

# NOEVIR HOLDINGS

Noevir Holdings Co., Ltd. Public & Investor Relations  
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May 8, 2013

## Noevir Holdings Announces 2013 First Half Consolidated Results (based on Japan GAAP)

Trade name: Noevir Holdings Co., Ltd.  
Listing: Tokyo Stock Exchange, First Section (Code Number: 4928)  
URL: <http://www.noevirholdings.co.jp/>  
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Submission of securities report: May 13, 2013

Date of commencement of dividend payments: –

Supplemental materials for the financial results prepared: Yes

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

### 1. Operating results for the first half of the fiscal year ending September 30, 2013 (October 1, 2012 – March 31, 2013)

\* 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		Net income	
Six months ended March 31, 2013	22,487	(3.2)%	3,268	38.2%	3,390	35.9%	1,599	49.9%
Six months ended March 31, 2012	23,222	—	2,364	—	2,496	—	1,066	—

Note: Comprehensive income:

First half of fiscal year ending September 30, 2013: 1,966 million yen (65.5%)

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

	EPS (Yen)	Diluted EPS (Yen)
Six months ended March 31, 2013	42.72	—
Six months ended March 31, 2012	27.68	—

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

#### (2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)
First half ended March 31, 2013	82,522	50,158	60.7
Year ended September 30, 2012	83,701	49,689	59.3

[Reference] Equity:

First half ended March 31, 2013: 50,099 million yen    Year ended September 30, 2012: 49,644 million yen

## 2. Cash dividends

(Yen)

	Annual dividends				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Year ended September 30, 2012	—	0.00	—	40.00	40.00
Year ending September 30, 2013	—	0.00			
Year ending September 30, 2013 (forecast)			—	40.00	40.00

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

## 3. Consolidated earnings forecasts for the fiscal year ending September 30, 2013 (October 1, 2012 – September 30, 2013)

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

	Net sales	Operating income	Ordinary income	Net income	EPS (Yen)
Full year	48,000 1.7%	6,000 16.5%	6,200 13.7%	3,700 32.7%	98.82

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

### \* Notes

(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 principles, procedures, disclosure methods, etc.

- 1) Changes associated with revision in accounting standards: None
- 2) Other changes: 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, 2013: 37,442,840
  - As of September 30, 2012: 37,442,840
- 2) Treasury shares outstanding
  - As of March 31, 2013: 58
  - As of September 30, 2012: 58
- 3) Average shares outstanding over quarter (cumulative; consolidated)
  - As of March 31, 2013: 37,442,782
  - As of March 31, 2012: 38,545,325

### \* Explanation regarding audit procedures

Preparation of the audit procedure is not subject to the provisions set forth in the Japanese Financial Instruments and Exchange Act. Accordingly, audit 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.

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## 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, 2012 to March 31, 2013)

	First half ended March 31, 2012		First half ended March 31, 2013		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Cosmetics	16,340	70.4	15,284	68.0	(1,055)	(6.5)
Pharmaceuticals & Health Food	6,291	27.1	6,318	28.1	26	0.4
Other	590	2.5	883	3.9	292	49.6
Total sales	23,222	100.0	22,487	100.0	(735)	(3.2)

	First half ended March 31, 2012		First half ended March 31, 2013		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	2,364	10.2	3,268	14.5	903	38.2
Ordinary income	2,496	10.7	3,390	15.1	894	35.9
Net income	1,066	4.6	1,599	7.1	532	49.9

During the first half of fiscal 2013 (October 1, 2012 to March 31, 2013), the Japanese economy showed signs of recovery due to a strong yen correction process and rising stock prices. Meanwhile, overseas economies, while remaining volatile, staged a modest recovery.

The domestic cosmetics business, the Group's main area of business, continued to experience high demand for lower-priced products and intensifying competition, despite a modest recovery in higher-priced products with high added value.

Under these circumstances, net sales for the six-month period ended March 31, 2013 was 22,487 million yen (down 3.2% year on year), operating income came to 3,268 million yen (up 38.2%), ordinary income was 3,390 million yen (up 35.9%), while net income came to 1,599 million yen (up 49.9%).

