

NOEVIR HOLDINGS

Noevir Holdings Co., Ltd. Public & Investor Relations
7-6-15 Ginza Chuo-ku, Tokyo 104-8208, Japan

May 11, 2012

Noevir Holdings Announces 2012 First Half Consolidated Results (based on Japan GAAP)

Trade name: Noevir Holdings Co., Ltd.
Listing: Tokyo Stock Exchange, Second Section (Code Number: 4928)
URL: <http://www.noevirholdings.co.jp/>
Representative: Takashi Okura, President and CEO
Contact: Mitsuyoshi Hanyu, General Manager, Accounting
Tel. +81-78-303-5121

Submission of Quarterly Business Report: May 15, 2012

Date of commencement of dividend payments: –

Supplemental materials for the financial results provided: Yes

Results briefing for the reporting period provided: Yes (for institutional investors and analysts)

1. Operating results for the first half of the fiscal year ending September 30, 2012 (October 1, 2011 – March 31, 2012)

* Amounts under one million yen have been rounded down.

(1) Consolidated operating results

(Millions of yen; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income	
Six months ended March 31, 2012	23,222	—	2,364	—	2,496	—
Six months ended March 20, 2011	—	—	—	—	—	—

Note: Comprehensive income:

First half of fiscal year ending September 30, 2012: 1,187 million yen (—%)

First half of fiscal year ended September 30, 2011: — million yen (—%)

	Net income		EPS (Yen)	Diluted EPS (Yen)
Six months ended March 31, 2012	1,066	—	27.68	—
Six months ended March 20, 2011	—	—	—	—

Note: Due to the establishment of a holding company on March 22, 2011, the previous fiscal year ended September 30, 2011 (March 22, 2011 – September 30, 2011) was an irregular six-month accounting period. Because there is no previous period to serve as a basis for comparison, the year-on-year change from the corresponding period of the previous fiscal year is not included.

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)
As of March 31, 2012	81,429	48,029	58.9%
As of September 30, 2011	87,427	51,595	59.0%

[Reference] Equity

As of March 31, 2012: 47,993 million yen

As of September 30, 2011: 51,571 million yen

2. Cash dividends

(Yen)

	Annual dividends				
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year
Year ended September 30, 2011	—	—	—	36.00	36.00
Year ending September 30, 2012	—	0.00			
Year ending September 30, 2012 (forecast)			—	36.00	36.00

Note: Revisions from the most recently announced dividend forecast: None

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2012 (October 1, 2011 – September 30, 2012)

(Millions of yen; percentage figures denote year-on-year change)

	Net Sales		Operating income		Ordinary income		Net income		EPS (Yen)
Full year	49,500	—	4,300	—	4,600	—	2,000	—	51.89

Note: Revisions from the most recently announced consolidated earnings forecast: None

Due to the establishment of a holding company on March 22, 2011, the previous fiscal year ended September 30, 2011 (March 22, 2011 – September 30, 2011) was an irregular six-month accounting period. Therefore, the year-on-year change from the corresponding period of the previous fiscal year is not included.

4. Other

(1) Significant changes in subsidiaries (scope of consolidation) during period: None

(2) Special accounting treatment for preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates, restatements, etc.

- 1) Changes in accounting policies associated with revisions in accounting standards: None
- 2) Other changes in accounting policies: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(4) Shares outstanding (common stock)

1) Shares outstanding (including treasury stock)

As of March 31, 2012: 37,442,840

As of September 30, 2011: 41,322,860

2) Treasury shares outstanding

As of March 31, 2012: 39

As of September 30, 2011: 20

3) Average shares outstanding over quarter (cumulative; consolidated)

As of March 31, 2012: 38,545,325

As of March 20, 2011: —

* Explanation regarding review procedures in preparing quarterly financial statements

Preparation of this quarterly financial statement is not subject to the provisions set forth in the Japanese Financial Instruments and Exchange Act. Accordingly, review procedures for table material under the Act have not been completed.

* Explanation regarding the appropriate use of business performance forecasts

Forward-looking statements included in these materials, such as forecasts of business performance, are based on information known to the Company's management as of the time of writing, and reflect judgments believed to be reasonable on the basis of that information. There is, therefore, a possibility that actual business performance figures will differ substantially from our forecasts as a result of changes in the economic situation and other unforeseeable factors. Please refer to "(3) Qualitative information regarding consolidated business performance forecast" under "1. Qualitative information regarding quarterly consolidated business performance" on page 5 of the Attached Material.

