FANCL Corporation

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2013

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, 2013

FANCL CORPORATION **May 13, 2013**

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

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Scheduled date for regular shareholders' meeting: June 15, 2013
Scheduled date for submission of the financial report: June 17, 2013
Scheduled date for distribution of dividends: June 17, 2013
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, 2012 to March 31, 2013

(1) Sales and Income

Millions of yen, rounded down

	FY ended March 31, 2013		FY ended March 31, 2012	
		Change (%)		Change (%)
Net sales	82,807	(6.1)	88,165	(6.0)
Operating income	3,858	(3.9)	4,016	(43.6)
Ordinary income	4,427	10.6	4,003	(40.0)
Net income	(2,193)	--	2,454	(13.9)
Net income per share (¥)	(¥33.81)		¥37.82	
Fully diluted earnings per share (¥)	--		¥37.68	
Return on equity	(2.9%)		3.1%	
Ratio of ordinary income to total capital	5.0%		4.3%	
Ratio of operating income to net sales	4.7%		4.6%	

Note: Percentage figures for sales, operating income, etc. represent changes compared to the previous fiscal year.
Comprehensive income: FY to March 31, 2013: ¥2,182 million (--%) FY to March 31, 2012: ¥2,444 million (-17.1%)
Gain from investments in subsidiaries and affiliates accounted for by the equity method:
FY to March 31, 2013: -- million FY to March 31, 2012: -- million

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of March 31, 2013	As of March 31, 2012
Total assets	86,849	91,739
Shareholders' equity	74,542	78,796
Equity ratio (%)	85.3	85.5
Shareholders' equity per share (¥)	1,141.35	1209.11

Shareholders' equity: FY to March 31, 2013: 74,081 FY ended March 2012: ¥78,453 million

(3) Cash Flows

Millions of yen, rounded down

	FY ended March 31, 2013	FY ended March 31, 2012
Net cash provided by operating activities	6,145	6,321
Net cash used in investing activities	(822)	(7,008)
Net cash used in financing activities	(2,251)	(2,315)
Cash and cash equivalents at end of year	28,227	25,056

2. Dividends

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ending March 31, 2014 (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)*	2,206	2,206	
Consolidated dividend payout ratio (%)	89.9%	--	--
Dividend to net assets ratio (%)	2.8%	2.9%	

3. Consolidated forecasts for the fiscal year ending March 31, 2014 (April 1, 2013 to March 31, 2014)

Company has not published consolidated financial results forecasts for the consolidated financial year ending March 2014 because forecasting with any reasonable degree of accuracy is not possible at this stage. The Company will disclose these forecasts as soon as accurate forecasting becomes possible. For further detail on the reasoning for this, please see Page 6: 1. Operating Results (1) Summary of Business Performance, Section 3, Forecasts for the consolidated fiscal year ending March 31, 2013.

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: Yes
4. Restatements: None

3) Number of shares outstanding (ordinary shares)

1. Number of shares outstanding (including treasury shares):
   As of March 31, 2013: 65,176,600
   As of March 31, 2012: 65,176,600
2. Number of treasury shares:
   As of March 31, 2013: 269,757
   As of March 31, 2012: 291,185
3. Average number of shares during the period:
   FY to March 31, 2013: 64,886,796
   FY to March 31, 2012: 64,897,708

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 6: 1. Operating Results (1) Summary of Business Performance, Section 3, Forecasts for the consolidated fiscal year ending March 31, 2013.

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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 Japanese economy benefited from firm public investment and continued stability in real estate investment from demand stemming from earthquake recovery. However, in addition to a slowdown in corporate capital investment, exports decreased due to further slowdown in overseas economies, and the overall trend in the Japanese economy remained weak. Nevertheless, the second half of the year saw correction of the strong yen, and with progress towards the implementation of a future ¥10 trillion fiscal stimulus, there is growing hope of a recovery in the Japanese economy.

On February 1, 2012, sundries business IIMONO OHKOKU Co., Ltd. was separated and all shares were transferred outside of the FANCL Group. In order to enable a more accurate analysis, results for the nine-month period of both the current and previous consolidated fiscal year have been restated to exclude the results of IIMONO OHKOKU Co., Ltd.

Net sales for the consolidated financial period under review increased 0.6% to ¥82,807 million due to an increase in revenue from Fancl Cosmetic products from the Cosmetics business which underwent rebranding in March 2012, and despite a decline in sales in the Nutritional Supplements Business, and Other Businesses.

Operating income decreased 5.7% to ¥3,858 million despite an increase in revenues, mainly due to an increase in marketing expenses as a result of the rebranding. Ordinary income increased 8.4% to ¥4,427 million largely from recording dividend income following restructuring of non-consolidated subsidiaries.

The net loss for the consolidated financial period under review was ¥2,193 million, due to the recording of an extraordinary loss for the revaluation of investment securities in respect of impairment regarding shares of a sales representative company in China, and recording of an extraordinary loss due to the reorganizing of unprofitable stores (net income for the consolidated financial period under review was ¥1,844 million).

