FANCL Corporation

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2012

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)

Results for the Fiscal Year Ended March 31, 2012

FANCL CORPORATION **May 2, 2012**

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

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C.E.O. and Representative Director: Yoshifumi Narimatsu,
Scheduled date for regular shareholders' meeting: June 16, 2012
Scheduled date for submission of the financial report: June 18, 2012
Scheduled date for distribution of dividends: June 18, 2012
Appendix materials prepared to accompany this report: Yes
Investor conference call: Yes (For investors and analysts)

1. Consolidated results for the fiscal year April 1, 2011 to March 31, 2012

(1) Sales and Income

Millions of yen, rounded down

	FY ended March 31, 2012		FY ended March 31, 2011	
		Change (%)		Change (%)
Net sales	88,165	(6.0)	93,789	(5.8)
Operating income	4,016	(43.6)	7,117	(22.3)
Ordinary income	4,003	(40.0)	6,668	(27.4)
Net income	2,454	(13.9)	2,849	(33.8)
Net income per share (¥)	¥37.82		¥43.89	
Fully diluted earnings per share (¥)	¥37.68		¥43.77	
Return on equity	3.1%		3.7%	
Ratio of ordinary income to total capital	4.3%		7.1%	
Ratio of operating income to net sales	4.6%		7.6%	

Note: Percentage figures for sales, operating income, etc. represent changes compared to the previous fiscal year.

Comprehensive income: FY to March 31, 2012: ¥2,444 million (17.1%) FY to March 31, 2011: ¥2,947 million (38.8%)

Gain from investments in subsidiaries and affiliates accounted for by the equity method:

FY to March 31, 2012: -- million FY to March 31, 2011: (¥188) million

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of March 31, 2012	As of March 31, 2011
Total assets	91,739	94,030
Shareholders' equity	78,796	78,647
Equity ratio (%)	85.5	83.2
Shareholders' equity per share (¥)	1209.11	¥1,205.34

Shareholders' equity: FY to March 31, 2012: ¥78,453 million FY ended March 2011: ¥78,269 million

(3) Cash Flows

Millions of yen, rounded down

	FY ended March 31, 2012	FY ended March 31, 2011
Net cash provided by operating activities	6,321	6,311
Net cash used in investing activities	(7,008)	(922)
Net cash used in financing activities	(2,315)	(2,277)
Cash and cash equivalents at end of year	25,056	28,070

2. Dividends

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ending March 31, 2013 (forecast)
Interim dividend per share (¥)	17.00	17.00	17.00
Year-end dividend per share (¥)	17.00	17.00	17.00
Annual dividend per share (¥)	34.00	34.00	34.00
Total dividend payment *(millions of yen)*	2,207	2,206	
Consolidated dividend payout ratio (%)	77.5%	89.9%	105.1%
Dividend to net assets ratio (%)	2.8%	2.8%	

3. Consolidated forecasts for the fiscal year ending March 31, 2013 (April 1, 2012 to March 31, 2013)

Millions of yen

	Interim period ending September 30, 2012		FY Ending March 31, 2013	
		Change %		Change %
Net sales	42,700	(2.8)	87,000	(1.3)
Operating income	930	(38.9)	4,200	4.6
Ordinary income	930	(36.7)	4,200	4.9
Net income	650	(18.9)	2,100	(14.4)
Net income per share (¥)	¥10.02		¥32.36	

Percentage figures for sales, operating income, etc. represent changes compared to the previous fiscal year.

4. Other

1) Transfer of key subsidiaries during the period (transfers of certain subsidiaries resulting in changes in the scope of consolidation): None

2) Changes in accounting methods, procedures and presentation in the making of these financial statements

1. Changes following revisions to accounting standards: Yes
2. Other changes: None
3. Changes in accounting estimates: None
4. Restatements: None

3) Number of shares outstanding (ordinary shares)

1. Number of shares outstanding (including treasury shares):
   As of March 31, 2012: 65,176,600
   As of March 31, 2011: 65,176,600
2. Number of treasury shares:
   As of March 31, 2012: 291,185
   As of March 31, 2011: 240,901
3. Average number of shares during the period:
   FY to March 31, 2012: 64,897,708
   FY to March 31, 2011: 64,931,336

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 5: Commentary on Results, Section 3, Forecasts for the consolidated fiscal year ending March 31, 2012.

Contents

1. Consolidated operating results and financial position

1) Summary of business performance (consolidated)

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

In the consolidated financial period under review, the supply constraints and electricity shortages in the aftermath of the Great East Japan Earthquake caused a significant decrease in production and exports. Thereafter, the Japanese economy rebounded sharply with the easing of supply restrictions; however, although domestic demand remained steady in the second half of the period, overseas demand for Japanese products fell due to both the high yen and the slowdown in foreign economies due to the financial crisis in Europe. As a result, business performance seesawed throughout the period.

During the period under review, consolidated sales decreased 6.0% to ¥88,165 million due to several factors including changes and cancellations of some campaigns as a result of the Great East Japan Earthquake, the Chinese government's import restrictions on foodstuffs, and the transfer of the IIMONO OHKOKU mail-order business.

As a result of declining revenues and the restructuring of the FANCL cosmetics brand in March ("rebranding"), marketing expenses in the cosmetics business increased, operating income decreased 43.6% to ¥4,016 million and ordinary income decreased 40.0% to ¥4,003 million.

Due to these factors, net income decreased 13.9% to ¥2,454 million despite the reduction in income taxes accompanying the special liquidation of IIMONO FUDOUSAN Co., Ltd. (formerly IIMONO OHKOKU Co., Ltd.).

Segment results are as follows:

2) Status of operations

(1) Cosmetics Business

Sales

Cosmetics sales decreased 3.9% compared to the previous year, reaching ¥45,824 million.

	FY ended March 31, 2012		FY ended March 31, 2011		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
FANCL Cosmetics	36,406	79.5	37,453	78.6	(2.8)
ATTENIR Cosmetics	8,218	17.9	8,789	18.4	(6.5)
Others	1,198	2.6	1,435	3.0	(16.5)
Totals	45,824	100.0	47,678	100.0	(3.9)

	FY ended March 31, 2012		FY ended March 31, 2011		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	23,172	50.6	24,374	51.1	(4.9)
Retail store sales	14,802	32.3	15,361	32.2	(3.6)
Wholesales and others	2,112	4.6	2,398	5.1	(11.9)
Overseas sales	5,736	12.5	5,543	11.6	3.5
Totals	45,824	100.0	47,678	100.0	(3.9)

Sales of **FANCL cosmetics** decreased 2.8% to ¥36,406 million due to restrained purchasing prior to rebranding, despite firm sales of *Mild Cleansing Oil*, *Facial Washing Powder* and other principle products.

Sales of ATTENIR cosmetics decreased 6.5% to ¥8,218 million despite firm sales of renewed and re-released Class A Basic Skin Care, due to mediocre sales of other products.

Results by sales channels: mail order sales decreased 4.9% year on year to ¥23,172 million, retail store sales decreased 3.6% to ¥14,802 million, wholesale sales decreased 11.9% to ¥2,112 million, while overseas sales increased 3.5% to ¥5,736 million.

Operating income

Operating income decreased 34.0% to ¥4,685 million due to a decrease in revenues as well as expenses arising from the rebranding of FANCL cosmetics in March.

(2) Nutritional Supplements Business

Sales

Nutritional supplement sales decreased 4.3% year on year to ¥27,036 million.

(Millions of yen)

	FY ended March 31, 2012		FY ended March 31, 2011		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	11,550	42.7	11,975	42.4	(3.6)
Retail store sales	6,493	24.0	7,263	25.7	(10.6)
Wholesales and others	7,035	26.0	6,342	22.5	10.9
Overseas sales	1,956	7.3	2,666	9.4	(26.6)
Totals	27,036	100.0	28,247	100.0	(4.3)

Revenues from product sales decreased due to a drop in sales of *Tense Up* beauty supplement and other products following restrictions on the imports of foodstuffs by the Chinese government, despite substantial growth in sales of dietary supplement *Calorie Limit*.

