FANCL Corporation

Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2011

Consolidated results for the period
April 1, 2010 to December 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

Third Quarter Results for the Fiscal Year Ending March 31, 2011

FANCL CORPORATION **February 14, 2011**

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Scheduled date for submission of the third quarter *hokokusho* (securities report): February 14, 2011
Scheduled date for distribution of dividends: --
Availability of supplementary explanatory material for third quarter results: Available
Presentation meeting for third quarter results: Scheduled (for institutional investors and analysts)

1) Consolidated results for the third quarter (April 1, 2010 to December 31, 2010) of the fiscal year ending March 31, 2011

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

	Nine months ended December 31, 2010		Nine months ended December 31, 2009	
		% change		% change
Net sales	71,885	(6.2)	76,662	1.9
Operating income	5,551	(17.3)	6,712	37.8
Ordinary income	5,443	(19.5)	6,760	33.8
Net income	2,758	(10.0)	3,064	28.6
Earnings per share (¥)	42.48		49.03	
Earnings per share (diluted) (¥)	42.38		48.93	

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, 2010	As of March 31, 2010
Total assets (millions of yen)	93,291	92,983
Net assets (millions of yen)	78,563	77,596
Shareholders' equity/total assets (%)	83.8%	83.0%
Net assets per share (¥)	¥1,204.04	¥1,188.32

Shareholders' equity: As of December 31, 2010: ¥78,185 million
As of March 31, 2010: ¥77,137 million

2) Dividends per share

	FY ended March 31, 2010	FY ending March 31, 2011	FY ending March 31, 2011 (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, 2010 to March 31, 2011)

(1) Consolidated *Millions of yen*

	FY ending March 31, 2011	
Net sales	94,000	(5.6%)
Operating income	6,600	(27.9%)
Ordinary income	6,400	(30.3%)
Net income	3,000	(30.3%)
Earnings per share (¥)	46.20	

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: Yes

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)	December 31, 2010:	65,176,600 shares	March 31, 2010:	65,176,600 shares
2. Number of treasury shares	December 31, 2010:	240,681 shares	March 31, 2010:	263,985 shares
3. Average number of shares during the interim period	Third quarter ended December 31, 2010:	64,929,876 shares	Third quarter ended December 31, 2009	62,505,721 shares

Note on Progress in Interim Review Procedures by Independent Auditors

This document is out of the scope of the review procedures based on the Financial Instruments and Exchange Act. The interim review procedures for the financial statements under this Act have not been completed as of the timing of disclosure of this document.

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 6: Consolidated operating results and financial position, Section 3, Forecasts for the consolidated fiscal year ending March 31, 2011.

Contents

Consolidated operating results and financial position

1. Summary of business performance (consolidated)

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

As of the fourth quarter of the fiscal year ended March 31, 2010, two sales agency offices in Hong Kong and China were made equity method affiliate companies. However, as of the period under review, these same two companies have been removed from the scope of the application of the equity method.

In order to provide an accurate analysis of operating results, comparisons to operating results of the previous consolidated fiscal year, which included the operating results of the above two companies and their three consolidated subsidiaries, are referred to as “non-consolidated basis” and have had the operating results of the above two companies and their three consolidated subsidiaries removed.

In the period under review, the domestic economy remained broadly flat due to declines primarily in production and machineries, weakening exports and despite a rally in consumer spending and capital investment.

During the period under review, consolidated net sales increased 1.3% to ¥26,109 million due to significant increased revenues from the Nutritional Supplements Business and despite lower sales in the Cosmetics and Other business segment. Operating income increased 2.0% to ¥2,963 million, ordinary income increased 1.9% to ¥2,982 million, and net income increased 5.3% to ¥1,781 million, due to improvements in the profitability of the Nutritional Supplements Business and despite an increase in marketing expenses.