In the Cosmetics segment, the Group provided services to customers at 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, it increased consumer recognition of mainstay brands through more in-store promotions. Meanwhile, the Group was affected by new product launches having run their course and intensifying competition. As a result, sales in the Cosmetics segment totaled 15,284 million yen (down 6.5%), while segment income was 3,669 million yen (up 22.3%).

In the Pharmaceuticals & Health Food segment, we conducted sales promotions of mainstay brands. In addition, sales of nutritional supplements including new products were strong. As a result, sales in this segment came to 6,318 million yen (up 0.4%), while segment income was 432 million yen (up 148.9%).

In the Other segment's aviation-related business, sales were strong despite unstable demand in Europe and the United States. As a result, sales in this segment came to 883 million yen (up 49.6%), and segment income was 56 million yen (up 60.7%).

### (2) Qualitative information regarding consolidated financial position

Total assets as of March 31, 2013 stood at 82,522 million yen, a decrease of 1,178 million yen over the previous fiscal year-end. This was mainly due to a decrease in notes and accounts receivable of 1,683 million yen.

Liabilities came to 32,364 million yen, a decrease of 1,646 million yen mainly due to decreases in other accounts payable of 670 million yen and in guarantee deposits received of 405 million yen.

Net assets came to 50,158 million yen, an increase of 468 million yen over the previous fiscal year-end. This was primarily attributable to increases in foreign currency translation adjustments of

235 million yen and in a net unrealized gain on other securities of 117 million yen. As a result of the foregoing, the equity ratio stood at 60.7%.

(Consolidated cash flows)

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis at the end of the first half increased 492 million yen over the previous term-end (36,253 million yen), to 36,745 million yen.

The status of each cash flow together with the factors contributing to an increase or decrease for the six months ended March 31, 2013 are presented below.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 2,081 million yen (a 327 million yen increase in income compared with the corresponding period of the previous fiscal year). This was mainly due to income before income taxes of 3,392 million yen against an outflow from income tax paid of 1,761 million yen.

(Cash flows from investing activities)

Net cash used in investing activities came to 202 million yen (a 2,674 million yen increase in expenditures compared with the corresponding period of the previous fiscal year). The principal cash outflow was 176 million yen due to the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities was 1,495 million yen (a 3,315 million yen decrease in expenditures compared with the corresponding period of the previous fiscal year). This was due to cash dividends paid of 1,495 million yen.

(3) Qualitative information regarding consolidated business performance forecast

The consolidated business performance forecast for the full year ending September 30, 2013, announced on November 14, 2012 remains unchanged.

2. Summary information (Notes)

(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 (As of September 30, 2012)	As of March 31, 2013
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	38,253,228	<b>38,778,234</b>
Notes and accounts receivable	11,754,160	<b>10,071,026</b>
Merchandise and finished goods	5,694,420	<b>5,998,007</b>
Work in progress	206,578	<b>185,454</b>
Raw materials and purchased supplies	1,299,798	<b>1,278,610</b>
Deferred tax assets	1,097,329	<b>1,038,493</b>
Other receivables	1,761,543	<b>1,695,858</b>
Other	455,123	<b>397,476</b>
Allowance for doubtful accounts	(55,945)	<b>(52,851)</b>
Total current assets	60,466,236	<b>59,390,309</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	5,005,520	<b>4,825,082</b>
Equipment and vehicles, net	792,277	<b>738,143</b>
Land	13,642,382	<b>13,642,382</b>
Lease assets, net	30,118	<b>33,399</b>
Construction in progress	1,609	<b>5,779</b>
Other, net	203,938	<b>225,217</b>
Total property, plant and equipment	19,675,847	<b>19,470,003</b>
Intangible assets		
Goodwill	32	—
Software	328,769	<b>206,320</b>
Other	98,853	<b>97,671</b>
Total intangible assets	427,654	<b>303,992</b>
Investments and other assets		
Investment securities	409,322	<b>592,934</b>
Deferred tax assets	1,796,916	<b>1,765,531</b>
Other	1,021,442	<b>1,090,785</b>
Allowance for doubtful accounts	(96,333)	<b>(90,626)</b>
Total investments and other assets	3,131,347	<b>3,358,625</b>
Total non-current assets	23,234,849	<b>23,132,621</b>
<b>Total assets</b>	<b>83,701,086</b>	<b>82,522,931</b>

