

# NOEVIR HOLDINGS

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

November 9, 2011

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

Trade name: Noevir Holdings Co., Ltd.  
Listing: Tokyo Stock Exchange, Second Section (Code Number: 4928)  
URL: <http://www.noevirholdings.co.jp/>  
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Annual General Meeting of Shareholders: December 9, 2011  
Date of commencement of dividend payments: December 12, 2011  
Submission of securities report: December 9, 2011  
Supplemental materials for the financial results prepared: Yes  
Results briefing for the reporting period held: Yes (for institutional investors and analysts)

### 1. Operating results for the fiscal year ended September 30, 2011 (March 22, 2011 – September 30, 2011)

\* Amounts under one million yen have been rounded down.

\* Noevir Holdings Co., Ltd. was newly established as a holding company through the sole transfer of Noevir Co., Ltd. shares on March 22, 2011. As a result, a comparative analysis and details of the increase or decrease of operating results and financial position compared with the corresponding period of the previous fiscal year have not been undertaken or provided.

#### (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 30, 2011	24,581 —%	1,576 —%	1,652 —%	614 —%

Note: Comprehensive income:

Year ended September 30, 2011: 602 million yen (—%)

	EPS (Yen)	Diluted EPS (Yen)	ROE (%)	Ordinary income/Total assets (%)	Operating income/Total sales (%)
Year ended September 30, 2011	14.88	—	—	—	6.4

[Reference]

Equity in gains/losses of affiliated companies

Year ended September 30, 2011: — million yen

\* Noevir Holdings Co., Ltd. was newly established as a holding company through the sole transfer of Noevir Co., Ltd. shares on March 22, 2011. As a result, return on equity (ROE) and the ratio of ordinary income to total assets are not shown.

#### (2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
Year ended September 30, 2011	87,427	51,595	59.0	1,248.02

[Reference] Equity:

Year ended September 30, 2011: 51,571 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, end of year
Year ended September 30, 2011	2,826	(199)	(2)	36,148

### 2. Cash dividends

(Yen)

	Annual dividends					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 September 30, 2011	—	—	—	36.00	36.00	1,487	241.9	—
Year ending September 30, 2012 (forecast)	—	0.00	—	36.00	36.00		74.4	

\* Noevir Holdings Co., Ltd. was newly established as a holding company through the sole transfer of Noevir Co., Ltd. shares on March 22, 2011. As a result, the previous fiscal year's results and net asset payout ratio are not shown.

### 3. Consolidated earnings forecasts for the fiscal year ending September 30, 2012 (October 1, 2011 – September 30, 2012)

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

	Net Sales	Operating income	Ordinary income	Net income	EPS (Yen)
Half year	24,600 — %	1,500 — %	1,600 — %	800 — %	19.36
Full year	49,500 — %	3,400 — %	3,700 — %	2,000 — %	48.40

\* Noevir Holdings Co., Ltd. was newly established as a holding company through the sole transfer of Noevir Co., Ltd. shares on March 22, 2011. As a result, the year-on-year change and period-on-period change are not shown.

### 4. Other

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

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

- 1) Changes associated with revision in accounting standards: Yes
- 2) Other changes: None

(3) Shares outstanding (common stock)

- 1) Shares outstanding (including treasury stock)  
Year ended September 30, 2011: 41,322,860
- 2) Treasury shares outstanding  
Year ended September 30, 2011: 20
- 3) Average shares outstanding over quarter  
Year ended September 30, 2011: 41,322,848

\* Explanation regarding audit procedures

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

\* Explanation regarding the appropriate use of business performance forecasts

1. 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 “(1) Analysis of operating results” under “1. Operating results and financial information” on page 5 of “Attached Material.”

2. Noevir Holdings is a holding company whose earnings are dependent upon internal transactions between Group companies. Therefore, its nonconsolidated earnings and earnings forecast are not presented herein.

