

October 29, 2010

## Noevir Announces 2010 Financial Results

### Noevir Co., Ltd.

Listing: Tokyo Stock Exchange, Second Section (Code Number: 4916)  
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Annual General Meeting of Shareholders: December 8, 2010  
Submission of securities report: December 8, 2010  
Date of commencement of dividend payments: December 9, 2010

#### 1. Consolidated results for the fiscal year ended September 20, 2010

(September 21, 2009 – September 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	Net income
Year ended September 20, 2010	52,580 [-4.8%]	2,782 [-21.4%]	3,087 [-21.6%]	1,565 [-27.3%]
Year ended September 20, 2009	55,227 [-5.9%]	3,538 [-12.5%]	3,938 [-13.3%]	2,151 [-26.7%]

	EPS (Yen)	Diluted EPS (Yen)	ROE (%)	Ordinary income/ Total assets (%)	Operating income/ Total sales (%)
Year ended September 20, 2010	37.88	--	3.0	3.5	5.3
Year ended September 20, 2009	52.07	--	4.2	4.3	6.4

[Reference]

Equity in gains/losses of affiliated companies

Year ended September 20, 2010: none

Year ended September 20, 2009: none

##### (2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
Year ended September 20, 2010	88,796	52,011	58.6	1,258.20
Year ended September 20, 2009	89,307	51,902	58.1	1,255.50

[Reference] Equity

Year ended September 20, 2010: 51,992 million yen

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

### (3) Consolidated cash flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Year ended September 20, 2010	4,595	(2,281)	(1,486)	36,362
Year ended September 20, 2009	5,972	2,057	(8,243)	35,579

### 2. Cash dividends

	Cash dividends per share(Yen)					Total dividend amount (Millions of yen) (Annual)	Payout ratio (%) (Consolidated)	Dividends/ shareholders' equity (%) (Consolidated)
	1st quarter	2nd quarter	3rd quarter	Year-end	Total			
Year ended Sept. 20, 2009	--	0.00	--	36.00	36.00	1,487	69.1	2.9
Year ended Sept. 20, 2010	--	0.00	--	36.00	36.00	1,487	95.0	2.9
Year ending Sept. 20, 2011 (forecast)	--	0.00	--	36.00	36.00		99.2	

### 3. Consolidated earnings forecasts for the fiscal year ending September 20, 2011 (September 21, 2010 – September 20, 2011)

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

	Net Sales	Operating income	Ordinary income	Net income	EPS (Yen)
Half year	25,600 [-4.4%]	2,000 [-6.3%]	2,100 [-7.9%]	900 [-19.7%]	21.78
Full year	51,000 [-3.0%]	2,700 [-3.0%]	3,000 [-2.8%]	1,500 [-4.2%]	36.30

#### 4. Other

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

(2) 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: Yes

2. Other changes: None

[Note] Please see "Basis of presentation of the consolidated financial statements" on page 17 for details.

(3) Shares outstanding (common stock)

1. Shares outstanding (including treasury stock)

Year ended September 20, 2010: 41,337,487

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

2. Treasury shares outstanding

Year ended September 20, 2010: 14,627

Year ended September 20, 2009: 14,627

[Reference] Summary of the unconsolidated results

1. Unconsolidated results for the fiscal year ended September 20, 2010

(September 21, 2009 – September 20, 2010)

(1) Unconsolidated operating results

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

	Net sales	Operating income	Ordinary income
Year ended September 20, 2010	29,195 [-7.3%]	724 [+138.1%]	2,444 [+12.5%]
Year ended September 20, 2009	31,502 [-5.1%]	304 [-74.0%]	2,172 [-29.8%]

	Net income	EPS (Yen)	Diluted EPS (Yen)
Year ended September 20, 2010	1,597 [+27.0%]	38.66	--
Year ended September 20, 2009	1,257 [-44.5%]	30.44	--

(2) Unconsolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
Year ended September 20, 2010	80,471	51,632	64.2	1,249.48
Year ended September 20, 2009	80,931	51,402	63.5	1,243.92

[Reference] Equity

Year ended September 20, 2010: 51,632 million yen

Year ended September 20, 2009: 51,402 million yen

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 page 4, 1. Operating results and financial information, 1. Analysis of operating results.

# 1. Operating results and financial information

## 1. Analysis of operating results

### (1) Operating results for the reporting fiscal year

#### ① Background

(Millions of yen)

	Previous term (ended September 20, 2009)		Reporting term (ended September 20, 2010)		Increase (decrease)	Year on Year (%)
	Sales	% of total sales	Sales	% of total sales		
Cosmetics	36,824	66.7	34,588	65.8	(2,236)	(6.1)
Pharmaceuticals	6,938	12.5	6,538	12.4	(400)	(5.8)
Health food	8,553	15.5	8,440	16.1	(112)	(1.3)
Others	2,909	5.3	3,012	5.7	102	3.5
Total sales	55,227	100.0	52,580	100.0	(2,646)	(4.8)

	Previous term (ended September 20, 2009)		Reporting term (ended September 20, 2010)		Increase (decrease)	Year on Year (%)
	Amount	% of total sales	Amount	% of total sales		
Operating income	3,538	6.4	2,782	5.3	(756)	(21.4)
Ordinary income	3,938	7.1	3,087	5.9	(851)	(21.6)
Net income	2,151	3.9	1,565	3.0	(586)	(27.3)

The Japanese economy showed signs of a gradual recovery during the reporting period against the backdrop of economic expansion in Asian countries. However, fears remain that corporate earnings may be pulled down by the severe employment situation as well as the yen's steep appreciation on the foreign exchange markets. The situation thus gives little cause for optimism.

In the cosmetics market, which is the Noevir Group's principal field of business, the operating environment continues to worsen as a result of consumers' tendency to prefer lower-priced products. Moreover, we have seen one company after another enter the cosmetics market from other industries, causing competition to intensify.

Amid these circumstances, in Noevir's line of cosmetics sold through individual consultation we have put efforts into the development of new products with high value-added, and have taken steps to raise the brand image of our prestige skincare products through our sales representatives. Unfortunately, our sales suffered from a contraction of the market.

During the reporting period we continued to conduct aggressive advertising campaigns and sales promotion activities for our self-selection cosmetics and energy drinks, which are sold mainly at drugstores, as well as for our functional drinks, which are sold mainly at convenience stores.