(Thousands of yen)

	Previous fiscal year (As of September 30, 2012)	As of March 31, 2013
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Notes and accounts payable	4,824,771	4,443,613
Lease obligations	10,262	11,562
Other accounts payable	3,393,112	2,722,785
Income tax payable	1,294,737	1,498,983
Reserve for bonuses	161,982	275,892
Reserve for product returns	691,425	597,465
Other	1,377,274	988,493
Total current liabilities	11,753,567	10,538,797
<b>Long-term liabilities</b>		
Lease obligations	21,358	23,503
Guarantee deposits received	17,358,866	16,953,091
Reserve for employees' retirement benefits	4,692,944	4,580,793
Other	184,689	268,534
Total long-term liabilities	22,257,858	21,825,922
<b>Total liabilities</b>	34,011,425	32,364,719
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Common stock	7,319,000	7,319,000
Additional paid-in capital	3,484,620	3,484,620
Retained earnings	39,372,029	39,473,757
Treasury stock	(50)	(50)
Total shareholders' equity	50,175,599	50,277,327
<b>Accumulated other comprehensive income</b>		
Net unrealized gain on other securities	39,651	157,284
Foreign currency translation adjustments	(570,493)	(335,486)
Total accumulated other comprehensive income	(530,841)	(178,202)
Minority interests	44,902	59,086
<b>Total net assets</b>	49,689,660	50,158,212
<b>Total liabilities and net assets</b>	83,701,086	82,522,931

(2) Quarterly consolidated statements of income and comprehensive income  
Quarterly consolidated statements of income  
First half period of the fiscal year ending September 30, 2013

(Thousands of yen)

	First half ended March 31, 2012	First half ended March 31, 2013
<b>Net sales</b>	23,222,857	<b>22,487,067</b>
<b>Cost of sales</b>	8,127,208	<b>7,596,008</b>
Gross profit	15,095,649	<b>14,891,058</b>
<b>Selling, general and administrative expenses</b>	12,730,862	<b>11,622,879</b>
Operating income	2,364,786	<b>3,268,179</b>
<b>Non-operating income</b>		
Interest income	6,918	<b>5,696</b>
Dividend income	4,583	<b>3,756</b>
Lease income	31,960	<b>26,317</b>
Exchange differences	21,846	<b>18,605</b>
Other	76,247	<b>75,204</b>
Total	141,556	<b>129,580</b>
<b>Non-operating expenses</b>		
Loss on valuation of derivatives	2,342	—
Commitment fee	6,016	<b>5,983</b>
Other	1,965	<b>809</b>
Total	10,324	<b>6,793</b>
Ordinary income	2,496,018	<b>3,390,966</b>
<b>Extraordinary income</b>		
Gain on sale of fixed assets	109,735	<b>7,499</b>
Gain on sale of investment securities	2,561	—
Gain on transfer of business	64,000	—
Total	176,297	<b>7,499</b>
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	35,788	<b>6,213</b>
Impairment loss	86,187	—
Other	5,000	—
Total	126,976	<b>6,213</b>
<b>Income before income taxes</b>	2,545,339	<b>3,392,251</b>
<b>Income taxes – basic</b>	981,114	<b>1,678,237</b>
<b>Income taxes – deferred</b>	494,412	<b>110,428</b>
<b>Total</b>	1,475,526	<b>1,788,665</b>
<b>Income before minority interests</b>	1,069,812	<b>1,603,586</b>
<b>Minority interests</b>	2,866	<b>4,147</b>
<b>Net income</b>	1,066,946	<b>1,599,439</b>



Quarterly consolidated statements of comprehensive income

(Thousands of yen)