For information on consolidated operating results for the first and second quarter of the 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, and the Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2011 published on November 10, 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 0.1% to ¥12,992 million. *(Millions of yen, rounded down)*

	Nine months ended December 31, 2010		Nine months ended December 31, 2009 (non-consolidated basis)		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
FANCL Cosmetics	10,061	77.5	10,070	77.4	(0.1)
ATTENIR Cosmetics	2,524	19.4	2,491	19.2	1.3
Others	405	3.1	440	3.4	(7.8)
Totals	12,992	100.0	13,002	100.0	(0.1)

	Nine months ended December 31, 2010		Nine months ended December 31, 2009 (non-consolidated basis)		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	7,059	54.3	7,020	54.0	0.6
Retail store sales	3,857	29.7	4,159	32.0	(7.3)
Wholesales and others	668	5.2	707	5.4	(5.5)
Overseas sales	1,406	10.8	1,114	8.6	26.3
Totals	12,992	100.0	13,002	100.0	(0.1)

Sales of **FANCL cosmetics** remained broadly in line with the previous comparable period, decreasing 0.1% to ¥10,061 million. Sales of the *Acne Care Essence* series, renewed in April 2010, were strong and sales of *Mild Cleansing Oil* remained steady.

Sales of **ATTENIR cosmetics** increased for the first time in nine quarters, since the second quarter of the fiscal year ended March 31, 2009, rising 1.3% to ¥2,524 million, due to steady sales of the newly launched *meditune* skincare line, and *Inner Effector Basic Skincare*.

Results by sales channels were: mail order sales increased 0.6% to ¥7,059 million, retail store sales decreased 7.3% to ¥3,857 million, wholesale sales through other sales channels decreased 5.5% to ¥668 million while overseas sales increased 26.3% to ¥1,406 million.

Operating income

Operating income decreased 6.0% to ¥2,422 million largely due to an increase in marketing expenses for the launch of the new ATENIA skincare line.

2) Nutritional Supplements Business

Sales

Nutritional supplement sales increased 10.6% to ¥8,129 million. *(Millions of yen, rounded down)*

	Nine months ended December 31, 2010		Nine months ended December 31, 2009 (non-consolidated basis)		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	3,547	43.6	3,339	45.4	6.3
Retail store sales	1,998	24.6	1,906	25.9	4.8
Wholesales and others	2,001	24.6	1,503	20.5	33.1
Overseas sales	581	7.2	603	8.2	(3.6)
Totals	8,129	100.0	7,352	100.0	10.6

In terms of **sales by product**, sales increased 10.6% to ¥8,129 million. This increase was due to higher than expected sales of dietary supplement *Calorie Limit* caused supported by a promotion campaign which included TV commercials, as well as steady sales of supplements targeting middle-aged and elderly customers.

Results by sales channels were: mail order sales increased 6.3% to ¥3,547 million, retail store sales increased 4.8% to ¥1,998 million, wholesale sales through other sales channels increased 33.1% to ¥2,001 million and overseas sales decreased 3.6% to ¥581 million.

Operating income

Operating income increased 46.0% to ¥911 million due to the effects of additional revenue and despite a large increase in marketing expenses for TV commercials for dietary supplement *Calorie Limit*.

3) Other Businesses

Sales in Other businesses decreased 8.1% to ¥4,986 million.

(Millions of yen, rounded down)

	Nine months ended December 31, 2010	Nine months ended December 31, 2009 (non-consolidated basis)	Change (%)
Hatsuga genmai business	757	861	(12.1)
Kale juice business	921	987	(6.7)
IIMONO OHKOKU mail order business	2,345	2,348	(0.1)
Other businesses	961	1,227	(21.7)
Totals	4,986	5,425	(8.1)

In the Hatsuga Genmai (germinated brown rice) business, sales were sluggish and decreased 12.1% to ¥757 million.

In the Kale juice business, sales decreased 6.7% to ¥921 million as strong sales of core product *Kale Marugoto Shibori* failed to offset the effects of a decline in revenue in contrast to those of *Beauty Green,* a new product launched in the same period of the previous year.

Sales through the IIMONO OHKOKU (Kingdom of Wonderful Things) mail order business remained largely unchanged with a decline of 0.1% to ¥2,345 million as sales of seasonal products remained firm.

Sales at other businesses decreased 21.7% to ¥961 million, reflecting the absence of a special sale of undergarments held in the same period of the previous year.

Operating income

Operating income increased 54.5% to ¥23 million due to an increase in the profitability of the Kale juice business.