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# 1. Operating results and financial information

## (1). Analysis of operating results

### 1) Operating results for the reporting fiscal period

#### Background

(Millions of yen)

	<b>Reporting term (March 22, 2011 to September 30, 2011)</b>	
	Sales	% of total sales
Cosmetics	<b>16,167</b>	<b>65.8</b>
Pharmaceuticals/ Health Food	<b>6,821</b>	<b>27.7</b>
Other	<b>1,592</b>	<b>6.5</b>
Total sales	<b>24,581</b>	<b>100.0</b>

	<b>Reporting term (March 22, 2011 to September 30, 2011)</b>	
	Amount	% of total sales
Operating income	<b>1,576</b>	<b>6.4</b>
Ordinary income	<b>1,652</b>	<b>6.7</b>
Net income	<b>614</b>	<b>2.5</b>

Taking into consideration the first six months (March 22, 2011 to September 30, 2011) of fiscal 2011, the Japanese economy slumped due to the Great East Japan Earthquake that struck on March 11, 2011, but there were some moderate signs of recovery. Nevertheless, with the downside economic risk posed by the European debt crises, the future is uncertain.

In Japan, a harsh market environment remains due to consumer preference for lower-priced products. While competition between companies is intensifying, demand is booming in Asian markets.

**Against this backdrop, in Noevir's line of cosmetics sold through individual consultation, Noevir-certified sales representatives are setting up Noevir Beauty Studios (total beauty care salons used for skin care and makeup classes) nationwide as a new marketing method for prestige skincare products and cosmetics.**

The Noevir Group carried out aggressive advertising and sales promotion campaigns for its self-selection cosmetic range and energy drinks sold primarily at drug stores and functional drinks sold mainly at convenience stores. In China, the number of stores carrying our self-selection cosmetics increased.

Direct effects from the Great East Japan Earthquake were limited.

As a result, net sales for the fiscal year ended September 30, 2011 amounted to 24,581 million yen, while operating income was 1,576 million yen, ordinary income 1,652 million yen and net income 614 million yen.

Noevir Holdings Co., Ltd. was established as a holding company through a stock transfer at a transfer ratio of Noevir Co., Ltd. shares of one to one on March 22, 2011. As a result, Noevir Holdings Co., Ltd.'s fiscal year ended September 30, 2011 began on March 22, 2011 and ended on September 30, 2011.

#### (Reference)

	Noevir Co., Ltd. (consolidated) Six months ended March 20, 2011		Noevir Co., Ltd.(consolidated) Fiscal year ended September 20, 2010	
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales
Net sales	24,493	100.0	52,580	100.0
Operating income	1,296	5.3	2,782	5.3
Ordinary income	1,438	5.9	3,087	5.9
Net income	533	2.2	1,565	3.0

#### (Regarding reference information)

Noevir Holdings Co., Ltd. was established on March 22, 2011 as the parent company of Noevir Co., Ltd. through the transfer of shares. Accordingly, this Financial Report covers the first six-month period from March 22, 2011 to September 30, 2011 and does not include the consolidated operating results of Noevir Co.,

Ltd. prior to the Company's establishment.

On this basis, financial data for the first half (September 21, 2010 to March 20, 2011) and the full fiscal year ended September 20, 2010 (September 21, 2009 to September 20, 2010) of Noevir Co., Ltd. has been provided for comparative purposes with the full fiscal year and previous fiscal year, respectively.

#### Segment results

##### (a) Cosmetics (Millions of yen)

	Reporting term (ended September 30, 2011)
Total sales	16,167
Segment income	2,273

Sales of medium to high-priced cosmetics sold through individual consultation were strong. In the self-selection cosmetic range, the Company relaunched several mainstay products.

As a result, total sales in the Cosmetics segment amounted to 16,167 million yen, while segment income came to 2,273 million yen.

##### (b) Pharmaceuticals/Health Food (Millions of yen)

	Reporting term (ended September 30, 2011)
Total sales	6,821
Segment income	94

New versions of mainstay functional drinks were introduced. New nutritional supplements tailored to market needs were launched.

