FANCL Corporation

Financial Statements for the Interim Period of the Fiscal Year Ending March 31, 2011

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, 2011

FANCL CORPORATION **November 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 interim *hokokusho* (securities report): November 12, 2010

Scheduled date for distribution of dividends: December 6, 2010

Availability of supplementary explanatory material for interim results: Available

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

1. Consolidated results for the interim period (April 1, 2010 to September 30, 2010) of Fiscal 2010

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, 2010		Interim period ended September 30, 2009	
		Change %		Change %
Net sales	45,776	(4.0)	47,683	(1.8)
Operating income	2,588	(17.2)	3,126	5.3
Ordinary income	2,460	(20.7)	3,102	(1.0)
Net income	976	(36.7)	1,542	14.6
Net income per share (¥)	15.04		25.16	
Net income per share (diluted) (¥)	15.01		25.11	

2) Consolidated Financial Position

Millions of yen, rounded down

	As of September 30, 2010	As of March 31, 2010
Total assets (millions of yen)	93,138	92,983
Net assets (millions of yen)	77,460	77,596
Net assets / total assets (%)	82.7%	83.0%
Net assets per share (¥)	¥1,186.30	¥1,188.32

Note: Shareholders' equity:
Interim period ended September 30, 2010: ¥77,033 million
Fiscal year ended March 31, 2010: ¥77,137 million

2. Dividends

	FY Ended March 31, 2010	FY Ending March 31, 2011	FY Ending March 31, 2011 (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, 2011 (April 1, 2010 to March 31, 2011) *Millions of yen*

	FY ending March 31, 2011	
	Amount	Change from previous fiscal year (%)
Net sales	93,500	(6.1)
Operating income	6,000	(34.5)
Ordinary income	5,800	(36.8)
Net income	2,500	(42.0)
Net income per share (¥)	38.50	--

Note: Revisions made to consolidated financial results forecast during the period: No

4) Other

(1) Transfer of important subsidiaries during the period: None

Note: Indicates transfers of specified subsidiaries resulting in changes in the scope of consolidation during the interim period under review.

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

Note: Indicates adoption of simplified accounting methods or special accounting methods for the preparation of the quarterly financial statements.

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

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

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

(4) Number of outstanding shares (common stock)

1. Number of shares outstanding (including treasury shares)	September 30, 2010:	65,176,600 shares	March 31, 2010:	65,176,600 shares
2. Number of treasury shares	September 30, 2010	240,521 shares	March 31, 2010:	263,985 shares
3. Average number of shares during the interim period	Six months to September 30, 2011	64,926,812 shares	Six months to September 30, 2010	61,296,776 shares

Important Notice

Disclosure of status of quarterly report review procedures

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

Appropriate use of financial forecasts

Forecasts, etc., recorded in this document include forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. For further detail, please see Page 7: Commentary on Results, Section 3, Forecasts for the consolidated fiscal year ending March 31, 2011.

Contents

1. Operating Results

(1) Summary of business performance (consolidated)

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

During the interim period under review, the Japanese economic recovery weakened due to a slowdown in exports and a leveling off of production. This was despite signs of recovery in consumer spending, which benefited from government policy and the effects of an unusually hot summer.

Against this background, FANCL pursued its fundamental policy of building a foundation for growth and improving profitability, and initiated strategic investments and cost efficiency measures aimed at building a global premium brand.

Net sales for the interim period decreased 5.2% to ¥22,381 million, due to lower sales in the Nutritional supplements and Cosmetics businesses. Operating income decreased 65.2% to ¥460 million, due to the impact of the decline in sales, along with the effect of marketing investment undertaken to support long-term growth. Ordinary income decreased 69.4% to ¥396 million, and net income decreased 71.4% to ¥163 million.

For information on consolidated operating results for the first quarter of fiscal year ending March 31, 2011, please see the Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2011 published on August 13, 2010.

Segment results are as follows:

Note: As of the current fiscal year, FANCL has adopted *Accounting Standard for Disclosures about Segments of an Enterprise and Related information*, and *Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related information*. It should be noted that methods used to measure and present segmentation, segment sales and operating profit and loss are the same as those used in the previous method.

