

Regarding the announcement by Kanebo Ltd. of revision of previous results

Tokyo, April 13, 2005 – On May 31, 2004, the Industrial Revitalization Corporation of Japan (“the IRCJ”) approved an application for assistance from Kanebo Ltd. (“Kanebo”) and related companies under Article 22, Clause 3 of the Industrial Revitalization Corporation Act of 2003. Since that time the IRCJ has been providing continued support to the said companies.

Kanebo today announced a revision of the financial statements for the past financial years. The IRCJ’s position on this matter is as follows:

1. The business revitalization plan for Kanebo, which formed a basis for the IRCJ’s decision to support Kanebo, was developed based on the due diligence carried out by the IRCJ prior to the said support decision and the issues relating to today’s revision has been already taken into account. Therefore, the revision does not affect the corporate value of Kanebo nor influence the basis for the IRCJ’s support. Rather, the revision is an outcome of Kanebo investigating the accuracy of its past financial statements based on the results of the due diligence conducted by the IRCJ.
2. For the following reasons, the IRCJ is determined to continue to support the business revitalization of Kanebo:
 - (1) As outlined above, the revision does not affect the business revitalization plan or other factors that formed a basis for the IRCJ decision to support Kanebo.
 - (2) The revision was made voluntarily by Kanebo as an integral part of its business revitalization process based on the in-house investigation with a view to clarifying past management responsibilities and disclosing adequate company information.
 - (3) The revision is related to inappropriate management practiced by Kanebo in the past. Kanebo today is operating under an appropriate management structure that was established after deep and sincere contrition of past events.
 - (4) Kanebo is currently making steady efforts towards the realization of its business revitalization plan.
3. The IRCJ believes it appropriate for the Kanebo shares to remain listed, and is communicating our thinking to the stock exchanges for the reasons listed in 2. above as well as for the following reasons:
 - (1) Consolidated and non-consolidated balance sheets for the fiscal year ended March 31, 2004 have already been disclosed in an essentially adequate manner, as have consolidated and non-consolidated financial statements for the interim period of the

fiscal year ended March 31, 2005.

- (2) Delisting Kanebo could cause unexpected damages to more than 50,000 holders of Kanebo share trading units (or more than 110,000 including holders of partial trading units), and/or could cause needless disruptions among a considerable number of business partners.
- (3) Those stipulations for listed companies – companies that have entered the IRCJ-assisted business revitalization proceedings, statutory reorganization proceedings or guideline-based civil rehabilitation proceedings - include provisions aimed at helping maintain the listed status of companies seeking prompt business revitalization or extend the moratorium period before delisting, if certain criteria are met. If a company is delisted notwithstanding these provisions only because it retroactively revises incorrect past financial statements uncovered during a voluntary initiative of applying appropriate accounting standards to past financial statements, which is an integral part of a business revitalization process, the purpose of the above stipulations could be undermined, and the possibility cannot be denied that business revitalization market for listed companies would shrink substantially.

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For more information, please contact

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About the IRCJ

The IRCJ was established jointly by the public and private sector on April 16, 2003, with the aim of providing revitalization assistance beneficial to both the industrial and the financial sectors in Japan. It targets assistance at companies that have sound business fundamentals but are unable to thrive because of excessive debt levels or other factors. The IRCJ has approximately 200 employees and is based in Tokyo. For more information please visit www.ircj.co.jp