Results by sales channels were: mail order sales decreased 3.6% year on year to ¥11,550 million, retail store sales decreased 10.6% to ¥6,493 million, while wholesale sales increased 10.9% to ¥7,035 million and overseas sales decreased 26.6% to ¥1,956 million.

Operating income

Operating income decreased 25.5% to ¥1,583 million due to a decline in revenues and an increase in expenses associated with the marketing of dietary supplement *Calorie Limit* compared with the previous consolidated fiscal period.

(3) Other Businesses

Sales in Other businesses decreased 14.3% year on year to ¥15,303 million

(Millions of yen)

	FY ended March 31, 2012	FY ended March 31, 2011	Change (%)
Hatsuga Genmai Business	2,917	2,988	(2.4)
Kale juice business	3,376	3,682	(8.3)
IIMONO OHKOKU mail order business*	5,667	7,418	(23.6)
Other	3,343	3,775	(11.5)
Totals	15,303	17,863	(14.3)

*Note: The IIMONO OHKOKU mail-order business was transferred on February 1, 2012. As a result, sales through the IIMONO OHKOKU mail order business of ¥5,667 million are for the period from April 1, 2011 to January 31, 2012.

In the **Hatsuga Genmai business**, sales decreased 2.4% to ¥2,917 million due to mediocre sales through most channels, despite an increased in revenues from wholesale sales.

In the **Kale Juice business**, sales decreased 8.3% to ¥3,376 million in comparison with the previous fiscal year due to mediocre sales of most products, despite sales of core product *Kale Marugoto Shibori* holding steady from the previous period.

Sales at **Other businesses** decreased 11.5% to ¥3,343 million compared with the previous fiscal year, although work to rebuild the various businesses is underway.

Operating income

Operating loss increased by ¥81 million over the previous consolidated fiscal year to ¥587 million due to decreasing revenue from the Kale Juice business, despite contributions to revenues from an improvement in the cost ratio for the Hatsuga Genmai business.

3. Forecasts for the fiscal year ending March 31, 2013

Looking ahead to the future economic environment, although there are signs of a recovery in both exports and production levels, the severe business environment is expected to continue due to sluggish personal consumption brought on by both stagnating employment and under-performing income growth.

Given this situation, we are directing our efforts to expanding our customer base and strengthening our business foundation, in order to achieve the numerical targets of our Medium-term Three-year Business Plan (April 2012 to March 2015).

In the Cosmetics business, revenues are expected to increase due to the smooth transition of our existing customers to our Mutenka Skincare series that was newly released to the market in March 2012, and are working to acquire new customers for this line of products.

In the Nutritional Supplements business, revenues are expected to increase due to several factors, including the Chinese government's lifting of its restrictions in January 2012 on the import of foodstuffs, and the sales of our new products targeting middle-aged and elderly customers.

We expect revenues from our other businesses to decrease, due to the transfer of the IIMONO OHKOKU mail-order business, despite expected increases in revenue from our Hatsuga Genmai business and Kale Juice business.

As a result, consolidated sales for the fiscal year ending March 31, 2013 are forecast to decrease 1.3% year-on-year to ¥87,000 million. Operating income is forecast to increase 4.6% to ¥4,200 million due to revenue growth in our Cosmetics business and Nutritional Supplements business, ordinary income is forecast to increase 4.9% to ¥4,200 million, and consolidated net income is forecast to decrease 14.4% to ¥2,100 million.

(2) Financial situation

Assets, liabilities and net asset value

Assets decreased ¥2,290 million to ¥91,739 million, compared with the end of the previous consolidated financial period, primarily the result of a ¥869 million increase in current assets and a ¥3,160 million decrease in fixed assets. The increase in current assets was largely the result of a ¥2,471 million increase in marketable securities, a ¥511 million decrease in cash in hand and bank deposits, and a ¥898 million decrease in notes and accounts receivable. The decrease in fixed assets was largely due to a ¥1,183 million decrease in tangible fixed assets as the result of depreciation and sale of real estate, a ¥522 million decrease in long-term loans, a ¥1,523 million decrease in "Other" assets (investments and other assets) including a decrease in long-term deposits, and a ¥414 million increase in intangible fixed assets.

Liabilities decreased ¥2,440 million to ¥12,942 million, compared with the end of the previous consolidated financial period, primarily the result of a ¥1,651 million decrease in current liabilities and a ¥788 million decrease in fixed liabilities. The main factors contributing to the decrease in current liabilities were a ¥1,415 million decrease in notes and accounts payable following business separation, a ¥972 million decrease in income taxes payable as a result of a reduction in taxable income, and a ¥744 million increase in accounts payable. The main contributing factors to the decrease in long-term liabilities were a ¥551 million decrease in the allowance for retirement bonuses and a ¥180 million decrease in deferred tax liabilities.

Net assets increased ¥149 million to ¥78,796 million, compared with the end of the previous consolidated financial period. The primary contributing factors were a ¥2,454 million increase in retained earnings from recorded net income, and a ¥2,206 million decrease due to dividend payments.

As a result, the shareholders' equity ratio increased 2.3 percentage points from the end of the previous consolidated fiscal year to 85.5%.

Cash flow

Cash and cash equivalents ("funds") as of March 31, 2012 were ¥25,056 million, ¥3,014 million lower than at the end of the previous consolidated fiscal year. The main contributing factors to cash flows during the consolidated fiscal year ended March 31, 2012 are as follows:

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

Cash flow generated from operating activities during the period under review was ¥6,321 million, compared with ¥6,311 million in the previous consolidated fiscal year. The primary factors responsible included an increase in cash flow from net income before income taxes of ¥3,503 million, depreciation expenses of ¥3,437 million, and an increase in other current liabilities of ¥1,027 million. Factors reducing operating cash flow included tax and other payments of ¥2,041 million.

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

Cash flow used in investing activities during the period under review was ¥7,008 million, compared with an outflow of ¥922 million in the previous consolidated fiscal year. This was largely the result of outgoings, such as ¥7,000 million expended for the acquisition of marketable securities, ¥2,085 million for the acquisition of tangible fixed assets and ¥1,863 million for the acquisition of intangible fixed assets; and inflows such as ¥2,502 million in income from the sale and redemption of marketable securities and ¥1,500 million from the withdrawal of time deposits.

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

Cash flow used in financing activities during the period under review was ¥2,315 million, compared with an outflow of ¥2,277 million in the previous consolidated fiscal year. This was primarily the result of ¥2,201 million in dividend payments and ¥53 million expended for the acquisition of treasury shares.

Trends in Cash Flow-related Indices

	FY ended March 31, 2008	FY ended March 31, 2009	FY ended March 31, 2010	FY ended March 31, 2011	FY ended March 31, 2012
Equity ratio (%)	81.6	83.0	83.0	83.2	85.5
Equity ratio based on market price (%)	98.2	80.2	123.7	80.5	78.8
Debt service coverage (%)	0.0	--	--	--	--
Interest coverage ratio (times)	1,635.2	34,577.9	1,182.3	--	--

Notes:
Equity ratio: Shareholders' equity /Total assets
Equity ratio based on market price: Market capitalization/Total assets
Debt service coverage: Interest-bearing debt/Operating cash flow
Interest coverage ratio: Operating cash flow/interest paid

1. Calculations based on consolidated financial results figures.
2. Market capitalization = market price on last trading day of period x total shares outstanding at end of period (excluding treasury shares)
3. Operating cash flow is the Net Cash Provided From Operating Activities figure in the consolidated statements of cash flows.
4. Interest bearing debt includes all debt on which interest is paid recorded in the liabilities section of the consolidated balance sheet.