As a result, total sales in the Pharmaceuticals and Health Food segment came to 6,821 million yen, while segment income was 94 million yen.

##### (c) Other

	Reporting term (ended September 30, 2011)
Total sales	1,592
Segment income	75

Demand was strong in the aviation business.

As a result, total sales in the Other segment was 1,592 million yen, while segment income came to 75 million yen.

#### 2) Forecast for the current fiscal year ending September 30, 2012

The Cosmetics segment will remain at the core of the Noevir Group's business operations, and despite the harsh conditions of the Japanese market, we seek to continuously generate profits not only in cosmetics sold through individual consultation and in drug stores, but also in mail order and other sale channels. Meanwhile, we will speed up our expansion into the fast-growing Asian market.

In the Pharmaceuticals and Health Food segment, we will continue to accelerate business restructuring.

In the aviation-related business in the Other segment, we will continue to move cautiously while assessing global market trends.

As a result of foregoing, for the business term ending September 30, 2012, we project sales of 49,500 million yen, operating income of 3,400 million yen, ordinary income of 3,700 million yen, and net income of 2,000 million yen on a consolidated basis.

#### (2) Analysis of financial position

##### 1) Assets, liabilities and equity

The Company's total assets at term-end stood at 87,427 million yen. Current assets were 61,755 million yen

due mainly to cash and cash equivalents of 38,674 million yen, notes and accounts receivable of 10,579 million yen, and inventories of goods and products of 7,949 million yen. Fixed assets came to 25,671 million yen owing mainly to property, plant and equipment such as buildings and structures of 20,784 million yen, intangible assets including goodwill of 986 million yen, and investments and other assets such as investment securities of 3,900 million yen.

Total liabilities at term-end came to 35,832 million yen. Current liabilities were 11,938 million yen primarily due to notes and accounts payable of 4,339 million yen and other accounts payable of 3,280 million yen. Long-term liabilities, amounted to 23,893 million yen primarily as a result of guarantee deposits received of 18,446 million yen and reserve for employee's retirement benefits of 5,193 million yen.

Net assets at term-end were 51,595 million yen.

As a result of the foregoing, the equity ratio stood at 59.0%, while net assets per share came to 1,248.02 yen.

## 2) Cash flow

Cash and cash equivalents on a consolidated basis at the reporting term-end increased 2,619 million yen compared with the beginning of the term, to 36,148 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 2,826 million yen. This was mainly attributable to income before income taxes in the amount of 1,561 million yen and a decrease of 1,610 million yen in trade receivables.

### (Cash flows from investing activities)

Net cash used in investing activities amounted to 199 million yen. This was principally attributable to an expenditure of 266 million yen for the purchase of property, plant and equipment.

### (Cash flows from financing activities)

Net cash used in financing activities came to 2 million yen. This was primarily due to the payment of 2 million yen in dividends.

	Year ended Sept. 30, 2011
Equity ratio (%)	59.0
Equity ratio (market capitalization, %)	41.6
Cash flows/interest-bearing debt ratio (%)	—
Interest coverage ratio (times)	—

Notes:

Equity ratio = Shareholders' equity/Total assets

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

Cash flow versus interest-bearing debt ratio = Interest-bearing debt/Operating cash flow

Interest coverage ratio = Operating cash flow/Interest expense

\* All figures are calculated on a consolidated basis.

\* Market capitalization is calculated based on shares outstanding excluding treasury stock

\* Interest-bearing debt covers all debt (including zero-coupon bonds) recorded on the balance sheets for which interest is being paid.

## (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 pay an annual dividend of 36 yen per share for the reporting term, ended September 30, 2011.

For the current term ending September 30, 2012, we are also planning to pay an annual dividend of 36 yen per share.