Total sales for the reporting period, on a consolidated basis, amounted to 52,580 million yen, down 4.8% year on year. Operating income came to 2,782 million yen, down 21.4% year on year, while ordinary income was down 21.6% at 3,087 million yen. Net income fell 27.3% to 1,565 million yen.

## ② Segment results

### (a) Cosmetics

(Millions of yen)

	Previous term (ended September 20, 2009)	Reporting term (ended September 20, 2010)	Increase (decrease)	Year on Year (%)
Total sales	36,824	34,588	(2,236)	(6.1)
Operating income	5,524	4,799	(725)	(13.1)
Operating margin	15.0%	13.9%	--	--

For cosmetics sold through individual consultation, sales of medium- and high-priced skincare lines were sluggish, owing to consumers' preference for lower-priced products. Sales of self-selection cosmetics continued to perform well, as our product strategies targeted at meeting consumer needs bore fruit.

As a result, total sales in the Cosmetics segment amounted to 34,588 million yen, down 6.1% year on year, while operating income came to 4,799 million yen for a year-on-year decrease of 13.1%.

### (b) Pharmaceuticals

(Millions of yen)

	Previous term (ended September 20, 2009)	Reporting term (ended September 20, 2010)	Increase (decrease)	Year on Year (%)
Total sales	6,938	6,538	(400)	(5.8)
Operating income (loss)	(511)	(729)	(218)	--
Operating margin	(7.4%)	(11.2%)	--	--

In the Pharmaceuticals segment sales posted a decline amid a generally lackluster market.

As a result, total sales in the Pharmaceuticals segment amounted to 6,538 million yen for a year-on-year decline of 5.8%, while operating loss came to 729 million yen, compared with the 511 million yen loss posted for the same period of the previous year.

### (c) Health food

(Millions of yen)

	Previous term (ended September 20, 2009)	Reporting term (ended September 20, 2010)	Increase (decrease)	Year on Year (%)
Total sales	8,553	8,440	(112)	(1.3)
Operating income	579	346	(233)	(40.2)
Operating margin	6.8%	4.1%	--	--

In the Health Food segment, sales of functional drinks performed strongly thanks to our aggressive advertising and sales promotion campaigns, but sales of nutritional supplements recorded a year-on-year decline amid a generally stagnant market.

As a result, total sales in the Health Food segment amounted to 8,440 million yen, for a slight year-on-year decrease of 1.3%, but operating income fell 40.2% to 346 million yen.

### (d) Other

(Millions of yen)

	Previous term (ended September 20, 2009)	Reporting term (ended September 20, 2010)	Increase (decrease)	Year on Year (%)
Total sales	2,909	3,012	102	3.5
Operating income (loss)	(11)	(77)	(65)	--
Operating margin	(0.4%)	(2.6%)	--	--

The aviation business conducted by our North American subsidiary enjoyed steady sales, partly thanks to a gradual recovery in demand, but sales of apparel posted a decrease.

As a result, total sales in the Other segment rose by 3.5% to 3,012 million yen, but the segment recorded an operating loss of 77 million yen compared with a loss of 11 million yen for the same period of the previous year.

## (2) Forecast for the current fiscal year ending September 20, 2011

The Cosmetics segment will remain at the core of the Noevir Group's business operations, and despite the severity of the business environment in the Japanese market, the management of Noevir will be working to expand its market shares in all product lines from cosmetics sold through individual consultation to self-selection cosmetics, utilizing every available marketing channel. We are also taking vigorous steps to enter the fast-growing Asian markets. With respect to the Pharmaceuticals segment, the deposit system market is shrinking, and we will be continuing our efforts to realize efficient operating methods and rigorously profit-oriented management. In the Health Food segment, our main target is to secure an even larger share of the functional drinks market. Meanwhile, in the Other segment we remain cautious about future prospects for the aviation business conducted by our North American subsidiary despite some recovery in demand.

As a result of the above, for the business term ending September 2011, on a consolidated basis, we project sales of 51,000 million yen (down 3.0% year on year), operating income of 2,700 million yen (down 3.0% year on year), and net income of 1,500 million yen (down 4.2% year on year).

## 2. Analysis of financial position

### (1) Assets, liabilities and equity

The Company's term-end equity ratio stood at 58.6%, up 0.5% over the previous term-end. Net assets per share was 1,258.20 yen for a year-on-year increase of 2.70 yen. The principal reasons for these improvements are described below.

Total assets declined by 510 million yen. This was principally due to declines of 469 million yen in trade notes and accounts receivable, 742 million yen in property, plant, and equipment, and 400 million yen in software.

Liabilities posted a year-on-year decrease of 620 million yen. This was principally due to a decrease of 472 million yen in guarantee deposits received.

### (2) Cash flow

Cash and cash equivalents on a consolidated basis at the reporting term-end recorded an increase of 782 million yen over the previous term-end, at 36,362 million yen, as net cash provided by operating activities exceeded net cash used in investing and financing activities.

#### (Cash flows from operating activities)

Net cash provided by operating activities amounted to 4,595 million yen (a decrease of 1,376 million yen from the previous term). This was principally attributable to the posting of an income before income taxes in the amount of 2,813 million yen and a depreciation expense of 1,893 million yen.

#### (Cash flows from investing activities)

Net cash used in investing activities amounted to 2,281 million yen (compared with net cash provided in the amount of 2,057 million yen for the previous term). This is principally attributable to a cash outflow of 1,000 million yen into time deposits, and expenditure of 757 million yen for the purchases of property, plant, and equipment. For the previous term, the Company had proceeds amounting to 3,000 million yen from withdrawal of long-term time deposits.

#### (Cash flows from financing activities)

Net cash used in financing activities amounted to 1,486 million yen (a decrease of 6,757 million yen from the previous term). This is attributable to the payment of 1,486 million yen in dividends. In the previous term, there was an outlay of 6,760 million yen for the redemption of convertible bonds with stock acquisition rights.