(3) Policy Regarding Allocation of Earnings and Proposed Dividends

FANCL recognizes that ensuring shareholders obtain a fair return on their investment is a key management responsibility. Our basic policy for allocation of earnings is as follows:

Dividends	Maintain a dividend pay out ratio of at least 40% of consolidated net income
Acquisition of treasury shares	Flexibly consider the acquisition of treasury shares with the aim of improving the capital efficiency ratio, while taking into account trends in the share price and future capital funding requirements
Cancellation of treasury shares	Treasury shares in excess of approximately 10% of the total number of outstanding shares will be cancelled

As determined by the Board of Directors, FANCL will pay dividends from retained earnings using September 30 of each year as the record date for payment of the interim dividend. Further, FANCL will pay dividends twice annually—an interim and year-end dividend—from retained earnings.

Based on the above, dividends for the fiscal year ended March 31, 2012 will be ¥34.00 per share representing a dividend per share of ¥17.00 for both interim and year-end dividends.

For the fiscal year ending March 31, 2013, we forecast an annual dividend of ¥34.00 per share representing a dividend per share of ¥17.00 for both interim and year-end dividends. FANCL will conform to consolidated dividend regulations.

2. Management Policy

(1) Basic management policy

Management policy for the Group operations is aimed at building a structure through which we will strive to eliminate the negatives in health and beauty. Today, “dissatisfaction” and “safety concerns” are just some of the negative factors in society. The FANCL Group companies are fully focused on creating new markets and value by eliminating such negatives. Looking forward, we believe that a policy that endeavors to eliminate the negative factors will lead to increased corporate value and long-term profitability for our shareholders.

(2) Management targets and the medium-term management strategy and key issues

Since its establishment, the FANCL Group has operated under a philosophy of building a system to eliminate negatives [in the consumer experience], and has continued to challenge common industry practice with its preservative-free cosmetics, nutritional supplements, Hatsuga Genmai and Kale Juice businesses. However more than 30 years on from its establishment, amid rapid change in the market environment, FANCL’s businesses are struggling to stand out, and sales and profits have reached a plateau.

Accordingly, based on its philosophy of eliminating negatives, FANCL has developed a long-term vision that will clearly redefine the branding of its cosmetics and health food business. FANCL has designated a medium-term 3-year business plan in pursuit of this long-term vision. The first year of this plan will be the financial year to March 31, 2013

Long-term vision

(Cosmetics business)

FANCL aims to establish its position as a Global Premium Brand, with a core focus on the value of “making beauty possible—preservative free”.

(Nutritional Supplements business)

FANCL will help realize a healthy way of life for all customers as a lifetime health partner, offering products and services that promote “Good Aging” by maintaining good physical and mental health.

Numerical targets

	Sales	Operating income	foreign sales ratio
FY ending March 2015	101,000 million	8,000 million	15%

Strategy for each business

(Cosmetics business)

Until now, we have emphasized the "gentle on your skin" and "safe and secure" messages for FANCL cosmetics in Japan, but we have not sufficiently communicated to our customers the unique value of "preservative free" that we take great care to maintain at all stages, from manufacture to research.

In March 2012 we began the rebranding of FANCL cosmetics, with a core focus on the value of “making beauty possible—preservative free." We aim to establish FANCL cosmetics' position as a global premium brand.

Our product strategy is to completely update the entire FANCL cosmetic product range by the end of March 2015. In the period to March 31, 2015 we aim to sell a complete personal cosmetics range focused on the preservative-free technology that our company has developed over the years that it has been in business. FANCL will actively invest in advertising and promotional messaging, and convey information and news via FANCL’s new comprehensive website with the aim of establishing a new global outlook on preservative-free products.

(Nutritional Supplements business)

Over the many years as we have developed our nutritional supplements business, the brand image of our products has become diffused and diluted. We will clearly separate our cosmetics business and our health-related business brands (including our Hatsuga Genmai business and Kale Juice businesses). From January 2013 FANCL will begin business under the new "FANCL Health Science" brand name, and will work to acquire middle-aged and elderly customers who the main users of nutritional supplements.

Our product strategy is to sell nutritional supplements (using original ingredients created in-house) to middle-aged and elderly customers, together with the change in brand name, and expand this core lineup of products targeting middle-aged and elderly customers. In the areas of beauty and diet supplements, where our company has strengths, we will engage in product renewal to continue to nurture "star" products.

Sales channel strategies

In Japan, FANCL has multiple direct-sales channels via mail-order catalogs, the Internet and our own FANCL stores. The introduction of a new customer management system has enabled the centralized management of customer information, including qualitative data. Based on our own preservative-free beauty and health philosophy, we are able to provide personal customer support utilizing individual customer counseling histories and other information sources that offers a consistent level of information and services tailored to the individual needs of the customer to a high degree.

FANCL will standardize its brand globally and gradually rebrand FANCL cosmetics in overseas markets from spring 2013 onwards.

(3) Other important items

Not applicable.

3. Consolidated Financial Statements

1) Consolidated Balance Sheet

Millions of yen, rounded down

	As of March 31, 2012		As of March 31, 2011	
		%		%
ASSETS				
I. Current assets:				
Cash and cash equivalents	18,149		18,661	
Notes and accounts receivable	9,289		10,187	
Marketable securities	13,382		10,911	
Merchandise and products	2,851		3,090	
Work in progress	62		33	
Raw materials and supplies	3,363		3,178	
Deferred tax assets	1,076		1,021	
Others	1,137		1,400	
Allowance for doubtful accounts	(147)		(189)	
Total current assets	49,165		48,295	
II. Fixed assets:				
Tangible fixed assets				
Buildings and structures[3]	22,549		23,183	
Accumulated depreciation and accumulated impairment loss	(12,968)		(12,709)	
Buildings and structures (net)	9,580		10,474	
Machinery and transport equipment	6,297		5,582	
Accumulated depreciation and accumulated impairment loss	(4,926)		(4,609)	
Machinery and transport equipment (net)	1,370		973	
Furniture, tools and fixtures	6,947		6,210	
Accumulated depreciation and accumulated impairment loss	(5,740)		(5,182)	
Furniture, tools and fixtures (net)	1,206		1,028	
Land[3,4]	10,059		10,885	
Lease assets	299		286	
Accumulated depreciation and accumulated impairment loss	(224)		(180)	
Lease assets (net)	75		105	
Construction in progress	75		85	
Total tangible fixed assets	22,368		23,552	
Intangible fixed assets				
Goodwill	284		397	
Other intangible fixed assets	3,898		3,370	
Total intangible fixed assets	4,182		3,768	
Investments and other assets				
Investments securities[1]	11,861		11,906	
Long-term loans receivable	442		965	
Deposits and guarantee money	1,994		2,328	
Long-term prepaid expense	114		109	
Deferred tax assets	681		919	
Others[1]	1,387		2,910	
Allowance for doubtful accounts	(460)		(727)	
Total investments and other assets	16,022		18,413	
Total fixed assets	42,573		45,734	
Total assets	**91,739**		**94,030**	

Consolidated Balance Sheet

Millions of yen, rounded down

	As of March 31, 2012	As of March 31, 2011
LIABILITIES		
I. Current liabilities:		
Notes and accounts payable	1,952	3,367
Lease obligations	41	57
Accrued liabilities	4,250	3,505
Accrued expenses	655	629
Accrued income taxes	681	1,654
Allowance for bonuses	945	966
Allowance for points	1,380	1,391
Asset retirement obligations	1	3
Others	582	567
Total current liabilities	10,490	12,142
II. Long-term liabilities:		
Lease obligations	55	75
Deferred tax liabilities	77	258
Allowance for retirement bonuses	1,603	2,155
Allowance for directors' retirement bonuses	117	99
Asset retirement obligations	478	485
Others	119	166
Total long-term liabilities	2,451	3,240
Total liabilities	12,942	15,382
NET ASSETS		
Shareholders' equity:		
Common stock	10,795	10,795
Capital reserve	11,706	11,706
Retained earnings	56,317	56,069
Treasury stock	(360)	(306)
Total shareholders' equity	78,458	78,264
Valuation and translation gain		
Net unrealized holding gain on other securities	(4)	5
Total valuation and translation gain	(4)	5
Share warrants	343	377
Total net assets	78,796	78,674
Total Liabilities and Net Assets	91,739	94,030