1) Cosmetics Business

Sales

Sales from the Cosmetics business decreased 3.4% to ¥11,711 million. *(Millions of yen, rounded down)*

	Six months ended September 30, 2010		Six months ended September 30, 2009		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
FANCL Cosmetics	9,292	79.3	9,480	78.2	(2.0)
ATTENIR Cosmetics	2,062	17.6	2,271	18.7	(9.2)
Others	357	3.1	373	3.1	(4.4)
Totals	11,711	100.0	12,125	100.0	(3.4)

	Six months ended September 30, 2010		Six months ended September 30, 2009		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	5,742	49.0	6,172	50.9	(7.0)
Retail store sales	3,963	33.8	4,121	34.0	(3.8)
Wholesales and others	628	5.4	675	5.6	(7.0)
Overseas Sales	1,377	11.8	1,155	9.5	19.2
Totals	11,711	100.0	12,125	100.0	(3.4)

Sales of **FANCL cosmetics** decreased 2.0% to ¥9,292 million, reflecting the absence of marketing activities held in the previous year to promote a 30-year anniversary campaign, and despite strong sales of the *Additive Free Acne Care* series renewed April 2010.

Sales of **ATTENIR cosmetics** decreased 9.2% to ¥2,062 million due to sluggish sales in the first three months of the interim period. However, sales of *Meditune*, a new line of basic skincare products targeting younger consumers with sensitive skin launched in September, were strong.

Results by sales channels were: mail order sales decreased 7.0% year on year to ¥5,742 million, retail store sales decreased 3.8% to ¥3,963 million, wholesale sales through other sales channels decreased 7.0% to ¥628 million, and overseas sales increased 19.2% to ¥1,377 million.

Operating income

Operating income decreased 33.4% to ¥852 million due to a decrease in sales and an increase in marketing costs due to television commercials for *Mild Cleansing Oil* and other activities.

2) Nutritional Supplements Business

Sales

Nutritional supplement sales decreased 4.6% to ¥6,449 million. *(Millions of yen, rounded down)*

	Six months ended September 30, 2010		Six months ended September 30, 2009		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	2,645	41.0	2,882	42.6	(8.2)
Retail store sales	1,805	28.0	1,902	28.2	(5.1)
Wholesales and others	1,316	20.4	1,400	20.7	(6.0)
Overseas Sales	681	10.6	576	8.5	18.3
Totals	6,449	100.0	6,761	100.0	(4.6)

In terms of **sales by product**, sales of product groups such as vitamins and minerals were sluggish and decreased 4.6% to ¥6,449 million. Sales of dietary supplement *Calorie Limit*, however, were strong and benefited from television commercials.

Results by sales channels were: mail order sales decreased 8.2% to ¥2,645 million, retail store sales decreased 5.1% to ¥1,805 million, wholesale sales through other sales channels decreased 6.0% to ¥1,316 million and overseas sales increased 18.3% to ¥681 million.

Operating income

Operating income decreased 73.4% to ¥167 million due to decreased profitability and marketing costs for dietary supplement *Calorie Limit.*

3) Other Businesses

Sales in Other businesses decreased 10.8% year on year to ¥4,220 million

(Millions of yen, rounded down)

	Six months ended September 30, 2010	Six months ended September 30, 2009	Change (%)
Hatsuga genmai business	699	709	(1.3)
Kale juice business	989	1,033	(4.2)
IIMONO OHKOKU mail order business	1,578	1,889	(16.4)
Other businesses	952	1,099	(13.4)
Totals	4,220	4,731	(10.8)

In the **Hatsuga genmai (germinated brown rice) business**, sales decreased 1.3% to ¥699 million. Sales were affected by the unusually hot summer and were lower than in the same period of the previous fiscal year. However, sales were higher than planned at the start of the period, supported by sales growth arising from a strategic focus on processed foods during the term.

In the **Kale juice business**, sales decreased 4.2% to ¥989 million. Although sales of core product *Kale Marugoto Shibori* were strong, sales were impacted by the absence of strong sales of Beauty Green, which was launched in the same period of the previous fiscal year.

Sales through the **IIMONO OHKOKU mail order business** decreased 16.4% year on year to ¥1,578 million due to the effect of a decrease in media advertising.

Sales at **other businesses** decreased 13.4% to ¥952 million, reflecting the impact of a special undergarment sale that boosted sales in the previous comparable period.

Operating income

The operating loss decreased ¥38 million to ¥164 million due to the return to profitably of the Hatsuga Genmai business and despite reduced sales in the IIMONO OHKOKU mail order business.