[Reference] Cash flow trends

	Year ended Sept. 20, 2006	Year ended Sept. 20, 2007	Year ended Sept. 20, 2008	Year ended Sept. 20, 2009	Year ended Sept. 20, 2010
Equity ratio (%)	42.7	44.3	53.8	58.1	58.6
Equity ratio (market capitalization, %)	45.5	46.2	39.0	44.2	45.0
Debt repayment (years)	4.0	2.7	1.0	0.0	--
Interest coverage ratio	25.5	41.3	96.0	6,576.1	--

Note:

Equity ratio = Shareholders' equity/Total assets

Equity ratio (market capitalization) = Market capitalization/Total assets

Debt repayment (years) = Interest bearing debt/Operating cash flow

Interest coverage ratio = Operating cash flow/Interest expense

### 3. Profit distribution/dividend payment for the reporting term and the current term

The Noevir Group will continue making every effort to improve profitability, raise corporate value, and maximize shareholder returns. With regard to our dividend policy, we place a high priority on returning profits to shareholders, and will continue working to realize a high level of dividend payment.

We plan to make an annual dividend payment of 36 yen per share for the reporting term, ended September 20, 2010.

For the current term ending September 20, 2011, we are also planning to make an annual dividend payment of 36 yen per share.

### 4. Note on assumptions for going concern

Not applicable

### 2. Group structure and activities

No significant changes have been made to the "Business Structure (Business Lines)" and "Subsidiaries and Affiliates" sections appearing in the Company's securities report issued on December 8, 2009. Therefore, these parts have been omitted.

### 3. Management strategy

#### (1) Strategy

Since its founding, Noevir has remained firmly committed to its ideal of promoting beauty and wellness. To realize its goals under its philosophy of enhancing beauty with science, the Noevir Group must invest in new products that draw on its wealth of distinctive expertise in research and development, strengthen its marketing structure in Japan and overseas markets, and work to build an efficient internal control system to survive further intensified competition. To this end, we will work to raise the corporate value of the Group as a whole.

To continually raise our corporate value, we will reconfirm the importance of business ethics, and ensure strict legal and regulatory compliance groupwide, while simultaneously strengthening our risk management framework as a whole. In these ways, we are making it a priority to meet our social responsibilities.

#### (2) Targets

The Noevir Group is pursuing our medium-term management plan whose prime emphasis is on the achievement of steady and sustainable growth. In line with this, we have set an operating income margin target of 8% on a consolidated basis for the term ending September 2013.

#### (3) Medium-term strategy

To become more competitive in markets in which demand is becoming increasingly diversified, establish a strong position in the market, and enhance the Group's overall competitiveness, Noevir Group companies will focus on four key management tasks:

- ① Enhancing sales capabilities (providing training and other support for sales representatives as well as high-value-added products)
- ② Reinforcing our competitive advantage (expanding market share for each brand of products sold by the Group)
- ③ Bolstering our financial position (improving our cost structure and increasing the efficiency of operations)
- ④ Strengthening the internal control system (risk management and compliance)

To achieve these goals, Noevir will continue to focus on developing its ability to respond swiftly to markets in which demand is becoming increasingly diversified.

#### (4) Key Issues

In the three main markets in which the Noevir Group operates – cosmetics, pharmaceuticals, and health foods – we are experiencing increasingly intense competition accompanying the maturation of these markets. As a result of this, in addition to the adverse impact of the recent tendency of consumers to prefer lower-priced products, as well as the decline in Japan's population, we have determined that the Company must enhance its competitiveness in the domestic market. At the same time, new growth markets are emerging overseas, particularly in Asia.

Meanwhile, the Group's operating environment – encompassing markets, distribution methods, and our customers – has been changing rapidly both in Japan and overseas. This process has caused us to place a high management priority on realizing growth opportunities by creating new demand through the strengthening of our product development and marketing capabilities, with a focus on the precise identification of consumer needs.

To facilitate effective solutions to the issues described above, we have decided to make the transition to a holding company structure with effect from March 22, 2011. We believe that this will enable us to optimally utilize the Company's management resources – notably its brand power, its capabilities in the areas of R&D, manufacturing, and marketing - and that it will further strengthen the Group's business base and enhance its market competitiveness. In this way, we will be able to maximize the Group's corporate value by providing high-quality, high value-added products and by actively marketing in domestic and overseas growth markets, thereby realizing growth and development of the Group's business operations.



#### 4. Consolidated financial statements

##### (1) Consolidated balance sheets

(Thousands of yen)

	As of September 20, 2009	As of September 20, 2010
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	35,579,974	37,362,030
Notes and accounts receivable	11,492,997	11,023,886
Securities	--	500,000
Merchandise and finished goods	6,914,756	6,470,848
Work in progress	297,440	297,615
Raw materials and purchased supplies	1,588,442	1,697,635
Deferred tax assets	1,678,057	1,659,337
Other receivables	2,115,008	1,796,886
Other	536,485	491,800
Allowance for doubtful accounts	(88,620)	(95,834)
Total current assets	60,114,543	61,204,208
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	6,629,975	6,630,321
Equipment and vehicles, net	1,206,288	1,016,232
Land	14,330,058	14,330,058
Lease assets, net	7,900	23,611
Construction in progress	19,779	35,243
Other, net	675,150	491,267
Total plant, property and equipment	22,869,152	22,126,734
Intangible assets		
Goodwill	9,333	4,556
Software	1,746,344	1,345,690
Software development in progress	135,647	55,904
Other	112,665	104,026
Total intangible assets	2,003,990	1,510,178
Investments and other assets		
Investment securities	548,562	456,824
Long-term loans	656	3,384
Deferred tax assets	2,292,333	2,126,342
Other	1,751,788	1,575,587
Allowance for doubtful accounts	(273,363)	(206,402)
Total investments and other assets	4,319,977	3,955,736
<b>Total non-current assets</b>	29,193,120	27,592,648
<b>Total assets</b>	89,307,664	88,796,857

(Thousands of yen)

	As of September 20, 2009	As of September 20, 2010
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Notes and accounts payable	4,918,241	5,258,389
Current portion of long-term debt	12,337	--
Lease obligations	1,874	5,791
Other accounts payable	4,130,861	4,039,531
Income tax payable	642,429	485,019
Deferred tax liabilities	12	6
Reserve for bonuses	222,860	361,191
Reserve for product returns	1,360,920	1,246,929
Other	944,561	810,130
Total current liabilities	12,234,098	12,206,989
<b>Long-term liabilities</b>		
Lease obligations	6,421	18,983
Guarantee deposits received	19,703,272	19,230,372
Reserve for employees' retirement benefits	5,050,296	5,084,432
Other	411,103	244,165
Total long-term liabilities	25,171,094	24,577,954
Total liabilities	37,405,192	36,784,944
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Common stock	7,319,431	7,319,431
Additional paid-in capital	6,809,366	6,809,366
Retained earnings	38,228,362	38,305,907
Treasury stock	(21,326)	(21,326)
Total shareholders' equity	52,335,834	52,413,379
<b>Valuation and translation adjustments</b>		
Net unrealized gain (loss) on other securities	(88,625)	28,087
Foreign currency translations adjustments	(366,390)	(448,867)
Total valuation/translation adjustments	(455,015)	(420,780)
Minority interests	21,652	19,313
<b>Total net assets</b>	51,902,471	52,011,912
<b>Total liabilities &amp; net assets</b>	89,307,664	88,796,857