Segment results are as follows:

2) Status of operations

(1) Cosmetics Business

Sales

Cosmetics sales increased 2.3% compared to the previous year, reaching ¥46,721 million.

(Millions of yen)

	FY ended March 31, 2013		FY ended March 31, 2012 (after restatement)		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
FANCL Cosmetics	37,102	79.4	36,199	79.2	2.5
ATTENIR Cosmetics	8,014	17.2	8,218	18.0	(2.5)
Others	1,603	3.4	1,269	2.8	26.3
Totals	46,721	100.0	45,688	100.0	2.3

	FY ended March 31, 2013		FY ended March 31, 2012 (after restatement)		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	23,375	50.0	22,965	50.3	1.8
Retail store sales	15,430	33.0	14,802	32.4	4.2
Wholesales and others	2,218	4.8	2,183	4.8	1.6
Overseas sales	5,696	12.2	5,736	12.5	(0.7)
Totals	46,721	100.0	45,688	100.0	2.3

Sales of **FANCL cosmetics** increased 2.5% to ¥37,102 million, due to strong sales of *Mutenka Skincare* products launched in March 2012

Sales of ATTENIR cosmetics decreased 2.5% to ¥8,014 million due to lackluster results of certain campaigns.

Results by sales channels: mail order sales increased 1.8% year on year to ¥23,375 million, retail store sales increased 4.2% to ¥15,430 million, wholesale sales increased 1.6% to ¥2,218 million, while overseas sales decreased 0.7% to ¥5,696 million.

Operating income

Operating income decreased 16.2% to ¥3,888 million as a result of a temporary increase in marketing expenses arising from the rebranding of FANCL cosmetics in March.

(2) Nutritional Supplements Business

Sales

Nutritional supplement sales decreased 1.6% year on year to ¥26,601 million.

(Millions of yen)

	FY ended March 31, 2013		FY ended March 31, 2012 (after restatement)		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Mail order sales	10,744	40.4	11,536	42.7	(6.9)
Retail store sales	6,008	22.6	6,493	24.0	(7.5)
Wholesales and others	7,079	26.6	7,041	26.1	0.5
Overseas sales	2,768	10.4	1,956	7.2	41.5
Totals	26,601	100.0	27,028	100.0	(1.6)

Revenues from product sales decreased due to poor sales in other products and despite strong sales of dietary supplement *Calorie Limit*.

Results by sales channels were: mail order sales decreased 6.9% year on year to ¥10,744 million, retail store sales decreased 7.5% to ¥6,008 million, while wholesale sales increased 0.5% to ¥7,079 million and overseas sales increased 41.5% to ¥2,768 million.

Operating income

Operating income increased 24.3% to ¥1,962 million, as a result of a decrease in marketing expenses and despite a decrease in revenues.

(3) Other Businesses

Sales in Other businesses decreased 1.6% year on year to ¥9,484 million

(Millions of yen, rounded down)

	FY ended March 31, 2013	FY ended March 31, 2012 (after restatement)	Change (%)
Hatsuga genmai business	2,922	2,917	0.2
Kale juice business	3,220	3,377	(4.7)
Other businesses	3,341	3,342	(0.0)
Totals	9,484	9,637	(1.6)

In the **Hatsuga genmai** (germinated brown rice) business, sales increased 0.2% to ¥2,922 million due to strong wholesale sales.

In the **Kale juice** business, sales decreased 4.7% to ¥3,220 million as strong sales of core product *Honshibori Aojiru Premium* (former name: *Kale Marugoto Shibori*) failed to offset sluggish sales of other products.

Sales at **other businesses** decreased 0.0% to ¥3,341 million mainly due to a decrease in revenues at the beauty clinics business and despite an increase in revenues from the sundries and undergarments business.

Operating income

The operating loss for the period improved by ¥169 million over the previous consolidated financial period to ¥290 million, primarily due to the return to profitability of the undergarments business and an improvement in profitability of the sundries business.

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

As announced on January 15, 2013, in order to make progress towards globalization and renewing corporate growth, the Company has shifted to a new management structure that enables Company founder and Honorary Chairman, Kenji Ikemori, to be directly involved in executive management.

The business strategies within the new management structure are currently being formulated, and the Company has decided to refrain from publishing consolidated financial results forecasts for the consolidated financial year ending March 2014, because forecasting with any reasonable degree of accuracy is not possible at this stage. The Company will disclose these forecasts as soon as accurate forecasting becomes possible.