2. Summary of consolidated financial position

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

Assets increased ¥307 million to ¥93,291 million primarily the result of a ¥1,189 million decrease in current assets and a ¥1,497 million increase in fixed assets. The decrease in current assets was largely the result of a ¥3,072 million decrease in cash and cash deposits, a ¥384 million increase in notes and accounts receivable, and a ¥1,401 million increase in marketable securities. The increase in fixed assets was largely the result of a ¥400 million increase in intangible fixed assets including the acquisition of software and a ¥768 million increase in 'others' from the establishment of a non-consolidated subsidiary, and an increase in deferred income tax assets.

Liabilities decreased ¥659 million to ¥14,728 million as a result of a ¥1,248 million decrease in current liabilities and a ¥589 million increase in long-term liabilities. The main factors contributing to the decrease in current liabilities were a ¥608 million increase in 'other' from an increase in accrued liabilities, ¥1,324 million decrease in unpaid taxes following payment of corporate taxes, and a ¥584 million decrease in allowance for bonuses. The main contributing factor to the increase in long-term liabilities was a ¥478 million increase in asset retirement obligations.

Net assets increased ¥967 million to ¥78,563 million. The primary contributing factors were a ¥2,758 million increase in quarterly net income and a decrease of ¥2,207 million in dividend payments.

As a result, the shareholders' equity ratio increased 0.8 percentage points from the end of the previous consolidated fiscal year to 83.8%.

Cash flow

Cash and cash equivalents as of December 31, 2010 were ¥23,840 million, ¥1,170 million lower than at the end of the previous fiscal year. The main contributing factors are detailed below.

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

Cash provided by operating activities during the nine-month period under review was ¥3,648 million, compared to cash inflow of ¥7,274 million in the previous comparable period. Factors increasing operating cash flow were income before income taxes of ¥4,951 million, depreciation expenses of ¥2,179 million and ¥309 million from the effects of the adoption of accounting standards for asset retirement obligations. Factors reducing operating cash flow included tax payments of ¥3,569 million.

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

Cash provided by investing activities during the nine-month period under review was ¥2,526 million compared to an outflow of ¥1,783 million in the previous comparable period. Factors increasing investment cash flow included ¥5,499 million in income for the sale and amortization of marketable securities and ¥1,000 million in proceeds from cancellation of fixed-term deposits. Factors reducing investment cash flow were outlays of ¥5,995 million for acquisitions of investment securities, ¥1,258 million for acquisitions of tangible fixed assets, ¥1,085 million for acquisitions of intangible fixed assets and ¥600 million payments for investments in affiliate companies.

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

Cash flow used in financing activities during the period under review was ¥2,241 million, compared to inflows of ¥469 million in the previous comparable period of the previous fiscal year, and was primarily comprised of dividend payments of ¥2,185 million.

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

As announced November 2, 2011, and in consideration of recent trends in business performance, we have upwardly revised our full year business results forecasts.

Forecast have bee upwardly revised as follows: Net sales from ¥93,500 million to ¥94,000 million, operating income from ¥6,000 million to ¥6,600 million, ordinary income from ¥5,800 million to ¥6,400, and net profit from ¥2,500 million to ¥3,000 million. Factors contributing to the upward revisions include higher than expected sales of dietary supplement *Calorie Limit*, and an improvement in the profitability of the Nutritional Supplements Business, and steady progress made throughout the company to improve selling, general and administrative expenses.

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 ¥26 million and consolidated net income before taxes and other adjustments was reduced by ¥335 million.