Contents of the Attached Material

1. Qualitative information regarding quarterly consolidated business performance.....	4
(1) Qualitative information regarding consolidated business performance.....	4
(2) Qualitative information regarding consolidated financial position.....	5
(3) Qualitative information regarding consolidated business performance forecast.....	5
2. Summary information (Other).....	6
(1) Significant changes in subsidiaries during period.....	6
(2) Special accounting treatment for preparation of quarterly consolidated financial statements...	6
(3) Changes in accounting policies, accounting estimates, restatements, etc.	6
3. Quarterly consolidated financial statements.....	7
(1) Quarterly consolidated balance sheets.....	7
(2) Quarterly consolidated statements of income and comprehensive income.....	9
(3) Quarterly consolidated statements of cash flows.....	10
(4) Note on assumptions for going concern.....	11
(5) Additional information.....	11
(6) Segment information.....	11
(7) Note on significant changes in the amount of shareholders' equity.....	12

1. Qualitative information regarding quarterly consolidated business performance

(1) Qualitative information regarding consolidated business performance

Consolidated operating results for the reporting first half (October 1, 2011 to March 31, 2012)

	Six months ended March 31, 2012	
	Sales (Millions of yen)	% of total sales
Cosmetics	16,340	70.4
Pharmaceuticals & Health Food	6,291	27.1
Other	590	2.5
Total sales	23,222	100.0

	Six months ended March 31, 2012	
	Amount (Millions of yen)	% of total sales
Operating income	2,364	10.2
Ordinary income	2,496	10.7
Net income	1,066	4.6

During the first half of fiscal 2012 (October 1, 2011 to March 31, 2012), with the yen's protracted appreciation and the European financial crisis worsening, the future of the Japanese economy remained uncertain. Despite the recent slight adjustment in the yen's value, Japan's economic situation is unpredictable.

In Japan's cosmetics market, the Group's main area of business competition has intensified due to continued consumer preference for lower-priced products, despite showing signs of recovery.

Under these circumstances, net sales for the six-month period ended March 31, 2012 came to 23,222 million yen, operating income was 2,364 million yen, and ordinary income was 2,496 million yen. Net income came to 1,066 million yen as a result of an increase in income taxes – deferred owing to the reversal of deferred tax assets due to a tax system revision.

In the Cosmetics segment, the Group actively promoted its services to new and existing customers by speeding up the opening of Noevir Beauty Studios (total beauty care salons used for skin care and makeup classes) that handle its line of cosmetics sold through individual consultation. In its self-selection cosmetic range, the Group launched new product versions in its whitening skincare line and strengthened its in-store promotions. As a result, sales in the Cosmetics segment totaled 16,340 million yen.

In the Pharmaceuticals & Health Food segment, sales of nutritional supplements were strong. As a result, sales in the Pharmaceuticals & Health Food segment totaled 6,291 million yen.

In the Other segment, sales in our aviation business were affected by the economic slowdown. As a result, sales in the Other segment came in at 590 million yen.

(Reference)

	Noevir Co., Ltd. (consolidated) Six months ended March 20, 2011 (September 21, 2010 to March 20, 2011)	
	Amount (Millions of yen)	% of total sales
Sales	24,493	100.0
Operating income	1,296	5.3
Ordinary income	1,438	5.9
Net income	533	2.2

(Regarding reference information)

Due to the establishment of a holding company on March 22, 2011, the previous fiscal year ended September 30, 2011 (March 22, 2011 – September 30, 2011) was an irregular six-month accounting period. Because there is no previous period to serve as a basis for comparison, the year-on-year change from the corresponding period of the previous fiscal year is not included.

On this basis, financial data for the first half (September 21, 2010 – March 20, 2011) of the fiscal year

ending September 20, 2011 of Noevir Co., Ltd., a period equivalent to that of the first half under review has been provided for comparative purposes with the corresponding period of the previous fiscal year.

(2) Qualitative information regarding consolidated financial position

The Company's total assets as of March 31, 2012 stood at 81,429 million yen, down 5,997 million yen from the end of the previous fiscal year. This was mainly attributable to a 1,100 million yen decline from the previous term-end in other receivables, cancellation of the purchase of treasury stock described below, as well as a decrease in cash and cash equivalents of 2,949 million yen.

