



Noevir Co., Ltd. Public & Investor Relations
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Noevir Announces 2010 First Quarter Consolidated Results

Noevir Co., Ltd.

Listing: Tokyo Stock Exchange, Second Section (Code Number: 4916)
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Submission of Quarterly Business Report: February 3, 2010

Date of commencement of dividend payments: –

1. Operating results for the first quarter of the fiscal year ending September 20, 2010
(From September 21 – December 20, 2009)

* 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
First quarter ended December 20, 2009	14,327 [-10.1%]	1,944 [-28.3%]	2,030 [-28.2%]
First quarter ended December 20, 2008	15,932 [--]	2,712 [--]	2,825 [--]

	Net income	EPS (Yen)	Diluted EPS (Yen)
First quarter ended December 20, 2009	945 [-28.2%]	22.87	--
First quarter ended December 20, 2008	1,315 [--]	31.84	28.38

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
First quarter ended December 20, 2009	89,667	51,403	57.3	1,243.48
Year ended September 20, 2009	89,307	51,902	58.1	1,255.50

[Reference] Equity

First quarter ended December 20, 2009: 51,384 million yen

Year ended September 20, 2009: 51,880 million yen

2. Cash dividends

(Yen)

(Cut-off date)	Cash dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year
Year ended September 20, 2009	--	0.00	--	36.00	36.00
Year ending September 20, 2010	--				
Year ending September 20, 2010 (forecast)	--	0.00	--	36.00	36.00

Note: Revision to quarterly dividend forecast: None

3. Consolidated earnings forecasts for the fiscal year ending September 20, 2010
(September 21, 2009 – September 20, 2010)

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

	Net Sales	Operating income	Ordinary income	Net income	EPS (Yen)
Half year	27,700 [-3.2%]	2,500 [+2.3%]	2,700 [+0.8%]	1,200 [+5.8%]	29.04
Full year	54,100 [-2.0%]	3,700 [+4.6%]	4,100 [+4.1%]	2,300 [+6.9%]	55.66

Note: Revision to quarterly consolidated performance forecast: None

4. Other

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

(2) Simplified accounting treatment or special accounting treatment for preparation of quarterly consolidated financial statements: Yes

Note: For more details, refer to “Supplementary explanations and financial statements” 4. Other information (page 4).

(3) Changes in accounting principles, procedures, disclosure methods, etc., pertaining to preparation of quarterly consolidated financial statements (Those to be stated as “Changes to the Basis of Presenting Consolidated Financial Statements”):

1. Changes associated with revision in accounting standards: None

2. Other changes: Yes

Note: For more details, refer to “Supplementary explanations and financial statements” 4. Other information (page 4).

(4) Shares outstanding (common stock)

1. Shares outstanding (including treasury stock)

First quarter ended December 20, 2009: 41,337,487

Year ended September 20, 2009: 41,337,487

2. Treasury shares outstanding

First quarter ended December 20, 2009: 14,627

Year ended September 20, 2009: 14,627

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

First quarter ended December 20, 2009: 41,322,860

First quarter ended December 20, 2008: 41,332,900

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. For the criteria upon which the Company’s performance forecasts have been made, please see the following: “Supplementary explanations and financial statements” 3. Supplementary explanation on consolidated forecasts (page 4).

Supplementary explanations and financial statements

1. Supplementary explanation on consolidated operating results

Consolidated operating results for the reporting first quarter (September 21 to December 20, 2009)

(Millions of yen)

	First quarter ended December 20, 2008		First quarter ended December 20, 2009		Increase (decrease)	Year on Year (%)
	Sales	% of total sales	Sales	% of total sales		
Cosmetics	11,725	73.6	10,491	73.2	(1,233)	(10.5)
Pharmaceuticals	1,780	11.2	1,800	12.6	19	1.1
Health food	1,719	10.8	1,855	12.9	136	7.9
Others	707	4.4	180	1.3	(526)	(74.5)
Total sales	15,932	100.0	14,327	100.0	(1,605)	(10.1)

	First quarter ended December 20, 2008		First quarter ended December 20, 2009		Increase (decrease)	Year on Year (%)
	Amount	% of total sales	Amount	% of total sales		
Operating income	2,712	17.0	1,944	13.6	(767)	(28.3)
Ordinary income	2,825	17.7	2,030	14.2	(795)	(28.2)
Net income	1,315	8.3	945	6.6	(370)	(28.2)

During the first quarter of the current fiscal year, ending September 20, 2010, Japan's economy exhibited signs of a modest recovery in some sectors. However, business conditions remained challenging amid a continuing deterioration in the employment situation and income levels.

