

NOEVIR HOLDINGS

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

April 22, 2011

Noevir Holdings Announces 2011 First Half Consolidated Results (based on Japan GAAP)

Trade name: Noevir Holdings Co., Ltd. (Noevir Co., Ltd.)
Listing: Tokyo Stock Exchange, Second Section (Code Number: 4928)
URL: <http://www.noevirholdings.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, 2011
Date of commencement of dividend payments: –
Supplemental materials for the financial results provided: Yes
Results briefing for the reporting period provided: Yes (for institutional investors and analysts)

1. Operating results for the first half of the fiscal year ending September 20, 2011 (September 21, 2010 – March 20, 2011)

* 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, 2011	24,493	(8.5)%	1,296	(39.3)%	1,438	(36.9)%
Six months ended March 20, 2010	26,765	(6.5)%	2,134	(12.7)%	2,280	(14.8)%

	Net income		EPS (Yen)	Diluted EPS (Yen)
Six months ended March 20, 2011	533	(52.4)%	12.90	—
Six months ended March 20, 2010	1,121	(1.1)%	27.13	—

The Company was established on March 22, 2011 through a share transfer from Noevir Co., Ltd., the wholly-owned subsidiary of the Company. Operating results for the six months of the fiscal year ending September 20, 2011 refer to the results of Noevir Co., Ltd.

(2) Consolidated financial position

	(Millions of yen)			
	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
As of March 20, 2011	86,841	50,992	58.7%	1,233.49
As of September 20, 2010	88,796	52,011	58.6%	1,258.20

[Reference] Equity

As of March 20, 2011: 50,971 million yen

As of September 20, 2010: 51,992 million yen

The Company was established on March 22, 2011 through a share transfer from Noevir Co., Ltd., the wholly-owned subsidiary of the Company. Operating results for the six months of the fiscal year ending September 20, 2011 refer to the results of Noevir Co., Ltd.

2. Cash dividends

(Yen)

	Annual dividends				
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year
Year ended September 20, 2010	—	0.00	—	36.00	36.00
Year ending September 20, 2011	—	0.00			
Year ending September 20, 2011 (forecast)			—	36.00	36.00

Note: Revision to quarterly dividend forecast: None

The Company was established on March 22, 2011 through a share transfer from Noevir Co., Ltd., the wholly-owned subsidiary of the Company. Operating results for the six months of the fiscal year ending September 20, 2011 refer to the results of Noevir Co., Ltd.

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)
Full year	51,000 (3.0)%	2,700 (3.0)%	3,000 (2.8)%	1,500 (4.2)%	36.30

Note: Revision to quarterly consolidated performance forecast: None

4. Other (For further details, please refer to “2. Other information” on page 6 of “Attached Material”)

(1) Significant changes in subsidiaries during period: None

Note: Significant change in special purpose subsidiaries resulting in change in scope of consolidation for the reporting period.

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

Note: Application of simplified and specific accounting procedures in the preparation of quarterly financial statements.

(3) Changes in accounting principles, procedures, disclosure methods, etc.

1) Changes associated with revision in accounting standards: Yes

2) Other changes: None

Note: Changes in accounting principles, procedures, disclosure methods, etc., pertaining to preparation of quarterly consolidated financial statements listed under “Changes to the Basis of Presenting Quarterly Consolidated Financial Statements.”

(4) Shares outstanding (common stock)

1) Shares outstanding (including treasury stock)

As of March 20, 2011: 41,337,487

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

2) Treasury shares outstanding

As of March 20, 2011: 14,627

As of September 20, 2010: 14,627

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

As of March 20, 2011: 41,322,860

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

* Explanation regarding review procedures in preparing quarterly financial statements

Preparation of this quarterly financial statement is not subject to the provisions set forth in the Japanese Financial Instruments and Exchange Act. Accordingly, review procedures for table material under the Act have not been completed.

* Explanation regarding the appropriate use of business performance forecasts

Forward-looking statements included in these materials, such as forecasts of business performance, are based on information known to the Company's management as of the time of writing, and reflect judgments believed to be reasonable on the basis of that information. There is, therefore, a possibility that actual business performance figures will differ substantially from our forecasts as a result of changes in the economic situation and other unforeseeable factors. Please refer to “(3) Qualitative information regarding consolidated business forecast” under “1. Qualitative information regarding quarterly consolidated business performance” on page 5 of the Attached Material.