	First half ended March 31, 2012	<b>First half ended March 31, 2013</b>
Income before minority interests	1,069,812	<b>1,603,586</b>
Other comprehensive income		
Net unrealized gain on other securities	28,619	<b>117,632</b>
Foreign currency translation adjustments	89,428	<b>245,044</b>
Total	118,048	<b>362,676</b>
Comprehensive income	1,187,860	<b>1,966,262</b>
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,182,158	<b>1,952,078</b>
Comprehensive income attributable to minority interests	5,701	<b>14,184</b>

## (3) Quarterly consolidated statements of cash flows

(Thousands of yen)

	First half ended March 31, 2012	First half ended March 31, 2013
<b>Cash flows from operating activities</b>		
Income before income taxes	2,545,339	3,392,251
Depreciation	880,213	564,575
Impairment loss	86,187	—
Amortization of goodwill	470	32
Increase (decrease) in reserve for doubtful accounts	(5,189)	(9,836)
Increase (decrease) in reserve for bonuses	(13,443)	113,432
Increase (decrease) in reserve for product returns	(130,930)	(93,959)
Increase (decrease) in reserve for retirement benefits	(279,250)	(112,151)
Interest and dividends received	(11,501)	(9,452)
Gain/loss on currency translation	(18,082)	(6,728)
Gain/loss on marketable and investment securities	(2,561)	—
Gain/loss on sales of property, plant and equipment	(73,946)	(1,285)
Decrease (increase) in trade receivables	282,947	1,720,727
Decrease (increase) in inventories	583,204	(109,973)
Increase (decrease) in trade payables	271,718	(403,904)
Increase (decrease) in guarantee deposits	(603,443)	(406,090)
Other	(822,510)	(803,424)
Subtotal	2,689,221	3,834,213
Interest and dividends received	17,224	9,376
Income tax (paid) refunded	(951,956)	(1,761,805)
Net cash provided by (used in) operating activities	1,754,488	2,081,784
<b>Cash flows from investing activities</b>		
Expenditure for deposit to time deposits	(31,893)	(2,030,185)
Proceeds from withdrawal of time deposits	2,524,618	2,000,000
Purchase of investment securities	(900)	(900)
Proceeds from sale of investment securities	52,241	—
Purchase of property, plant and equipment	(196,809)	(176,223)
Proceeds from sale of property, plant and equipment	127,822	9,319
Purchase of intangible assets	(3,204)	(4,415)
Net cash provided by (used in) investing activities	2,471,874	(202,404)
<b>Cash flows from financing activities</b>		
Purchase of treasury stock	(3,325,193)	—
Cash dividends paid	(1,485,779)	(1,495,723)
Net cash provided by (used in) financing activities	(4,810,973)	(1,495,723)
<b>Effects of exchange rate changes on cash and cash equivalents</b>	51,090	108,967
<b>Net change in cash and cash equivalents</b>	(533,519)	492,624
<b>Cash and cash equivalents, beginning of year</b>	36,148,890	36,253,228
Net change in cash and cash equivalents due to change in accounting period of consolidated subsidiaries	76,916	—
<b>Cash and cash equivalents, end of year</b>	35,692,287	36,745,852

(4) Note on assumptions for going concern  
Not applicable

(5) Segment information  
(Business segment information)

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

1. Sales and income (loss) data, by reportable segment

(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) adjustment totaling (844,439 thousand) yen. Corporate expenses refer to Noevir Holdings Co., Ltd.'s 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.

II Consolidated results for the first half (October 1, 2012 to March 31, 2013) of fiscal 2013

1. Sales and income (loss) data, by reportable segment

(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	15,284,943	6,318,415	883,708	22,487,067	—	22,487,067
(2) Intersegment sales	—	—	79,455	79,455	(79,455)	—
Total	15,284,943	6,318,415	963,163	22,566,522	(79,455)	22,487,067
Segment income (loss)	3,669,738	432,009	56,992	4,158,740	(890,561)	3,268,179

(Note 1) Intersegment eliminations totaling 119,082 thousand yen and unallocated corporate expenses totaling (1,009,644 thousand) yen have been included in the segment income (loss) adjustment totaling (890,561 thousand) yen. Corporate expenses refer to Noevir Holdings Co., Ltd.'s 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)

Not applicable

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

Not applicable