



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

July 30, 2010

Noevir Announces 2010 Third Quarter Consolidated Results

Trade Name: Noevir Co., Ltd.

Listing: Tokyo Stock Exchange, Second Section (Code Number: 4916)

URL: <http://www.noevir.co.jp/>

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Submission of Quarterly Business Report: August 4, 2010

Date of commencement of dividend payments: —

1. Operating results for the nine months of the fiscal year ending September 20, 2010

(From September 21, 2009 – June 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
3rd quarter ended June 20, 2010	40,467 (5.4%)	3,781 (13.9%)	4,007 (15.5%)
3rd quarter ended June 20, 2009	42,786 —	4,389 —	4,742 —

	Net income	EPS (Yen)	Diluted EPS (Yen)
3rd quarter ended June 20, 2010	2,117 (11.5%)	51.25	—
3rd quarter ended June 20, 2009	2,391 —	57.88	—

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
3rd quarter ended June 20, 2010	90,640	52,626	58.0	1,273.10
Fiscal year ended September 20, 2009	89,307	51,902	58.1	1,255.50

[Reference] Equity

3rd quarter ended June 20, 2010: 52,608 million yen

Fiscal year ended 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	53,000 (4.0%)	2,800 (20.9%)	3,200 (18.7%)	2,000 (7.1%)	48.40

Note: Revision to quarterly consolidated performance forecast: Yes

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 “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: None

(4) Shares outstanding (common stock)

1. Shares outstanding (including treasury stock)

3rd quarter ended June 20, 2010: 41,337,487

Fiscal year ended September 20, 2009: 41,337,487

2. Treasury shares outstanding

3rd quarter ended June 20, 2010: 14,627

Fiscal year ended September 20, 2009: 14,627

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

3rd quarter ended June 20, 2010: 41,332,860

3rd quarter ended June 20, 2009: 41,322,873

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 on page 4.

Supplementary explanations and financial statements

1. Supplementary explanation on consolidated operating results

Consolidated operating results for nine-month reporting fiscal year (September 21, 2009 to June 20, 2010)

(Millions of yen)

	3rd quarter ended June 20, 2009		3rd quarter ended June 20, 2010		Increase (Decrease)	Year-on-year (%)
	Sales	% of total sales	Sales	% of total sales		
Cosmetics	29,843	69.7	27,974	69.1	(1,869)	(6.3)
Pharmaceuticals	5,217	12.2	4,912	12.1	(305)	(5.9)
Health food	5,721	13.4	5,727	14.2	5	0.1
Other	2,003	4.7	1,853	4.6	(150)	(7.5)
Total sales	42,786	100.0	40,467	100.0	(2,319)	(5.4)

	3rd quarter ended June 20, 2009		3rd quarter ended June 20, 2010		Increase (Decrease)	Year-on-year (%)
	Amount	% of total sales	Amount	% of total sales		
Operating income	4,389	10.3	3,781	9.3	(608)	(13.9)
Ordinary income	4,742	11.1	4,007	9.9	(735)	(15.5)
Net income	2,391	5.6	2,117	5.2	(273)	(11.5)

During the nine-month reporting period, Japanese exporting companies' profits rose as economies overseas recovered, and corporate earnings showed signs of gradual improvement. However, severe employment conditions persisted and consumer spending remained sluggish.

The Noevir Group's mainstay cosmetics business continued to be weak due to consumer preferences for lower-priced products. Given this environment, Noevir boosted its image as a maker of counseling prestige cosmetics by developing high value-added products, through distribution by sales representatives.

Noevir further launched aggressive advertising and sales promotion campaigns for its self-selection cosmetics and energy drinks, sold mainly through drugstores, as well as its functional drinks, sold mainly at convenience stores.

These efforts yielded nine-month reporting period sales on a consolidated basis of 40,467 million yen, down 5.4% year on year, operating income declined 13.9%, to 3,781 million yen, ordinary income decreased 15.5%, to 4,007 million yen, and net income dropped 11.5%, to 2,117 million yen.

In the cosmetic business, counseling prestige cosmetics, have been hit hard by weak consumer spending. Self-selection cosmetics products have been supported by consumer preferences for lower prices. As a result, Cosmetic Segment sales were down 6.3%, to 27,974 million yen and operating income fell 9.7%, to 5,272 million yen.