Contents of the Attached Material

1. Qualitative information regarding quarterly consolidated business performance.....	4
(1) Qualitative information regarding consolidated business performance.....	4
(2) Qualitative information regarding consolidated financial position.....	4
(3) Qualitative information regarding consolidated business performance forecast.....	5
2. Other information.....	6
(1) Overview of significant changes in subsidiaries.....	6
(2) Overview of simplified accounting treatment or special accounting treatment.....	6
(3) Overview of changes in accounting principles, procedures, disclosure methods, etc.	6
3. Quarterly consolidated financial statements.....	7
(1) Quarterly consolidated balance sheets.....	7
(2) Quarterly consolidated statements of income.....	9
(3) Quarterly consolidated statements of cash flows.....	10
(4) Note on assumptions for going concern.....	11
(5) Segment information.....	11
(6) Note on significant changes in the amount of shareholders' equity.....	12

1. Qualitative information regarding quarterly consolidated business performance

(1) Qualitative information regarding consolidated business performance

Consolidated operating results for the reporting first half (September 21, 2010 to March 20, 2011)

(Millions of yen)

	Six months ended March 20, 2011	
	Sales	% of total sales
Cosmetics	16,030	65.5
Pharmaceuticals & Health Food	7,404	30.2
Other	1,059	4.3
Total sales	24,493	100.0

	Six months ended March 20, 2010		Six months ended March 20, 2011		Increase (Decrease)	Year-on-year (%)
	Amount	% of total sales	Amount	% of total sales		
Operating income	2,134	8.0	1,296	5.3	(838)	(39.3)
Ordinary income	2,280	8.5	1,438	5.9	(842)	(36.9)
Net income	1,121	4.2	533	2.2	(587)	(52.4)

During the first half of fiscal 2011 (September 21, 2010 to March 20, 2011), signs of economic recovery were evident in the Japanese economy, but the outlook remained unclear amid persistently high unemployment rates and fears over the long-term impact of the Great East Japan Earthquake of March 11, 2011.

In the cosmetics market, the Group's principal business field, competition has intensified despite signs that market shrinkage in Japan had stopped.

Sales declined year on year. In particular, sales of high-end cosmetics sold through individual consultation decreased amid weak consumer spending in Japan, and the Great East Japan Earthquake further depressed demand.

Operating, ordinary and net income decreased. Despite the effect of measures to trim selling, general and administrative expenses, gross profit was down due to lower sales overall and changes in sales performance by product category, as well as the recording of an extraordinary loss following the earthquake.

As a result of the foregoing, we posted sales of 24,493 million yen (down 8.5% year on year), operating income of 1,296 million yen (down 39.3%), ordinary income of 1,438 million yen (down 36.9%) and net income of 533 million yen (down 52.4%), on a consolidated basis.

In the Cosmetics segment, high-end cosmetics sold through individual consultation were down year on year, but self-selection cosmetics were flat. As a result, sales in the Cosmetics segment totaled 16,030 million yen, and operating income was 2,046 million yen.

In the Pharmaceuticals & Health Food segment, sales of pharmaceuticals increased slightly, but nutritional supplements and energy and functional drink sales were down year on year. As a result, sales in the Pharmaceuticals & Health Food segment totaled 7,404 million yen, but the segment posted an operating loss of 13 million yen.

In the Other segment, sales of apparel fell year on year, but sales in our North American subsidiary's aviation business increased. As a result, sales in the Other segment came in at 1,059 million yen, but it posted an operating loss of 32 million yen.

(2) Qualitative information regarding consolidated financial position

The Company's total assets at the end of the first half stood at 86,841 million yen, down 1,955 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease in property, plant and equipment due to lower capital investment, causing a 850 million yen decline in non-current assets.

Liabilities came to 35,848 million yen, down 936 million yen from the previous term-end. This was primarily due to a decrease in notes and accounts payable, which caused current liabilities to decline 644 million yen over the previous term-end.

