



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

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Noevir Announces 2010 First Half Consolidated Results

Noevir Co., Ltd.

Listing: Tokyo Stock Exchange, Second Section (Code Number: 4916)
URL: <http://www.noevir.co.jp/>
Representative: Takashi Okura, President and Representative Director
Contact: Masayuki Hamaguchi, Executive Officer and General Manager of Accounting Department
Tel. +81-78-303-5121

Submission of Quarterly Business Report: April 28, 2010

Date of commencement of dividend payments: --

1. Operating results for the six months of the fiscal year ending September 20, 2010 (From September 21, 2009 – March 20, 2010)

* 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 20, 2010	26,765 (6.5)%	2,134 (12.7)%	2,280 (14.8)%
Six months ended March 20, 2009	28,613 —	2,444 —	2,677 —

	Net income	EPS (Yen)	Diluted EPS (Yen)
Six months ended March 20, 2010	1,121 (1.1)%	27.13	—
Six months ended March 20, 2009	1,133 —	27.43	—

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
As of March 20, 2010	89,509	51,621	57.7%	1,248.77
As of September 20, 2009	89,307	51,902	58.1%	1,255.50

[Reference] Equity

As of March 20, 2010: 51,602 million yen

As of September 20, 2009: 51,880 million yen

2. Cash dividends

(Yen)

	Cash dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year
Fiscal year ended Sept. 20, 2009	—	0.00	—	36.00	36.00
Fiscal year ending Sept. 20, 2010	—	0.00			
Fiscal year ending Sept. 20, 2010 (forecast)			—	36.00	36.00

Note: Revision to quarterly dividend forecast: None

3. Consolidated earnings forecasts for the fiscal year ending September 20, 2010
(From 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)
Fiscal year ending Sept. 20, 2010	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 “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: None

(4) Shares outstanding (common stock)

1. Shares outstanding (including treasury stock)

As of March 20, 2010: 41,337,487

As of September 20, 2009: 41,337,487

2. Treasury shares outstanding

As of March 20, 2010: 14,627

As of September 20, 2009: 14,627

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

As of March 20, 2010: 41,322,860

As of March 20, 2009: 40,332,880

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 criteria for the Company's performance forecasts, 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 six-month reporting fiscal year (September 21, 2009 to March 20, 2010)

(Millions of yen)

	Six months ended March 20, 2009		Six months ended March 20, 2010		Increase (Decrease)	Year-on-year (%)
	Sales	% of total sales	Sales	% of total sales		
Cosmetics	18,999	66.4	17,886	66.8	(1,113)	(5.9)
Pharmaceuticals	3,692	12.9	3,591	13.4	(100)	(2.7)
Health food	4,481	15.7	4,364	16.3	(116)	(2.6)
Other	1,439	5.0	922	3.5	(516)	(35.9)
Total sales	28,613	100.0	26,765	100.0	(1,847)	(6.5)

	Six months ended March 20, 2009		Six months ended March 20, 2010		Increase (Decrease)	Year-on-year (%)
	Amount	% of total sales	Amount	% of total sales		
Operating income	2,444	8.5	2,134	8.0	(309)	(12.7)
Ordinary income	2,677	9.4	2,280	8.5	(397)	(14.8)
Net income	1,133	4.0	1,121	4.2	(12)	(1.1)

Though increased exports and other improvements could be seen in some areas of the Japanese economy during the reporting six-month period (September 21, 2009 – March 20, 2010), the challenging employment situation continued and individual consumer spending remained sluggish.

In the cosmetics market, which forms the core of the Noevir Group's business, adverse conditions continue as consumers orient toward low prices. For cosmetics sold through individual consultation, amid this difficult operating environment, we worked to develop high added-value products and to raise the image of our brand as a high-end cosmetics line through our sales representatives. For our cosmetics products and energy drinks sold primarily through drug stores, and for our functional drinks retailed mainly through convenience stores, we implemented aggressive advertising and sales promotion campaigns.

As a result, for the reporting first-half period, the Noevir Group recorded sales on a consolidated basis of 26,765 million yen, a year-on-year decrease of 6.5%. Operating income was 2,134 million yen, down 12.7% from the same period in the previous year. Ordinary income declined 14.8% year-on-year to 2,280 million yen, while net income came in at 1,121 million yen, a drop of 1.1%.