Regarding the cosmetics market, which forms the core of the Noevir Group's business, consumer spending continued to show an overall downward trend as competition between rival companies intensified. Against this backdrop, we have been concentrating primarily on the development of high value-added skincare and cosmetic products requiring counseling services. Simultaneously, we have been reinforcing the brand image of our products as prestigious cosmetics. Regarding our mass retail cosmetic products and energy drinks sold primarily in drug stores and functional drinks sold chiefly through convenience stores, we have been launching new products and aggressively undertaking advertising, promotion and sales activities.

As a result, for the three-month reporting period the Noevir Group recorded sales of 14,327 million yen on a consolidated basis, down 10.1% year-on-year. Operating income declined 28.3% year-on-year, to 1,944 million yen, and ordinary income fell 28.2% to 2,030 million yen. Net income fell 28.2% year-on-year, to 945 million yen.

In the cosmetics segment, demand for our prestigious skincare and cosmetics products requiring counseling services has weakened in reaction to sluggish consumer spending. With regard to mass retail cosmetic products, sales were supported by strong consumer demand for low-priced products. As a result, sales in the cosmetics segment came to 10,491 million yen, down 10.5% year-on-year, and operating income fell 21.0% year-on-year, to 2,475 million yen.

In the pharmaceutical segment, energy drinks contributed to growth in sales. Consequently, sales in the pharmaceutical segment rose 1.1% year-on-year, to 1,800 million yen. This segment booked an operating loss of 104 million yen, compared with a loss of 73 million yen in the same period of the previous year.

In the health food segment, strong sales of functional drinks, supported by aggressive advertising campaigns, more than offset the decline in sales of nutritional supplements. As a result, segment sales rose 7.9% to 1,855 million yen, while operating income dropped 72.4% to 50 million yen.

In the Other segment, the ongoing impact of the worldwide recession resulted in a substantial decline in revenue from the North American aviation business. Revenue for the Other segment totaled 180 million yen, down 74.5% year-on-year, and this segment posted an operating loss of 25 million yen, compared with an operating loss of 4 million yen in the same period of the previous year.

Because we hold a skincare cosmetics fair twice a year (in the summer and winter each for two-month periods), there is a tendency for sales and income to be disproportionately higher during the first and third quarters (Sept. 21 to Dec. 20 and March 21 to June 20) than second and fourth quarter.

2. Supplementary explanation on consolidated financial position

Total assets at the end of the reporting first-quarter period, on a consolidated basis, stood at 89,667 million yen, for an increase of 359 million yen over the end of the previous full fiscal term. This was due primarily to increases in notes and accounts receivable, which caused total current assets to rise by 805 million yen from the end of the previous fiscal year.

Liabilities were also up over the previous term-end, by 858 million yen, at 38,264 million yen. This is primarily due to an increase in Other current liabilities, resulting in a 855 million yen rise in total current liabilities over the previous term-end.

Net assets came to 51,403 million yen, for a decrease of 499 million yen from the previous term-end. This is primarily due to the payment of dividends, which reduced retained earnings by 542 million yen compared with end of the previous full fiscal term.

Consolidated cash flows

Net cash provided by operating activities came to 1,017 million yen. This is attributable to the posting of income before income taxes in the amount of 1,807 million yen.

Net cash used in investing activities amounted to 250 million yen. This is due to expenditure on the purchase of property, plant and equipment in the amount of 251 million yen.

Net cash used in financing activities amounted to 1,128 million yen. This is attributable to an expenditure of 1,128 million yen on the cash dividends paid.

As a result of the foregoing, cash and cash equivalents as of the end of the first quarter stood at 35,193 million yen, down by 386 million yen from the previous term-end.