Net assets stood at 50,992 million yen, down 1,019 million yen from the previous term-end. This

was principally due to a 954 million yen decline from the previous term-end in retained earnings resulting from the payment of dividends.

(Consolidated cash flows)

Cash and cash equivalents (hereinafter, “cash”) on a consolidated basis at the end of the first half decreased 2,832 million yen over the previous term-end (36,362 million yen), to 33,529 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 2 million yen (a year-on-year decrease of 2,108 million yen). This was mainly due to posting of income before income taxes of 959 million yen and a depreciation expense of 854 million yen. The main negative factors were an increase in trade receivables of 1,104 million yen and a decrease in trade payables of 784 million yen.

(Cash flows from investing activities)

Net cash used in investing activities came to 1,316 million yen (a year-on-year increase of 757 million yen). This was primarily due to a cash outflow of 2,524 million yen into time deposits and a cash inflow of 1,000 million yen from withdrawal of time deposits.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 1,483 million yen (a year-on-year increase of 0 million yen). This was attributable to the payment of 1,483 million yen in dividends.

(3) Qualitative information regarding consolidated business performance forecast

Due to the difficulty of measuring the impact of the earthquake on our business operations, the consolidated earnings forecasts for the full year ending September 20, 2011, originally announced on October 29, 2010, will remain unchanged for now. We will promptly make public our assessment of the impact of the disaster on our operations once it becomes clear.

2. Other information

(1) Overview of significant changes in subsidiaries

Not applicable.

(2) Overview of simplified accounting treatment or special accounting treatment

(Simplified accounting treatment)

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 6-month period was low.

(Special accounting treatment)

Not applicable.

(3) Overview of changes in accounting principles, procedures, disclosure methods, etc.

1) Application of accounting standard for asset retirement obligations

From the first quarter of the reporting period under review, the Company has applied the Accounting Standards for Asset Retirement Obligations (ASBJ Statement No. 18, issued on March 31, 2008) and Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21, issued on March 31, 2008).

As a result, operating income and ordinary income each declined by 8,435 thousand yen, while income before income taxes declined by 133,212 thousand yen.

2) Changes in disclosure method

Although "Commitment fee" was included in "Other" under "Non-operating expenses" in the previous first half, it was presented as a new category in the first half of fiscal 2011 because it exceeded one-fifth of total non-operating expenses. The Commitment fee included in "Other" under "Non-operating expenses" in the previous first half amounted to 7,314 thousand yen.

3. Quarterly consolidated financial statements
(1) Quarterly consolidated balance sheets

(Thousands of yen)

	First half ended March 20, 2011	Year ended September 20, 2010
ASSETS		
Current assets		
Cash and cash equivalents	36,054,457	37,362,030
Notes and accounts receivable	12,090,460	11,023,886
Securities	—	500,000
Merchandise and finished goods	6,496,605	6,470,848
Work in progress	198,698	297,615
Raw materials and purchased supplies	1,639,392	1,697,635
Deferred tax assets	1,699,326	1,659,337
Other receivables	1,431,101	1,796,886
Other	568,329	491,800
Allowance for doubtful accounts	(79,365)	(95,834)
Total current assets	60,099,006	61,204,208
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,981,255	6,230,321
Equipment and vehicles, net	1,040,297	1,016,232
Land	13,973,091	14,330,058
Lease assets, net	24,438	23,611
Construction in progress	—	35,243
Other, net	439,796	491,267
Total property, plant and equipment	21,458,879	22,126,734
Intangible assets		
Goodwill	2,784	4,556
Software	1,158,732	1,345,690
Other	109,527	159,931
Total intangible assets	1,271,044	1,510,178
Investments and other assets		
Investment securities	461,505	456,824
Long-term loans	3,189	3,384
Deferred tax assets	2,366,521	2,126,342
Other	1,397,467	1,575,587
Allowance for doubtful accounts	(216,458)	(206,402)
Total investments and other assets	4,012,224	3,955,736
Total non-current assets	26,742,149	27,592,648
Total assets	86,841,155	88,796,857

(Thousands of yen)