## 2. Management strategy

### (1) Strategy

When Noevir transitioned to a holding company structure, the organization was split into two discrete parts, one in charge of Group management and the other in charge of business promotion. This will enable us to raise corporate value by promoting greater operational efficiency through an improved earnings structure by rationalizing costs and consolidating administrative functions.

To demonstrate the independence and expertise of the Cosmetics, Pharmaceuticals and Health Food, and Other businesses and to manage these business optimally so that we respond to changes in the business environment flexibly and promptly, we are taking steps to raise our competitiveness by taking full advantage of the Group's strengths including its brand power and R&D, manufacturing, and marketing capabilities.

We seek to maximize the Group's corporate value by aggressively expanding our business into the fast-growing Asian market and through flexible and efficient mergers and acquisitions, business alliances and capital tie-ups.

In addition, the Noevir Group will strengthen its corporate governance, achieve greater transparency in Group management, and fulfill its corporate social responsibilities.

### (2) Targets

The Noevir Group is formulating a new three-year medium-term management plan, which will have as its target an operating income margin of 10% on a consolidated basis for the term ending September 2014, and will emphasize the achievement of steady and sustainable growth.

### (3) Medium-term strategy

As preparation for our growth strategy of becoming a company with a high profile in Asian markets," the subject of our medium-term plan, we have set the following targets.

#### Cosmetics Business

- 1) Accelerate expansion in Asia
- 2) Continuously generate profits in Japan

#### Pharmaceuticals/Food Business

- 3) Speed up business restructuring

#### Overall Group

- 4) Start up new businesses and promote mergers and acquisitions in Japan and Asia
- 5) Lower operating costs
- 6) Globalize human resources and the organization

### (4) Key Issues

In the three main markets in which the Noevir Group operates – Cosmetics, Pharmaceuticals, and Health Food – we are experiencing increasingly intense competition accompanying the maturation of these markets. As a result, in addition to the adverse impact of the recent trend of consumer preference for 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 high management priority on seizing opportunities for growth through the creation of new demand by strengthening our product development and marketing capabilities, with a focus on the precise identification of consumer needs.

To effectively address these issues, in the Cosmetics business, we will continuously generate profits in Japan, while accelerating business expansion in Asia. In the Pharmaceutical and Health Food businesses, we will continue business restructuring and establish efficient production and management systems.

To become a company with a high-profile in Asian markets including Japan, we realize that strengthening our business foundation by lowering our operating costs and globalizing needed human resources and the organization are urgently important tasks.



3. Consolidated financial statements  
(1) Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2011
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	38,674,720
Notes and accounts receivable	10,579,759
Merchandise and finished goods	6,202,007
Work in progress	300,999
Raw materials and purchased supplies	1,446,797
Deferred tax assets	1,524,090
Other receivables	2,698,721
Other	405,175
Allowance for doubtful accounts	(76,378)
Total current assets	61,755,894
<b>Non-current assets</b>	
Property, plant and equipment	
Buildings and structures, net	5,666,478
Equipment and vehicles, net	877,414
Land	13,881,827
Lease assets, net	24,490
Construction in progress	1,384
Other, net	332,757
Total property, plant and equipment	20,784,352
Intangible assets	
Goodwill	1,012
Software	888,107
Other	97,511
Total intangible assets	986,631
Investments and other assets	
Investment securities	426,532
Deferred tax assets	2,368,259
Other	1,252,446
Allowance for doubtful accounts	(146,841)
Total investments and other assets	3,900,397
Total non-current assets	25,671,381
<b>Total assets</b>	<b>87,427,276</b>

(Thousands of yen)