Consolidated Financial Statements

Consolidated Balance Sheet

Millions of yen, rounded down

	As of December 31, 2010	As of March 31, 2010
ASSETS		
I. Current assets:		
Cash and cash deposits	16,432	19,505
Notes and accounts receivable	10,625	10,240
Marketable securities	11,407	10,005
Merchandise and products	3,246	3,048
Work in progress	27	40
Raw materials and supplies	3,082	3,103
Others	2,266	2,316
Allowance for doubtful accounts	(250)	(233)
Total current assets	46,837	48,027
II. Fixed assets:		
Tangible fixed assets		
Buildings and structures	22,916	22,331
Accumulated depreciation and accumulated impairment loss	(12,486)	(11,719)
Buildings and structures (net)	10,430	10,612
Machinery and transport equipment	5,694	5,491
Accumulated depreciation and accumulated impairment loss	(4,659)	(4,421)
Machinery and transport equipment (net)	1,035	1,069
Furniture, tools and fixtures	6,180	6,011
Accumulated depreciation and accumulated impairment loss	(5,148)	(5,099)
Furniture, tools and fixtures (net)	1,032	911
Land	10,903	10,971
Lease assets	286	263
Accumulated depreciation and accumulated impairment loss	(163)	(115)
Lease assets (net)	122	148
Others	86	83
Total tangible fixed assets	23,610	23,797
Intangible fixed assets		
Goodwill	426	511
Others	3,088	2,602
Total intangible fixed assets	3,514	3,114
Investments and other assets		
Investment securities	12,444	11,928
Others	6,884	6,116
Total Investments and other assets	19,329	18,044
Total fixed assets	46,453	44,956
Total assets	**93,291**	**92,983**

Consolidated Balance Sheets

Millions of yen, rounded down

	As of December 31, 2010	As of March 31, 2010
LIABILITIES		
I. Current liabilities:		
Notes and accounts payable	3,331	3,357
Unpaid taxes	989	2,314
Allowance for bonuses	501	1,050
Allowance for points	1,387	1,352
Asset retirement obligations	7	--
Others	5,299	4,690
Total current liabilities	11,516	12,765
II. Long-term liabilities:		
Allowance for retirement bonuses	2,120	1,946
Allowance for directors' retirement bonuses	95	80
Asset retirement obligations	478	--
Others	518	595
Total long-term liabilities	3,211	2,622
Total liabilities	14,728	15,387
NET ASSETS		
Shareholders' equity:		
Common stock	10,795	10,795
Capital reserve	11,706	11,706
Retained earnings	55,978	55,065
Treasury stock	(306)	(336)
Total shareholders' equity	78,173	77,230
Difference from exchange and valuation		
Valuation difference on other marketable securities	12	10
Foreign exchange adjustment account	--	(103)
Total difference from exchange and valuation	12	(93)
Warrants	377	342
Minority interests	--	116
Total net assets	78,563	77,596
Total Liabilities and Net Assets	**93,291**	**92,983**

Consolidated Statements of Income
(Nine month period from April 1 to December 31, 2010)

Millions of yen, rounded down

	April 1, 2010 to December 31, 2010	April 1, 2009 to December 31, 2009
Net sales	71,885	76,662
Cost of sales	24,396	25,489
Gross profit	47,489	51,172
Selling, general and administrative expenses	41,937	44,460
Operating income	5,551	6,712
Non-operating income		
Interest income	62	71
Dividend income	19	13
Other non-operating income	84	191
Total net operating income	165	277
Non-operating expenses		
Interest expense	-	8
Loss on equity-method investments	188	-
Exchange loss	53	83
Provisions for doubtful accounts	-	80
Other non-operating expenses	31	55
Total non-operating expenses	274	229
Ordinary income	5,443	6,760
Extraordinary income		
Income from sale of fixed assets	4	0
Gain on sale of investment securities	-	0
Reversal of allowance for doubtful accounts	-	1
Income from recovery of bad debts	15	-
Gain on negative goodwill	51	-
Others	1	0
Total extraordinary income	72	2
Extraordinary loss		
Loss on sale of fixed assets	19	2
Loss on disposal of fixed assets	20	18
Impairment loss	54	14
Loss on store closures	75	32
Effect of change in accounting standards for disposal of fixed assets	309	-
Others	83	21
Total extraordinary loss	563	88
Income before income taxes	4,951	6,674
Income tax and other taxes	2,018	2,957
Adjustments to income tax and other taxes	176	(60)
Total income and other taxes	2,194	2,896
Net income from minority interests prior to adjustments	2,757	-
Income from minority interests	(1)	712
Net income	2,758	3,064