As consumers gravitated toward lower prices, sales for cosmetics sold through individual consultation, which comprise primarily high-end products, declined. We were able to maintain stable sales of our self-selection cosmetics, which are mainly sold through drug stores, as we launched products carefully tailored to consumer tastes. As a result, the cosmetics segment recorded sales of 17,886 million yen, a year-on-year decrease of 5.9%, and operating income of 3,087 million yen, down 7.4%.

In the pharmaceutical segment, sales declined due to weakening consumer demand, ending the period at 3,591 million yen, a year-on-year decrease of 2.7%. The segment posted an operating loss of 214 million yen, compared to a 155 million yen loss for the same period of the previous year.

The health food segment saw sales drop because of continuing sluggishness in the supplement market. Health food recorded sales of 4,364 million yen, a year-on-year decrease of 2.6%, and operating income of 181 million yen, down 51.0%.

In the Other segment, sales for our North American aviation business continued to suffer sharp decline due to the effects of the still slumping economy. As a result, sales for the segment came to 922 million yen, a year-on-year decrease of 35.9%, and the segment booked an operating loss of 81 million yen, compared to a 57 million yen loss for the same period the previous year.

2. Supplementary explanation on consolidated financial position

Total assets at the end of the reporting first-half period stood at 89,509 million yen on a consolidated basis, an increase of 202 million yen from the end of the previous fiscal term. This is mainly attributable to an increase of 949 million yen in current assets from the previous term-end, on an increase in notes and accounts receivable.

Liabilities came to 37,888 million yen, an increase of 482 million yen from the previous term-end. The main factor was a rise in current liabilities of 947 million yen over the previous term-end mainly because of an increase in income tax payable.

Net assets decreased by 280 million yen from the end of the previous term, to 51,621 million yen, due primarily to payment of dividends, which caused retained earnings to decline by 366 million yen compared to the

previous term-end.

(Consolidated cash flows)

Net cash provided by operating activities came to 2,110 million yen. This is mainly attributable to the posting of income before income taxes in the amount of 2,101 million yen.

Net cash used in investing activities amounted to 559 million yen. This is principally attributable to purchase of property, plant and equipment in the amount of 555 million yen.

Net cash used in financing activities came to 1,482 million yen due to dividend payments in the amount of 1,482 million yen.

As a result of the foregoing, cash and cash equivalents as of the end of the first-half period stood at 35,629 million yen, up by 49 million yen from the previous term-end.

3. Supplementary explanation on consolidated forecasts

No change has been made to the forecasts made on October 30, 2009 of business performance, on a consolidated basis, for the current fiscal term, ending September 20, 2010.

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. 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.

2. 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)

“Insurance dividends” which had been included in “Other” Non-operating income for the previous first-half period, is presented separately, because the amount exceeded 20% of the total of Non-operating income for the reporting first-half period. Insurance dividends which had been included in “Other” Non-operating income for the previous first-half period amounted to 28,488,000 yen.

5. Consolidated quarterly financial statements

(1) Consolidated balance sheets

(Thousands of yen)

	As of March 20, 2010	As of September 20, 2009
ASSETS		
Current assets		
Cash and cash equivalents	35,629,488	35,579,974
Notes and accounts receivable	12,697,701	11,492,997
Merchandise and finished goods	6,912,024	6,914,756
Work in progress	164,884	297,440
Raw materials and purchased supplies	1,714,081	1,588,442
Deferred tax assets	1,707,774	1,678,057
Other receivables	1,835,227	2,115,008
Other	502,347	536,485
Allowance for doubtful accounts	(99,417)	(88,620)
Total current assets	61,064,111	60,114,543
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,409,201	6,629,975
Equipment and vehicles, net	1,108,281	1,206,288
Land	14,330,058	14,330,058
Lease assets, net	8,145	7,900
Construction in progress	3,139	19,779
Other, net	594,132	675,150
Total plant, property and equipment	22,452,958	22,869,152
Intangible assets		
Goodwill	6,328	9,333
Software	1,651,707	1,746,344
Other	107,783	248,312
Total intangible assets	1,765,819	2,003,990
Investments and other assets		
Investment securities	520,894	548,562
Long-term loans	304	656
Deferred tax assets	2,309,660	2,292,333
Other	1,635,356	1,751,788
Allowance for doubtful accounts	(239,240)	(273,363)
Total investments and other assets	4,226,974	4,319,977
Total non-current assets	28,445,752	29,193,120
Total assets	89,509,863	89,307,664