2) Consolidated Statement of Income

Millions of yen, rounded down

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Net sales	88,165	93,789
Cost of sales[1,5]	29,168	31,947
Gross profit	58,997	61,842
Selling, general and administrative expenses		
Sales promotion expenses	10,860	11,240
Packing and transport expenses	3,386	3,630
Advertising expenses	8,540	8,230
Sales commission fee	5,073	5,240
Communications expenses	1,849	2,019
Directors remuneration	482	482
Salaries and bonuses	9,400	9,611
Provision for accrued bonuses	771	776
Retirement benefit expenses	519	617
Provision for retirement benefits for directors and corporate auditors	23	19
Compulsory welfare expenses	1,091	1,054
Welfare expenses	270	335
Depreciation	2,425	2,030
Research and development expenses	924	727
Rent expenses	1,643	1,684
Provisions for allowance for bad debt	83	70
Other	7,632	6,952
Total selling, general and administrative expenses[1,5]	54,980	54,724
Operating income	4,016	7,117
Non-operating income		
Interest income	80	78
Dividend income	1	8
Compensation payments received	12	15
Investment income from anonymous associations	21	21
Refund of insurance premiums	15	--
Other non-operating income	131	100
Total net operating income	263	225
Non-operating expenses		
Loss on equity-method investments	--	188
Loss on foreign exchange	53	58
Allowance for bad debts	168	378
Miscellaneous	54	48
Total net operating expenses	276	674
Ordinary income	4,003	6,668

2) Consolidated Statement of Income (continued)

Millions of yen, rounded down

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Extraordinary income		
Gain from sale of fixed assets[2]	4	4
Reversal of allowance for doubtful accounts	125	2
Subsidy income	--	66
Gain on negative goodwill	--	51
Income from insurance beenfit	89	--
Gain on reversal of subscription rights to shares	139	--
Gain on transfer from business divestitures	214	--
Others	0	13
Total extraordinary income	572	139
Extraordinary expenses		
Loss on sale of fixed assets[3]	154	34
Loss on retirement of fixed assets[4]	17	50
Loss on revaluation of marketable securities	7	5
Loss on revaluation of shares in affiliates	--	598
Impairment loss[6]	482	174
Loss on store closures	134	114
Effect from adoption of accounting standard for asset retirement obligations	--	309
Disaster loss[7]	75	81
Loss on elimination of integrated shares	143	--
Other extraordinary expenses	57	11
Total extraordinary expenses	1,072	1,379
Income before income taxes	3,503	5,427
Income taxes	1,039	2,776
Adjustment for income taxes	9	(196)
Total income before income taxes	1,048	2,579
Income before minority interests	2,454	2,848
Minority shareholder income	--	(1)
Net income	**2,454**	**2,849**

Consolidated statement of comprehensive income

Millions of yen, rounded down

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Income before minority interests	2,454	2,848
Other comprehensive income		
Net unrealized holding gain on other securities	(9)	(4)
Foreign currency translation adjustment	--	4
Investments in affiliated companies using the equity method	--	98
Total other comprehensive income	(9)*	98
Comprehensive income	2,444	2,947
(Breakdown)		
Comprehensive income attributable to owners of the parent company	2,444	2,948
Comprehensive income attributable to minor interests	--	(1)

3) Changes in shareholders’ equity during the period

Millions of yen, rounded down

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
SHAREHOLDERS’ EQUITY		
Common stock		
Balance at end of previous term	10,795	10,795
Changes during the period		
Total change during the period	--	--
Balance at end of term	10,795	10,795
Capital reserve		
Balance at end of previous term	11,706	11,706
Changes during the period		
Total change during the period	--	--
Balance at end of term	11,706	11,706
Retained earnings		
Balance at end of previous term	56,069	55,065
Changes during the period		
Surplus dividend	(2,206)	(2,207)
Net income	2,454	2,849
Change of scope of equity method	--	362
Sale of treasury stock	(0)	(0)
Total change during the period	247	1,004
Balance at end of term	56,317	56,069
Treasury stock		
Balance at end of previous term	(306)	(336)
Changes during the period		
Acquisition of treasury stock	(53)	(1)
Sale of treasury stock	0	30
Total change during the period	(53)	29
Balance at end of previous term	(360)	(306)
Total shareholders’ equity		
Balance at end of previous term	78,264	77,230
Changes during the period		
Surplus dividend	(2,206)	(2,207)
Net income	2,454	2,849
Change in scope of equity method	--	362
Acquisition of treasury stock	(53)	(1)
Sale of treasury stock	0	30
Total change during the period	193	1,033
Balance at end of previous term	78,458	78,264
Valuation differences due to foreign exchange		
Valuation differences on other marketable securities		
Balance at end of previous term	5	10
Changes during the period		
Changes to items other than shareholders’ equity during the period	(9)	(4)
Total change during the period	(9)	(4)
Balance at end of term	(4)	5

Changes in shareholders' equity during the period (continued)

Millions of yen, rounded down

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Translation adjustment account		
Balance at end of previous term	--	(103)
Changes during the period		
Changes to items other than shareholders' equity during the period	--	103
Total change during the period	--	103
Balance at end of term	--	--
Total valuation and translation differences		
Balance at end of previous term	5	(93)
Changes during the period		
Changes to items other than shareholders' equity during the period	(9)	98
Total change during the period	(9)	98
Balance at end of term	(4)	5
Warrants		
Balance at end of previous term	377	342
Changes during the period		
Changes to items other than shareholders' equity during the period	(34)	35
Total change during the period	(34)	35
Balance at end of term	343	377
Minority interests		
Balance at end of previous term	--	116
Changes during the period		
Changes to items other than shareholders' equity during the period	--	(116)
Total change during the period	--	(116)
Balance at end of term	--	--
Net assets		
Balance at end of previous term	78,647	77,596
Changes during the period		
Surplus dividend	(2,206)	(2,207)
Net income	2,454	2,849
Change in scope of equity method	--	362
Acquisition of treasury stock	(53)	(1)
Sale of treasury stock	0	30
Changes to items other than shareholders' equity during the period	(44)	17
Total change during the period	149	1,051
Balance at end of term	78,796	78,647

Consolidated Statements of Cash Flows

Millions of yen, rounded down

	FY ended March 31, 2012	FY ended March 31, 2011
Cash flows from operating activities		
Income before income taxes	3,503	5,427
Depreciation	3,437	2,970
Impairment loss	482	174
Stock compensation expense	104	65
Amortization of goodwill	113	113
Increase (decrease) in allowance for doubtful accounts	42	325
Increase (decrease) in allowance for bonuses	(21)	(83)
Increase (decrease) in allowance for points	(11)	39
Increase (decrease) in allowance for retirement benefits	(449)	208
Increase (decrease) in allowance for directors retirement bonuses	17	19
Interest and dividend income	(81)	(87)
Loss (gain) from foreign exchange	55	53
Loss (gain) on investments in anonymous association	(21)	(21)
Loss (gain) on equity-method	--	188
Loss (gain) on revaluation of investments securities	7	5
Loss (gain) on sale of investment securities	7	0
Loss on revaluation of investments in affiliates	--	598
Loss (gain) from sale of fixed assets	150	29
Loss on disposal of fixed assets	17	50
Effect from adoption of accounting standard for asset retirement obligations	--	309
Loss on store closures	134	114
Loss on elimination of integrated shares	143	--
Gain on reversal of subscription rights to shares	(139)	--
Gain on transfer from business separation	(214)	--
Decrease (increase) in trade receivables	277	52
Decrease (increase) in inventories	(327)	(108)
Decrease (increase) in other current assets	330	(195)
Decrease (increase) in other fixed assets	56	(198)
Decrease (increase) in accounts payable	(294)	9
Increase (decrease) in other current liabilities	1,027	(171)
Increase (decrease) in other fixed liabilities	(19)	(64)
Others	(57)	(83)
Sub-total	8,272	9,743
Interest and dividends received	79	91
Dividends received from anonymous associations	10	21
Income taxes paid	(2,041)	(3,545)
Net cash provided by (used in) operating activities	**6,321**	**6,311**