3. Supplementary explanation on consolidated forecasts

We see no reason to revise our fiscal 2010 first-half and full-term business performance forecasts released on October 30, 2009.

4. Other information

(1) Significant changes among subsidiaries (scope of consolidation) during period

Not applicable.

(2) Simplified accounting method or special method for preparing quarterly consolidated financial statements adopted

(Simplified Accounting Method)

1. Valuation of inventory assets

The value of inventories at the end of the quarter under review is calculated using a rational method, based on physical inventories at the end of the previous fiscal year, rather than physical inventories at the end of the quarter under review.

2. Depreciation of property, plant and equipment

The periodical allocation method is employed for the calculation of depreciation expenses for the reporting period on property, plant and equipment to which the declining-balance method is applied.

3. Calculation of income taxes and deferred tax assets and liabilities

The Company has employed a simplified method for the calculation of income taxes levied on overseas subsidiaries and on domestic subsidiaries with immaterial impact on consolidated earnings. Under this system, adjustments to consolidated performance and tax reductions are limited to material items.

Regarding judgments on the recoverability of deferred tax assets, the Company has employed forecasts for the future business performance and the tax planning used in the previous fiscal year, since it was considered that there had been no significant changes in the business environment and that the possibility of occurrence of temporary differences during the reporting 3-month period was low.

(Special accounting treatment for preparing quarterly consolidated financial statements)

Not applicable.

(3) Changes in accounting principles, procedures, disclosure methods, etc., pertaining to preparation of quarterly consolidated financial statements

(Changes in presentation)

For the previous first quarter, insurance premiums were included in the “Other” category under “Non-operating income.” For the reporting first quarter, however, insurance premiums have been recorded separately, as the amount for insurance premiums exceeds one fifth of total non-operating income. The corresponding figure for the previous first quarter is 28,307,000 yen.

For the previous first quarter, the gain on the return of allowance for guarantee obligations was included in the “Other” category under “Extraordinary income.” For the reporting first quarter, however, proceeds from the return of allowance for guarantee obligations has been recorded separately, as the amount of the proceeds from the return of allowance for guarantee obligations exceeds one fifth of total extraordinary income. The corresponding figure for the previous first quarter is 6,432,000 yen.

5. Consolidated quarterly financial statements

(1) Consolidated balance sheets

(Thousands of yen)

	First quarter ended December 2009	Year ended September 2009
ASSETS		
Current assets		
Cash and cash equivalents	35,193,275	35,579,974
Notes and accounts receivable	12,710,591	11,492,997
Merchandise and finished goods	6,837,206	6,914,756
Work in progress	225,400	297,440
Raw materials and purchased supplies	1,746,311	1,588,442
Deferred tax assets	1,761,644	1,678,057
Other receivables	2,084,919	2,115,008
Other	453,476	536,485
Allowance for doubtful accounts	(92,776)	(88,620)
Total current assets	60,920,050	60,114,543
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,544,488	6,629,975
Equipment and vehicles, net	1,147,401	1,206,288
Land	14,330,058	14,330,058
Lease assets, net	7,454	7,900
Construction in progress	7,391	19,779
Other, net	649,567	675,150
Total plant, property and equipment	22,686,361	22,869,152
Intangible assets		
Goodwill	7,214	9,333
Software	1,762,686	1,746,344
Other	110,195	248,312
Total intangible assets	1,880,096	2,003,990
Investments and other assets		
Investment securities	507,796	548,562
Long-term loans	514	656
Deferred tax assets	2,272,944	2,292,333
Other	1,641,365	1,751,788
Allowance for doubtful accounts	(241,735)	(273,363)
Total investments and other assets	4,180,886	4,319,977
Total non-current assets	28,747,343	29,193,120
Total assets	89,667,394	89,307,664

(Thousands of yen)