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

Millions of yen, rounded down

	October 1, 2010 to December 31, 2010	October 1, 2009 to December 31, 2009
Net sales	26,109	28,978
Cost of sales	8,505	8,786
Gross profit	17,603	20,192
Selling, general and administrative expenses	14,640	16,606
Operating income	2,963	3,585
Non-operating income		
Interest income	18	23
Dividend income	0	1
Other non-operating income	24	106
Total net operating income	43	132
Non-operating expenses		
Interest expense	--	4
Exchange loss	15	35
Provisions for doubtful accounts	--	5
Other non-operating expenses	8	16
Total non-operating expenses	24	60
Ordinary income	2,982	3,657
Extraordinary income		
Income from sale of fixed assets	3	0
Reversal of allowance for doubtful accounts	--	0
Income from recovery of bad debts	15	--
Gain on negative goodwill	51	--
Others	0	--
Total extraordinary income	70	0
Extraordinary loss		
Loss on sale of fixed assets	19	--
Loss on disposal of fixed assets	7	5
Impairment loss	41	--
Loss on store closures	12	10
Others	5	14
Total extraordinary loss	86	30
Income before income taxes	2,967	3,628
Income tax and other taxes	897	1,294
Adjustments to income tax and other taxes	288	102
Total income and other taxes	1,185	1,396
Net income from minority interests prior to adjustments	1,781	--
Income from minority interests	--	709
Net income	1,781	1,522

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

Millions of yen

	April 1, 2010 to December 31, 2010	April 1, 2009 to December 31, 2009
I. Cash flows from operating activities		
Income before income taxes	4,951	6,674
Depreciation	2,179	2,365
Impairment loss	54	14
Stock compensation plan expense	65	54
Amortization of goodwill	85	529
Increase (decrease) in allowance for doubtful accounts	14	90
Increase (decrease) in allowance for bonuses	(548)	(547)
Increase (decrease) in allowance for points	35	37
Increase (decrease) in allowance for retirement benefits	173	81
Increase (decrease) in allowance for directors retirement bonuses	14	11
Interest and dividend income	(81)	(85)
Interest paid	--	8
Increase (decrease) of foreign exchange	60	(72)
Decrease (increase) in equity method investments	188	--
Decrease (increase) evaluation of investments securities	5	6
Loss on sale of tangible fixed assets	15	1
Loss from disposal of other investments	20	18
Effect from application of accounting standards for disposal of fixed assets	309	--
Decrease (increase) in trade receivables	(384)	(367)
Decrease (increase) in inventories	(163)	(56)
Decrease (increase) in other current assets	(228)	(4)
Decrease (increase) in other fixed assets	(209)	--
Decrease (increase) in accounts payable	(26)	1,095
Increase (decrease) in other current liabilities	589	504
Increase (decrease) in other fixed liabilities	(51)	(98)
Others	68	24
Sub-total	7,139	10,288
Interest and dividends received	78	59
Interest paid	--	(8)
Income taxes paid	(3,569)	(3,065)
Net cash provided by (used in) operating activities	3,648	7,274

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

Millions of yen

	April 1, 2010 to December 31, 2010	April 1, 2009 to December 31, 2009
II. Cash flows from investing activities		
Proceeds from cancellation of fixed-term deposits	1,000	1,500
Acquisition of investment marketable securities	(5,995)	(4,496)
Proceeds from sale and redemption of marketable securities	5,499	4,997
Payment for purchase of tangible fixed assets	(1,258)	(985)
Proceeds from sale of tangible fixed assets	65	28
Payment for purchase of intangible fixed assets	(1,085)	(482)
Payments for acquisition of investments securities	--	(1,014)
Proceeds from redemption and sale of investment securities	0	506
Payments for investments in affiliate companies	(600)	-
Payment for acquisition of shares in affiliate companies	(172)	(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 loans	(95)	(161)
Proceeds from collection of loans	13	37
Other payments	(101)	(265)
Others proceeds	203	113
Net cash used in investing activities	(2,526)	(1,783)
III. Cash flows from financing activities		
Proceeds from short-term loans	--	408
Repayment of short-term loans	--	(473)
Repayment of long-term loans	--	(155)
Payment for redemption of bonds	--	(180)
Proceeds from sale of treasury stock	0	4,140
Payment for purchase of treasury stock	(0)	(1)
Cash dividends paid	(2,185)	(2,054)
Payment for dividends to minority shareholders	--	(1,159)
Others	(55)	(54)
Net cash used in financing activities	(2,241)	469
IV. Effect of exchange rate changes on cash and cash equivalents	(50)	200
V. Net increase (decrease) in cash and cash equivalents	(1,170)	6,161
VI. Cash and cash equivalents at the beginning of the period	25,010	26,732
VII. Cash and cash equivalents at end of period	23,840	32,894

(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.