(2) Summary of Financial Position

Assets, liabilities and net asset value

Assets decreased ¥4,890 million to ¥86,849 million, compared with the end of the previous consolidated financial period, primarily the result of a ¥965 million increase in current assets and a ¥5,856 million decrease in fixed assets. The increase in current assets was largely the result of a ¥571 million increase in cash in hand and bank deposits, a ¥782 million increase in notes and accounts receivable, and a ¥223 million decrease in inventory assets. The decrease in fixed assets was largely due to a ¥713 million decrease in tangible fixed assets as the result of depreciation and other factors, a ¥386 million decrease in intangible fixed assets as the result of a decline in goodwill, and a ¥4,756 million decrease in "Other" assets (investments and other assets) including a decrease in investment securities.

Liabilities decreased ¥636 million to ¥12,306 million, compared with the end of the previous consolidated financial period, primarily the result of a ¥568 million decrease in current liabilities and a ¥68 million decrease in long-term liabilities. The main factors contributing to the decrease in current liabilities were a ¥1,426 million decrease in accounts payable, a ¥431 million increase in notes and accounts payable, and a ¥250 million increase in income taxes payable. The main contributing factor to the decrease in long-term liabilities was a ¥62 million decrease in the allowance for retirement bonuses.

Net assets decreased ¥4,254 million to ¥74,542 million, compared with the end of the previous consolidated financial period. The primary contributing factors were a ¥2,193 million decrease in retained earnings from recorded net loss, and a ¥2,206 million decrease due to dividend payments.

As a result, the shareholders' equity ratio decreased 0.2 percentage points from the end of the previous consolidated fiscal year to 85.3%.

Cash flow

Cash and cash equivalents ("funds") as of March 31, 2013 were ¥28,227 million, ¥3,171 million higher 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, 2013 are as follows:

Cash flows from operating activities

Cash flow generated from operating activities during the period under review was ¥6,145 million, compared with ¥6,321 million in the previous consolidated fiscal year. The primary factors responsible included an increase in cash flow from a loss on revaluation of investment securities of ¥4,690 million and depreciation expenses of ¥3,443 million. Factors reducing operating cash flow included a net loss before income taxes of ¥1,218 million, and tax and other payments of ¥1,019 million.

Cash flows from investing activities

Cash flow used in investing activities during the period under review was ¥822 million, compared with an outflow of ¥7,008 million in the previous consolidated fiscal year. This was largely the result of outgoings, such as ¥4,000 million expended for the acquisition of marketable securities, ¥1,968 million for the acquisition of tangible fixed assets and ¥1,406 million for the acquisition of intangible fixed assets; and inflows such as ¥6,138 million in income from the sale and redemption of marketable securities.

Cash flows from financing activities

Cash flow used in financing activities during the period under review was ¥2,251 million, compared with an outflow of ¥2,315 million in the previous consolidated fiscal year. This was primarily the result of ¥2,200 million in dividend payments.

Trends in Cash Flow-related Indices

	FY ended March 31, 2009	FY ended March 31, 2010	FY ended March 31, 2011	FY ended March 31, 2012	FY ended March 31, 2013
Equity ratio (%)	83.0	83.0	83.2	85.5	85.3
Equity ratio based on market price (%)	80.2	123.7	80.5	78.8	76.7
Debt service coverage (%)	--	--	--	--	--
Interest coverage ratio (times)	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, 2013 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, 2014, 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, a weakening has become apparent in the commitment of FANCL to its management philosophy of eliminating dissatisfaction and constantly striving to provide customers with greater happiness.

Accordingly, as announced on January 15, 2013, FANCL has embarked on a new management approach to keep ahead of rapid environmental change and intensifying competition, with the aim of globalizing the Company and renewing corporate growth by refocusing on our core strength of understanding customers and building close relationships with our customers around the world. To achieve these goals, we are drawing on the skills and resources of Kenji Ikemori, founder of FANCL and honorary chairman, through shifting to a management structure enabling him to be directly involved in executive management.

The business strategy for operations under this new management structure is currently being formulated, and will be disclosed promptly on completion.

Strategy by business segment

(Cosmetics business)

FANCL began rebranding the cosmetics business in March 2012, based on the aim of establishing a position as a Global Premium Brand, with a core focus on the value of “making beauty possible—preservative free”. Specific strategies are currently being formulated, with the aim of developing new preservative-free products and more effective counseling and closer alignment with consumers’ perspectives as a means of supporting a powerful rebranding initiative.

(Nutritional Supplements business)

In order to clarify our branding as a health-focused business that incorporates cosmetics-related products along with Hatsuga Genmai and Kale Juice, the brand name of the nutritional supplements business has been changed to FANCL Health Science as of March 2013, aiming to more closely target the middle-aged and senior customers that form the core consumer group in the supplements market. Specific plans are currently developed to tap into this market.

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. Now, by developing the skills of personnel in both the direct sales channels and store sales channels, we aim to provide highly specialized information and services to customers based on our own preservative-free beauty and health philosophy. Specific business development plans are currently being formulated. Consideration is also being given to strengthening wholesale channels, making use of our strong track record in product development.

In overseas markets, rebranding is being rolled out progressively in a process that began in February 2013. Looking ahead, we intend to continue extending the rebranding process, conducting a comprehensive review of global development with consideration of initiatives such as fostering the boscia brand of FANCL’s non-consolidated subsidiary in the United States to become a third brand, alongside FANCL and ATTENIR.