(2) Summary of consolidated financial position

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

Assets increased ¥154 million to ¥93,138 million. The primary contributing factors were an increase of ¥335 million in current assets and a decrease of ¥180 million in fixed assets. The increase in current assets was largely the result of a ¥788 million increase in cash and bank deposits, a ¥412 million decrease in notes and accounts receivable and a ¥400 million decrease in inventories. The decrease in fixed assets was primarily the result of a ¥354 million decrease in investment securities due to the adoption of the equity method and a ¥176 million increase in deferred income tax assets.

Liabilities increased ¥289 million to ¥15,677 million. The primary contributing factors were a decrease of ¥249 million in current liabilities and an increase of ¥539 million in non-current liabilities. The decrease in current liabilities was largely the result of a ¥981 million decrease in accrued income taxes following a payment of corporate and other taxes and a ¥518 million increase in other current assets due to an increase in accrued expenses. The increase in non-current liabilities was primarily the result of a ¥475 million increase in asset retirement obligations.

Net assets decreased ¥135 million to ¥77,460 million. Primary factors were net income of ¥976 million and a ¥1,103 decrease in dividend payments.

As a result, the shareholders' equity ratio decreased 0.3 percentage points to 82.7%.

Cash flow

Cash and cash equivalents as of September 30, 2010 were ¥26,799 million, ¥1,788 million higher than at the end of the previous fiscal year. The main contributing factors are detailed below.

Cash flows from operating activities

Cash flow gained in operating activities during the period under review was ¥3,186 million compared to ¥4,758 million for the interim period of the previous fiscal year. Factors increasing operating cash flow included income before income taxes of ¥1,984 million, depreciation expenses of ¥1,416 million and an increase of ¥309 million from the effects of the adoption of accounting standards for asset retirement obligations. Factors reducing operating cash flow included tax payments of ¥2,281 million.

Cash flows from investing activities

Cash used in investing activities during the period under review was ¥215, compared to a ¥259 million outflow for the interim period of the previous fiscal year. Factors increasing investment cash flow included ¥1,000 million in repayment for time deposits. Factors reducing investment cash flow were outlays of ¥665 million for acquisitions of intangible fixed assets and ¥566 million for acquisitions of tangible fixed assets.

Cash flows from financing activities

Cash flow used in financing activities during the period under review was ¥1,139 million, compared to inflows of ¥2,726 million for the interim period of the previous fiscal year, and was primarily due to dividend payments of ¥1,102 million.

(3) Forecasts for the fiscal year ending March 31, 2011

In consideration of recent trends in its business performance, we have downwardly revised our full year business results forecasts for net sales, operating income and ordinary income for the fiscal year ending March 31, 2011. The primary contributing factors were anticipated extraordinary losses arising from manufacturing subsidiary restructuring expenses and losses from the closure of stores, and from the downward revision of the net income forecast.

2. Other

(1) Changes to subsidiaries during the period: None

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

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

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

As of the current fiscal year, the *Accounting Standard for Equity Method of Accounting for Investments* (Accounting Standards Board of Japan (ASBJ) Statement No. 16 issued on March 10, 2008) and the *Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method* (ASBJ Practical Issues Task Force (PITF) No. 24 issued on March 10, 2008) have been adopted.
This change had no material effect on consolidated ordinary income and consolidated net income before taxes and other adjustments.

(2) Adoption of the Accounting Standard for Asset Retirement Obligations:
As of the current fiscal year, the *Accounting Standard for Asset Retirement Obligations* (ASBJ Statement No. 18 issued on March 31, 2008)" and the *Guidance on Accounting Standard for Asset Retirement Obligation*s (ASBJ Guidance No. 21 issued on March 31, 2008)" have been adopted.
As a result of this change, consolidated operating income and ordinary income were both reduced by ¥17 million and consolidated net income before taxes and other adjustments was reduced by ¥326 million.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen, rounded down