	First quarter ended December 2009	Year ended September 2009
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	4,602,801	4,918,241
Current portion of long-term debt	8,234	12,337
Lease obligations	1,918	1,874
Other accounts payable	3,871,037	4,130,861
Income tax payable	1,081,705	642,429
Deferred tax liabilities	42	12
Reserve for bonuses	139,382	222,860
Reserve for product returns	1,564,749	1,360,920
Other	1,819,987	944,561
Total current liabilities	13,089,860	12,234,098
Long-term liabilities		
Lease obligations	6,116	6,421
Reserve for employees' retirement benefits	5,214,048	5,050,296
Guarantee deposits received	19,547,072	19,703,272
Other	407,020	411,103
Total long-term liabilities	25,174,258	25,171,094
Total liabilities	38,264,119	37,405,192
NET ASSETS		
Shareholders' equity		
Common stock	7,319,431	7,319,431
Additional paid-in capital	6,809,366	6,809,366
Retained earnings	37,685,806	38,228,362
Treasury stock	(21,326)	(21,326)
Total shareholders' equity	51,793,278	52,335,834
Valuation and translation adjustments		
Net unrealized gain (loss) on other securities	20,085	(88,625)
Foreign currency translations adjustments	(429,235)	(366,390)
Total valuation/translation adjustments	(409,150)	(455,015)
Minority interests	19,146	21,652
Total net assets	51,403,274	51,902,471
Total liabilities & net assets	89,667,394	89,307,664

(2) Consolidated quarterly statements of income

(Thousands of yen)

	First quarter ended December 2008	First quarter ended December 2009
Net sales	15,932,412	14,327,330
Cost of sales	4,713,958	4,429,105
Gross profit	11,218,454	9,898,224
Selling, general and administrative expenses	8,506,408	7,953,863
Operating income	2,712,046	1,944,361
Non-operating income		
Interest income	32,513	7,108
Dividend income	4,872	3,956
Insurance premiums	--	41,157
Other	132,433	72,067
Total	169,819	124,290
Non-operating expenses		
Interest expense	908	--
Loss on currency translation	45,791	34,587
Other	9,304	3,923
Total	56,003	38,511
Ordinary income	2,825,861	2,030,140
Extraordinary income		
Gain on sale of fixed assets	34,650	157
Gain on sale of investment securities	126	--
Return of allowance for guarantee obligations	--	907
Other	8,522	--
Total	43,298	1,065
Extraordinary losses		
Loss on disposal of fixed assets	1,185	390
Loss on valuation of investment securities	1,048	223,471
Loss on valuation of inventories	364,982	--
Total	367,217	223,861
Income before income taxes	2,501,943	1,807,343
Income taxes-- basic	1,164,886	1,001,506
Income taxes-- deferred	22,943	(137,872)
Total	1,187,830	863,633
Minority interests	(1,581)	(1,356)
Net income	1,315,695	945,067

(3) Consolidated quarterly statements of cash flows

(Thousands of yen)

	First quarter ended December 2008	First quarter ended December 2009
Cash flows from operating activities		
Income before income taxes	2,501,943	1,807,343
Depreciation	496,875	454,189
Amortization of goodwill	7,577	2,118
Increase (decrease) in reserve for doubtful accounts	20,688	(27,217)
Increase (decrease) in reserve for bonuses	(69,650)	(83,406)
Increase (decrease) in reserve for product returns	119,208	203,855
Increase (decrease) in reserve for retirement benefits	118,689	163,751
Increase (decrease) in reserve for directors' retirement benefits	(403,531)	--
Increase (decrease) in allowance for guarantee obligations	(6,432)	(907)
Interest and dividends received	(37,385)	(11,065)
Interest paid	908	--
Gain/loss on currency translation	30,241	28,056
Gain/loss on marketable and investment securities	(126)	--
Gain/loss on valuation of marketable and investment securities	1,048	223,471
Gain/loss on sales of property, plant and equipment	(33,464)	232
Decrease (increase) in trade receivables	(1,420,851)	(1,184,934)
Decrease (increase) in inventories	411,035	(80,797)
Increase (decrease) in trade payables	(613,758)	(320,415)
Increase (decrease) in guarantee deposits	(90,800)	(156,200)
Other	907,273	548,225
Subtotal	1,939,490	1,566,301
Interest and dividends received	31,893	8,753
Interest expense	(908)	--
Income tax paid	(759,034)	(557,882)
Net cash provided by operating activities	1,211,441	1,017,171
Cash flows from investing activities		
Purchase of investment securities	(676)	--
Proceeds from sale of investment securities	782	--
Purchase of property, plant and equipment	(414,869)	(251,930)
Proceeds from sale of property, plant and equipment	97,624	1,000
Purchase of intangible assets	(165,330)	--
Proceeds from sale of intangible assets	--	137
Proceeds from collection of long-term loans	10,030	203
Net cash provided by (used in) investing activities	(472,438)	(250,590)
Cash flows from financing activities		
Cash dividends paid	(1,207,662)	(1,128,787)
Net cash used in financing activities	(1,207,662)	(1,128,787)
Effects of exchange rate changes on cash and cash equivalents	(45,893)	(24,492)
Net change in cash and cash equivalents	(514,552)	(386,699)
Cash and cash equivalents, beginning of year	35,913,855	35,579,974
Cash and cash equivalents, end of year	35,399,302	35,193,275