3. Consolidated Financial Statements

1) Consolidated Balance Sheet

Millions of yen, rounded down

	As of March 31, 2013	As of March 31, 2012
ASSETS		
I. Current assets:		
Cash and cash equivalents	18,720	18,149
Notes and accounts receivable	10,071	9,289
Marketable securities	13,359	13,382
Merchandise and products	2,834	2,851
Work in progress	43	62
Raw materials and supplies	3,176	3,363
Deferred tax assets	1,139	1,076
Others	855	1,137
Allowance for doubtful accounts	(70)	(147)
Total current assets	50,131	49,165
II. Fixed assets:		
Tangible fixed assets		
Buildings and structures[3]	22,673	22,549
Accumulated depreciation and accumulated impairment loss	(13,729)	(12,968)
Buildings and structures (net)	8,944	9,580
Machinery and transport equipment	6,563	6,297
Accumulated depreciation and accumulated impairment loss	(5,314)	(4,926)
Machinery and transport equipment (net)	1,249	1,370
Furniture, tools and fixtures	7,332	6,947
Accumulated depreciation and accumulated impairment loss	(6,233)	(5,740)
Furniture, tools and fixtures (net)	1,098	1,206
Land[3,4]	10,216	10,059
Lease assets	326	299
Accumulated depreciation and accumulated impairment loss	(213)	(224)
Lease assets (net)	112	75
Construction in progress	32	75
Total tangible fixed assets	21,655	22,368
Intangible fixed assets		
Goodwill	--	284
Other intangible fixed assets	3,796	3,898
Total intangible fixed assets	3,796	4,182
Investments and other assets		
Investments securities[1]	7,327	11,861
Long-term loans receivable	458	442
Deposits and guarantee money	1,793	1,994
Long-term prepaid expense	135	114
Deferred tax assets	945	681
Others[1]	1,046	1,387
Allowance for doubtful accounts	(442)	(460)
Total investments and other assets	11,265	16,022
Total fixed assets	36,717	42,573
Total assets	**86,849**	**91,739**

Consolidated Balance Sheet

Millions of yen, rounded down

	As of March 31, 2013	As of March 31, 2012
LIABILITIES		
I. Current liabilities:		
Notes and accounts payable	2,383	1,952
Lease obligations	62	41
Accrued liabilities	2,824	4,250
Accrued expenses	697	655
Accrued income taxes	932	681
Allowance for bonuses	933	945
Allowance for points	1,434	1,380
Asset retirement obligations	2	1
Others	652	582
Total current liabilities	9,922	10,490
II. Long-term liabilities:		
Lease obligations	67	55
Deferred tax liabilities	75	77
Allowance for retirement bonuses	1,593	1,603
Allowance for directors' retirement bonuses	54	117
Asset retirement obligations	498	478
Others	94	119
Total long-term liabilities	2,383	2,451
Total liabilities	12,306	12,942
NET ASSETS		
Shareholders' equity:		
Common stock	10,795	10,795
Capital reserve	11,706	11,706
Retained earnings	51,906	56,317
Treasury stock	(333)	(360)
Total shareholders' equity	74,074	78,458
Valuation and translation gain		
Net unrealized holding gain on other securities	6	(4)
Total valuation and translation gain	6	(4)
Share warrants	461	343
Total net assets	74,542	78,796
Total Liabilities and Net Assets	86,849	91,739

2) Consolidated Statement of Income

Millions of yen, rounded down

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2012
Net sales	82,807	88,165
Cost of sales[1,5]	27,278	29,168
Gross profit	55,528	58,997
Selling, general and administrative expenses		
Sales promotion expenses	9,189	10,860
Packing and transport expenses	3,235	3,386
Advertising expenses	8,631	8,540
Sales commission fee	4,940	5,073
Communications expenses	1,554	1,849
Directors remuneration	467	482
Salaries and bonuses	8,889	9,400
Provision for accrued bonuses	771	771
Retirement benefit expenses	493	519
Provision for retirement benefits for directors and corporate auditors	21	23
Compulsory welfare expenses	1,151	1,091
Welfare expenses	262	270
Depreciation	2,329	2,425
Research and development expenses	813	924
Rent expenses	1,566	1,643
Provisions for allowance for bad debt	21	83
Other	7,331	7,632
Total selling, general and administrative expenses[1,5]	51,670	54,980
Operating income	3,858	4,016
Non-operating income		
Interest income	113	80
Dividend income	141	1
Exchange gain	76	--
Compensation payments received	15	12
Investment income from anonymous associations	19	21
Refund of insurance premiums	14	15
Reversal of allowance for doubtful accounts	82	--
Other non-operating income	154	131
Total net operating income	615	263
Non-operating expenses		
Loss on foreign exchange	--	53
Allowance for bad debts	0	168
Miscellaneous	46	54
Total net operating expenses	46	276
Ordinary income	4,427	4,003

