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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, 2004 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 24, 2003 and the revised interim and full-year consolidated forecasts that were released at the time of the first-quarter earnings announcement on July 23, 2003.

### 1. Revisions to interim non-consolidated forecasts (ended September 30, 2003)

(Millions of yen)

	Net sales	Ordinary income	Net income
Previous forecast (A) (April 24, 2003)	37,000	3,800	2,200
Revised forecast (B)	32,509	4,018	1,718
Increase/(decrease) (B-A)	(4,491)	218	(482)
Percentage change (%)	(12.1)	5.7	(21.9)
Result for the previous first half (ended September 30, 2002)	34,614	4,979	2,856

### 2. Revisions to interim consolidated forecasts (ended September 30, 2003)

(Millions of yen)

	Net sales	Ordinary income	Net income
Previous forecast (A) (July 23, 2003)	42,500	4,400	2,600
Revised forecast (B)	41,198	5,163	2,231
Increase/(decrease) (B-A)	(1,302)	763	(369)
Percentage change (%)	(3.1)	17.3	(14.2)
Result for the previous first half (ended September 30, 2002)	43,538	5,929	3,077

3. Revisions to non-consolidated forecast for the fiscal year ending March 31, 2004 (ended March 31, 2004)

(Millions of yen)

	Net sales	Ordinary income	Net income
Previous forecast (A) (April 24, 2003)	76,700	9,400	5,400
Revised forecast (B)	67,200	5,500	2,600
Increase/(decrease) (B-A)	(9,500)	(3,900)	(2,800)
Percentage change (%)	(12.4)	(41.5)	(51.9)
Result for the previous fiscal year (ended March 31, 2003)	70,733	9,523	5,327

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

(Millions of yen)

	Net sales	Ordinary income	Net income
Previous forecast (A) (July 23, 2003)	92,100	11,300	6,600
Revised forecast (B)	85,200	7,700	3,700
Increase/(decrease) (B-A)	(6,900)	(3,600)	(2,900)
Percentage change (%)	(7.5)	(31.9)	(43.9)
Result for the previous fiscal year (ended March 31, 2003)	90,025	11,849	6,428

5. Reasons for forecast revisions

(1) Interim forecasts

In the cosmetics business, a decline in the number of customers and sluggish demand for the mainstay skin care products caused mail-order sales and retail store sales to fall short of previous forecasts. In the germinated brown rice business, both mail order and OEM supply remained sluggish. As a result of these and other factors non-consolidated and consolidated net sales are now expected to fall short of previous forecasts. Regarding earnings, non-consolidated and consolidated ordinary incomes are expected to exceed the previous forecasts, reflecting lower-than-budgeted sales promotion expenses and cutbacks in communications and other operating expenses. Net income, affected by an extraordinary expenses related to the provision of allowance for directors' retirement bonuses for prior years' service, is likely to be lower than forecast.

(2) Full-year forecasts

With no immediate prospect of recovery in the number of customers in the current fiscal year, net sales in the cosmetics business are likely to be lower than forecast. In the germinated brown rice business, both mail order and OEM supply are likely to stay sluggish. As a result of these and other factors non-consolidated and consolidated net sales are now expected to be lower than the previous forecasts. Affected by several factors, both non-consolidated and consolidated ordinary and net incomes are now expected to fall short of previous forecasts. Lower-than-expected sales will noticeably squeeze the gross profit margin. While other SG&A expenses, such as communications expenses, are likely to be lower, the benefits will be offset by stepped up spending on advertising and sales promotion in the second half to boost sales from the next fiscal year onward.

***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.*