## (2) Consolidated statements of income

(Thousands of yen)

	Year ended September 20, 2009	Year ended September 20, 2010
<b>Net sales</b>	55,227,102	52,580,449
<b>Cost of sales</b>	19,084,470	19,213,571
Gross profit	36,142,631	33,366,878
<b>Selling, general and administrative expenses</b>		
Cost of sales	5,683,357	5,185,434
Advertising expenses	1,342,499	1,378,749
Salaries and bonuses	9,948,047	9,531,066
Accrued allowance for bonuses	143,642	273,120
Retirement benefits for employees	735,079	831,518
Retirement benefits for directors	11,515	--
Depreciation	1,551,933	1,374,382
Research and development expenses	1,482,659	1,534,674
Other	11,704,967	10,475,471
Total	32,603,701	30,584,417
Operating income	3,538,930	2,782,460
<b>Non-operating income</b>		
Interest income	75,222	22,425
Dividend income	10,537	10,600
Service charge income	48,913	9,178
Sale of promotional materials	48,377	44,607
Lease income	91,441	50,008
Insurance dividends	78,236	82,467
Other	137,189	143,466
Total	489,919	362,753
<b>Non-operating expenses</b>		
Interest expense	908	--
Loss on currency translation	63,571	38,817
Commitment fee	14,749	14,266
Other	11,209	4,841
Total	90,438	57,924
Ordinary income	3,938,410	3,087,289
<b>Extraordinary income</b>		
Gain on sale of fixed assets	35,760	3,065
Gain on sale of investment securities	330	1,616
Return of allowance for doubtful accounts	32,035	--
Gain on sale of membership rights	97,699	--
Reversal of long-term accounts payables	--	40,234
Other	3,191	3,240
Total	169,019	48,156

(Thousands of yen)

	Year ended September 20, 2009	Year ended September 20, 2010
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	77,451	26,110
Loss on sale of investment securities	307	--
Loss on valuation of investment securities	416	281,103
Loss from asset impairment	105,741	15,145
Loss on valuation of inventories	364,982	--
Nonrecurring losses	49,413	--
Other	18,629	--
Total	616,941	322,360
<b>Income before income taxes</b>	3,490,488	2,813,086
<b>Income taxes-- basic</b>	1,635,305	1,145,380
<b>Income taxes-- deferred</b>	(289,412)	103,438
<b>Total</b>	1,345,893	1,248,819
<b>Minority interests</b>	(7,245)	(900)
<b>Net income</b>	2,151,840	1,565,168

## (3) Changes to equity (Consolidated)

(Thousands of yen)

	Year ended September 20, 2009	Year ended September 20, 2010
<b>Shareholders' equity</b>		
Common stock		
Balance at end of the previous year	7,319,431	7,319,431
Changes during the reporting period		
Total changes during the period	--	--
Balance at end of the year	7,319,431	7,319,431
Additional paid-in capital		
Balance at end of the previous year	6,809,366	6,809,366
Changes during the reporting period		
Total changes during the period	--	--
Balance at end of the year	6,809,366	6,809,366
Retained earnings		
Balance at end of the previous year	37,564,146	38,228,362
Changes during the reporting period		
Distribution of retained earnings	(1,487,624)	(1,487,622)
Net income	2,151,840	1,565,168
Total changes during the period	664,216	77,545
Balance at end of the year	38,228,362	38,305,907
Treasury stock		
Balance at end of the previous year	(21,292)	(21,326)
Changes during the reporting period		
Purchase of own shares	(34)	--
Total changes during the period	(34)	--
Balance at end of the year	(21,326)	(21,326)
Total shareholders' equity		
Balance at end of the previous year	51,671,652	52,335,834
Changes during the reporting period		
Distribution of retained earnings	(1,487,624)	(1,487,622)
Net income	2,151,840	1,565,168
Purchase of own shares	(34)	--
Total changes during the period	664,181	77,545
Balance at end of the year	52,335,834	52,413,379

(Thousands of yen)

	Year ended September 20, 2009	Year ended September 20, 2010
<b>Valuation/Translation</b>		
Valuation adjustment		
Balance at end of the previous year	92,319	(88,625)
Changes during the reporting period		
Changes during the reporting period, excluding shareholders' equity	(180,944)	116,712
Total changes during the period	(180,944)	116,712
Balance at end of the year	(88,625)	28,087
Foreign currency translation		
Balance at end of the previous year	(195,694)	(366,390)
Changes during the reporting period		
Changes during the reporting period, excluding shareholders' equity	(170,695)	(82,477)
Total changes during the period	(170,695)	(82,477)
Balance at end of the year	(366,390)	(448,867)
<b>Minority interests</b>		
Balance at end of the previous year	32,333	21,652
Changes during the reporting period		
Changes during the reporting period, excluding shareholders' equity	(10,681)	(2,338)
Total changes during the period	(10,681)	(2,338)
Balance at end of the year	21,652	19,313

## (4) Consolidated statements of cash flows

(Thousands of yen)