(4) Note on assumptions for going concern
Not applicable

(5) Segment information

a. Business segment information

Consolidated results for the previous first quarter (September 21 to December 20, 2008)

(Thousands of yen)

	Cosmetics	Pharmaceuticals	Health Food	Other	Total	Elimination/ corporate	Consolidation
Net Sales							
(1) Sales, external	11,725,307	1,780,633	1,719,038	707,432	15,932,412	--	15,932,412
(2) Sales, within group	--	--	--	33,920	33,920	(33,920)	--
Total	11,725,307	1,780,633	1,719,038	741,353	15,966,333	(33,920)	15,932,412
Operating income (loss)	3,133,732	(73,298)	183,712	(4,218)	3,239,927	(527,881)	2,712,046

Notes: Noevir business is segmented by categories for control of in-house organization.

1. Products in each segment include:

- (Cosmetics) Cosmetics, quasi-drug cosmetics
- (Pharmaceuticals) OTC Pharmaceuticals, excluding medicated cosmetics
- (Health Food) Food products, nutritional supplements
- (Other) Apparel, cosmetic accessories, aviation business, etc.

2. Changes in accounting procedures

“Accounting Standard for Measurement of Inventories”

From the quarterly period under review the Company has applied “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, issued July 5, 2006).

The changes in accounting standards have caused operating income to decline by 17,224,000 yen for the Cosmetics segment, by 107,000 yen for the Pharmaceutical segment, by 849,000 yen for the Health Food segment, and by 856,000 yen for the Other segment from the corresponding amounts calculated under the previous accounting standards.

Consolidated results for the reporting first quarter (September 21 to December 20, 2009)

(Thousands of yen)

	Cosmetics	Pharmaceuticals	Health Food	Other	Total	Elimination/ corporate	Consolidation
Net Sales							
(1) Sales, external	10,491,349	1,800,222	1,855,222	180,535	14,327,330	--	14,327,330
(2) Sales, within group	--	--	--	35,787	35,787	(35,787)	--
Total	10,491,349	1,800,222	1,855,222	216,322	14,363,117	(35,787)	14,327,330
Operating income (loss)	2,475,495	(104,339)	50,621	(25,150)	2,396,626	(452,264)	1,944,361

Note: Noevir business is segmented by categories for control of in-house organization.

Products in each segment include:

- (Cosmetics) Cosmetics, quasi-drug cosmetics
- (Pharmaceuticals) OTC Pharmaceuticals, excluding quasi-drug cosmetics
- (Health Food) Food products, nutritional supplements
- (Other) Apparel, cosmetic accessories, aviation business, etc.

b. Geographic segment information

For the previous first quarter (September 21 to December 20, 2008)

The Group's segment information on a geographic basis has not been disclosed, because overseas sales accounted for less than 10% of total operations on a consolidated basis.

For the reporting first quarter (September 21 to December 20, 2009)

The Group's segment information on a geographic basis has not been disclosed, because overseas sales accounted for less than 10% of total operations on a consolidated basis.

c. Overseas sales

Consolidated results for the previous first quarter (September 21 to December 20, 2008)

Overseas sales comprised less than 10% of net sales.

Consolidated results for the reporting first quarter (September 21 to December 20, 2009)

Overseas sales comprised less than 10% of net sales.

(6) Notes in the event of major changes in shareholders' equity

Not applicable.