	First half ended March 20, 2011	Year ended September 20, 2010
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	4,461,978	5,258,389
Lease obligations	6,550	5,791
Other accounts payable	3,881,406	4,039,531
Income tax payable	732,130	485,019
Deferred tax liabilities	4	6
Reserve for bonuses	379,172	361,191
Reserve for product returns	1,176,924	1,246,929
Other	924,776	810,130
Total current liabilities	11,562,944	12,206,989
Long-term liabilities		
Lease obligations	19,083	18,983
Reserve for employees' retirement benefits	5,165,651	5,084,432
Guarantee deposits received	18,865,172	19,230,372
Other	235,512	244,165
Total long-term liabilities	24,285,419	24,577,954
Total liabilities	35,848,364	36,784,944
NET ASSETS		
Shareholders' equity		
Common stock	7,319,431	7,319,431
Additional paid-in capital	6,809,366	6,809,366
Retained earnings	37,351,546	38,305,907
Treasury stock	(21,326)	(21,326)
Total shareholders' equity	51,459,018	52,413,379
Valuation and translation adjustments		
Net unrealized gain (loss) on other securities	31,455	28,087
Foreign currency translation adjustments	(519,075)	(448,867)
Total valuation and translation adjustments	(487,619)	(420,780)
Minority interests	21,391	19,313
Total net assets	50,992,791	52,011,912
Total liabilities and net assets	86,841,155	88,796,857

(2) Quarterly consolidated statements of income

(Thousands of yen)

	First half ended March 20, 2010	First half ended March 20, 2011
Net sales	26,765,604	24,493,883
Cost of sales	9,192,951	8,612,070
Gross profit	17,572,653	15,881,812
Selling, general and administrative expenses	15,438,203	14,585,466
Operating income	2,134,449	1,296,345
Non-operating income		
Interest income	13,068	14,859
Dividend income	4,061	4,136
Lease income	27,112	25,298
Insurance premiums	41,157	35,815
Other	102,655	84,812
Total	188,056	164,922
Non-operating expenses		
Loss on currency translation	33,218	11,217
Commitment fee	—	7,189
Other	8,440	4,587
Total	41,659	22,994
Ordinary income	2,280,846	1,438,273
Extraordinary income		
Gain on sale of fixed assets	164	4,431
Gain on sale of investment securities	1,616	—
Reversal of allowance for doubtful accounts	—	2,956
Reversal of long-term accounts payable	40,234	—
Other	1,517	—
Total	43,532	7,388
Extraordinary losses		
Loss on disposal of fixed assets	7,490	309,407
Loss on valuation of investment securities	215,418	682
Loss due to disaster	—	51,533
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	124,776
Total	222,908	486,400
Income before taxes	2,101,471	959,261
Income taxes -- basic	1,109,817	704,931
Income taxes -- deferred	(127,600)	(281,699)
Total	982,217	423,231
Income before minority interests	—	536,029
Minority interests	(1,955)	2,767
Net income	1,121,209	533,262

(3) Quarterly consolidated statements of cash flows

(Thousands of yen)

