

## FANCL CORPORATION Revises Interim and Full-year Forecasts

Yokohama, October 25, 2006 – FANCL CORPORATION (“FANCL”), one of Japan’s leading producers of preservative-free cosmetics and nutritional supplements, today issued revised interim and full-year forecasts for the fiscal year ending March 31, 2007 in consideration of recent business trends. Details of the revised forecasts are as follows, along with the previous forecasts issued on May 1, 2006 and August 2, 2006.

### 1. Revised consolidated forecasts

#### Interim forecasts (April 1, 2006 to September 30, 2006)

(¥ million)

	Net sales	Ordinary income	Net income
Previous forecasts (A)	48,000	3,500	1,900
<b>Revised forecasts (B)</b>	<b>47,980</b>	<b>2,826</b>	<b>1,581</b>
Change (B) - (A)	-19	-673	-318
Change in percent	-0.0%	-19.2%	-16.8%
Results for interim period ended September 30, 2005	45,766	4,449	2,332

### 2. Revised non-consolidated forecasts

#### Interim forecasts (April 1, 2006 to September 30, 2006)

(¥ million)

	Net sales	Ordinary income	Net income
Previous forecasts (A)	37,000	2,600	1,500
<b>Revised forecasts (B)</b>	<b>36,512</b>	<b>2,115</b>	<b>1,118</b>
Change (B) - (A)	-487	-484	-381
Change in percent	-1.3%	-18.6%	-25.4%
Results for interim period ended September 30, 2005	36,312	3,002	1,535

### 3. Revised consolidated forecasts

#### Fiscal year 2007 forecasts (April 1, 2006 to March 31, 2007)

(¥ million)

	Net sales	Ordinary income	Net income
Previous forecasts (A)	102,500	11,000	6,200
<b>Revised forecasts (B)</b>	<b>98,700</b>	<b>7,500</b>	<b>4,100</b>
Change (B) - (A)	-3,800	-3,500	-2,100
Change in percent	-3.7%	-31.8%	-33.9%
Results for FY 2006	95,322	9,113	5,183

(Net income per share forecast for fiscal year ending March 2007: ¥63.34)

#### 4. Revised non-consolidated forecasts

Fiscal year 2007 forecasts (April 1, 2006 to March 31, 2007)

(¥ million)

	Net sales	Ordinary income	Net income
Previous forecasts (A)	79,000	8,500	4,800
<b>Revised forecasts (B)</b>	<b>74,500</b>	<b>5,200</b>	<b>2,700</b>
Change (B) - (A)	-4,500	-3,300	-2,100
Change in percent	-5.7%	-38.8%	-43.8%
Results for FY 2006	74,628	5,833	2,848

(Net income per share forecast for fiscal year ending March 2007: ¥41.71)

#### 5. Reason for revision of forecasts

##### (1) Interim results forecast

Overall net sales were broadly inline with plans as stronger than expected sales from Cosmetics businesses and other businesses compensated for a shortfall in Nutritional Supplements businesses.

However, ordinary income and net income for the interim period are expected to be lower than previously forecast mainly as a result of lower than expected sales in the highly profitable Nutritional Supplements businesses and the impact of high price of certain raw materials on Other businesses.

##### (2) Full year results forecasts

In the Nutritional Supplements businesses, a significant downward revision of sales and income has been made to reflect the expected continuation of the highly competitive environment into the second half of the current fiscal year.

Also in the Other businesses the lower than expected profits in the first half are not expected to show significant improvements in the second half of the fiscal year. Because the Cosmetics businesses is not expected to cover the shortfall of the Nutritional Supplements businesses and Other businesses, forecasts for the full year have been revised downwards.

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Forecasts and forward-looking statements in this document are 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 economic conditions, legislative and regulatory developments, and pricing and product initiatives of competitors.