Consolidated Statements of Cash Flows (continued)

Millions of yen, rounded down

	FY ended March 31, 2012	FY ended March 31, 2011
II. Cash flows from investing activities		
Payments into time deposits	(500)	--
Proceeds from refund of fixed-term deposits	1,500	1,000
Payment for acquisition of marketable securities	(7,000)	(6,499)
Proceeds from redemption and sale of marketable securities	2,502	8,498
Payment for purchase of tangible fixed assets	(2,085)	(1,712)
Proceeds from sales of tangible fixed assets	579	67
Payment for acquisition of intangible fixed assets	(1,863)	(1,593)
Proceeds from sale and redemption of investment securities	35	0
Payments for acquisition of shares in affiliates	--	(600)
Payments for acquisition of shares in subsidiaries following changes to the scope of consolidation	--	(172)
Payments for loans	(90)	(96)
Proceeds from collection of loans	27	30
Payment for business separation[3]	(365)	--
Other payments	(90)	(133)
Other proceeds	340	287
Net cash used in investing activities	(7,008)	(922)
III. Cash flows from financing activities		
Proceeds from disposal of treasury stock	0	0
Payment for purchase of treasury stock	(53)	(1)
Cash dividends paid	(2,201)	(2,202)
Others	(60)	(74)
Net cash used in financing activities	(2,315)	**(2,277)**
IV. Effect of exchange rate changes on cash and cash equivalents	(45)	**(51)**
V. Net increase in cash and cash equivalents	(3,048)	**3,059**
VI. Cash and cash equivalents at the beginning of the period	28,070	**25,010**
VII. Decrease in cash and cash equivalents following changes to scope of consolidation[2]	**34**	**--**
VIII. Cash and cash equivalents at end of period[1]	**25,056**	**28,070**

(5) Items related to a going concern

None

6) Significant items for the Preparation of Consolidated Financial Statements

1. Scope of Consolidation

1) Number of consolidated subsidiaries: 7
Name of consolidated subsidiaries:
ATTENIR CORPORATION
IIMONO FUDOSAN Co., Ltd
FANCL Hatsuga Genmai Co., Ltd.
FANCL ASIA (PTE) LTD.
FANCL B&H Co., Ltd.
NICOSTAR BEAUTECH Co., Ltd.
NEUES, K.K.

On February 1, 2012 in the consolidated fiscal year under review, IIMONO OHKOKU Co., Ltd. was separated and all shares were transferred to a newly-established company. As a result, the consolidated subsidiary, which was the separating company, changed its name to IIMONO FUDOSAN Co., Ltd.

2) Main non-consolidated companies
FANCL STAFF Co., Ltd.
FANCL Home Life Co., Ltd.

Reasons for not being included in the scope of consolidation:
Non-consolidated subsidiaries are not included in the scope of consolidation because they are small-sized companies and their respective total assets, (in proportion to equity) and retained earnings (in proportion to equity) would not have a significant effect on the consolidated financial statements.

2. Application of the Equity Method

1) Non-consolidated companies accounted for by the equity method:
Not applicable

2) Affiliate companies accounted for by the equity method:
Not applicable

3) Name of main non-consolidated and affiliate companies accounted for by the equity method:
Non-consolidated:
FANCL STAFF Co., Ltd.
FANCL Home Life Co., Ltd.

Affiliate companies:
Green Hill Co., Ltd.
Reasons for not being accounted for by the equity method:
Companies not accounted for by the equity method do not have a material effect on items such as net income and retained earnings in the consolidated financial statements and are therefore excluded from application of the equity method.

4) Other Companies voting rights in which FANCL holds between 20% and 50% that are not accounted for as affiliated companies
Fantastic Natural Cosmetics Limited
Fantastic Natural Cosmetics (China) Limited

Reasons for not being accounted for as an affiliate company:
FANCL holds holding 40% of the voting rights of these two companies but does not have the ability to significantly influence decisions with regard to financial, operating or business policy and therefore they have not been accounted for as affiliate companies.

3. Fiscal Year-End of Consolidated Subsidiaries

Among consolidated subsidiaries, the fiscal year closing date of FANCL ASIA (PTE.,) LTD. is December 31 and NEUES, K.K. is February 29.

The financial statements as of the closing date are used in preparing the consolidated financial statements. Consolidation adjustments are made as necessary for significant transactions occurring prior to the consolidated closing date.

4. Accounting Standards

(1) Basis and method for valuation of major assets

1) Marketable securities:
Other marketable securities
At lower of cost or market by the moving average method, based on the market closing price on the last day of the period. (Valuation gains and losses resulting are calculated by the full net capital costing method; cost of disposal is calculated by the moving average method.)
Stocks with no market value:
At cost by the average method
Regarding investments in anonymous associations, the net assets held by the company are calculated based on the most recent reporting period.

2) Derivatives:
Market value method

3) Inventories:
Inventories held for regular sales
Balance sheet values calculated by acquisition cost method (Reduction in book value method used in cases of decline in profitability)
Finished goods, work in process, raw materials:
At cost by the average method
Merchandise:
At cost by the monthly average method
Supplies:
At cost by the last purchase price method

(2) Depreciation of Fixed Assets
1) Tangible fixed assets: (not including leased assets)
Buildings (not including attached facilities)
・ The former declining balance method is used for buildings acquired prior to March 31, 1998
・ The former straight-line method is used for buildings acquired between April 1, 1998 and March 31, 2007
・ The straight-line method is used for buildings acquired since April 1, 2007

Items other than buildings:
・ The declining balance method is used for items acquired prior to March 31, 2007
・ The declining-balance method is used for buildings acquired since April 1, 2007

The estimated useful lives for such assets are as follows:
Buildings and structures: 2–50 years
Machinery and transport equipment: 2–22 years
Furniture, tools and fixtures: 2–20 years

Purchases made since March 31, 2007 that have fully depreciated to their allowable limit will be fully depreciated over 5 years by the straight line method starting from the following year.

2) Intangible fixed assets:
Straight-line method, with the exception of software intended for internal use, which is amortized by the straight-line method over its estimated useful life (five years)

3) Lease assets:
Financial lease transactions for lease assets other than ownership transfer
The method employed assumes no residual value for the number of serviceable years of the lease.
As regards financial lease transactions for lease assets other than ownership transfer prior to the first fiscal year the revised lease transaction accounting standards were applied, lease transactions are accounted for using normal accounting methods.

4) Long-term prepaid expenses: Straight-line method

(3) Allowances
1) Allowance for doubtful accounts:
The Company makes provisions against estimated uncollectible receivables sufficient to cover possible losses on the collection of receivables based on a review of the potential for recovery of individual receivables.

2) Allowance for bonuses:
To prepare for future bonus payments to employees, the Company makes provisions in the amount accrued based on the estimated payment.

3) Allowance for points
The Company bases reserve calculations for the future use of points by comparing the balance of unused points with the historical use of points by customers to forecast likely usage.

4) Allowance for retirement bonuses:
To prepare for future retirement benefit payments to employees, the Company makes provisions in the amount recognized as accruing at the end of the consolidated fiscal year based on the estimated retirement benefit obligation and pension assets at the end of the consolidated fiscal year.
Past service cost is expensed on a straight-line basis over the fixed number of years (5 years) within the average remaining service time when obligations arise.
Actuarial gains and losses are charged to income on a straight-line basis over a certain number of years (five years) within the average remaining years of service starting from the year after the gain or loss arises.

5) Allowance for directors' retirement bonuses:
For the parent company and domestic affiliate companies to prepare for future retirement bonus payments to directors, the necessary provisions are made based on internal regulations.

(4) Foreign currency-denominated assets and liabilities
Foreign currency-denominated assets and liabilities hedged by forward exchange contracts are translated at the contracted rate of exchange.

(5) Goodwill amortization method and period
Goodwill is amortized using the average method over the estimated benefit period of the asset. However amounts deemed immaterial are amortized in full in the fiscal year in which they arise.