	Year ended September 20, 2009	Year ended September 20, 2010
<b>Cash flows from operating activities</b>		
Income before income taxes	3,490,488	2,813,086
Depreciation	2,099,351	1,893,950
Asset impairment	105,741	15,145
Amortization of goodwill	28,761	4,776
Increase (decrease) in reserve for doubtful accounts	(41,888)	(59,416)
Increase (decrease) in reserve for bonuses	21,560	138,416
Increase (decrease) in reserve for product returns	(141,661)	(113,991)
Increase (decrease) in reserve for retirement benefits	410,837	34,136
Increase (decrease) in reserve for directors' retirement benefits	(403,531)	--
Interest and dividends received	(85,760)	(33,025)
Interest paid	908	--
Gain/loss on currency translation	60,077	29,998
Gain/loss on marketable and investment securities	(23)	(1,616)
Gain/loss on valuation of marketable and investment securities	416	281,103
Gain/loss on sales of property, plant and equipment	41,690	23,045
Reversal of long-term accounts payables	--	(40,234)
Decrease (increase) in trade receivables	123,617	557,194
Decrease (increase) in inventories	1,112,377	259,329
Increase (decrease) in trade payables	(693,939)	364,212
Increase (decrease) in guarantee deposits	(171,300)	(472,900)
Other	1,693,685	229,313
Subtotal	7,651,407	5,922,526
Interest and dividends received	92,904	32,308
Interest expense	(908)	--
Income tax paid	(1,771,331)	(1,359,707)
Net cash provided by operating activities	5,972,072	4,595,126
<b>Cash flows from investing activities</b>		
Purchase of investment securities	--	(500,000)
Expenditure for deposit to time deposits	--	(1,000,000)
Proceeds from withdrawal of time deposits	3,000,000	--
Purchase of investment securities	(12,112)	(1,800)
Proceeds from sale of investment securities	1,998	11,616
Purchase of property, plant and equipment	(887,472)	(757,209)
Proceeds from sale of property, plant and equipment	107,751	8,810
Purchase of intangible assets	(349,301)	(54,665)
Proceeds from collection of long-term loans	82,381	1,674
Expenditure for long-term loans	--	(3,900)
Other	113,803	13,941
Net cash provided by (used in) investing activities	2,057,048	(2,281,531)

(Thousands of yen)

	Year ended September 20, 2009	Year ended September 20, 2010
<b>Cash flows from financing activities</b>		
Expenditure for redemption of 2009 convertible bond	(6,760,000)	--
Repurchase of own shares	(34)	--
Cash dividends paid	(1,483,671)	(1,486,081)
Net cash used in financing activities	(8,243,705)	(1,486,081)
<b>Effects of exchange rate changes on cash and cash equivalents</b>	(119,296)	(45,457)
<b>Net change in cash and cash equivalents</b>	(333,880)	782,056
<b>Cash and cash equivalents, beginning of year</b>	35,913,855	35,579,974
<b>Cash and cash equivalents, end of year</b>	35,579,974	36,362,030



(5) Note on assumptions for going concern  
Not applicable

(6) Basis of presentation of the consolidated financial statements

1) Significant accounting policies

(1) Accounting Standard for Significant Reserves

Reserve for employees' retirement benefits

Reserve for retirement benefits is provided for at the necessary amounts on an accrual basis based on the estimated retirement benefit obligations and pension fund assets. Actuarial gains and losses are amortized by the straight-line method over a fixed period (5-10 years) based on the average remaining employees' service years, and their amortizations start in the fiscal years following their accrual.

(Changes in accounting policies)

From the reporting period, Noevir began to apply the third partial revision of Accounting Standard for Retirement Benefits (ASBJ Statement No. 19, issued on July 31, 2008). This change had no material impact on earnings.

No significant changes have been made to information (other than that treated above) appearing in the Company's securities report issued on December 8, 2009. Therefore, these parts have been omitted.

(Segment information)

1. Segment information by business category

Consolidated results for the reporting fiscal year (September 21, 2009 to September 20, 2010)

(Thousands of yen)

	Cosmetics	Pharmaceuticals	Health Food	Other	Total	Elimination/ corporate	Consolidation
I. Sales & operating income							
Net Sales							
(1) Sales, external	34,588,619	6,538,707	8,440,570	3,012,552	52,580,449	--	52,580,449
(2) Sales, within group	--	--	--	139,666	139,666	(139,666)	--
Total	34,588,619	6,538,707	8,440,570	3,152,218	52,720,116	(139,666)	52,580,449
Operating expenses	29,789,479	7,267,815	8,094,048	3,229,506	48,380,850	1,417,138	49,797,988
Operating income (loss)	4,799,139	(729,107)	346,522	(77,288)	4,339,266	(1,556,805)	2,782,460
II. Assets, depreciation & capital expenditure							
Assets	50,490,323	11,009,504	11,984,721	1,509,611	74,994,160	13,802,697	88,796,857
Depreciation	1,023,883	237,890	230,692	4,837	1,497,303	396,647	1,893,950
Impairment loss	15,084	--	61	--	15,145	--	15,145
Capital expenditure	339,918	207,729	138,401	2,861	688,911	20,614	709,525

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. Within the consolidation adjustment, general operating expenses of 1,645,093 thousand yen are not assigned to a specific segment. These expenses include accounting, corporate affairs and other administrative functions.
3. Within the consolidation adjustment, there are assets for the entire company of 13,921,470 thousand yen. This includes excess working capital, investment securities, deferred tax assets and administrative assets.

Consolidated results for the previous fiscal year (September 21, 2008 to September 20, 2009)

(Thousands of yen)

	Cosmetics	Pharmaceuticals	Health Food	Other	Total	Elimination/ corporate	Consolidation
I. Sales & operating income							
Net Sales							
(1) Sales, external	36,824,995	6,938,928	8,553,560	2,909,618	55,227,102	--	55,227,102
(2) Sales, within group	--	--	--	140,594	140,594	(140,594)	--
Total	36,824,995	6,938,928	8,553,560	3,050,212	55,367,697	(140,594)	55,227,102
Operating expenses	31,300,670	7,449,973	7,973,800	3,061,971	49,786,416	1,901,755	51,688,172
Operating income (loss)	5,524,325	(511,045)	579,759	(11,758)	5,581,280	(2,042,350)	3,538,930
II. Assets, depreciation & capital expenditure							
Assets	51,030,719	12,294,774	12,220,983	2,514,985	78,061,462	11,246,201	89,307,664
Depreciation	1,059,738	216,436	207,199	42,888	1,526,263	573,087	2,099,351
Impairment loss	15,243	60,859	29,614	23	105,741	--	105,741
Capital expenditure	801,781	265,251	182,078	8,696	1,257,808	18,819	1,276,627

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. Within the consolidation adjustment, general operating expenses of 2,119,600 thousand yen are not assigned to a specific segment. These expenses include accounting, corporate affairs and other administrative functions.

3. Within the consolidation adjustment, there are assets for the entire company of 11,459,683 thousand yen. This includes excess working capital, investment securities, deferred tax assets and administrative assets.