Liabilities came to 33,399 million yen, down 2,432 million yen from the previous term-end. This was primarily due to a 1,209 million yen decrease in current liabilities (Other) and to a 635 million yen decline in guarantee deposits received.

Net assets stood at 48,029 million yen, down 3,565 million yen from the previous term-end. This was principally due to the purchase of 3,880,000 shares of treasury stock on November 17, 2011 at a price of 3,325 million yen, and its retirement on November 28 of the same year.

As a result, the equity ratio was 58.9%

(Consolidated cash flows)

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis at the end of the first half decreased 456 million yen over the previous term-end (36,148 million yen), to 35,692 million yen.

The status of each cash flow together with the factors contributing to an increase or decrease for six months ended March 31, 2012 are presented below.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 1,754 million yen. This was mainly due to posting of income before income taxes of 2,545 million yen. The main outflow was the payment of 951 million yen for income taxes.

(Cash flows from investing activities)

Net cash provided by investing activities came to 2,471 million yen. This was primarily due to proceeds of 2,524 million yen from withdrawal of time deposits.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 4,810 million yen. This was attributable to 3,325 million yen for the purchase of treasury stock and cash dividends of 1,485 million yen.

(3) Qualitative information regarding consolidated business performance forecast

The consolidated business performance forecast for the full year ending September 30, 2012 announced on April 26, 2012 remains unchanged.

2. Summary information (Other)

(1) Significant changes in subsidiaries during period

Not applicable.

(2) Special accounting treatment for preparation of quarterly consolidated financial statements

Not applicable

(3) Changes in accounting policies, accounting estimates, restatements, etc.

Not applicable

3. Quarterly consolidated financial statements
(1) Quarterly consolidated balance sheets

(Thousands of yen)

	Previous fiscal year (Fiscal year ended September 30, 2011)	First half period (ended March 31, 2012)
ASSETS		
Current assets		
Cash and cash equivalents	38,674,720	35,725,544
Notes and accounts receivable	10,579,759	10,898,826
Merchandise and finished goods	6,202,007	5,701,099
Work in progress	300,999	153,179
Raw materials and purchased supplies	1,446,797	1,346,227
Deferred tax assets	1,524,090	1,417,054
Other receivables	2,698,721	1,598,687
Other	405,175	376,645
Allowance for doubtful accounts	(76,378)	(67,681)
Total current assets	61,755,894	57,149,583
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,666,478	5,192,231
Equipment and vehicles, net	877,414	1,025,070
Land	13,881,827	13,763,393
Lease assets, net	24,490	34,256
Construction in progress	1,384	—
Other, net	332,757	254,052
Total property, plant and equipment	20,784,352	20,269,003
Intangible assets		
Goodwill	1,012	339
Software	888,107	611,105
Other	97,511	93,098
Total intangible assets	986,631	704,544
Investments and other assets		
Investment securities	426,532	418,751
Deferred tax assets	2,368,259	1,919,845
Other	1,252,446	1,073,014
Allowance for doubtful accounts	(146,841)	(105,460)
Total investments and other assets	3,900,397	3,306,151
Total non-current assets	25,671,381	24,279,698
Total assets	87,427,276	81,429,281

(Thousands of yen)

	Previous fiscal year (Fiscal year ended September 30, 2011)	First half period (ended March 31, 2012)
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	4,339,797	4,686,710
Lease obligations	7,238	10,177
Other accounts payable	3,280,105	2,764,175
Income tax payable	781,103	1,015,837
Reserve for bonuses	329,611	172,205
Reserve for product returns	1,033,114	911,983
Other	2,167,964	958,153
Total current liabilities	11,938,935	10,519,243
Long-term liabilities		
Lease obligations	18,449	25,768
Guarantee deposits received	18,446,472	17,811,233
Reserve for employees' retirement benefits	5,193,496	4,859,895
Other	234,697	183,171
Total long-term liabilities	23,893,116	22,880,068
Total liabilities	35,832,051	33,399,311
NET ASSETS		
Shareholders' equity		
Common stock	7,319,000	7,319,000
Additional paid-in capital	6,809,798	3,484,620
Retained earnings	37,944,986	37,651,334
Treasury stock	(17)	(33)
Total shareholders' equity	52,073,767	48,454,921
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	18,362	46,037
Foreign currency translation adjustments	(520,373)	(507,394)
Total accumulated other comprehensive income	(502,010)	(461,356)
Minority interests	23,468	36,405
Total net assets	51,595,224	48,029,970
Total liabilities and net assets	87,427,276	81,429,281

