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Revisions to Non-consolidated and Consolidated Forecasts

FANCL CORPORATION is revising as follows its interim and full-year non-consolidated and consolidated forecasts for the current fiscal year ending March 31, 2005 in view of recent trends in operating results. These forecasts replace the interim and full-year non-consolidated forecasts that were released at the time of the earnings announcement on April 27, 2004.

1. Revisions to interim non-consolidated forecasts (April 1, 2004 to September 30, 2004)

(Millions of yen)

	Net sales	Ordinary income	Net income
Previous forecast (A) (April 27, 2004)	32,650	200	50
Revised forecast (B)	33,153	822	224
Increase/(decrease) (B - A)	503	622	174
Percentage change (%)	1.5	311.3	349.7
Result for the previous first half (ended September 30, 2003)	32,509	4,018	1,718

2. Revisions to interim consolidated forecasts (April 1, 2004 to September 30, 2004)

(Millions of yen)

	Net sales	Ordinary income	Net income
Previous forecast (A) (April 27, 2004)	42,950	1,300	500
Revised forecast (B)	42,245	1,490	148
Increase/(decrease) (B - A)	(704)	190	(351)
Percentage change (%)	(1.6)	14.6	(70.2)
Result for the previous first half (ended September 30, 2003)	41,198	5,163	2,231

3. Revisions to non-consolidated forecasts for the fiscal year ending March 31, 2005 (April 1, 2004 to March 31, 2005)

(Millions of yen)

	Net sales	Ordinary income	Net income
Previous forecast (A) (April 27, 2004)	72,000	2,200	1,150
Revised forecast (B)	69,500	3,400	1,500
Increase/(decrease) (B - A)	(2,500)	1,200	350
Percentage change (%)	(3.5)	54.5	30.4
Result for the previous fiscal year (ended March 31, 2003)	66,448	5,906	2,602

(Reference) Projected net income per share (full year) ¥70.48.

4. Revisions to consolidated forecasts for the fiscal year ending March 31, 2005 (April 1, 2004 to March 31, 2005)

(Millions of yen)

	Net sales	Ordinary income	Net income
Previous forecast (A) (April 27, 2004)	93,000	5,200	2,700
Revised forecast (B)	88,000	5,200	1,700
Increase/(decrease) (B - A)	(5,000)	–	(1,000)
Percentage change (%)	(5.4)	–	(37.0)
Result for the previous fiscal year (ended March 31, 2003)	84,956	7,686	3,387

(Reference) Projected net income per share (full year) ¥79.88.

5. Reasons for forecast revisions

(1) Interim forecasts

The cosmetics and nutritional supplements businesses have recorded strong sales of products such as Mild Cleansing Oil and Coenzyme Q10, and given rise to the expectation that product sales will exceed planned levels. Non-consolidated net sales, therefore, are expected to come in above the previous forecast. Regarding consolidated net sales, however, the IIMONO OHKOKU mail-order, *Hatsuga Genmai* (germinated brown rice), Kale Juice, and other businesses are expected to turn in sales results below previous forecasts.

With the high-margin cosmetics and nutritional supplements businesses expected to surpass sales forecasts, non-consolidated ordinary income and interim net income are also expected to beat previous forecasts. Consolidated interim net income, however, is likely to fall well below the original forecast due to the write down of deferred tax assets related to IIMONO OHKOKU Co., Ltd., and to other factors. Original plans called for IIMONO OHKOKU Co., Ltd. to achieve profitability during the current fiscal year, but with the likelihood that it will report a loss for a second consecutive year, it became necessary to write down the related deferred tax asset.

(2) Full-year forecasts

The cosmetics and nutritional supplements businesses are expected to achieve net sales in line with original forecasts. However, with the IIMONO OHKOKU mail-order, *Hatsuga Genmai*, Kale Juice, and other businesses expected to report sales below forecasts, both non-consolidated and consolidated net sales will likely fall short of original forecasts.

Regarding earnings, sales in the high-margin cosmetics and nutritional supplements businesses are basically on target, and, with the help of planned cost reductions, non-consolidated ordinary income and net income should surpass original forecasts. Consolidated net income is expected to fall short of original plans due to a loss recorded on a lease cancellation associated with introduction of a new manufacturing process for *Hatsuga Genmai* and other losses anticipated in the second half.

Forward Looking Statements: Forecasts regarding future performance in these materials are based on estimates and judgments of the Company's management made in accordance with information available at the time this report was prepared. Forecasts therefore embody risks and uncertainties. Actual results may differ significantly from these forecasts for a number of factors.