4. Changes in accounting procedures

“Accounting Standard for Measurement of Inventories”

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

Due to these changes in accounting standards on valuation of inventories, compared with the application of the previous standards, operating income for the reporting period declined by 69,818 thousand yen for the Cosmetics segment and by 5,773 thousand yen for the Health Food segment. For the same period, operating losses posted by the Pharmaceuticals segment and the Other segment, increased by 7,369 thousand yen and 2,605 thousand yen, respectively.

2. Geographic segment information

For the previous fiscal year (September 21, 2008 to September 20, 2009)

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

For the reporting fiscal year (September 21, 2009 to September 20, 2010)

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

3. Overseas sales

Consolidated results for the previous fiscal year (September 21, 2008 to September 20, 2009)

Overseas sales comprised less than 10% of net sales.

Consolidated results for the reporting fiscal year (September 21, 2009 to September 20, 2010)

Overseas sales comprised less than 10% of net sales.

(Subsequent events)

Consolidated results for the previous fiscal year (September 21, 2008 to September 20, 2009)

Not applicable

Consolidated results for the reporting fiscal year (September 21, 2009 to September 20, 2010)

Establishment of a holding company through a sole share transfer

The Board of Directors of the Company, at a meeting held on October 29, 2010, passed a resolution to establish a holding company under the name of Noevir Holdings Co., Ltd., through a sole share transfer.

## 1. Objectives of establishment of a holding company through a sole share transfer

### (1) Maximization of Group corporate value

By clearly separating the organization responsible for Group management from the organization responsible for business execution, the Group seeks to demonstrate the distinctive and specialized nature of its Cosmetics, Pharmaceuticals, Health Food and Other Businesses, as well as optimally manage its overall business by flexibly and swiftly responding to the changing business environment, and maximize Group corporate value.

### (2) Reinforcement of corporate governance

Through assessment and monitoring conducted by the holding company, the Group will further develop its internal system of checks and balances and reinforce its corporate governance as a whole. This will enable greater transparency of Group management and help fulfill its corporate social responsibility.

### (3) Strengthening of Group strategic capabilities

Under the holding company's leadership, the Group's management will swiftly respond to changes in the business environment through flexible and agile restructuring of the Group's businesses and organizations, its business and capital alliances and M&As. These efforts are designed to give the Group an even greater competitive edge in markets in Japan and overseas, as well as strengthen the Group's business foundation and expand its business domain.

## 2. Procedure of share transfer

### (1) Schedule of share transfer

Record date for the Annual General Meeting of Shareholders: September 20, 2010 (Mon.)

Meeting of the Board of Directors approving the share transfer plan: October 29, 2010 (Fri.)

Annual General Meeting of Shareholders approving the share transfer plan: December 8, 2010 (Wed.)

(scheduled)

Delisting date: March 16, 2011 (Wed.) (scheduled)

Registration date of the holding company (effective date): March 22, 2011 (Tue.) (scheduled)

Listing date of the holding company: March 22, 2011 (Tue.) (scheduled)

### (2) Method of share transfer

Sole share transfer whereby the Company will become a wholly-owned subsidiary of the holding company established through the same share transfer.

### (3) Share allotment involved in share transfer

Company	Noevir Holdings Co., Ltd. (parent company holding all shares of Noevir Co., Ltd.)	Noevir Co., Ltd. (wholly-owned subsidiary)
Share transfer ratio	1	1

Notes:

#### ①Share allotment ratio

One share of common stock in the newly established holding company shall be allotted for each common stock share of Noevir Co., Ltd.

#### ②Share trading unit

The holding company shall adopt the share trading unit system, under which the number of shares in one trading unit shall be 100.

#### ③Basis of calculation of share transfer ratio

The share transfer in question is to be implemented by the Company solely and independently for the purpose of establishing a holding company that will hold all the Company's shares and exercise full control over the Company. Therefore, there will be no change in the breakdown of the shareholders of the Company or of the holding company at the time of the share transfer, and to ensure above all that the share transfer

involves no disadvantage to the shareholders of the Company, all shareholders of the Company shall receive one share of common stock in the holding company in exchange for each share of common stock in the Company.

④Results, method, and basis of calculations by third-party institution

In consideration of the facts stated in item ③above, no calculation of share allotment ratio was performed by a third-party institution.

⑤Number of new shares to be issued through share transfer

41,337,487 (scheduled)

(4) Handling of new share subscription rights and bonds with subscription rights to new shares of the Company that will become a wholly-owned subsidiary

The Company issues no new share subscription rights or bonds with subscription rights to new shares.

3. Outline of the new company to be established through the share transfer

Trade name: Noevir Holdings Co., Ltd.

Address of Head Office: 6-13-1 Minatojima-nakamachi, Chuo-ku, Kobe

Name of representative: Takashi Okura

Paid-in capital: ¥7,319 million

Net assets: Not yet calculated

Total assets: Not yet calculated

Nature of business: Management and supervision of Group companies and related services

4. Description of accounting treatment

Because this transaction will be treated as “a transaction under common control” under corporate accounting procedures, it has no effect on profits and losses and do not give rise to goodwill.

5. Outlook

As a result of the share transfer, the business performance figures of the Company will appear in the settlement of accounts of the holding company, of which the Company will be a wholly-owned subsidiary. The share transfer will have a minimal effect on the Company’s business performance.

5. Unconsolidated financial statements  
(1) Unconsolidated balance sheets

(Thousands of yen)

	Year ended September 20, 2009	Year ended September 20, 2010
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	27,395,755	29,194,987
Notes receivable	108,020	579
Accounts receivable	6,352,764	6,086,584
Securities	--	500,000
Merchandise and finished goods	2,886,802	2,814,999
Work in progress	51,976	59,035
Raw materials and purchased supplies	962,529	947,388
Deposits	16	472
Prepaid expenses	291,074	236,871
Accrued income	79,746	58,105
Deferred tax assets	701,109	639,950
Loans to affiliated companies	3,364,920	3,135,000
Current portion of loans	1,333,200	524,724
Other receivables	2,001,304	1,980,717
Other	125,145	115,626
Allowance for doubtful accounts	(8,445)	(19,957)
<b>Total current assets</b>	<b>45,645,921</b>	<b>46,275,086</b>

(Thousands of yen)

