

**Notice regarding recording of gain on sales of investment securities
(extraordinary income) and revisions to results forecasts**

Yokohama, July 27, 2016— At a board of directors meeting held today, directors of FANCL Corporation resolved to sell a portion of the Company's investment securities holdings. This is expected to result in a gain on sales of investment securities, which will be recorded in extraordinary income.

In conjunction with the above, the Company has also announced revisions to the consolidated forecasts for the fiscal year ending March 31, 2017 (April 1, 2016 to March 31, 2017) from those that were announced at the time of the full-year results announcement on April 27, 2016. Details are as follows.

I. Recording of gain on sales of investment securities (extraordinary income)

1. Reason for sale of investment securities

For the purpose of streamlining assets and strengthening the Company's financial standing, the Company has resolved to implement the sale of unlisted marketable securities held in two companies (Hong Kong and Macao based sales agent Fantastic Natural Cosmetics Limited, and China-based sales agent Fantastic Natural Cosmetics (China) Limited). The Company's business relationships with these two companies will continue.

2. Details of sale of investment securities

(1) Shares to be sold: Unlisted marketable securities held by the Company in two companies

(2) Sale date: Late September 2016

(3) Gain on sales of investment securities: ¥4,455 million

II. Revisions to consolidated forecasts

1. Revisions to interim consolidated results forecast

(April 1, 2016 to September 30, 2016)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent company	Net income per share (¥)
Previously announced forecasts (A)	48,000	(1,000)	(950)	(1,000)	(15.97)
Revised forecasts (B)	48,000	(1,000)	(950)	3,300	52.70
Change (B – A)	0	0	0	4,300	
Percentage change (%)	0.0	0.0	0.0	--	
Reference: Results for interim period of the fiscal year ended March 31, 2016	43,192	116	221	127	2.02

2. Revisions to full year consolidated results forecast

(April 1, 2016 to March 31, 2017)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent company	Net income per share (¥)
Previously announced forecasts (A)	102,500	3,000	3,100	1,900	30.34
Revised forecasts (B)	102,500	3,000	3,100	6,200	99.00
Change (B – A)	0	0	0	4,300	
Percentage change (%)	0.0	0.0	0.0	226.3	
Reference: Results for the fiscal year ended March 31, 2016	90,850	1,204	1,421	522	8.31

3. Reason for revision

As stated in “I. Recording of gain on sales of investment securities (extraordinary income)” above, the Company expects to record extraordinary income in the interim period of the consolidated fiscal year ending March 31, 2017, and accordingly, revisions have been made to net income attributable to owners of the parent company for the interim period and full year period.

*****ENDS*****

*The aforementioned forecasts are based on information available as of the date of this announcement. Actual business performance may differ from the forecasts indicated in this document.

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