(Thousands of yen)

	As of March 20, 2010	As of September 20, 2009
LIABILITIES		
Current liabilities		
Notes and accounts payable	5,324,383	4,918,241
Current portion of long-term debt	—	12,337
Lease obligations	2,124	1,874
Accrued expenses	4,183,968	4,130,861
Income tax payable	1,156,601	642,429
Deferred tax liabilities	8	12
Reserve for bonuses	234,478	222,860
Reserve for product returns	1,388,348	1,360,920
Other	891,429	944,561
Total current liabilities	13,181,344	12,234,098
Long-term liabilities		
Lease obligations	6,445	6,421
Reserve for employees' retirement benefits	4,845,049	5,050,296
Guarantee deposits received	19,493,372	19,703,272
Other	361,913	411,103
Total long-term liabilities	24,706,781	25,171,094
Total liabilities	37,888,125	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	37,861,948	38,228,362
Treasury stock	(21,326)	(21,326)
Total shareholders' equity	51,969,421	52,335,834
Valuation and translation adjustments		
Net unrealized gain (loss) on other securities	27,513	(88,625)
Foreign currency translations adjustments	(394,119)	(366,390)
Total valuation/translation adjustments	(366,606)	(455,015)
Minority interests	18,923	21,652
Total net assets	51,621,738	51,902,471
Total liabilities & net assets	89,509,863	89,307,664

(2) Consolidated quarterly statements of income

(Thousands of yen)

	Six months ended March 20, 2009	Six months ended March 20, 2010
Net sales	28,613,211	26,765,604
Cost of sales	9,776,064	9,192,951
Gross profit	18,837,147	17,572,653
Selling, general and administrative expenses	16,392,883	15,438,203
Operating income	2,444,263	2,134,449
Non-operating income		
Interest income	55,037	13,068
Dividend income	4,974	4,061
Lease income	55,331	27,112
Insurance dividends	—	41,157
Other	156,976	102,655
Total	272,320	188,056
Non-operating expenses		
Interest expense	908	—
Loss on currency translation	22,897	33,218
Other	14,847	8,440
Total	38,652	41,659
Ordinary income	2,677,930	2,280,846
Extraordinary income		
Gain on sale of fixed assets	35,579	164
Gain on sale of investment securities	126	1,616
Return of allowance for doubtful accounts	45,571	—
Gain on sale of membership rights	56,700	—
Reversal of long-term accounts payable	—	40,234
Other	6,432	1,517
Total	144,409	43,532
Extraordinary losses		
Loss on disposal of fixed assets	2,682	7,490
Loss on valuation of investment securities	134,748	215,418
Loss on valuation of inventories	364,982	—
Total	502,413	222,908
Income before taxes	2,319,926	2,101,471
Income taxes	857,853	1,109,817
Adjustment for corporate tax, etc.	331,805	(127,600)
Total	1,189,658	982,217
Minority interests	(3,419)	(1,955)
Net income	1,133,687	1,121,209

(3) Consolidated quarterly statements of cash flows

(Thousands of yen)