	Year ended September 20, 2009	Year ended September 20, 2010
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings, net	4,676,676	4,407,760
Structures, net	308,205	271,696
Equipment and machinery, net	290,948	280,389
Boats, net	14,854	8,251
Motor vehicles, net	48,469	38,146
Aircraft, net	511,730	322,044
Equipment parts and fixtures, net	487,210	347,657
Land	11,838,455	11,838,455
Lease assets, net	--	2,500
Construction in progress	19,779	32,428
Total plant, property and equipment	18,196,330	17,549,330
Intangible assets		
Trademarks	--	479
Software	1,720,980	1,327,444
Software development in progress	135,647	--
Telephone subscription rights	55,274	55,274
Other	8,616	5,383
Total intangible assets	1,920,519	1,388,581
Investments and other assets		
Investment securities	479,479	400,121
Subsidiary company shares	9,993,289	9,993,289
Equity in subsidiary companies	86,772	86,772
Long-term loans	656	0
Long-term loans to subsidiaries	1,924,724	2,325,000
Non-current sales receivables	198,113	104,181
Non-current prepaid expenses	97,029	90,977
Deferred tax assets	1,646,530	1,476,724
Guarantee deposits	649,619	602,274
Dues and memberships	75,182	75,182
Other	171,915	195,078
Allowance for doubtful accounts	(154,682)	(90,986)
Total investments and other assets	15,168,631	15,258,615
<b>Total non-current assets</b>	<b>35,285,481</b>	<b>34,196,527</b>
<b>Total assets</b>	<b>80,931,402</b>	<b>80,471,614</b>

(Thousands of yen)

	Year ended September 20, 2009	Year ended September 20, 2010
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	2,797,005	3,093,920
Lease obligations	--	580
Other accounts payable	2,273,343	2,250,031
Accrued expenses	133,366	122,545
Income tax payable	118,000	62,000
Advances received	5,916	96,605
Deposits received	193,981	161,726
Reserve for product returns	622,000	500,000
Other	275,766	56,661
Total current liabilities	6,419,379	6,344,071
<b>Long-term liabilities</b>		
Lease obligations	--	2,028
Reserve for employees' retirement benefits	3,029,772	3,045,714
Guarantee deposits received	19,699,286	19,226,386
Other	380,785	221,357
Total long-term liabilities	23,109,845	22,495,486
Total liabilities	29,529,225	28,839,558
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Common stock	7,319,431	7,319,431
Additional paid-in capital		
Capital surplus	6,809,366	6,809,366
Total additional paid-in capital	6,809,366	6,809,366
Retained earnings		
Retained earnings	915,892	915,892
Other retained earnings		
Reserve for decrease in fixed assets	365	342
Other reserves	32,372,500	32,372,500
Accrued retained earnings	4,093,531	4,203,607
Total retained earnings	37,382,289	37,492,343
Treasury stock	(21,326)	(21,326)
Total shareholders' equity	51,489,761	51,599,815
<b>Valuation and translation adjustments</b>		
Net unrealized gain (loss) on other securities	(87,583)	32,240
Total valuation/translation adjustments	(87,583)	32,240
<b>Total net assets</b>	51,402,177	51,632,056
<b>Total liabilities &amp; net assets</b>	80,931,402	80,471,614



## (2) Unconsolidated statements of income

(Thousands of yen)

	Year ended September 20, 2009	Year ended September 20, 2010
<b>Net sales</b>		
Total	31,502,730	29,195,898
<b>Cost of sales</b>		
Total	10,918,224	10,858,721
Gross profit	20,584,506	18,337,177
<b>Selling, general and administrative expenses</b>		
Cost of sales	4,012,299	3,235,042
Shipping expenses	822,363	885,286
Advertising expenses	516,949	427,683
Salaries	5,406,746	5,119,741
Retirement benefits for employees	483,785	596,507
Retirement benefits for directors	9,675	--
Depreciation	1,428,390	1,230,481
Research and development expenses	1,036,404	948,275
Lease expenses	1,053,409	725,300
Fees and commissions	1,091,776	1,010,072
Other	4,418,384	3,434,187
Total	20,280,186	17,612,578
Operating income	304,319	724,599
<b>Non-operating income</b>		
Interest income	165,126	86,749
Dividend income	1,139,880	1,079,682
Sale of promotional materials	48,377	44,607
Lease income	174,848	229,536
Service charge income	183,392	100,076
Other	272,311	207,713
Total	1,983,936	1,748,365
<b>Non-operating expenses</b>		
Loss on currency translation	93,717	11,392
Commitment fee	14,749	14,266
Other	7,039	2,405
Total	115,507	28,064
Ordinary income	2,172,748	2,444,900

(Thousands of yen)

	Year ended September 20, 2009	Year ended September 20, 2010
<b>Extraordinary income</b>		
Gain on sale of fixed assets	34,832	3,057
Gain on sale of investment securities	330	--
Return of allowance for doubtful accounts	14,404	--
Gain on sale of membership rights	97,699	--
Reversal of long-term accounts payable	--	40,234
Total	147,267	43,291
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	75,924	22,185
Loss on sale of investment securities	307	--
Loss on valuation of investment securities	416	281,103
Loss from asset impairment	1,961	15,145
Nonrecurring losses	50,913	--
Loss on valuation of inventories	351,578	--
Total	481,101	318,434
<b>Income before income taxes</b>	1,838,914	2,169,757
<b>Income taxes--basic</b>	1,098,912	423,036
<b>Income taxes--deferred</b>	(517,738)	149,043
<b>Total</b>	581,174	572,080
<b>Net income</b>	1,257,739	1,597,677

## (3) Changes to equity (Unconsolidated)

(Thousands of yen)