(6) Scope of cash and cash equivalents
Cash and cash equivalents in the consolidated statements of cash flows consist primarily of cash on hand, cash deposits and short-term, highly liquid investments with original maturities of three months or less, which are readily convertible into cash with insignificant risk of change in value.

(7) Other important items affecting the preparation of these financial statements:
Calculation methods used in relation to consumption tax, etc.
All transactions are posted exclusive of consumption and other taxes.

7) Changes to Accounting Principles for the Preparation of Consolidated Financial Statements

1. Changes to accounting principles
Effective the fiscal year under review, the Company has adopted the "Accounting Standard for Earnings Per Share" (ASBJ statement. No.2; June 30, 2010), and the "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guideline No. 4, June 30, 2010).
Calculations for fully diluted net earnings per share have been changed to include the amount for fair value of stock options as payment for potential services offered by the employees when exercising the stock options rights, which secured after certain period of employment. The effect of is change is immaterial.

2. Additional information
The Company has adopted the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement. No. 24 of December 4, 2009 and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guideline No. 24, December 4, 2009), starting with accounting changes and corrections made at the beginning of the current fiscal year.

8) Items related to the Consolidated Financial Statements

Items related to the consolidated balance sheet

*1 Non-consolidated subsidiaries and affiliates

Millions of yen

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Investment securities (equities)	710	710
Investments and other assets	625	625

*2 Contingent liabilities
Fiscal year ended March 31, 2011
The company is a co-guarantor of ¥1,540 million in borrowings by Nagareyama Industrial Park from Chiba Prefecture and SHOKOCHUKIN Bank along with the other 15 co-partners in the industrial park.
Fiscal year ended March 31, 2012
The company is a co-guarantor of ¥1,536 million in borrowings by Nagareyama Industrial Park from SHOKOCHUKIN Bank along with the other 15 co-partners in the industrial park.

*3 Assets pledged as collateral
Fiscal year ended March 31, 2011
Land associated with the Chiba factory (Chiba Prefecture, Nagareyama City) (with a book value at the end of the period of ¥591 million,) and buildings (with a book value at the end of the period of ¥1,455 million) have been pledged as collateral against borrowings from Chiba Prefecture and SHOKOCHUKIN Bank as part of the collectivized factory business operations, implemented by the Nagareyama Industrial Park Cooperative.
Fiscal year ended March 31, 2012
Land associated with the Chiba factory (Chiba Prefecture, Nagareyama City) (with a book value at the end of the period of ¥591 million,) and buildings (with a book value at the end of the period of ¥1,384 million) have been pledged as collateral against borrowings from Chiba Prefecture and SHOKOCHUKIN Bank as part of the collectivized factory business operations, implemented by the Nagareyama Industrial Park Cooperative.

*4 Advanced depreciation from receipt of national subsidies have been recorded on the consolidated balance sheet less the following amounts.

Millions of yen

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Land	¥173	¥173

Items related to the consolidated statements of income

*1 Research and development expenses included in SG&A expenses and production expenses for the period are as follows.

Millions of yen

Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
¥2,646	¥2,428

*2
Fiscal year ended March 31 2011
Income from the sale of fixed assets was primarily due to the sale of manufacturing facilities, etc.

Fiscal year ended March 31, 2012
Income from the sale of fixed assets was primarily due to the sale of manufacturing facilities, etc.

*3
Fiscal year ended March 31 2011

Losses from sale of fixed assets were primarily due to the sale of manufacturing facilities, etc.

Fiscal year ended March 31 2012
Losses from sale of fixed assets were primarily due to the sale of welfare facilities and manufacturing facilities, etc.

*4
Fiscal year ended March 31 2011
Losses from disposal of fixed assets were primarily due disposal of unnecessary store fixtures.

Fiscal year ended March 31 2012
Losses from disposal of fixed assets were primarily due disposal of unnecessary assets.

*5. Reductions in book value from reduced profitability of inventory assets held for normal sales:

Millions of yen

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Cost of sales	12	9
Selling, general and administrative expenses	3	--
Total	15	9

*6 Impairment losses
Fiscal year ended March 31, 2012
Impairment losses were recorded on assets for the current consolidated fiscal year.

Millions of yen

Facility	Type	Amount	Location
Iijima Office	Buildings and Structures	222	Sakae-ku, Yokohama
	Land	184	
Retail facilities	Buildings &. Structures	38	Kanto area
	Equipment and fixtures	5	
	Lease assets	9	
	Software	1	
	Long-term prepaid expenses	0	
	Buildings &. Structures	4	Tohoku area
	Equipment and fixtures	0	
	Buildings &. Structures	10	Kinki area
	Equipment and fixtures	0	
	Buildings &. Structures	3	Chugoku area
	Equipment and fixtures	0	
Total		482	

Recognition of impairment losses:

a. In regards to the Iijima office, due to a change in its intended use, the company has accounted for ¥407 million of impairment losses on production facilities deemed no longer useful having reduced their book value to their recoverable value. These have been recorded in extraordinary loss.

b. As regards the retail facilities, the company has accounted for ¥75 million of impairment losses where book value was reduced to their recoverable value following the decision to close or renovate stores. These have been recorded in extraordinary loss.

Grouping method

The FANCL Group primarily groups assets by type of operation. Idle assets are grouped by facility.

Method of calculating recoverable value:

1. The recoverable value of the Iijima office is estimated using net sale values and calculated based on the estimated value of the real estate assets.

2. The recoverable value of stores are calculated from estimated net sale values. Assets without other applications are recorded as zero since there is the possibility that it will not be sold.

Fiscal year ended March 31, 2011
Impairment losses were recorded on assets for the current consolidated fiscal year.

Millions of yen

Facility	Type	Amount	Location
Cosmetics manufacturing facilities	Buildings and structures	36	Kagawa Pref. Takamatsu City
	Machinery and transportation equipment	3	
	Equipment and fixtures	1	
	Land	18	
	Intangible fixed assets	1	
Retail facilities	Buildings &. Structures	63	Kanto area
	Equipment and fixtures	4	
	Long-term prepaid expenses	0	
	Buildings &. Structures	11	Kinki area
	Equipment and fixtures	1	
	Buildings &. Structures	15	Chugoku area
	Buildings &. Structures	15	Kyushu area
Total		174	

Recognition of impairment losses:

1. In regards to the Cosmetics factory and facilities, following the absorption of consolidated subsidiary NICOSTAR BEAUTECH Co., Ltd., by consolidated subsidiary CHALONE Inc., the company has accounted for ¥61 million of impairment losses on production facilities deemed no longer useful having reduced their book value to their recoverable value. These have been recorded in extraordinary loss.

2. As regards the retail facilities, the company has accounted for ¥112 million of impairment losses where the r book value was reduced to their recoverable value following the decision to close or renovate stores. These have been recorded in extraordinary loss.

Grouping method
The FANCL Group primarily groups assets by type of operation. Idle assets are grouped by facility.

Method of calculating recoverable value:

1. The recoverable value of the Cosmetic factory and facilities are estimated using net sale values and calculated based on the appraisal value of the real estate assets.

2. The recoverable value of stores are calculated from estimated net sale values. Assets without other applications are recorded as zero since there is the possibility that it will not be sold.

*7 Losses incurred from earthquake
Losses incurred from the Great East Japan Earthquake are as follows:

Millions of yen

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Loss on inventory assets abandoned	75	2
Repair and other recovery expenses	--	75
Other	--	3
Total	75	81

Items related to the consolidated statement of comprehensive income

*Other comprehensive income related to reclassification adjustment and tax effect

Net unrealized holding gain on other securities	
Amount during the term	(¥30) million
Reclassification adjustment	¥12 million
Before tax effect	(¥17) million
Tax effect	¥7 million
Net unrealized holding gain on other securities	(¥9) million
Total other comprehensive income	(¥9) million

Changes to shareholders' equity during the period April 1, 2011 to March 31, 2012

1. Number and type of common shares issued and treasury stock

	Number of shares as of March 31, 2011	Increase of shares during fiscal year to March 31, 2012	Decrease of shares during fiscal year to March 31, 2012	Number of shares as of March 31, 2012
Shares issued				
Common shares (note 1)	65,176,600	--	--	65,176,600
Total	65,176,600	--	--	65,176,600
Treasury stock				
Common shares (note 2,3)	240,901	50,448	164	291,185
Total	240,901	50,448	164	291,185

Note: 1. The increase of 50,448 in treasury stock was due to the acquisition of 448 odd lot shares and claim for 50,000 shares by non-accenting shareholders based on Article 797 paragraph 1 of the Company Act.
2. The decrease of 164 treasury stock was a result of applications to purchase odd lot shares.