(2) Quarterly consolidated statements of income and comprehensive income
Quarterly consolidated statements of income
First half period (fiscal year ending September 30, 2012)

(Thousands of yen)

	First half ended March 31, 2012
Net sales	23,222,857
Cost of sales	8,127,208
Gross profit	15,095,649
Selling, general and administrative expenses	12,730,862
Operating income	2,364,786
Non-operating income	
Interest income	6,918
Dividend income	4,583
Lease income	31,960
Exchange differences	21,846
Other	76,247
Total	141,556
Non-operating expenses	
Loss on valuation of derivatives	2,342
Commitment fee	6,016
Other	1,965
Total	10,324
Ordinary income	2,496,018
Extraordinary income	
Gain on sale of fixed assets	109,735
Gain on sale of investment securities	2,561
Gain on transfer of business	64,000
Total	176,297
Extraordinary losses	
Loss on disposal of fixed assets	35,788
Impairment loss	86,187
Other	5,000
Total	126,976
Income before income taxes	2,545,339
Income taxes – basic	981,114
Income taxes – deferred	494,412
Total	1,475,526
Income before minority interests	1,069,812
Minority interests	2,866
Net income	1,066,946
Income before minority interests	1,069,812
Other comprehensive income	
Net unrealized gain (loss) on other securities	28,619
Foreign currency translation adjustment	89,428
Total other comprehensive income	118,048
Comprehensive income	1,187,860
(Breakdown)	
Comprehensive income attributable to owners of the parent	1,182,158
Comprehensive income attributable to minority interests	5,701

(3) Quarterly consolidated statements of cash flows

(Thousands of yen)

	First half ended March 31, 2012
Cash flows from operating activities	
Income before income taxes	2,545,339
Depreciation	880,213
Impairment loss	86,187
Amortization of goodwill	470
Increase (decrease) in reserve for doubtful accounts	(5,189)
Increase (decrease) in reserve for bonuses	(13,443)
Increase (decrease) in reserve for product returns	(130,930)
Increase (decrease) in reserve for retirement benefits	(279,250)
Interest and dividends received	(11,501)
Gain/loss on currency translation	(18,082)
Gain/loss on marketable and investment securities	(2,561)
Gain/loss on sales of property, plant and equipment	(73,946)
Decrease (increase) in trade receivables	282,947
Decrease (increase) in inventories	583,204
Increase (decrease) in trade payables	271,718
Increase (decrease) in guarantee deposits	(603,443)
Other	(822,510)
Subtotal	2,689,221
Interest and dividends received	17,224
Income tax (paid)	(951,956)
Net cash provided by (used in) operating activities	1,754,488
Cash flows from investing activities	
Expenditure for deposit to time deposits	(31,893)
Proceeds from withdrawal of time deposits	2,524,618
Purchase of investment securities	(900)
Proceeds from sale of investment securities	52,241
Purchase of property, plant and equipment	(196,809)
Proceeds from sale of property, plant and equipment	127,822
Purchase of intangible assets	(3,204)
Net cash provided by (used in) investing activities	2,471,874
Cash flows from financing activities	
Purchase of treasury stock	(3,325,193)
Cash dividends paid	(1,485,779)
Net cash (used in) financing activities	(4,810,973)
Effects of exchange rate changes on cash and cash equivalents	51,090
Net change in cash and cash equivalents	(533,519)
Cash and cash equivalents, beginning of year	36,148,890
Net change in cash and cash equivalents due to change in accounting period of consolidated subsidiaries	76,916
Cash and cash equivalents, end of year	35,692,287

(4) Note on assumptions for going concern
Not applicable

(5) Additional information

(Application of accounting standards for accounting changes and error corrections)

Since the beginning of the first quarter of the fiscal year under review, the Company has applied Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24, issued on December 4, 2009) and Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, issued on December 4, 2009).