	Year ended September 20, 2009	Year ended September 20, 2010
<b>Shareholders' equity</b>		
Common stock		
Balance at end of the previous year	7,319,431	7,319,431
Changes during the reporting period		
Total changes during the period	--	--
Balance at end of the year	7,319,431	7,319,431
Additional paid-in capital		
Capital surplus		
Balance at end of the previous year	6,809,366	6,809,366
Changes during the reporting period		
Total changes during the period	--	--
Balance at end of the year	6,809,366	6,809,366
Retained earnings		
Retained earnings		
Balance at end of the previous year	915,892	915,892
Changes during the reporting period		
Total changes during the period	--	--
Balance at end of the year	915,892	915,892
Other retained earnings		
Reserve for decrease in fixed assets		
Balance at end of the previous year	389	365
Changes during the reporting period		
Reversal of reserve for decrease in fixed assets	(23)	(22)
Total changes during the period	(23)	(22)
Balance at end of the year	365	342
Other reserves		
Balance at end of the previous year	32,372,500	32,372,500
Changes during the reporting period		
Total changes during the period	--	--
Balance at end of the year	32,372,500	32,372,500
Accrued retained earnings		
Balance at end of the previous year	4,323,391	4,093,531
Changes during the reporting period		
Distribution of retained earnings	(1,487,624)	(1,487,622)
Net income	1,257,739	1,597,677
Reversal of reserve for decrease in fixed assets	23	22
Total changes during the period	(229,860)	110,076
Balance at end of the year	4,093,531	4,203,607
Treasury stock		
Balance at end of the previous year	(21,292)	(21,326)
Changes during the reporting period		
Purchase of own shares	(34)	--
Total changes during the period	(34)	--
Balance at end of the year	(21,326)	(21,326)

(Thousands of yen)

	Year ended September 20, 2009	Year ended September 20, 2010
Total shareholders' equity		
Balance at end of the previous year	51,719,679	51,489,761
Changes during the reporting period		
Distribution of retained earnings	(1,487,624)	(1,487,622)
Net income	1,257,739	1,597,677
Reversal of reserve for decrease in fixed assets	--	--
Purchase of own shares	(34)	--
Total changes during the period	(229,918)	110,054
Balance at end of the previous year	51,489,761	51,599,815
<b>Valuation/Translation</b>		
Valuation adjustment		
Balance at end of the previous year	93,326	(87,583)
Changes during the reporting period		
Changes during the reporting period, excluding shareholders' equity	(180,910)	119,824
Total changes during the period	(180,910)	119,824
Balance at end of the year	(87,583)	32,240

(4) Note on assumptions for going concern  
Not applicable

(Subsequent events)

Consolidated results for the previous fiscal year (September 21, 2008 to September 20, 2009)

Not applicable

Consolidated results for the reporting fiscal year (September 21, 2009 to September 20, 2010)

Establishment of a holding company through a sole share transfer

The Board of Directors of the Company, at a meeting held on October 29, 2010, passed a resolution to establish a holding company under the name of Noevir Holdings Co., Ltd., through a sole share transfer.

## 1. Objectives of establishment of a holding company through a sole share transfer

### (1) Maximization of Group corporate value

By clearly separating the organization responsible for Group management from the organization responsible for business execution, the Group seeks to demonstrate the distinctive and specialized nature of its Cosmetics, Pharmaceuticals, Health Food and Other Businesses, as well as optimally manage its overall business by flexibly and swiftly responding to the changing business environment, and maximize Group corporate value.

### (2) Reinforcement of corporate governance

Through assessment and monitoring conducted by the holding company, the Group will further develop its internal system of checks and balances and reinforce its corporate governance as a whole. This will enable greater transparency of Group management and help fulfill its corporate social responsibility.

### (3) Strengthening of Group strategic capabilities

Under the holding company's leadership, the Group's management will swiftly respond to changes in the business environment through flexible and agile restructuring of the Group's businesses and organizations, its business and capital alliances and M&As. These efforts are designed to give the Group an even greater competitive edge in markets in Japan and overseas, as well as strengthen the Group's business foundation and expand its business domain.

## 2. Procedure of share transfer

### (1) Schedule of share transfer

Record date for the Annual General Meeting of Shareholders: September 20, 2010 (Mon.)

Meeting of the Board of Directors approving the share transfer plan: October 29, 2010 (Fri.)

Annual General Meeting of Shareholders approving the share transfer plan: December 8, 2010 (Wed.)

(scheduled)

Delisting date: March 16, 2011 (Wed.) (scheduled)

Registration date of the holding company (effective date): March 22, 2011 (Tue.) (scheduled)

Listing date of the holding company: March 22, 2011 (Tue.) (scheduled)

### (2) Method of share transfer

Sole share transfer whereby the Company will become a wholly-owned subsidiary of the holding company established through the same share transfer.

### (3) Share allotment involved in share transfer

Company	Noevir Holdings Co., Ltd. (parent company holding all shares of Noevir Co., Ltd.)	Noevir Co., Ltd. (wholly-owned subsidiary)
Share transfer ratio	1	1

Notes:

#### ① Share allotment ratio

One share of common stock in the newly established holding company shall be allotted for each common stock share of Noevir Co., Ltd.

#### ② Share trading unit

The holding company shall adopt the share trading unit system, under which the number of shares in one trading unit shall be 100.

#### ③ Basis of calculation of share transfer ratio

The share transfer in question is to be implemented by the Company solely and independently for the

purpose of establishing a holding company that will hold all the Company's shares and exercise full control over the Company. Therefore, there will be no change in the breakdown of the shareholders of the Company or of the holding company at the time of the share transfer, and to ensure above all that the share transfer involves no disadvantage to the shareholders of the Company, all shareholders of the Company shall receive one share of common stock in the holding company in exchange for each share of common stock in the Company.

④Results, method, and basis of calculations by third-party institution

In consideration of the facts stated in item ③ above, no calculation of share allotment ratio was performed by a third-party institution.

⑤Number of new shares to be issued through share transfer

41,337,487 (scheduled)

(4) Handling of new share subscription rights and bonds with subscription rights to new shares of the Company that will become a wholly-owned subsidiary

The Company issues no new share subscription rights or bonds with subscription rights to new shares.

3. Outline of the new company to be established through the share transfer

Trade name: Noevir Holdings Co., Ltd.

Address of Head Office: 6-13-1 Minatojima-nakamachi, Chuo-ku, Kobe

Name of representative: Takashi Okura

Paid-in capital: ¥7,319 million

Net assets: Not yet calculated

Total assets: Not yet calculated

Nature of business: Management and supervision of Group companies and related services

4. Description of accounting treatment

Because this transaction will be treated as "a transaction under common control" under corporate accounting procedures, it has no effect on profits and losses and do not give rise to goodwill.

5. Outlook

As a result of the share transfer, the business performance figures of the Company will appear in the settlement of accounts of the holding company, of which the Company will be a wholly-owned subsidiary. The share transfer will have a minimal effect on the Company's business performance.

6. Other

Not applicable