asia: China (includes Hong Kong), Singapore and Taiwan
   (2) Other regions: USA
3. Overseas sales include sales of FANCL and its consolidated subsidiaries to countries other than Japan, as well as sales from other regions
4. Formerly, overseas sales had comprised less than 10% of total sales and overseas sales information had been omitted. However, as of the third quarter of the current fiscal year, its importance has increased and overseas sales information has been provided.

6. Special changes to shareholders equity

On October 1, 2009, FANCL Corporation sold treasury stock to CMC Holdings Ltd. As a result, treasury shares and retained earnings decreased by ¥4,852 million and ¥442 million respectively and treasury shares were ¥339 million at the end of the third quarter of the current consolidated fiscal year.