2) Consolidated Statement of Income (continued)

Millions of yen, rounded down

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2012
Extraordinary income		
Gain from sale of fixed assets[2]	--	4
Reversal of allowance for doubtful accounts	--	125
Income from insurance beenfit	--	89
Gain on reversal of subscription rights to shares	--	139
Gain on transfer from business divestitures	--	214
Exchange gain on cash dividends	107	--
Compensation payments received	292	--
Others	--	0
Total extraordinary income	399	572
Extraordinary expenses		
Loss on sale of fixed assets[3]	--	154
Loss on retirement of fixed assets[4]	99	17
Loss on revaluation of marketable securities	4,690	7
Impairment loss[6]	585	482
Loss on store closures	137	134
Disaster loss[7]	--	75
Loss on elimination of integrated shares	--	143
Loss on liquidation of subsidiaries and affiliates	365	--
Other extraordinary expenses	167	57
Total extraordinary expenses	6,046	1,072
Income before income taxes	(1,218)	3,503
Income taxes	1,310	1,039
Adjustment for income taxes	(335)	9
Total income before income taxes	975	1,048
Income before minority interests	(2,193)	2,454
Net income	**(2,193)**	**2,454**

Consolidated Statement of Comprehensive Income

Millions of yen, rounded down

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2012
Income before minority interests	(2,193)	2,454
Other comprehensive income		
Net unrealized holding gain on other securities	11	(9)
Total other comprehensive income*	11	(9)
Comprehensive income	(2,182)	2,444
(Breakdown)		
Comprehensive income attributable to owners of the parent company	(2,182)	2,444
Comprehensive income attributable to minor interests	--	--

3) Changes in Shareholders' Equity During the Period

Millions of yen, rounded down

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2012
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	56,317	56,069
Changes during the period		
Surplus dividend	(2,206)	(2,206)
Net income	(2,193)	2,454
Sale of treasury stock	(10)	(0)
Total change during the period	(4,410)	247
Balance at end of term	51,906	56,317
Treasury stock		
Balance at end of previous term	(360)	(306)
Changes during the period		
Acquisition of treasury stock	(0)	(53)
Sale of treasury stock	27	0
Total change during the period	26	(53)
Balance at end of previous term	(333)	(360)
Total shareholders' equity		
Balance at end of previous term	78,458	78,264
Changes during the period		
Surplus dividend	(2,206)	(2,206)
Net income	(2,193)	2,454
Acquisition of treasury stock	(0)	(53)
Sale of treasury stock	16	0
Total change during the period	(4,383)	193
Balance at end of previous term	74,074	78,458
Valuation differences due to foreign exchange		
Valuation differences on other marketable securities		
Balance at end of previous term	(4)	5
Changes during the period		
Changes to items other than shareholders' equity during the period	11	(9)
Total change during the period	11	(9)
Balance at end of term	6	(4)

Changes in Shareholders' Equity During the Period (continued)

Millions of yen, rounded down

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2012
Total other comprehensive income		
Balance at end of previous term	(4)	5
Changes during the period		
Changes to items other than shareholders' equity during the period	11	(9)
Total change during the period	11	(9)
Balance at end of term	6	(4)
Warrants		
Balance at end of previous term	343	377
Changes during the period		
Changes to items other than shareholders' equity during the period	118	(34)
Total change during the period	118	(34)
Balance at end of term	461	343
Balance at end of term		--
Net assets		
Balance at end of previous term	78,796	78,647
Changes during the period		
Surplus dividend	(2,206)	(2,206)
Net income	(2,193)	2,454
Acquisition of treasury stock	(0)	(53)
Sale of treasury stock	16	0
Changes to items other than shareholders' equity during the period	129	(44)
Total change during the period	(4,254)	149
Balance at end of term	74,542	78,796