	As of September 30, 2011
<b>LIABILITIES AND NET ASSETS</b>	
<b>Current liabilities</b>	
Notes and accounts payable	4,339,797
Lease obligations	7,238
Other accounts payable	3,280,105
Income tax payable	781,103
Reserve for bonuses	329,611
Reserve for product returns	1,033,114
Other	2,167,964
Total current liabilities	11,938,935
<b>Long-term liabilities</b>	
Lease obligations	18,449
Guarantee deposits received	18,446,472
Reserve for employees' retirement benefits	5,193,496
Other	234,697
Total long-term liabilities	23,893,116
<b>Total liabilities</b>	35,832,051
<b>NET ASSETS</b>	
<b>Shareholders' equity</b>	
Common stock	7,319,000
Additional paid-in capital	6,809,798
Retained earnings	37,944,986
Treasury stock	(17)
Total shareholders' equity	52,073,767
Accumulated other comprehensive income	
Net unrealized gain (loss) on other securities	18,362
Foreign currency translation adjustments	(520,373)
Accumulated other comprehensive income	(502,010)
Minority interests	23,468
<b>Total net assets</b>	51,595,224
<b>Total liabilities and net assets</b>	87,427,276

(2) Consolidated statements of income and comprehensive income  
Consolidated statements of income

(Thousands of yen)

	<b>Year ended September 30, 2011</b>
<b>Net sales</b>	<b>24,581,835</b>
<b>Cost of sales</b>	<b>9,377,231</b>
Gross profit	<b>15,204,603</b>
<b>Selling, general and administrative expenses</b>	
Cost of sales	<b>2,058,088</b>
Advertising expenses	<b>513,294</b>
Salaries and bonuses	<b>4,239,596</b>
Accrued allowance for bonuses	<b>239,935</b>
Retirement benefits for employees	<b>456,872</b>
Depreciation	<b>590,264</b>
Research and development expenses	<b>671,954</b>
Other	<b>4,857,948</b>
Total	<b>13,627,955</b>
Operating income	<b>1,576,648</b>
<b>Non-operating income</b>	
Interest income	<b>11,265</b>
Dividend income	<b>5,644</b>
Sales of promotional materials	<b>14,234</b>
Lease income	<b>26,020</b>
Insurance dividends	<b>37,442</b>
Other	<b>38,029</b>
Total	<b>132,635</b>
<b>Non-operating expenses</b>	
Loss on currency translation	<b>17,278</b>
Commitment fee	<b>4,928</b>
Amortization of inaugural expenses	<b>32,971</b>
Other	<b>1,413</b>
Total	<b>56,591</b>
Ordinary income	<b>1,652,692</b>
<b>Extraordinary income</b>	
Gain on sale of fixed assets	<b>123</b>
Gain on sale of investment securities	<b>5,918</b>
Reversal of allowance for doubtful accounts	<b>51,374</b>
Adjustment to the loss on disaster	<b>13,389</b>
Other	<b>682</b>
Total	<b>71,488</b>
<b>Extraordinary losses</b>	
Loss on disposal of fixed assets	<b>161,385</b>
Loss on sale of investment securities	<b>1,357</b>
Total	<b>162,742</b>
<b>Income before income taxes</b>	<b>1,561,437</b>
<b>Income taxes – basic</b>	<b>764,002</b>
<b>Income taxes – deferred</b>	<b>180,863</b>
<b>Total</b>	<b>944,866</b>
<b>Income before minority interests</b>	<b>616,571</b>
<b>Minority interests</b>	<b>1,805</b>
<b>Net income</b>	<b>614,766</b>

Consolidated statements of comprehensive income

(Thousands of yen)

	<b>Year ended September 30, 2011</b>
Income before minority interests	<b>616,571</b>
Other comprehensive income	
Valuation adjustment	<b>(13,093)</b>
Foreign currency translation	<b>(1,027)</b>
Total	<b>(14,120)</b>
Comprehensive income	<b>602,451</b>
(Breakdown)	
Comprehensive income attributable to owners of the parent	<b>600,375</b>
Comprehensive income attributable to minority interests	<b>2,076</b>

## (3) Consolidated changes to equity

(Thousands of yen)

