

## **Fantastic Natural Cosmetics Limited and Fantastic Natural Cosmetics (China) Limited to become subsidiaries through acquisition of shares**

**YOKOHAMA, September 10, 2009** – At a board meeting held today, and as announced on August 25 in the release entitled “Transfer of treasury shares by third-party allotment concomitant with business and capital alliance and change of main shareholders”, the directors of FANCL CORPORATION (“FANCL”) resolved to acquire shares of Fantastic Natural Cosmetics Limited (“FNL”) and Fantastic Natural Cosmetics (China) Limited (“FNCCL”) making these two companies subsidiaries.

### **1. Reason for acquisition of shares**

FANCL has positioned 2009 as a year in which to commence globalization, and is aiming to enhance its reputation with consumers all around the world by contributing to the quality of women’s skin globally through a range of additive-free cosmetic products. FNL and FNCCL, as business and capital alliance partners, have successfully grown sales of FANCL products in Hong Kong and China and positioned FANCL as a premium brand, based on the conviction that advanced, additive-free skin care would provide the highest ultimate customer satisfaction. FANCL has now resolved to acquire 40% of the outstanding shares of FNL and FNCCL, making these two companies subsidiaries under the Financial Instruments and Exchange Law of Japan, with the aim of strengthening our beneficial business and capital partnership while increasing awareness of additive-free cosmetics globally and unifying the FANCL brand in domestic and international markets.

### **2. Outline of subsidiaries**

FNL

(1)	Name	Fantastic Natural Cosmetics Limited
(2)	Address	20 <sup>th</sup> Floor, Sun Life Tower The Gateway, Harbour City Tsimshatsui, Kowloon Hong Kong
(3)	President	Managing Director, Chan Chi Ming, Christopher
(4)	Main business	Import and sale of cosmetics and health food products
(5)	Capital	HK \$7.5 million
(6)	Established	March 7, 1996

(7)	Main shareholders and shareholder ratio	Chan Chi Ming, Christopher: 70% Ma Mok Lan: 30%		
(8)	Relationship to FANCL			
	Capital relationship	There is no material capital relationship between FANCL and FNL, nor is there any material capital relationship between personnel or companies affiliated with FANCL and personnel or companies affiliated with FNL.		
	Personnel relationship	There are no material personnel relationships between FANCL and FNL, nor are there any material personnel relationships between personnel or companies affiliated with FANCL and personnel or companies affiliated with FNL.		
	Business relationship	Dedicated import and sales of FANCL products through exclusive agency contract for Hong Kong and Macau		
(9)	FNL three-year consolidated operating results and consolidated financial position (millions of yen)			
	Years ended:	March 2007	March 2008	March 2009
	Total equity	3,456	3,972	4,752
	Total assets	4,860	7,356	7,680
	Net assets per share	¥460.80	¥529.80	¥633.72
	Consolidated sales	5,820	6,756	8,028
	Operating profit	612	684	1,128
	Net profit before tax	852	864	1,212
	Profit for the year	732	732	1,008
	Net income per share	¥97.44	¥97.80	¥135.12
	Dividends per share	¥27.36	¥28.80	¥31.20

1. Figures for fiscal 2007 and 2008 are from an auditor's report by accountants in Hong Kong. Figures for fiscal 2009 are unaudited.

2. Chan Chi Ming, Christopher and Ma Mok Lan, the shareholders as of August 31, 2009, are scheduled to be paid a dividend of approximately HK \$444.2 million (¥5,330 million). The amount of consolidated net assets at the time of the share transfer is expected to be net of the amount of this dividend amount.

