

November 11, 2013

FANCL Corporation
TSE 1st Section: 4921

Notice Regarding Withdrawal from Taiwan and Singapore Retail Businesses, Liquidation of Locally Incorporated Taiwanese Company, and Recording of Extraordinary Loss

Yokohama, November 11, 2013— At a board meeting held today, the directors of FANCL Corporation resolved to withdraw from its Taiwan and Singapore retail businesses, and as a result liquidate FANCL TAIWAN Co., Ltd. (hereafter “Taiwan FANCL”). As a result of the withdrawal, FANCL will record an extraordinary loss in the interim consolidated period for the fiscal year ending March 31, 2014 (April 1, 2013 – September 30, 2013). Details are as follows:

1. Reason for withdrawal from Taiwan and Singapore business and liquidation of Taiwan FANCL

The FANCL Group has operated its wholly-owned subsidiary in Singapore, FANCL ASIA (PTE) LTD (hereafter “FANCL Asia”), since 2000, and FANCL Asia’s wholly-owned subsidiary in Taiwan, Taiwan FANCL, since 2001, both of which have been operating retail stores locally.

However, as retail operations in both countries have continued to record losses, the future continuation of the businesses was placed under review, and in light of the progress made independently by the businesses themselves to improve business performance, their difficult position will make a quick recovery difficult.

In consideration of the above, it was decided that the liquidation of retail stores operated by the local Taiwanese subsidiaries, and transferring development of stores newly established by EASE VENTURES LIMITED, FANCL’s sales agent for the Asia region (excluding Japan, Hong Kong, Macau, and mainland China), is the optimal approach. Accordingly, FANCL has decided to withdraw from the retail business in these regions, and focus on wholesale sales to its sales agent.

Furthermore, since Taiwan FANCL only operates the retail business, the company will be liquidated following the withdrawal of the business.

2. Outline of businesses to be discontinued

(1) Businesses to be discontinued

Retail businesses in Taiwan and Singapore

(2) Business performance

	Amounts (a)	FY March 2013 consolidated results (b)	Ratio (a/b)
Sales	¥1,143 million	¥82,807 million	1.4%
Gross profit	¥625 million	¥55,528 million	1.1%
Operating income	(¥46 million)	¥3,858 million	(1.2%)
Ordinary income	(¥43 million)	¥4,427 million	(1.0%)

(3) Handling of employees and assets associated with discontinued businesses

Employees of the businesses (total: 157 as of September 30), are scheduled to be discharged as a result of business withdrawal. Assets, such as those associated with the retail stores are, in principle, expected to be written off.

3. Outline of locally incorporated Taiwanese company to be liquidated

(1) Name	FANCL TAIWAN Co., Ltd.	
(2) Location	14F., No.44, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City, Taiwan R.O.C.	
(3) Representative	President, Toru Tsurusaki	
(4) Outline of business	Sales of FANCL products in Taiwan	
(5) Capital	192,200,000 Taiwan dollars	
(6) Date of establishment	June 12, 2001	
(7) Main shareholders (share)	FANCL ASIA (PTE) LTD (100%)	
(8) Relationship between company and FANCL Corporation	Capital relationship	The company is 100% owned by FANCL Corporation consolidated subsidiary FANCL Asia
	Personnel relationship	From FANCL Corporation, 1 director and 2 employees are the company's directors, and 1 Executive Officer concurrently serves as the company's auditor
	Business relationship	The company purchases products from 100% FANCL Corporation consolidated subsidiary FANCL Asia

	Status regarding related party transactions	The company is a non-consolidated subsidiary of FANCL Corporation
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4. Schedule

November 11, 2013	Decision on withdrawal from Taiwan and Singapore retail businesses and liquidation of Taiwan FANCL
March 2014	Withdrawal from Taiwan and Singapore retail businesses (Switch to wholesale business to sales agencies)
July-September 2014	Completion of liquidation of Taiwan FANCL

5. Details of extraordinary loss

As a result of the withdrawal from the Taiwan and Singapore retail businesses and liquidation of Taiwan FANCL, an extraordinary loss of ¥891 million will be recorded in the interim consolidated results for the fiscal year ending March 31, 2014. This extraordinary loss includes the discharge of employees, the elimination of retail store and other assets, the disposal inventory, and other costs associated with the liquidation.

Ends