	As of September 30, 2010	As of March 31, 2010
ASSETS		
I. Current assets:		
Cash and bank deposits	20,293	19,505
Notes and accounts receivable	9,827	10,240
Marketable securities	10,005	10,005
Merchandise and products	2,871	3,048
Work in progress	62	40
Raw materials and supplies	2,859	3,103
Others	2,658	2,316
Allowance for doubtful accounts	(215)	(233)
Total current assets	48,362	48,027
II. Fixed assets:		
Tangible fixed assets		
Buildings and structures	22,731	22,331
Accumulated depreciation and accumulated impairment loss	(12,273)	(11,719)
Buildings and structures (net)	10,457	10,612
Machinery and transport equipment	5,624	5,491
Accumulated depreciation and accumulated impairment loss	(4,555)	(4,421)
Machinery and transport equipment (net)	1,068	1,069
Furniture, tools and fixtures	6,280	6,011
Accumulated depreciation and accumulated impairment loss	(5,260)	(5,099)
Furniture, tools and fixtures (net)	1,019	911
Land	10,971	10,971
Lease assets	276	263
Accumulated depreciation and accumulated impairment loss	(146)	(115)
Lease assets (net)	130	148
Others	92	83
Total tangible fixed assets	23,739	23,797
Intangible fixed assets		
Goodwill	454	511
Others	2,727	2,602
Total intangible fixed assets	3,181	3,114
Investments and other assets		
Investment securities	11,574	11,928
Others	6,279	6,116
Total investments and other assets	17,853	18,044
Total fixed assets	44,775	44,956
Total Assets	93,138	92,983

Consolidated Balance Sheets, continued

Millions of yen, rounded down

	As of September 30, 2010	As of March 31, 2010
LIABILITIES		
I. Current liabilities:		
Notes and accounts payable	3,577	3,357
Accrued income taxes	1,333	2,314
Allowance for bonus	1,025	1,050
Allowance for points	1,370	1,352
Others	5,209	4,690
Total current liabilities	12,515	12,765
II. Non-current liabilities:		
Allowance for retirement benefits	2,062	1,946
Allowance for directors' retirement bonuses	90	80
Asset retirement obligations	475	--
Others	533	595
Total non-current liabilities	3,161	2,622
Total liabilities	15,677	15,387
NET ASSETS		
Shareholders' equity		
Common stock	10,795	10,795
Additional paid-in capital	11,706	11,706
Retained earnings	54,938	55,065
Treasury stock	(306)	(336)
Total shareholders' equity	77,133	77,230
Difference from exchange and evaluation		
Valuation difference on other marketable securities	8	10
Foreign exchange adjustment account	(108)	(103)
Total difference from exchange and evaluation	(100)	(93)
Warrants	312	342
Minority interests	115	116
Total net assets	77,460	77,596
Total Liabilities and Net Assets	93,138	92,983

(2) Consolidated statements of income

Millions of yen, rounded down

	April 1, 2010 to September 30, 2010	April 1, 2009 to September 30, 2009
Net sales	45,776	47,683
Cost of sales	15,890	16,703
Gross profit	29,886	30,980
Selling, general and administrative expenses	27,297	27,853
Operating income	2,588	3,126
Non-operating income		
Interest income	43	47
Dividend income	18	11
Other non-operating income	59	85
Total non-operating income	121	144
Non-operating expenses		
Interest expense	--	4
Loss on equity-method investments	188	--
Exchange loss	38	48
Allowance for bad debts	--	75
Other non-operating expenses	22	39
Total non-operating expenses	250	168
Ordinary income	2,460	3,102
Extraordinary income		
Income from sale of fixed assets	0	0
Provisions for allowance for bad debt	--	0
Gain on sale of investment securities	--	0
Other	1	0
Total extraordinary income	1	1
Extraordinary loss		
Loss on sale of fixed assets	0	2
Loss on disposal of fixed assets	13	12
Impairment loss	13	14
Loss on closure of stores	62	21
Effect of change in accounting standards for disposal of fixed assets	309	--
Other	78	6
Total extraordinary loss	477	57
Income before income taxes	1,984	3,046
Income and other taxes	1,120	1,663
Adjustments to income and other taxes	(111)	(163)
Total income and other taxes	1,008	1,500
Net income from minority interests prior to adjustments	975	--
Income from minority interests	(1)	3
Net income	976	1,542