3. Currency translation calculations assume a rate of HK \$1 to ¥12, based on recent foreign exchange market rates. (Figures in the press release issued on August 25, 2009 are displayed in Hong Kong dollars)

FNCCL

(1)	Name	Fantastic Natural Cosmetics (China) Limited		
(2)	Address	20 <sup>th</sup> Floor, Sun Life Tower The Gateway, Harbour City Tsimshatsui, Kowloon Hong Kong		
(3)	President	Managing Director, Chan Chi Ming, Christopher		
(4)	Main business	Import and sale of cosmetics and health food products		
(5)	Capital	HK \$10,000		
(6)	Established	January 27, 1999		
(7)	Main shareholders and shareholder ratio	CMC China Holdings Limited: 60% Chan Chi Ming, Christopher: 39.99% Ma Mok Lan: 0.01%		
(8)	Relationship to FANCL			
	Capital relationship	There is no material capital relationship between FANCL and FNCCL, nor is there any material capital relationship between personnel or companies affiliated with FANCL and personnel or companies affiliated with FNCCL.		
	Personnel relationship	There are no material personnel relationships between FANCL and FNCCL, nor are there any material personnel relationships between personnel or companies affiliated with FANCL and personnel or companies affiliated with FNCCL.		
	Business relationship	Dedicated import and sales of FANCL products through exclusive agency contract for mainland China.		
(9)	FNCCL three-year consolidated operating results and consolidated financial position (millions of yen)			
	Years ended:	FY ended December 2006	FY ended December 2007	FY ended December 2008
	Total equity	144	852	2,316
	Total assets	672	1,524	3,780
	Net assets per share	¥14,880	¥85,536	¥231,696
	Consolidated sales	1,668	4,464	7,908
	Operating profit	156	804	1,632
	Net profit before tax	168	816	1,728
	Profit for the year	139	691	1,414
	Net income per share	¥13,908	¥69,132	¥141,444
	Dividends per share	¥--	¥--	¥--

1. The above figures are unaudited and were compiled by FNCCL from figures from the auditor's

report by accountants of each of the Hong Kong and Chinese subsidiaries.

2. Chan Chi Ming, Christopher and Ma Mok Lan, the shareholders as of August 31, 2009, are scheduled to be paid a dividend of approximately HK \$297 million (¥3,564 million). The amount of consolidated net assets at the time of the share transfer is expected to be net of the amount of this dividend amount.

3. Currency translation calculations assume a rate of HK \$1 to ¥12, based on recent foreign exchange market rates. (Figures in the press release issued on August 25, 2009 are displayed in Hong Kong dollars)

### 3. Outline of share transaction partners

(1)	Name	Chan Chi Ming, Christopher	Ma Mok Lan
(2)	Location	Kowloon, Hong Kong	As at left
(3)	Relationship to FANCL	<p>FANCL has a contractual business relationship with the independent agencies of the company these two individuals have invested in.</p> <p>Further, FANCL has invested in CMC Holdings Limited through a transfer of treasury shares allocated to a third party representing 5.52% of the total number of our outstanding shares.</p> <p>CMC Holdings Limited are expected to receive 4.53% of FANCL shares from Kenji Ikemori, the founder of FANCL, and are expected to become a major shareholder with 10.05% of FANCL shares.</p>	As at left

**4. Number of shares acquired, acquisition amount and status of shares held before and after transaction.**

FNL

(1) Number of shares before transfer	0 shares (Voting rights: 0) (Percentage of shares held: 0%)
(2) Number of shares acquired	3,000,000 shares (all shares from Chan Chi Ming, Christopher) (Voting rights: 3,000,000) (Acquisition amount: ¥3,400 million)
(3) Number of shares after transfer	3,000,000 shares (Voting rights: 3,000,000) (Percentage of shares held: 40.0%)

FNCCL

(1) Number of shares before transfer	0 shares (Voting rights: 0) (Percentage of shares held: 0%)
(2) Number of shares acquired	4,000 shares (3,999 shares from Chan Chi Ming, Christopher and 1 share from Ma Mok Lan) (Voting rights: 4,000) (Acquisition amount: ¥6,400 million)
(3) Number of shares after transfer	4,000 shares (Voting rights: 4,000) (Percentage of shares held: 40.0%)

**5. Schedule**

(1) Board of directors meeting	September 10, 2009
(2) Delivery of shares	September 25, 2009 (estimate)

**6. Impact on results**

The impact of including these companies in the scope of consolidation on our financial results for the year ending March 2010 is currently being calculated. This information will be disclosed as soon as it is available.