Consolidated Statement of Cash Flows

Millions of yen, rounded down

	FY ended March 31, 2013	FY ended March 31, 2012
Cash flows from operating activities		
Income before income taxes	(1,218)	3,503
Depreciation	3,443	3,437
Impairment loss	585	482
Stock compensation expense	134	104
Amortization of goodwill	56	113
Increase (decrease) in allowance for doubtful accounts	(17)	42
Increase (decrease) in allowance for bonuses	(11)	(21)
Increase (decrease) in allowance for points	53	(11)
Increase (decrease) in allowance for retirement benefits	(9)	(449)
Increase (decrease) in allowance for directors retirement bonuses	(62)	17
Interest and dividend income	(254)	(81)
Loss (gain) from foreign exchange	(118)	55
Loss (gain) on investments in anonymous association	(19)	(21)
Loss (gain) on revaluation of investments securities	4,690	7
Loss (gain) on sale of investment securities	--	7
Loss (gain) from sale of fixed assets	--	150
Loss on disposal of fixed assets	99	17
Loss on store closures	137	134
Loss on elimination of integrated shares	--	143
Gain on reversal of subscription rights to shares	--	(139)
Exchange gain on cash dividends	(107)	--
Compensation payments received	(292)	--
Loss on liquidation of subsidiaries and affiliates	365	--
Gain on transfer from business separation	--	(214)
Decrease (increase) in trade receivables	(782)	277
Decrease (increase) in inventories	223	(327)
Decrease (increase) in other current assets	36	330
Decrease (increase) in other fixed assets	72	56
Decrease (increase) in accounts payable	431	(294)
Increase (decrease) in other current liabilities	(821)	1,027
Increase (decrease) in other fixed liabilities	(73)	(19)
Others	53	(57)
Sub-total	6,596	8,272
Interest and dividends received	246	79
Dividends received from anonymous associations	30	10
Proceeds from compensation	292	--
Income taxes paid	(1,019)	(2,041)
Net cash provided by (used in) operating activities	**6,145**	**6,321**

Consolidated Statement of Cash Flows (continued)

Millions of yen, rounded down

	FY ended March 31, 2013	FY ended March 31, 2012
II. Cash flows from investing activities		
Payments into time deposits	--	(500)
Proceeds from refund of fixed-term deposits	500	1,500
Payment for acquisition of marketable securities	(1,000)	(7,000)
Proceeds from redemption and sale of marketable securities	6,138	2,502
Payment for purchase of tangible fixed assets	(1,968)	(2,085)
Proceeds from sales of tangible fixed assets	1	579
Payment for acquisition of intangible fixed assets	(1,406)	(1,863)
Payments for purchase of marketable securities	(4,000)	--
Proceeds from sale and redemption of investment securities	1,000	35
Payments for acquisition of shares in affiliates	(203)	--
Payments for loans	(99)	(90)
Proceeds from collection of loans	125	27
Payment for business separation[3]	--	(365)
Other payments	(102)	(90)
Other proceeds	191	340
Net cash used in investing activities	(822)	(7,008)
III. Cash flows from financing activities		
Proceeds from disposal of treasury stock	0	0
Payment for purchase of treasury stock	(0)	(53)
Cash dividends paid	(2,200)	(2,201)
Others	(50)	(60)
Net cash used in financing activities	(2,251)	(2,315)
IV. Effect of exchange rate changes on cash and cash equivalents	101	(45)
V. Net increase in cash and cash equivalents	3,171	(3,048)
VI. Cash and cash equivalents at the beginning of the period	25,056	28,070
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]	**28,227**	**25,056**

(5) Notes to the Consolidated Financial Statements

Items related to a going concern

None

Significant items for the Preparation of Consolidated Financial Statements

Except for the items stated below, items are omitted for any information that did not change significantly in the period since the most recent Securities Report (filed June 18, 2012).

Changes to the scope of consolidation
On August 21, 2012 in the consolidated fiscal year under review, IIMONO FUDOSAN Co., Ltd. was liquidated and as a result was removed from the scope of consolidation. However, its earnings up until the time it was liquidated are included in the consolidated financial statements.

Changes in Accounting Policies for Items that are Difficult to Categorize as Changes in Accounting Estimates

Effective the fiscal year under review and in line with the corporation tax revision, the Company and its domestic consolidated subsidiaries have changed to a depreciation method based on the revised Corporation Tax Act for tangible fixed assets acquired on or after April 1, 2012. The result of these changes was a ¥73 million increase of operating income and ordinary income, and a decrease of the same amount in net income before income taxes compared to the previous consolidated financial year.

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, 2013	Fiscal year ended March 31, 2012
Investment securities (equities)	865	710
Investments and other assets	311	625

*2 Contingent liabilities
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.
Fiscal year ended March 31, 2013
The company is a co-guarantor of ¥1,528 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, 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..
Fiscal year ended March 31, 2013
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 ¥1,328 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, 2013	Fiscal year ended March 31, 2012
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, 2013	Fiscal year ended March 31, 2012
¥2,498	¥2,646

*2
Fiscal year ended March 31 2012
Income from the sale of fixed assets was primarily due to the sale of manufacturing facilities, etc.

Fiscal year ended March 31, 2013
None

*3
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.

Fiscal year ended March 31 2013
None

*4
Fiscal year ended March 31 2012
Losses from disposal of fixed assets were primarily due disposal of unnecessary assets.

Fiscal year ended March 31 2013
Losses from disposal of fixed assets were primarily due disposal of software in accordance with the termination of use

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

Millions of yen

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2012
Cost of sales	36	12
Selling, general and administrative expenses	2	3
Total	38	15

*6 Impairment losses

Fiscal year ended March 31, 2013
Impairment losses were recorded on assets for the current consolidated fiscal year.