Consolidated statements of income

Millions of yen, rounded down

	July 1, 2010 to September 30, 2010	July 1, 2009 to September 30, 2009
Net sales	22,381	23,618
Cost of sales	7,732	8,733
Gross profit	14,649	14,885
Selling, general and administrative expenses	14,188	13,561
Operating income	460	1,324
Non-operating income		
Interest income	22	23
Dividend income	10	10
Other non-operating income	20	53
Total non-operating income	54	87
Non-operating expenses		
Interest expense	--	4
Loss on equity-method investments	74	--
Exchange loss	34	10
Allowance for bad debts	--	75
Other non-operating expenses	10	26
Total non-operating expenses	118	117
Ordinary income	396	1,294
Extraordinary income		
Income from sale of fixed assets	0	0
Provisions for allowance for bad debt	--	0
Gain on sale of investment securities	--	0
Other	0	0
Total extraordinary income	1	1
Extraordinary loss		
Loss on sale of fixed assets	0	2
Loss on disposal of fixed assets	5	11
Impairment loss	--	1
Loss on closure of stores	62	14
Other	2	(7)
Total extraordinary loss	71	21
Income before income taxes	326	1,273
Income and other taxes	110	710
Adjustments to income and other taxes	49	(12)
Total income and other taxes	160	698
Net income from minority interests prior to adjustments	165	--
Income from minority interests	1	3
Net income	163	572

(3) Consolidated statements of cash flows

Millions of yen, rounded down

	April 1, 2010 to September 30, 2010	April 1, 2009 to September 30, 2009
I. Cash flows from operating activities		
Income before income taxes	1,984	3,046
Depreciation	1,416	1,515
Impairment losses	13	14
Stock compensation expenses	--	34
Amortization of goodwill	56	172
Increase (decrease) in allowance for doubtful accounts	(19)	77
Increase (decrease) in allowance for bonuses	(24)	(13)
Increase (decrease) in allowance for points	18	(15)
Increase (decrease) in allowance for retirement	116	28
Increase (decrease) in allowance for directors retirement benefits	9	10
Interest and dividend income	(62)	(59)
Interest expense	--	4
Gain (loss) from foreign exchange	45	(9)
(Gain) loss on equity-method investments	188	--
Gain (loss) from revaluation of investment in securities	4	6
Gain on sale of fixed assets	(0)	2
Loss from disposal of fixed assets	13	12
Effect from application of accounting standards for disposal of fixed assets	309	--
Decrease (increase) in trade receivables	412	103
Decrease (increase) in inventories	400	602
Decrease (increase) in other current assets	(310)	(143)
Decrease (increase) in other fixed assets	80	--
Increase (decrease) in trade payables	219	546
Increase (decrease) in other current liabilities	456	148
Increase (decrease) in other non-current liabilities	(42)	(76)
Others	111	31
Sub-total	5,399	6,041
Interest and dividends received	68	54
Interest paid	--	(4)
Income taxes paid	(2,281)	(1,332)
Net cash provided by (used in) operating activities	3,186	4,758
II. Cash flows from investing activities		
Income from redemption of fixed-term deposits	1,000	1,500
Acquisition of marketable securities	(1,998)	(1,998)
Income from sale and redemption of marketable securities	1,999	3,997
Acquisition of tangible fixed assets	(665)	(795)
Income from sale of tangible fixed assets	2	28
Acquisition of intangible fixed assets	(566)	(387)
Acquisition of investment securities	--	(1,014)
Income from sale and redemption of investment securities	0	506
Acquisition of shares in affiliates	--	(529)
Acquisition of shares in affiliates following changes to the scope of consolidation	--	(1,210)
Income from the acquisition of shares in affiliates as a result of changes in the scope of consolidation	--	178
Loans receivable	--	(1)
Income from loans receivable	12	26
Other payments	(56)	(142)
Other income	56	101
Net cash provided by (used in) investing activities	215	259
III. Cash flows from financing activities		
Payments for repayment of long-term debt	--	(155)

Payments for redemption of bonds	--	(180)
Proceeds from disposal of treasury stock	0	0
Payment for purchase of treasury stock	(0)	(0)
Income from advance on subscription of treasury stock	--	4,140
Cash dividends paid	(1,102)	(1,040)
Others	(36)	(37)
Net cash provided by (used in) financing activities	(1,139)	2,726
IV. Effect of exchange rate changes on cash and cash equivalents	(42)	328
V. Net increase in cash and cash equivalents	1,788	8,073
VI. Cash and cash equivalents at the beginning of the period	25,010	26,732
VII. Cash and cash equivalents at end of period	**26,799**	**34,806**

(4) Items related to going concern:

No applicable items

(5) Segment information

The reporting of segmental information at FANCL is based on financial information able to be separated from the various businesses that comprise the consolidated FANCL group of companies, and is subject to regular review to enable the board of directors to allocate management resources and to evaluate business performance.