	Six months ended March 20, 2009	Six months ended March 20, 2010
Cash flows from operating activities		
Income before income taxes	2,319,926	2,101,471
Depreciation,	1,010,558	922,606
Amortization of goodwill	15,267	3,004
Increase (decrease) in reserve for doubtful accounts	(47,006)	(23,202)
Increase (decrease) in reserve for bonuses	11,640	11,524
Increase (decrease) in reserve for product returns	(34,602)	27,428
Increase (decrease) in reserve for retirement benefits	201,375	(205,246)
Increase (decrease) in reserve for directors' retirement benefits	(403,531)	—
Increase (decrease) in allowance for guarantee obligations	(6,432)	(1,517)
Interest and dividends received	(60,011)	(17,130)
Interest paid	908	—
Gain/loss on currency translation	35,483	20,784
Gain/loss on marketable and investment securities	(126)	(1,616)
Gain/loss on valuation of marketable and investment securities	134,748	215,418
Gain/loss on sales of property, plant and equipment	(32,896)	7,325
Gain/loss on sale of membership rights	(56,700)	—
Reversal of long-term accounts payable	—	(40,234)
Decrease (increase) in trade receivables	(1,262,154)	(1,162,924)
Decrease (increase) in inventories	1,020,790	(36,552)
Increase (decrease) in trade payables	(362,819)	435,947
Increase (decrease) in guarantee deposits	(80,500)	(209,900)
Other	630,860	614,277
Subtotal	3,034,778	2,661,462
Interest and dividends received	67,414	16,292
Interest expense	(908)	—
Income tax paid	(743,298)	(567,110)
Net cash provided by operating activities	2,357,985	2,110,644
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	3,000,000	—
Purchase of investment securities	(11,212)	(900)
Proceeds from investment securities	782	11,616
Purchase of property, plant and equipment	(541,630)	(555,132)
Proceeds from sale of property, plant and equipment	99,824	1,000
Purchase of intangible assets	(199,552)	(16,795)
Proceeds from sale of intangible assets	3,303	411
Proceeds from collection of long-term loans	81,979	407
Proceeds from sale of membership rights	63,000	—
Net cash provided by investing activities	2,496,495	(559,392)
Cash flows from financing activities		
Expenditure for redemption of 2009 convertible bond	(6,760,000)	—
Repurchase of treasury stock	(34)	—
Cash dividends paid	(1,480,800)	(1,482,998)
Net cash used in financing activities	(8,240,834)	(1,482,998)
Effects of exchange rate changes on cash and cash equivalents	(105,405)	(18,739)
Net change in cash and cash equivalents	(3,491,759)	49,514
Cash and cash equivalents, beginning of year	35,913,855	35,579,974
Cash and cash equivalents, end of year	32,422,096	35,629,488

(4) Note on assumptions for going concern
Not applicable

(5) Segment information

a. Business segment information

Consolidated results for six-month reporting fiscal term (September 21, 2009 to March 20, 2010)

(Thousands of yen)

	Cosmetics	Pharmaceuticals	Health Food	Other	Total	Elimination/ corporate	Consolidation
Net Sales							
(1) Sales, external	17,886,468	3,591,857	4,364,306	922,971	26,765,604	—	26,765,604
(2) Sales, within group	—	—	—	68,216	68,216	(68,216)	—
Total	17,886,468	3,591,857	4,364,306	991,187	26,833,820	(68,216)	26,765,604
Operating income (loss)	3,087,885	(214,603)	181,932	(81,603)	2,973,611	(839,161)	2,134,449

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

Products in each segment include:

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

Consolidated results for six-month previous fiscal term (September 21, 2008 to March 20, 2009)

(Thousands of yen)

	Cosmetics	Pharmaceuticals	Health Food	Other	Total	Elimination/ corporate	Consolidation
Net Sales							
(1) Sales, external	18,999,890	3,692,374	4,481,253	1,439,693	28,613,211	—	28,613,211
(2) Sales, within group	—	—	—	67,104	67,104	(67,104)	—
Total	18,999,890	3,692,374	4,481,253	1,506,797	28,680,316	(67,104)	28,613,211
Operating income (loss)	3,335,899	(155,340)	371,051	(57,949)	3,493,661	(1,049,398)	2,444,263

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

1. Products in each segment include:

- (Cosmetics) Cosmetics, medicated 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).

Due to these changes in accounting standards, compared with the application of the previous standards, operating income for the reporting first-half period declined by 39,941,000 yen for the Cosmetics segment, and by 422,000 yen for the Health Food segment. For the same period, operating losses posted by the Pharmaceutical segment and the Other segment, increased by 6,522,000 yen and 2,534,000 yen, respectively.

b. Geographic segment information

Consolidated results for six-month reporting fiscal term (September 21, 2009 to March 20, 2010)

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.

Consolidated results for six-month previous fiscal term (September 21, 2008 to March 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 six-month reporting fiscal term (September 21, 2009 to March 20, 2010)

Overseas sales comprised less than 10% of net sales.

Consolidated results for six-month previous fiscal term (September 21, 2008 to March 20, 2009)
Overseas sales comprised less than 10% of net sales.

(6) Notes in the event of major changes in shareholders' equity
Not applicable.