Pharmaceutical segment sales declined, impacted by cooling market conditions. As a result, pharmaceutical segment sales decreased 5.9%, to 4,912 million yen. The segment posted an operating loss of 473 million yen, compared with a loss of 345 million yen in the same period of the previous year).

In the health food segment, despite weak market conditions for supplement products, due to Noevir's aggressive promotion of functional drinks, health food segment sales remained flat. Sales edged up 0.1%, to 5,727 million yen and operating income declined 43.6%, to 255 million yen.

In the other segment, Noevir's aviation business in North America continued to be impacted by the weak economy. Other segment sales were down 7.5%, to 1,853 million yen, and this segment posted an operating loss of 45 million yen, compared with a loss of 37 million yen in the same period of the previous year.

Noevir holds a "Skincare Cosmetics Fair" twice a year—one each in the winter and summer, both lasting two months—and thus sales and income are more heavily weighted in the 1st quarter (September 21 – December 20) and the 3rd quarter (March 21 - June 20).

2. Supplementary explanation on consolidated financial position

Total assets at the end of the nine-month reporting period, on a consolidated basis, stood at 90,640 million yen, an increase of 1,333 million yen from the previous fiscal year-end. This was mainly due to increased cash and cash equivalents, and a 2,544 million yen increase in current assets from the end of the previous consolidated fiscal year. Liabilities rose 609 million yen from the end of the previous fiscal year to 38,014 million yen. Notes and accounts payable in particular increased, and current liabilities were up 1,081 million yen.

Net assets were up 723 million yen from the end of the previous fiscal year, to 52,626 million yen. Retained earnings in particular rose, up 630 million yen.

(Consolidated cash flows)

Net cash provided by operating activities came to 4,216 million yen. This was mainly due to 3,798 million yen in net income before income taxes.

Net cash used in investing activities amounted to 635 million yen. This was due mainly to outlays of 624 million yen in order to acquire property, plant and equipment.

Net cash used in financing activities amounted to 1,484 million yen. This was due to payments of 1,484 million yen for dividends.

As a result, cash and cash equivalents totaled 37,670 million yen at the end of the nine-month reporting period, up 2,090 million yen from the end of the previous consolidated fiscal year.

3. Supplementary explanation on consolidated earnings forecasts

Noevir has revised its Fiscal 2010 consolidated earnings forecast, released October 30, 2009, in light of business conditions through the nine-month reporting period. For details, please refer to today's press release, "2010 Full-Year Consolidated Results Forecast Revised."

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 second quarter, 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

Not applicable.

5. Consolidated quarterly financial statements

(1) Consolidated balance sheets

(Thousands of yen)

	3rd quarter ended June 20, 2010	Fiscal year ended September 20, 2009
ASSETS		
Current assets		
Cash and cash equivalents	37,670,628	35,579,974
Notes and accounts receivable	11,825,773	11,492,997
Merchandise and finished goods	6,854,915	6,914,756
Work in progress	256,868	297,440
Raw materials and purchased supplies	1,919,315	1,588,442
Deferred tax assets	1,784,022	1,678,057
Other receivables	1,909,486	2,115,008
Other	533,016	536,485
Allowance for doubtful accounts	(94,583)	(88,620)
Total current assets	62,659,444	60,114,543
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,350,470	6,629,975
Equipment and vehicles, net	1,059,895	1,206,288
Land	14,330,058	14,330,058
Lease assets, net	9,102	7,900
Construction in progress	—	19,779
Other, net	554,169	675,150
Total plant, property and equipment	22,303,695	22,869,152
Intangible assets		
Goodwill	5,442	9,333
Software	1,513,399	1,746,344
Other	106,218	248,312
Total intangible assets	1,625,061	2,003,990
Investments and other assets		
Investment securities	493,181	548,562
Long-term loans	3,579	656
Deferred tax assets	2,160,828	2,292,333
Other	1,631,004	1,751,788
Allowance for doubtful accounts	(235,938)	(273,363)
Total investments and other assets	4,052,656	4,319,977
Total non-current assets	27,981,413	29,193,120
Total assets	90,640,857	89,307,664

(Thousands of yen)