Millions of yen

<table>
<tr><th>Facility</th><th>Type</th><th>Amount</th><th>Location</th></tr>
<tr><td rowspan="10">Retail facilities</td><td>Buildings &. Structures</td><td>214</td><td rowspan="4">Kanto area</td></tr>
<tr><td>Equipment and fixtures</td><td>14</td></tr>
<tr><td>Software</td><td>81</td></tr>
<tr><td>Long-term prepaid expenses</td><td>1</td></tr>
<tr><td>Buildings &. Structures</td><td>8</td><td rowspan="2">Chubu area</td></tr>
<tr><td>Equipment and fixtures</td><td>0</td></tr>
<tr><td>Buildings &. Structures</td><td>31</td><td rowspan="2">Kinki area</td></tr>
<tr><td>Equipment and fixtures</td><td>2</td></tr>
<tr><td>Buildings &. Structures</td><td>4</td><td rowspan="2">Other areas</td></tr>
<tr><td>Equipment and fixtures</td><td>0</td></tr>
<tr><td>Cosmetics related business</td><td>Goodwill</td><td>227</td><td>NICOSTAR BEAUTECH Co., Ltd.</td></tr>
<tr><td colspan="2">Total</td><td>585</td><td></td></tr>
</table>

Recognition of impairment losses:

1. In regards to the retail facilities, the company has accounted for ¥358 million of impairment losses where the book value was reduced to their recoverable value following the decision to close or renovate stores. These have been recorded in extraordinary loss.
2. In regards to the goodwill generated as a result of the acquisition of shares in CHALONE Inc. (absorbed into consolidated subsidiary NICOSTAR BEAUTECH Co., Ltd. on March 1, 2011), the company has recorded ¥227 million of impairment losses since it has become unlikely that the initially forecasted profits will be achieved. 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 stores is 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.

2. The recoverable value of the goodwill is calculated based on the future business plan.

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

Millions of yen

<table>
<tr><th>Facility</th><th>Type</th><th>Amount</th><th>Location</th></tr>
<tr><td rowspan="2">Iijima Office</td><td>Buildings and Structures</td><td>222</td><td rowspan="2">Sakae-ku, Yokohama</td></tr>
<tr><td>Land</td><td>184</td></tr>
<tr><td rowspan="11">Retail facilities</td><td>Buildings &. Structures</td><td>38</td><td rowspan="5">Kanto area</td></tr>
<tr><td>Equipment and fixtures</td><td>5</td></tr>
<tr><td>Lease assets</td><td>9</td></tr>
<tr><td>Software</td><td>1</td></tr>
<tr><td>Long-term prepaid expenses</td><td>0</td></tr>
<tr><td>Buildings &. Structures</td><td>4</td><td rowspan="2">Tohoku area</td></tr>
<tr><td>Equipment and fixtures</td><td>0</td></tr>
<tr><td>Buildings &. Structures</td><td>10</td><td rowspan="2">Kinki area</td></tr>
<tr><td>Equipment and fixtures</td><td>0</td></tr>
<tr><td>Buildings &. Structures</td><td>3</td><td rowspan="2">Chugoku area</td></tr>
<tr><td>Equipment and fixtures</td><td>0</td></tr>
<tr><td colspan="2">Total</td><td>482</td><td></td></tr>
</table>

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 is 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, 2013	Fiscal year ended March 31, 2012
Loss on inventory assets abandoned	--	75

*8 Loss on liquidation of subsidiaries and affiliates

Millions of yen

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2012
Loss on revaluation of capital in affiliates	314	--
Loss on revaluation of inventory assets	51	--
Total	365	--

Items related to the Consolidated Statement of Comprehensive Income

*Other comprehensive income related to reclassification adjustment and tax effect

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2012
Net unrealized holding gain on other securities		
Amount during the term	¥18 million	(¥30) million
Reclassification adjustment	¥-- million	¥12 million
Before tax effect	¥18 million	(¥17) million
Tax effect	(¥6) million	¥7 million
Net unrealized holding gain on other securities	¥11 million	(¥9) million
Total other comprehensive income	¥11 million	(¥9) million

Changes to Shareholders' Equity During the Period April 1, 2012 to March 31, 2013

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

	Number of shares as of March 31, 2012	Increase of shares during fiscal year to March 31, 2013	Decrease of shares during fiscal year to March 31, 2013	Number of shares as of March 31, 2013
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)	291,185	572	22,000	269,757
Total	291,185	572	22,000	269,757

Note: 1. The increase of 572 in common shares was due to the purchase of odd lot shares.
2. The decrease of 22,000 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, 2013 (¥ million)
			FY ending March 31, 2012	Increase of shares during fiscal year to March 31, 2013	Decrease of shares during fiscal year to March 31, 2013	Number of shares at end fiscal year March 31, 2013	
Parent company	Stock option share warrants	—	—	—	—	—	461
Total			—	—	—	—	461

3. Dividends

(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividends per share	Dividend record date	Effective date
May 2, 2012 Board of directors' meeting	Common shares	¥1,103 million	¥17.00	March 31, 2012	June 18, 2012
November 2, 2012 Board of directors' meeting	Common shares	¥1,103 million	¥17.00	September 30, 2012	December 5, 2012