2. Share warrants and treasury share warrants

Type	Breakdown of share warrants	Type of shares for share warrants	Number of shares resulting from share warrants (Thousands of shares)				Balance as of March 31, 2012 (¥ million)
			FY ending March 31, 2011	Increase of shares during fiscal year to March 31, 2012	Decrease of shares during fiscal year to March 31, 2012	Number of shares at end fiscal year March 31, 2012	
Parent company	Stock option share warrants	—	—	—	—	—	343
Total		—	—	—	—	—	343

3. Dividends

(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividends per share	Dividend record date	Effective date
May 9, 2011 Board of directors' meeting	Common shares	¥1,103 million	¥17.00	March 31, 2011	June 20, 2011
October 28, 2011 Board of directors' meeting	Common shares	¥1,103 million	¥17.00	September 30, 2011	December 5, 2011

(2) Dividends for which the effective date is in the following fiscal year

Decision-making schedule as follows:

Date to be confirmed	Type of stock	Total Dividends paid	Source of dividends	Dividends per share	Dividend record date	Effective date
May 2, 2012 Board of directors' meeting	Common shares	¥1,103 million	Profit reserve	¥17.00	March 31, 2012	June 18, 2012

Changes to shareholders' equity during the period April 1, 2010 to March 31, 2011

1. Number and type of common shares issued and treasury stock

	Number of shares as of March 31, 2010	Increase of shares during fiscal year to March 31, 2011	Decrease of shares during fiscal year to March 31, 2011	Number of shares as of March 31, 2011
Shares issued				
Common shares (note 1)	65,176,600	--	--	65,176,600
Total	65,176,600	--	--	65,176,600
Treasury stock				
Common shares (note 2,3)	263,985	756	23,840	240,901
Total	263,985	756	23,840	240,901

Note: 1. The increase of 756 in common shares was due to the purchase of odd lot shares.
2. The decrease of 23,840 in treasury stock was due to a reduction of 23,800 shares through the exercise of share warrants a decrease of 40 shares as a result of applications to purchase odd lot shares.

2. Share warrants and treasury share warrants

Type	Breakdown of share warrants	Type of shares for share warrants	Number of shares resulting from share warrants (Thousands of shares)				Balance as of March 31, 2011 (¥ million)
			FY ending March 31, 2010	Increase of shares during fiscal year to March 31, 2011	Decrease of shares during fiscal year to March 31, 2010	Number of shares at end fiscal year March 31, 2011	
Parent company	Stock option share warrants	—	—	—	—	—	377
Total		—	—	—	—	—	377

3. Dividends

(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividends per share	Dividend record date	Effective date
May 14, 2010 Board of directors' meeting	Common shares	¥1,103 million	¥17.00	March 31, 2010	June 21, 2010
November 10, 2010 Board of directors' meeting	Common shares	¥1,103 million	¥17.00	September 30, 2010	December 6, 2010

(2) Dividends for which the effective date is in the following fiscal year

Decision-making schedule as follows:

Date to be confirmed	Type of stock	Total Dividends paid	Source of dividends	Dividends per share	Dividend record date	Effective date
May 9, 2011 Board of directors' meeting	Common shares	¥1,103 million	Profit reserve	¥17.00	March 31, 2011	June 20, 2011

Items related to the Consolidated Statements of Cash Flows

(Millions of yen)

April 1, 2011 to March 31, 2012		April 1, 2010 to March 31, 2011	
1. Relationship of cash and cash equivalents at the period end to amounts recorded in the consolidated balance sheets		1. Relationship of cash and cash equivalents at the period end to amounts recorded in the consolidated balance sheets	
	As at March 31, 2012		As at March 31, 2011
Cash and deposits	18,149	Cash and deposits	18,661
Marketable securities	13,382	Marketable securities	10,911
TOTAL	31,532	TOTAL	29,572
Fixed deposits with maturities exceeding 3 months	(500)	Fixed deposits with maturities exceeding 3 Months	--
Cash and cash equivalents	(5,976)	Marketable securities with maturities exceeding 3 months	(1,502)
	25,056	Cash and cash equivalents	28,070

2. Breakdown of increased assets and liabilities following consolidation of non-consolidated subsidairy:

FANCL Wellness Counseling Clinic Co., Ltd.

	(Millions of yen)
Current assets	75
Fixed assets	71
Total assets	147
Current liabilities	73
Fixed liabilities	217
Total liabilities	290

3. Break down of assets and liabilities of companies removed from consolidation due to the shift to affiliate company accounted for by the equity method:

IIMONO OHKOKU Co. Ltd.

Current assets	1,442
Fixed assets	79
Current liabilities	(1,456)
Total liabilities	(130)
Accumulated other comprehensive income	0
Gain on transfer of separated companies	214
Business transfer amount	150
Cash and cash equivalents included in separated assets	(515)
Payments for business separation	(365)

Segment information

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) Accounting methods for sales, income and losses, assets and liabilities and other items in each reportable segment

Accounting methods for reportable segments are identical to those described in the Significant items for the Preparation of Consolidated Financial Statements.

Reportable segment income figures are on an operating income basis.

3. SEGMENT INFORMATION

a. Business Segments

For the fiscal year April 1, 2011 to March 31, 2012 *(Millions of yen)*

	Cosmetics Business	Nutritional Supplements Business	Total	Other	Total	Adjustments	Consolidated
1. Sales and operating income:							
(1) Sales to external customers	45,824	27,036	72,861	15,303	88,165	--	88,165
(2) Inter-segment sales or transfers	--	--	--	--	--	--	--
Total sales	45,824	27,036	72,861	15,303	88,165	--	88,165
Segment income (loss)	4,685	1,583	6,268	(587)	5,681	(1,664)	4,016
Segment Assets	34,208	13,926	48,134	10,111	58,245	33,493	91,739
Others							
Impairment losses	2,086	866	2,953	317	3,271	127	3,399
Amortization of goodwill	113	--	113	--	113	--	113
Increase in tangible and intangible fixed assets	2,596	1,092	3,688	312	4,001	--	4,001

Notes:

1. Other businesses: Mail-order of personal sundries, accessories, undergarments, health equipment and household sundries, mail-order and retail sales and wholesales of *Hatsuga Genmai* (germinated brown rice) and Kale Juice, etc.
2. Adjustments are as follows
   (1) The adjustment amount on segment income (loss) of (¥1,664) million includes total company expenses not 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.
   (2) The adjustment on segment assets of ¥33,493 million, include total company expenses not distributed to each reportable segment and consist primarily of cash and deposits, marketable securities, land, and investment securities of the General Affairs section of the parent company not included in the reportable segments.
3. Segment income(loss) is adjusted for operating income(loss) as recorded in the consolidated financial statements.

Related information
For the fiscal year April 1, 2011 to March 31, 2012

1. Information for each product and service

The same information is provided in the Segment Information and therefore was omitted.

2. Segment Information by Location

(1) Sales

Japan accounted for over 90% total net sales and therefore segment information by location was omitted.

(2) Tangible Fixed Assets

Tangible fixed assets held in Japan accounted for over 90% of total consolidated balance sheet, and therefore tangible fixed assets by location was omitted.

3. Segment Information by customer

Of total sales to external customers, no customer accounts for more than 10% of sales in the consolidated financial statements, and therefore this section has been omitted.