	First half ended March 20, 2010	First half ended March 20, 2011
Cash flows from operating activities		
Income before income taxes	2,101,471	959,261
Depreciation,	922,606	854,930
Amortization of goodwill	3,004	1,771
Increase (decrease) in reserve for doubtful accounts	(23,202)	(6,474)
Increase (decrease) in reserve for bonuses	11,524	17,879
Increase (decrease) in reserve for product returns	27,428	(70,004)
Increase (decrease) in reserve for retirement benefits	(205,246)	81,218
Increase (decrease) in allowance for losses on guarantees	(1,517)	—
Interest and dividends received	(17,130)	(18,995)
Gain/loss on currency translation	20,784	8,535
Gain/loss on marketable and investment securities	(1,616)	—
Gain/loss on valuation of marketable and investment securities	215,418	682
Gain/loss on sales of property, plant and equipment	7,325	304,976
Loss due to disaster	—	51,533
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	124,776
Reversal of long-term accounts payable	(40,234)	—
Decrease (increase) in trade receivables	(1,162,924)	(1,104,493)
Decrease (increase) in inventories	(36,552)	38,121
Increase (decrease) in trade payables	435,947	(784,739)
Increase (decrease) in guarantee deposits	(209,900)	(365,200)
Other	614,277	255,032
Subtotal	2,661,462	348,811
Interest and dividends received	16,292	13,093
Income tax (paid) refunded	(567,110)	(359,621)
Net cash provided by operating activities	2,110,644	2,283
Cash flows from investing activities		
Expenditure for deposit to time deposits	—	(2,524,579)
Proceeds from withdrawal of time deposits	—	1,000,000
Proceeds from redemption of investment securities	—	500,000
Purchase of investment securities	(900)	(900)
Proceeds from sale of investment securities	11,616	—
Purchase of property, plant and equipment	(555,132)	(373,359)
Proceeds from sale of property, plant and equipment	1,000	127,375
Purchase of intangible assets	(16,795)	(46,075)
Proceeds from sale of intangible assets	411	—
Proceeds from collection of long-term loans	407	193
Other	—	900
Net cash used in investing activities	(559,392)	(1,316,445)
Cash flows from financing activities		
Cash dividends paid	(1,482,998)	(1,483,896)
Net cash used in financing activities	(1,482,998)	(1,483,896)
Effects of exchange rate changes on cash and cash equivalents	(18,739)	(34,094)
Net change in cash and cash equivalents	49,514	(2,832,152)
Cash and cash equivalents, beginning of year	35,579,974	36,362,030
Cash and cash equivalents, end of year	35,629,488	33,529,877

(4) Note on assumptions for going concern
Not applicable

(5) Segment information
(Business segment information)
Consolidated results for the previous first half (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) Intersegment sales	—	—	—	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 into categories for purposes of in-house organization.

Products in each segment include:

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

(Geographic segment information)

Consolidated results for the previous first half (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.

(Overseas sales)

Consolidated results for the previous first half (September 21, 2009 to March 20, 2010)

The Group's consolidated results have not been disclosed, because overseas sales comprised less than 10% of net sales.

(Segment Information)

1) Reportable segments

The Company's reportable segments are the subject of regular management review, for the purposes of decision-making for resource allocation and performance evaluation by the Board of Directors, in as much as financial information relating to individual units of the Company are available.

The Company engages principally in the manufacture and marketing of cosmetics, pharmaceuticals and health foods, as well as operating other businesses including aviation-related businesses.

Because the Company and Group companies manufacture and market many different products, we draw up comprehensive strategic plans for, and tailor business operations to, particular categories of product.

Accordingly, the Cosmetics segment and the Pharmaceuticals & Health Food segment form the two principal segments of the Company, reflecting its major product categories.

The Cosmetics segment manufactures and markets cosmetics products.

The Pharmaceuticals & Health Food segment manufactures and markets pharmaceuticals, health food products, and nutritional supplements.

In the Other segment, we mainly operate aviation-related businesses.

2) Sales and income (loss) data, by reporting segment

Consolidated results for the first half of fiscal 2011 (September 21, 2010 to March 20, 2011)

(Thousands of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Total	Adjustment (Note 1)	Amounts included in quarterly consolidated statements of income (Note 2)
Net Sales						
(1) Sales, external	16,030,015	7,404,011	1,059,855	24,493,883	—	24,493,883
(2) Intersegment sales	—	—	78,545	78,545	(78,545)	—
Total	16,030,015	7,404,011	1,138,401	24,572,428	(78,545)	24,493,883
Segment income (loss)	2,046,775	(13,965)	(32,583)	2,000,226	(703,881)	1,296,345

(Note 1) Intersegment eliminations totaling 27,260 thousand yen and unallocated corporate expenses totaling 731,141 thousand yen have been included in the segment income (loss) adjusted amount totaling (703,881 thousand) yen. Corporate expenses refer to parent company administration costs which do not come under any reportable segments.

(Note 2) Segment income refers to operating income as reported in the quarterly consolidated statements of income, after adjustment.

(Additional information)

Starting in the quarter under review, we have applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17, issued on March 27, 2009), and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued on March 21, 2008).

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

Not applicable