	<b>Year ended September 30, 2011</b>
<b>Shareholders' equity</b>	
Common stock	
Balance at end of the previous year	—
Changes during the reporting period	
Increase (decrease) by share transfers	<b>7,319,000</b>
Total changes during the period	<b>7,319,000</b>
Balance at end of the year	<b>7,319,000</b>
Additional paid-in capital	
Balance at end of the previous year	—
Changes during the reporting period	
Increase (decrease) by share transfers	<b>6,809,798</b>
Total changes during the period	<b>6,809,798</b>
Balance at end of the year	<b>6,809,798</b>
Retained earnings	
Balance at end of the previous year	—
Changes during the reporting period	
Increase (decrease) by share transfers	<b>37,330,220</b>
Net income	<b>614,766</b>
Total changes during the period	<b>37,944,986</b>
Balance at end of the year	<b>37,944,986</b>
Treasury stock	
Balance at end of the previous year	—
Changes during the reporting period	
Purchase of own shares	<b>(17)</b>
Total changes during the period	<b>(17)</b>
Balance at end of the year	<b>(17)</b>
Total shareholders' equity	
Balance at end of the previous year	—
Changes during the reporting period	
Increase (decrease) by share transfers	<b>51,459,018</b>
Purchase of own shares	<b>(17)</b>
Net income	<b>614,766</b>
Total changes during the period	<b>52,073,767</b>
Balance at end of the year	<b>52,073,767</b>

(Thousands of yen)

	<b>Year ended September 30, 2011</b>
Accumulated other comprehensive income	
Valuation adjustment	
Balance at end of the previous year	—
Changes during the reporting period	
Increase (decrease) by share transfers	<b>31,455</b>
Changes during the reporting period, excluding shareholders' equity	<b>(13,093)</b>
Total changes during the period	<b>18,362</b>
Balance at end of the year	<b>18,362</b>
Foreign currency translation	
Balance at end of the previous year	—
Changes during the reporting period	
Increase (decrease) by share transfers	<b>(519,075)</b>
Changes during the reporting period, excluding shareholders' equity	<b>(1,298)</b>
Total changes during the period	<b>(520,373)</b>
Balance at end of the year	<b>(520,373)</b>
Accumulated other comprehensive income	
Balance at end of the previous year	—
Changes during the reporting period	
Increase (decrease) by share transfers	<b>(487,619)</b>
Changes during the reporting period, excluding shareholders' equity	<b>(14,391)</b>
Total changes during the period	<b>(502,010)</b>
Balance at end of the year	<b>(502,010)</b>
Minority interests	
Balance at end of the previous year	—
Changes during the reporting period	
Increase (decrease) by share transfers	<b>21,391</b>
Changes during the reporting period, excluding shareholders' equity	<b>2,076</b>
Total changes during the period	<b>23,468</b>
Balance at end of the year	<b>23,468</b>
Total assets	
Balance at end of the previous year	—
Changes during the reporting period	
Increase (decrease) by share transfers	<b>50,992,791</b>
Purchase of own shares	<b>(17)</b>
Net income	<b>614,766</b>
Changes during the reporting period, excluding shareholders' equity	<b>(12,315)</b>
Total changes during the period	<b>51,595,224</b>
Balance at end of the year	<b>51,595,224</b>

## (4) Consolidated statements of cash flows

(Thousands of yen)