(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 13, 2013 Board of directors' meeting	Common shares	¥1,103 million	Profit reserve	¥17.00	March 31, 2013	June 17, 2013

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 797-1 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

Items related to the Consolidated Statements of Cash Flows

(Millions of yen)

April 1, 2012 to March 31, 2013		April 1, 2011 to March 31, 2012	
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, 2013		As at March 31, 2012
Cash and deposits	18,720	Cash and deposits	18,149
Marketable securities	13,359	Marketable securities	13,382
TOTAL	32,080	TOTAL	31,532
Fixed deposits with maturities exceeding 3 months	-	Fixed deposits with maturities exceeding 3 Months	(500)
Marketable securities with maturities exceeding 3 months	(3,852)	Marketable securities with maturities exceeding 3 months	(5,976)
Cash and cash equivalents	28,227	Cash and cash equivalents	25,056

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, 2012 to March 31, 2013 *(Millions of yen)*

	Cosmetics Business	Nutritional Supplements Business	Total	Other	Total	Adjustments	Consolidated
1. Sales and operating income:							
(1) Sales to external customers	46,721	26,601	73,322	9,484	82,807	--	82,807
(2) Inter-segment sales or transfers	--	--	--	--	--	--	--
Total sales	46,721	26,601	73,322	9,484	82,807	--	82,807
Segment income (loss)	3,888	1,962	5,851	(290)	5,561	(1,702)	3,858
Segment Assets	35,513	15,882	51,396	7,116	58,513	28,335	86,849
Others							
Impairment losses	2,145	857	3,002	315	3,317	83	3,401
Amortization of goodwill	56	--	56	--	56	--	56
Increase in tangible and intangible fixed assets	1,697	986	2,683	271	2,955	35	2,991

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 (¥1,702) 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 ¥28,335 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, 2012 to March 31, 2013

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

Millions of yen, rounded down

Japan	Asia	Other	Total
74,299	8,489	18	82,807

Note: Sales are based on the location of customers, and are classified by country or region.

(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, 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.

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, 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.

Impairment losses on tangible fixed assets by segment

For the fiscal year April 1, 2012 to March 31, 2013 *(Millions of yen)*

	Segments			Other Businesses	Eliminations or Corporate	Consolidated
	Cosmetics Business	Nutritional Supplements Business	Total			
Impairment loss	361	158	519	65	--	585

Note: 1. Amounts for Other businesses include the hatsuga genmai, kale juice, beauty clinic and other businesses

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.

Amortization of goodwill and balance of unamortized goodwill by segment

For the fiscal year April 1, 2012 to March 31, 2013

No balance of unamortized goodwill. With regard to the balance of amortized goodwill, the same information is provided in Segment Information and therefore was omitted.

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			
Balance at end of term	284	--	284	--	--	284

Note: With regard to the balance of amortized goodwill, the same information is provided in the Segment Information and therefore was omitted.

Occurrence of negative goodwill by segment

For the fiscal year April 1, 2012 to March 31, 2013

No applicable items

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

No applicable items

Items related to Business Integration

Consolidated fiscal year April 1, 2012 to March 31, 2013
No applicable items

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, 2013	FY ended March 31, 2012
Net assets per share	1,141.35	1,209.11
Net income per share	(¥33.81)	¥37.82
Net income per share (diluted)	Net income per share (diluted) is omitted as a net loss was recorded	¥37.68

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, 2013	FY ended March 31, 2012
Net income per share		
Net income (loss) (¥ million)	(2,193)	2,454
Amount not attributable to common shareholders (¥ million)	--	--
Net income (loss) attributable to common shares (¥ million)	(2,193)	2,454
Average number of outstanding common shares during the year (1,000 shares)	64,886,796	64,897,708
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
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

At a board meeting held on May 13, 2013, the directors resolved to acquire treasury stock pursuant to Article 459, Section 1 of the Companies Act of Japan, and in accordance with the Company's articles of association, based on Article 156 of the Companies Act of Japan.

1. Reasons for the acquisition of treasury stock
   Treasury stock acquisition is being undertaken in an effort to enhance shareholder returns and to improve capital efficiency by exercising flexible capital asset policy in response to changes in the environment.

2. Details of the acquisition of treasury stock

Type of shares	Common shares
Total number of shares	1,500,000 shares (upper limit)
	*Ratio to total shares issued (less treasury stock): 2.3% (as of March 31, 2013)
Acquisition amount	¥1.8 billion (upper limit)
Acquisition period	May 15, 2013 through to September 20, 2013
Method of acquisition	Purchase on the Tokyo Stock Exchange

4. Other

(1) Changes Regarding Directors

In addition to those announced on January 15 in the "Notice Regarding Change to Representative Directors and Directors", details of future scheduled changes will be announced as they are decided.

(2) Other

No applicable items