	3rd quarter ended June 20, 2010	Fiscal year ended September 20, 2009
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	5,751,722	4,918,241
Current portion of long-term debt	—	12,337
Lease obligations	2,465	1,874
Accrued expenses	3,752,513	4,130,861
Income tax payable	1,297,739	642,429
Deferred tax liabilities	9	12
Reserve for bonuses	133,875	222,860
Reserve for product returns	1,401,039	1,360,920
Other	976,212	944,561
Total current liabilities	13,315,578	12,234,098
Long-term liabilities		
Lease obligations	7,087	6,421
Reserve for employees' retirement benefits	5,006,498	5,050,296
Guarantee deposits received	19,325,072	19,703,272
Other	360,178	411,103
Total long-term liabilities	24,698,837	25,171,094
Total liabilities	38,014,416	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	38,858,481	38,228,362
Treasury stock	(21,326)	(21,326)
Total shareholders' equity	52,965,954	52,335,834
Valuation and translation adjustments		
Net unrealized gain (loss) on other securities	25,650	(88,625)
Foreign currency translations adjustments	(383,422)	(366,390)
Total valuation/translation adjustments	(357,772)	(455,015)
Minority interests	18,259	21,652
Total net assets	52,626,441	51,902,471
Total liabilities & net assets	90,640,857	89,307,664

(2) Consolidated quarterly statements of income

(Thousands of yen)

	3rd quarter ended June 20, 2009 (September 21, 2008 to June 20, 2009)	3rd quarter ended June 20, 2010 (September 21, 2009 to June 20, 2010)
Net sales	42,786,225	40,467,140
Cost of sales	14,018,117	13,916,386
Gross profit	28,768,108	26,550,753
Selling, general and administrative expenses	24,378,345	22,769,156
Operating income	4,389,762	3,781,596
Non-operating income		
Interest income	66,796	18,038
Dividend income	5,227	4,315
Lease income	75,392	38,655
Other	240,370	199,605
Total	387,786	260,614
Non-operating expenses		
Interest expense	908	—
Loss on currency translation	15,299	23,167
Commitment fee	11,032	10,797
Other	7,850	1,234
Total	35,090	35,199
Ordinary income	4,742,459	4,007,011
Extraordinary income		
Gain on sale of fixed assets	35,760	170
Gain on sale of investment securities	129	1,616
Return of allowance for doubtful accounts	45,170	—
Gain on sale of membership rights	57,700	—
Reversal of long-term accounts payable	—	40,234
Other	6,432	3,240
Total	145,193	45,262
Extraordinary losses		
Loss on disposal of fixed assets	55,772	12,773
Loss on valuation of investment securities	604	240,656
Loss on valuation of inventories	364,982	—
Nonrecurring losses	49,413	—
Total	470,772	253,430
Income before taxes	4,416,880	3,798,843
Income taxes	2,325,585	1,737,718
Adjustment for corporate tax, etc.	(295,121)	(53,698)
Total	2,030,464	1,684,019
Minority interests	(5,256)	(2,918)
Net income	2,391,672	2,117,742

(3) Consolidated quarterly statements of cash flows

(Thousands of yen)