	<b>Year ended September 30, 2011</b>
<b>Cash flows from operating activities</b>	
Income before income taxes	<b>1,561,437</b>
Depreciation	<b>910,990</b>
Amortization of goodwill	<b>1,771</b>
Increase (decrease) in reserve for doubtful accounts	<b>(72,666)</b>
Increase (decrease) in reserve for bonuses	<b>(49,540)</b>
Increase (decrease) in reserve for product returns	<b>(143,809)</b>
Increase (decrease) in reserve for retirement benefits	<b>27,844</b>
Interest and dividends received	<b>(16,909)</b>
Gain/loss on currency translation	<b>9,809</b>
Gain/loss on marketable and investment securities	<b>(4,560)</b>
Gain/loss on valuation of marketable and investment securities	<b>(682)</b>
Gain/loss on sales of property, plant and equipment	<b>161,261</b>
Adjustment to the loss on disaster	<b>(13,389)</b>
Decrease (increase) in trade receivables	<b>1,610,233</b>
Decrease (increase) in inventories	<b>409,808</b>
Increase (decrease) in trade payables	<b>(111,010)</b>
Increase (decrease) in guarantee deposits	<b>(418,700)</b>
Other	<b>(575,685)</b>
Subtotal	<b>3,286,202</b>
Interest and dividends received	<b>21,238</b>
Income tax paid	<b>(480,498)</b>
Net cash provided by operating activities	<b>2,826,942</b>
<b>Cash flows from investing activities</b>	
Expenditure for deposit to time deposits	<b>(2,501,250)</b>
Proceeds from withdrawal of time deposits	<b>2,500,000</b>
Purchase of investment securities	<b>(1,261)</b>
Proceeds from sale of investment securities	<b>20,368</b>
Purchase of property, plant and equipment	<b>(266,100)</b>
Proceeds from sale of property, plant and equipment	<b>72,457</b>
Purchase of intangible assets	<b>(27,144)</b>
Proceeds from collection of long-term loans	<b>3,578</b>
Net cash provided by (used in) investing activities	<b>(199,352)</b>
<b>Cash flows from financing activities</b>	
Purchase of treasury stock	<b>(17)</b>
Cash dividends paid	<b>(2,756)</b>
Net cash used in financing activities	<b>(2,774)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(5,802)</b>
<b>Net change in cash and cash equivalents</b>	<b>2,619,012</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>33,529,877</b>
<b>Cash and cash equivalents, end of year</b>	<b>36,148,890</b>

- (5) Note on assumptions for going concern  
Not applicable

(Segment information)

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 and Group companies engage 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, comprehensive strategic plans are drawn up for, and business operations are tailored 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) Method for calculating sales, income and loss, assets, liabilities and other item amounts in each reporting segment

The accounting procedure for reporting business segments is largely the same as described in Basis for Presentation of Consolidated Financial Reports.

Business segment income figures are on an operating income basis.

To determine sales prices and transfer prices within the Group, the Company, taking into account actual market conditions, submits an asking price and then negotiates a final price.

3) Information concerning sales, income and loss, assets, liabilities and other item amounts in each reporting segment

Consolidated results for fiscal 2011 (March 22, 2011 to September 30, 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	16,167,417	6,821,685	1,592,732	24,581,835	—	24,581,835
(2) Intersegment sales	—	—	79,872	79,872	(79,872)	—
Total	16,167,417	6,821,685	1,672,605	24,661,708	(79,872)	24,581,835
Segment income (loss)	2,273,419	94,671	75,276	2,443,367	(866,718)	1,576,648
Segment assets	57,788,081	20,045,283	1,958,909	79,792,275	7,635,001	87,427,276
Other items						
Depreciation	623,278	279,225	8,053	910,558	431	910,990
Increases of property, plant and equipment and intangible assets	63,173	122,616	651	186,441	—	186,441

(Note 1) Adjustments are as follows.

- 1) Intersegment eliminations totaling 78,719 thousand yen and unallocated corporate expenses totaling (945,438 thousand) yen have been included in the segment income (loss) adjustment totaling (866,718 thousand) yen. Corporate expenses refer to parent company administration costs which do not come under any reportable segments.



- 2) The segment income adjustment is for assets of the entire Company that are not allocated to each reporting segment. Assets of the entire Company are primarily the Company's financial assets (cash and cash equivalents, investment securities, etc.) that do not belong to reporting segments and assets related to administrative divisions.
- 3) The depreciation adjustment is for the depreciation of assets of the entire Company and elimination/corporate.

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

(Additional information)

Starting in the consolidated fiscal year 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).