SEGMENT INFORMATION

a. Business Segments

For the fiscal year April 1, 2010 to March 31, 2011 *(Millions of yen)*

	Cosmetics Business	Nutritional Supplements Business	Total	Other	Total	Adjustments	Consolidated
1. Sales and operating income:							
(1) Sales to external customers	47,678	28,247	75,925	17,863	93,789	--	93,789
(2) Inter-segment sales or transfers	--	--	--	--	--	--	--
Total sales	47,678	28,247	75,925	17,863	93,789	--	93,789
Segment income (loss)	7,097	2,125	9,223	(505)	8,717	(1,599)	7,117
Segment Assets	33,345	14,885	48,230	12,460	60,690	33,339	94,030
Others							
Impairment losses	1,748	792	2,541	319	2,861	55	2,916
Amortization of goodwill	113	--	113	--	113	--	113
Increase in tangible and intangible fixed assets	2,253	1,065	3,318	333	3,651	--	3,561

Notes:

1. Other businesses: Mail-order of personal sundries, accessories, undergarments, health equipment and household sundries, mail-order and retail sales and wholesales of *Hatsuga Genmai* (germinated brown rice) and Kale Juice, etc.
2. Adjustments are as follows
   (1) The adjustment amount on segment income (loss) of (¥1,599) million includes total company expenses not 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.
   (2) The adjustment on segment assets of ¥33,339 million, include total company expenses not distributed to each reportable segment and consist primarily of cash and deposits, marketable securities, land, and investment securities of the General Affairs section of the parent company not included in the reportable segments.
3. Segment income(loss) is adjusted for operating income(loss) as recorded in the consolidated financial statements.

3. Segment Information by customer

Of total sales to external customers, no customer accounts for more than 10% of sales in the consolidated financial statements, and therefore this section has been omitted.

Related information
For the fiscal year April 1, 2010 to March 31, 2011

1. Information for each product and service

The same information is provided in the Segment Information and therefore was omitted.

2. Segment Information by Location

(1) Sales

Japan accounted for over 90% total net sales and therefore segment information by location was omitted.

(2) Tangible Fixed Assets

Tangible fixed assets held in Japan accounted for over 90% of total consolidated balance sheet, and therefore tangible fixed assets by location was omitted.

3. Segment Information by customer

Of total sales to external customers, no customer accounts for more than 10% of sales in the consolidated financial statements, and therefore this section has been omitted.

Impairment losses on tangible fixed assets by segment

For the fiscal year April 1, 2011 to March 31, 2012 *(Millions of yen)*

	Segments			Other Businesses	Eliminations or Corporate	Consolidated
	Cosmetics Business	Nutritional Supplements Business	Total			
Impairment loss	39	14	53	21	407	482

Note: 1. Amounts for Other businesses include the hatsuga genmai, kale juice, beauty clinic and other businesses
2. Eliminations or Corporate of ¥407 million are in relation to the Iijima Office.

For the fiscal year April 1, 2010 to March 31, 2011 *(Millions of yen)*

	Segments			Other Businesses	Eliminations or Corporate	Consolidated
	Cosmetics Business	Nutritional Supplements Business	Total			
Impairment loss	106	16	122	51	--	174

Note: Amounts for Other businesses include the hatsuga genmai, kale juice, beauty clinic and other businesses

Amortization of goodwill and balance of unamortized goodwill by segment

For the fiscal year April 1, 2011 to March 31, 2012 *(Millions of yen)*

	Segments			Other Businesses	Eliminations or Corporate	Consolidated
	Cosmetics Business	Nutritional Supplements Business	Total			
Amortization amount	113	--	113	--	--	113
Balance at end of term	284	--	284	--	--	284

For the fiscal year April 1, 2010 to March 31, 2011 *(Millions of yen)*

	Segments			Other Businesses	Eliminations or Corporate	Consolidated
	Cosmetics Business	Nutritional Supplements Business	Total			
Amortization amount	113	--	113	--	--	113
Balance at end of term	397	--	397	--	--	397

Occurrence of negative goodwill by segment

For the fiscal year April 1, 2010 to March 31, 2011

In the Cosmetics business, consolidated subsidiary Chalone Inc. became a wholly owned subsidiary following the acquisition of all shares effective October 1, 2010. As a result, negative goodwill of ¥51 million occurred and has been recorded.

For the fiscal year April 1, 2011 to March 31, 2012

No applicable items

Items related to business integration

Consolidated fiscal year April 1, 2010 to March 31, 2011

(1) Common control transactions

1. Name and details of business
   Business name: Cosmetics business
   Business details: Manufacture and sale of cosmetic products

2. Integration date
   March 1, 2011

3. Legal integration method
   Absorption merger where consolidated subsidiary NICOSTAR BEAUTECH Co., Ltd. was the surviving company and consolidated subsidiary Chalone Inc. was eliminated.

4. Name following integration
   NICOSTAR BEAUTECH Co., Ltd. (consolidated subsidiary)

5. Other items related to the transaction
   As a part of our strengthening competitiveness of Group management, we aim to strengthen OEM businesses and reduce production costs by consolidating Chalone Inc. within NICOSTAR BEAUTECH Co., Ltd.

(2) Outline of accounting methods applied

The common control transaction was handled based on Accounting Standards for Business Combinations (ASBJ No. 21, Dec. 26 2008) and Implementation Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10, December 26, 2008)

Consolidated fiscal year April 1, 2011 to March 31, 2012

(1) Outline of business separation

1. Transferee
   Transferee name: Kenji Ikemori
   Transferred business details: IIMONO OHKOKU mail order business

2. Main reasons for business separation
   FANCL has decided upon business separation having judged that the business transfer will provide a foothold for further growth for both FANCL and the newly established company as the Company focuses on selecting businesses with the aim of strengthening management quality.

3. Business separation date
   February 1, 2012

4. Other items related to the transaction including legal separation method
   A physical separation will be conducted, in which the separating company will be Fancl's subsidiary IIMONO OHKOKU and the newly established indirectly owned company (a 100%-owned subsidiary of IIMONO OHKOKU) will be the continuing company. All shares in the indirectly owned company were transferred on the same day.

(2) Outline of accounting methods applied

(1) Profit (loss) on transfer
¥214 million

(2) Break down of assets and liabilities of the separated business:

(Millions of yen)

Current assets	1,442
Fixed assets	79
Total assets	1,522
Current liabilities	1,456
Fixed liabilities	130
Total liabilities	1,586

(3) Accounting method
Investments in the separated IIMONO OHKOKU mail order business shall be deemed as liquidated, and the difference between the value received and the amount of shareholders equity amount in relation to the transferred business is recognized as the Profit (loss) on transfer.

(3) Business segments in which the separated company was included
Other (Business segments in which the separated company is not included)

(4) Outline of the profit (loss) related to the separated business, recorded in the fiscal year under review

(Millions of yen)

Sales	6,055
Operating loss	109

Per Share Information

	FY Ended March 31, 2012	FY ended March 31, 2011
Net assets per share	1,209.11	¥1,205.34
Net income per share	¥37.82	¥43.89
Net income per share (diluted)	¥37.68	¥43.77

Note: The basis for the calculation of net income (loss) per share and the net income per share after adjustment for residual securities is as follows:

	FY Ended March 31, 2012	FY ended March 31, 2011
Net income per share		
Net income (loss) (¥ million)	2,454	2,849
Amount not attributable to common shareholders (¥ million)	--	--
Net income (loss) attributable to common shares (¥ million)	¥2,454	¥2,849
Average number of outstanding common shares during the year (1,000 shares)	64,897,708	64,931,336
Fully diluted earnings per share		
Net income adjustments (¥ million)	--	--
Breakdown of additional common shares used for calculating net income per share (diluted) (1,000 shares)	241,043	172,347
Residual securities not included in the calculation of the net income after adjustment for residual securities due to the fact that these securities had no dilutive effect.	--	--

Important information after the preparation of this report

None

Omissions

Due to the immaterial effect of lease transactions, information with related parties, deferred tax accounting, financial products, marketable securities, retirement benefits, stock options, etc., have on the financial statements, these items have been omitted.