(Effects from changes in income tax rate)

The “Law that partially revises the income tax rate to create a tax system that addresses changes in the socioeconomic structure” (Law No. 114, 2011) and “Act on special measures for securing necessary financial resources to implement measures for reconstruction after the Great East Japan Earthquake” (Law No. 117, 2011) were issued on December 2, 2011 and the income tax will be lowered and a special reconstruction tax will be imposed from the consolidated fiscal year that begins from April 1, 2012. Therefore, the effective statutory tax rate used to calculate deferred tax assets and liabilities will change from the existing 40.6% to 37.9% for temporary differences, which are expected to be eliminated in the fiscal year beginning from October 1, 2012, through the fiscal year beginning from October 1, 2014), and then to 35.5% for temporary differences, which are expected to be eliminated in the consolidated fiscal year beginning from October 1, 2015. As a result of these tax rate changes, deferred tax assets (the amount remaining after deducting deferred tax liabilities) decreased by 280,902 thousand yen and income tax – deferred increased by 284,717 thousand yen.

(Matters concerning the accounting years of consolidated subsidiaries)

The previous account closing date of September 20 for our three domestic consolidated subsidiaries (Noevir Co., Ltd., Bonanza Co., Ltd., and Noevir Aviation Co., Ltd.) and the account closing date of June 30 for our two domestic subsidiaries (Tokiwa Pharmaceutical Co., Ltd. and Tokiwa Medical Service Co., Ltd.) were changed to September 30 beginning from the current fiscal year.

In line with the change of Noevir Co., Ltd.’s account closing date to September 30, overseas consolidated subsidiaries that had used June 30 as the consolidated closing date of their financial statements began using September 30 as the account closing date of their financial statements starting from the current fiscal year.

As a result, the first-half consolidated accounting period of the current fiscal year shall be the six-month period of the aforementioned consolidated subsidiaries, from October 1, 2011 to March 31, 2012.

In line with the change of the account closing date, gains and losses of the aforementioned consolidated subsidiaries during the 10-day period from September 21, to September 30, 2011 and during the three-month period from July 1 to September 30, 2011 shall be directly added to or subtracted from retained earnings. Changes in cash and cash equivalents during said period shall be presented as “Net change in cash and cash equivalents due to change in accounting period of consolidated subsidiaries” in the “Quarterly consolidated statements of cash flows.”

(6) Segment information

(Business segment information)

Consolidated results for the first half (October 1, 2011 to March 31, 2012)

(Thousands of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Total	Adjustment (Note 1)	Amounts included in quarterly consolidated statements of income (Note 2)
Net Sales						
(1) Sales, external	16,340,303	6,291,833	590,720	23,222,857	—	23,222,857
(2) Intersegment sales	—	—	76,816	76,816	(76,816)	—
Total	16,340,303	6,291,833	667,536	23,299,673	(76,816)	23,222,857
Segment income (loss)	3,000,198	173,556	35,470	3,209,225	(844,439)	2,364,786

(Note 1) Intersegment eliminations totaling 101,884 thousand yen and unallocated corporate expenses totaling (946,323 thousand) yen have been included in the segment income (loss) adjusted amount totaling (844,439 thousand) yen. Corporate expenses refer to parent company administration costs which do not come under any reportable segments.

(Note 2) Segment income refers to operating income as reported in the quarterly consolidated statements of income, after adjustment.

2. Impairment loss for non-current assets and goodwill, by reportable segment

(Major impairment loss for non-current assets)

An impairment loss of 45,901 thousand yen has been recorded for the Cosmetics and Pharmaceuticals & Health Food segments due to internal work needed to fix-up a subsidiary's new office following the termination of its lease agreement. In addition, an impairment loss of 40,285 thousand yen was recorded in the Cosmetics segment owing to the planned sell off of a production facility.

Further, the recorded amount of said impairment loss in the consolidated first half of the fiscal year ending September 30, 2012 was 73,114 thousand yen for the Cosmetics segment and 13,072 thousand yen for the Pharmaceuticals & Health Food segment.

(7) Note on significant changes in the amount of shareholders' equity

At the Board of Director's meeting held on November 16, 2011, the Company decided to purchase and retire treasury stock. On November 17, 2011, the Company purchased 3,880,000 shares of treasury stock (3,325,160 thousand) yen and November 28, 2011, it retired 3,880,020 shares of treasury stock (3,325,177 thousand) yen.

As a result, additional paid-in capital decreased by 3,325,177 thousand yen during the consolidated first half.