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	2,218	(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, mail-order and *Hatsuga Genmai* (germinated brown rice), Kale Juice 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.

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.

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.

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.

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.

Segment information

Additional information

As of the first quarter of the current fiscal year, the Company adopted the revised ASBJ Statement No. 17 "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" issued by the ASBJ on March 27, 2009 and the ASBJ Guidance No. 20 "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information " issued by the ASBJ on March 21, 2008. The measurement method and classification method based on the classification of businesses for the hitherto disclosed segment information are the same as the segment classification method and measurement method based on the Management Approach.

1) Overview of Reportable Segments

The reportable segments of the Group consist of business components for which separate financial statements are available. The reportable segments are the subject of periodical review by board of directors' meetings for the purpose of making decisions on the allocation of business resources and evaluating business performance.

The Corporate Group is engaged in a wide range of businesses focusing primarily on the manufacture and sale of cosmetics and nutritional supplements. Within the Company and its consolidated subsidiaries, there are some companies that do not manufacture a single product, but rather manufacture and sell multiple products, and the Corporate Group pursues it business by formulating overriding strategies for Japan and overseas for each product handled.

Therefore, the Corporate Group is comprised of segments delineated by product based on the products handled, and the Group has two reportable segments, Cosmetics-related Business and Nutritional Supplement-related Business.

Cosmetics-related Business consists of the manufacture and sale of cosmetics and supply for OEMs. Nutritional Supplement-related Business comprises the manufacture and sale of nutritional supplements.

2) Sales and Income or Loss by Reportable Segments

Nine-month period from April 1, 2010 to December 31, 2010 (Millions of yen)

	Reportable segments			Other businesses*1	Total	Adjustment*2	***Consolidated***
	Cosmetics	Nutritional supplements	Total				
Sales							
Sales to external customers	36,749	21,205	57,955	13,930	71,885	--	71,885
Inter-segment sales or transfers	--	--	--	--	--	--	--
Total sales	36,749	21,205	57,955	13,930	71,885	--	71,885
Operating income (loss)	5,460	1,697	7,158	(335)	6,822	(1,271)	5,551

Notes:
1. Other Businesses are those not reported in reportable segments and include sundries, accessories, undergarments, health equipment, mail-order household sundries, *Hatsuga Genmai* (germinated brown rice), kale juice and beauty clinics.
2. The adjustment on segment income/(loss) of negative ¥1,271 million include total company expenses allocated to each reportable segment and consist primarily of costs related to the General Affairs section of the parent company not included in the reportable segments.
3. Segment income/(loss) is reconciled with the operating income/(loss) in the financial report for the nine months ended December 31, 2010.

Three-month period from October 1, 2010 to December 31, 2010 (Millions of yen)

	Reportable segments			Other businesses*1	Total	Adjustment*2	Consolidated
	Cosmetics	Nutritional supplements	Total				
Sales							
Sales to external customers	12,992	8,129	21,122	4,986	26,109	--	26,109
Inter-segment sales or transfers	--	--	--	--	--	--	--
Total sales	12,992	8,129	21,122	4,986	26,109	--	26,109
Operating income (loss)	2,422	911	3,333	23	3,357	(394)	2,963

Notes:
1. Other Businesses are those not reported in Reportable segment and include sundries, accessories, undergarments, health equipment, mail-order household sundries, *Hatsuga Genmai* (germinated brown rice), kale juice and beauty clinics.
2. The adjustment on segment income/(loss) of negative ¥394 million include total company expenses distributed to each reportable segment and consist primarily of costs related to the General Affairs section of the parent company not included in the reportable segments.
3. Segment income/(loss) is reconciled with the operating income/(loss) in the financial report for the nine months ended December 31, 2010.

(6) Significant Changes in the Amount of Shareholder Equity
None