

June 28, 2013

FANCL Corporation
TSE 1st Section: 4921

Notice regarding loan waiver for consolidated subsidiary

Yokohama, June 28, 2013—As announced on June 13, 2013, at a board meeting held June 12, 2013, the directors of FANCL Corporation concluded a basic agreement on the transfer of shares of consolidated subsidiary NEUES Co., Ltd. (hereafter the “Consolidated Subsidiary”) along with a waiver of loans for the same subsidiary upon transfer of shares based on the same agreement. It has been resolved that the share transfer will be implemented on July 1, 2013, along with a waiver of loans for the Consolidated Subsidiary. Details follow:

1. Outline of consolidated subsidiary subject to share transfer

(1)	Name	NEUES Co., Ltd.
(2)	Head office	3-17-2 Shibuya, Shibuya-ku, Tokyo
(3)	Representative Director	Masayuki Miyabe, Representative Director and President
(4)	Main business	Management of beauty salons
(5)	Capital	60 million yen
(6)	Date of establishment	October 14, 1982
(7)	Major shareholder and percentage of shares held	Fancl 100%
(8)	Net assets	-596 million yen
(9)	Total assets	814 million yen

2. Reason for loan waiver

To date, FANCL has focused on improving the business of the Consolidated Subsidiary concerned. However, it has been unable to break away from the severe operating environment, and in order to develop the business of the Consolidated Subsidiary, it was deemed necessary to integrate the subsidiary with a more suitable business and transfer all outstanding shares. To ensure the successful implementation of the share transfer, FANCL has resolved to implement a loan waiver for the Consolidated Subsidiary.

In light of both the property and revenue of the subsidiary concerned, FANCL could continue to support the Consolidated Subsidiary, however since the estimated loss after waiving the loans will be smaller than a loss for liquidating the company, despite FANCL incurring a loss, it was deemed necessary for FANCL to waive the loan in order to avoid incurring a larger loss.

3. Components of loan waiver

Type of debt: Loan

Amount of debt to be waived: 912 million yen

Date of implementation: June 28, 2013

4. Forecasts

Due to the fact that 619 million yen of the debt waiver has already been recorded in allowance for bad debts in the fiscal period ending March 31, 2013, the amount of loss newly recorded as a result of the loan waiver will be 293 million yen. Although FANCL has not announced results forecast for the current fiscal year, based on the limited effect the loan waiver had on results of the previous fiscal year, the effect on results for the current fiscal year is expected to be negligible.

*****ENDS*****

For further information please contact:

IR & Public Relations Group

Tel. +81 45 226-1470

Email: 4921ir@fancl.co.jp