	3rd quarter ended June 20, 2009 (September 21, 2008 to June 20, 2009)	3rd quarter ended June 20, 2010 (September 21, 2009 to June 20, 2010)
Cash flows from operating activities		
Income before income taxes	4,416,880	3,798,843
Depreciation	1,540,668	1,402,937
Amortization of goodwill	22,169	3,890
Increase (decrease) in reserve for doubtful accounts	(47,570)	(31,514)
Increase (decrease) in reserve for bonuses	(61,949)	(89,035)
Increase (decrease) in reserve for product returns	23,550	40,102
Increase (decrease) in reserve for retirement benefits	316,153	(43,798)
Increase (decrease) in reserve for directors' retirement benefits	(403,531)	—
Increase (decrease) in allowance for guarantee obligations	(6,432)	(3,240)
Interest and dividends received	(72,023)	(22,353)
Interest paid	908	—
Gain/loss on currency translation	37,557	20,407
Gain/loss on marketable and investment securities	(129)	(1,616)
Gain/loss on valuation of marketable and investment securities	604	240,656
Gain/loss on sales of property, plant and equipment	20,011	12,602
Gain/loss on sale of membership rights	(57,700)	—
Reversal of long-term accounts payable	—	(40,234)
Decrease (increase) in trade receivables	(709,577)	(275,876)
Decrease (increase) in inventories	776,339	(274,045)
Increase (decrease) in trade payables	37,921	840,631
Increase (decrease) in guarantee deposits	(176,600)	(378,200)
Other	639,991	110,441
Subtotal	6,297,243	5,310,598
Interest and dividends received	78,219	21,642
Interest expense	(908)	—
Income tax paid	(1,557,149)	(1,115,684)
Net cash provided by operating activities	4,817,405	4,216,556
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	3,000,000	—
Purchase of investment securities	(11,662)	(1,350)
Proceeds from sale of investment securities	792	11,616
Purchase of property, plant and equipment	(682,997)	(624,058)
Proceeds from sale of property, plant and equipment	107,751	1,015
Purchase of intangible assets	(254,855)	(19,926)
Proceeds from sale of intangible assets	3,303	411
Proceeds from collection of long-term loans	82,179	646
Payments of long-term loans receivable	—	(3,900)
Proceeds from sale of membership rights	70,500	—
Net cash provided by (used in) investing activities	2,315,011	(635,546)

	3rd quarter ended June 20, 2009 (September 21, 2008 to June 20, 2009)	3rd quarter ended June 20, 2010 (September 21, 2009 to June 20, 2010)
Cash flows from financing activities		
Expenditure for redemption of 2009 convertible bond	(6,760,000)	—
Repurchase of treasury stock	(34)	—
Cash dividends paid	(1,482,744)	(1,484,672)
Net cash used in financing activities	(8,242,778)	(1,484,672)
Effects of exchange rate changes on cash and cash equivalents	(98,640)	(5,683)
Net change in cash and cash equivalents	(1,209,001)	2,090,654
Cash and cash equivalents, beginning of year	35,913,855	35,579,974
Cash and cash equivalents, end of year	34,704,853	37,670,628

(4) Note on assumptions for going concern
Not applicable

(5) Segment information

a. Business segment information

Consolidated results for nine-month reporting fiscal year (September 21, 2009 to June 20, 2010)

(Thousands of yen)

	Cosmetics	Pharmaceuticals	Health Food	Other	Total	Elimination/ corporate	Consolidation
Net Sales							
(1) Sales, external	27,974,243	4,912,013	5,727,497	1,853,385	40,467,140	—	40,467,140
(2) Sales, within group	—	—	—	104,569	104,569	(104,569)	—
Total	27,974,243	4,912,013	5,727,497	1,957,955	40,571,709	(104,569)	40,467,140
Operating income (loss)	5,272,799	(473,498)	255,787	(45,864)	5,009,224	(1,227,627)	3,781,596

Notes: 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 nine-month previous fiscal year (September 21, 2008 to June 20, 2009)

(Thousands of yen)

	Cosmetics	Pharmaceuticals	Health Food	Other	Total	Elimination/ corporate	Consolidation
Net Sales							
(1) Sales, external	29,843,280	5,217,637	5,721,751	2,003,555	42,786,225	—	42,786,225
(2) Sales, within group	—	—	—	105,229	105,229	(105,229)	—
Total	29,843,280	5,217,637	5,721,751	2,108,784	42,891,454	(105,229)	42,786,225
Operating income (loss)	5,842,351	(345,315)	453,466	(37,707)	5,912,794	(1,523,032)	4,389,762

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 on valuation of inventories, compared with the application of the previous standards, operating income for the reporting nine-month period declined by 45,918,000 yen for the Cosmetics segment and by 1,784,000 yen for the Health Food segment. For the same period, operating losses posted by the Pharmaceutical segment and the Other segment, increased by 12,399,000 yen and 1,585,000 yen, respectively.

b. Geographic segment information

For nine-month reporting fiscal year (September 21, 2009 to June 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.

For nine-month previous fiscal year (September 21, 2008 to June 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 nine-month reporting fiscal year (September 21, 2009 to June 20, 2010)

Overseas sales comprised less than 10% of net sales.

Consolidated results for nine-month previous fiscal year (September 21, 2008 to June 20, 2009)

Overseas sales comprised less than 10% of net sales.

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

Not applicable.