

April 30, 2013

FANCL Corporation
TSE 1st Section: 4921

Notice Regarding Extraordinary Loss and Revisions to Results Forecasts

Yokohama, April 30, 2013—The consolidated results forecast for the fiscal year ended March 31, 2013 announced with the interim consolidated financial results on November 2, 2012, have been revised following the recording of an extraordinary loss. Details are as follows:

1. Revisions to full-year consolidated results forecast (April 1, 2012 to March 31, 2013)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (¥)
Previously announced forecasts (A)	83,500	4,200	4,200	2,100	32.36
Revised forecasts (B)	82,807	3,858	4,427	(2,193)	(33.81)
Change (B – A)	(692)	(341)	227	(4,293)	
Percentage change (%)	(0.8)	(8.1)	5.4	--	
Reference: Results for the fiscal year ended March 31, 2012	88,165	4,016	4,003	2,454	37.82

2. Reasons for change

The consolidated results forecast for the fiscal year ended March 31, 2013 has been revised in light of recent trends in our financial results and the occurrence of the following extraordinary loss recorded during the fourth quarter.

(1) Loss from revaluation of investment securities

In September 2009, FANCL acquired 40% of outstanding shares of Fantastic Natural Cosmetics (China) Limited (“FNCCL”), a sales representative company in China, aiming to strengthen relations with them. However, due to factors including regulations on food imports by the Chinese government after The Great East Japan Earthquake, a boycott of Japanese products in China since September 2012 related to the Senkaku Island dispute, and the effects of a prolonged economic downturn in China, we have recorded a ¥4,690 million loss from revaluation of investment securities in respect of impairment regarding FNCCL shares.

(2) Other extraordinary losses

1) Loss on liquidation of subsidiaries and affiliates

A loss on liquidation of subsidiaries and affiliates of ¥365 million was recorded due to the withdrawal of retail operations developed as a test for the Chinese market by FANCL

wholly owned subsidiary ATTENIR CORPORATION.

2) Other

A loss on closure of stores of ¥633 million was recorded due to reorganizing unprofitable stores.

3. Dividend forecast

There are no changes to the dividend forecast.

An annual dividend of ¥34.00 per share is forecast, composed of interim and year-end dividend payments of ¥17.00 respectively.

As announced on January 15, and in order to make progress towards globalizing our Company and renewing corporate growth, we have brought our Company founder and Honorary Chairman, Kenji Ikemori into a new company structure where he can be directly involved in executive management.

As management implements the new system, we are undertaking dramatic reforms for improvement by consistent oversight of pending issues and unprofitable businesses and by promoting the strengthening our understanding of our customers, our original corporate strength.

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