

January 8, 2003

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Notice Regarding FANCL Square

At a meeting of the Board of Directors today, FANCL CORPORATION approved a resolution concerning FANCL Square (Ginza Building) as outlined below.

1. Purpose

FANCL Square will open along Chuo Dori in Ginza 5-chome as a space offering new discoveries and experiences related to beauty and health.

A CyberVision large screen display will be installed on the face of the building to increase FANCL's name recognition by showing advertisements and providing timely information. New ideas and new services using FANCL products will be available inside the building, including detailed counseling by counselors with specialized knowledge of cosmetics and health foods, a safe and reliable esthetic salon run by a medical institution, and a café that uses germinated brown rice and kale juice. The building will serve as an advertising tower for the FANCL Group and help raise the value of the FANCL brand.

2. Summary

Address: 5-8-16 Ginza, Chuo-ku, Tokyo
Site area: 289.91 sq. meters
Building area: 252.47 sq. meters (Total floor area: 2,609.19 sq. meters)
Size: 2 basement floors and 10 above-ground floors
Structure: Steel-frame reinforced concrete

3. Floor Summary

| | Floor Composition | Form of Management | Activities |
|-----|-------------------------|----------------------------|--|
| 10F | Guest Room | -- | Floor for greeting FANCL Group customers |
| 9F | Restaurant (Dorobushi) | Managed by other company | Japanese restaurant using organic vegetables |
| 8F | | | |
| 7F | Esthetic salon | Self-managed | Facial and body esthetic floor |
| 6F | Medical esthetic salon | Managed by outside company | Floor for esthetics performed by medical institution |
| 5F | Esthetic salon | Self-managed | Floor for low-cost, short-time esthetic care |
| 4F | Counseling and shopping | Self-managed | Counseling services and sale of FANCL products |
| 3F | | | |
| 2F | Café | Consignment | Floor offering light meals using germinated brown rice and kale juice |
| 1F | Entrance | -- | |
| B1F | Cafeteria | Consignment | Floor offering side dishes using germinated brown rice and kale juice. |
| B2F | Utility room | -- | |

4. Scheduled Opening Date

April 4, 2003

5. Amount of Investment

| | |
|-----------|----------------|
| Buildings | ¥1,204 million |
| Land | ¥4,470 million |
| Other | ¥1,235 million |
| Total | ¥6,910 million |

¥4,959 million of the above total has already been paid, as of the end of September 2002.

6. Future Outlook

Projected results for FANCL Square are as follows.

(Millions of yen)

| | Year ending March 2004 | Year ending March 2005 | Year ending March 2006 |
|---|------------------------|------------------------|------------------------|
| Net sales | 867 | 902 | 933 |
| Gross profit | 640 | 666 | 687 |
| Selling and administrative expenses | 1,142 | 879 | 849 |
| [Equivalent amount of advertising expenses] | [228] | [228] | [228] |
| Operating profit (loss) | (274) | 14 | 65 |

*CyberVision on the front side of the building, neon advertisements on the roof, and the Guest Room on the 10th floor will serve as publicity for the entire FANCL Group, and the costs of these are considered within the framework of the Group's total advertising expenses. Therefore, advertising expenses are excluded in calculating operating profit above.

Projections for consolidated results will be announced together with the announcement of results for the current fiscal year.