

February 13, 2013

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## Consolidation of the domestic production system to reinforce the earnings structure

The POLA ORBIS Group hereby announces that it resolved at a meeting of the Board of Directors held today, to consolidate two factories in Shizuoka prefecture (Shizuoka-shi and Fukuroi-shi) of its subsidiary, POLA CHEMICAL INDUSTRIES, Inc.

### 1. Context

The POLA ORBIS Group is promoting its business expansion to achieve the long-term vision, “Highly Profitable Global Company”, by attaining consolidated net sales of 250 billion yen or more, overseas sales ratio of 20% or more and operating margin at the top level in the industry (13%~15%). In 2011 and 2012, the Group acquired two overseas brands and it is considering a global restructuring of the research and production system.

In regard to the domestic production system, the Group has decided to start the restructure of two cosmetic factories in Shizuoka prefecture to focus on the Group’s specialty fields, skincare and base make-up products, to fundamentally improve the efficiency. Taking account of the depreciation of the production equipments and the location environment, the Group will promote the consolidation of the production to Fukuroi factory. Fukuroi factory will act as the center of the Group’s leading technology and transform into the production system at the top-level in the world in QCD.

### 2. Consolidation Schedule

The Group will proceed with the restructure plan sequentially and aim to complete the process in FY2014.

### 3. Regarding Shizuoka Factory

Shizuoka Factory will end its production in 2014 and transfer its function to Fukuroi Factory. The employees will be appropriately relocated within the Group, mainly to Fukuroi Factory. Utilization of Shizuoka Factory will be considered later on.

### 4. Forecasts for the Earnings

This restructure has no impact on the financial results in FY2012. The impact on FY2013 is under examination and it will be disclosed as soon as determined. Also, in the next medium-term management plan starting in 2014, the Group is expecting an improvement in profitability accompanied with the improved efficiency.

### 5. Overview of the Factories

#### Shizuoka Factory

Address: 6-48 Yayoi-cho, Suruga-ku, Shizuoka-shi, Shizuoka, Japan  
Site area: 44,953 square meters  
Operation since: 1954  
Number of employees: 336 (includes fixed-term employees, as of February 1, 2013)  
Number of production per year: Approx. 30 million products

#### Fukuroi Factory

Address: 1234 Aino, Fukuroi-shi, Shizuoka, Japan  
Site area: 207,618 square meters  
Operation since: 1977  
Number of employees: 523 (includes fixed-term employees, as of February 1, 2013)  
Number of production per year: Approx. 75 million products