FANCL operates a range of businesses, focusing on the production and sale of cosmetics and nutritional supplements. The company and its consolidated subsidiaries include not only companies that manufacture single products, but also companies that manufacture and sell multiple products. FANCL operates each business by establishing comprehensive domestic and overseas strategies based on the products handled.

Accordingly, the corporate group consists of segments based on the products handled, and are separated into two main business segments—Cosmetics Business and Nutritional Supplements Business. The Cosmetics Business manufactures and sells cosmetics and supplies OEM products. The Nutritional Supplements Business conducts manufactures and sells nutritional products.

Business Segments

Six months ended September 30, 2010 (April 1, 2010 to September 30, 2010) (Millions of yen, rounded down)

	Business Segments			Other*1	Total	Adjustments *2	Consolidated*3
	Cosmetics Business	Nutritional Supplements Business	Total				
1. Sales and operating income:							
(1) Sales to external customers	23,757	13,075	36,833	8,943	45,776	--	45,776
(2) Inter-segment sales or transfers	--	--	--	--	--	--	--
Total sales	23,757	13,075	36,833	8,943	45,776		45,776
Operating income (loss)	3,038	786	3,824	(358)	3,465	(877)	2,588

Notes:

1. The Others business segment includes sales of Hatsuga Genmai (germinated brown rice), kale juice, mail-order sales by consolidated subsidiary IIMONO OHKOKU (Kingdom of Wonderful Things) Co., Ltd., Kaiteki Hadagi comfort undergarments and household sundries, and beauty salon operations.
2. The Eliminations or Corporate amount of ¥877 million recorded in segmental operating income (loss) includes overall costs not allocated in each segment, and mainly consists of corporate costs applicable to the business segments, such as costs pertaining to the General Affairs Department of the parent company.
3. Segment income or loss has been adjusted with the operating income for the consolidated income statement for the quarter

Three months ended September 30, 2010 (July 1, 2010 to September 30, 2010) (Millions of yen, rounded down)

	Business Segments			Other*1	Total	Adjustments*2	Consolidated*3
	Cosmetics Business	Nutritional Supplements Business	Total				
1. Sales and operating income:							
(1) Sales to external customers	11,711	6,449	18,160	4,220	22,381	--	22,381
(2) Inter-segment sales or transfers	--	--	--	--	--	--	--
Total sales	11,711	6,449	18,160	4,220	22,381		22,381
Operating income (loss)	852	167	1,019	(164)	855	(394)	460

Notes:

1. The Others business segment includes sales of Hatsuga Genmai (germinated brown rice), kale juice, mail-order sales by consolidated subsidiary IIMONO OHKOKU (Kingdom of Wonderful Things) Co., Ltd., Kaiteki Hadagi comfort undergarments and household sundries, and beauty salon operations.

2. The Eliminations or Corporate loss of ¥394 million recorded in segmental operating income (loss) includes overall costs not allocated in each segment, and mainly consists of corporate costs applicable to the business segments, such as costs pertaining to the General Affairs Department of the parent company.
3. Segment income or loss has been adjusted with the operating income for the consolidated income statement for the quarter

Six months ended September 30, 2009 (April 1, 2010 to September 30, 2009) (Millions of yen, rounded down)

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
1. Sales and operating income:						
(1) Sales to external customers	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, and beauty salons, etc.

Three months ended September 30, 2009 (July 1, 2010 to September 30, 2009) (Millions of yen, rounded down)

	Cosmetics Business	Nutritional Supplements Business	Other Businesses	Total	Eliminations or Corporate	Consolidated
1. Sales and operating income:						
(1) Sales to external customers	12,125	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, and beauty salons, etc.

Segment information by area:

April 1, 2010 to September 30, 2010

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

July 1, 2010 to September 30, 2010

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

Overseas sales:

April 1, 2010 to September 30, 2010

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

July 1, 2010 to September 30, 2010

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

Segment Information:

(Additional information)

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

(6) Note on significant change in shareholders’ equity

No applicable items