

NOEVIR HOLDINGS

Noevir Holdings Co., Ltd. Public & Investor Relations
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November 14, 2012

Noevir Holdings Announces 2012 Consolidated Results (based on Japan GAAP)

Trade name: Noevir Holdings Co., Ltd.
Listing: Tokyo Stock Exchange, First Section (Code Number: 4928)
URL: <http://www.noevirholdings.co.jp/>
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Annual General Meeting of Shareholders: December 12, 2012
Date of commencement of dividend payments: December 13, 2012
Submission of securities report: December 12, 2012
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, 2012 (October 1, 2011 – September 30, 2012)

* 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 30, 2012	47,220 —%	5,150 —%	5,451 —%	2,787 —%
Year ended September 30, 2011	24,581 —%	1,576 —%	1,652 —%	614 —%

Note: Comprehensive income:

Year ended September 30, 2012: 2,847 million yen (—%)

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, 2012	73.37	—	5.5	6.4	10.9
Year ended September 30, 2011	14.88	—	—	—	6.4

[Reference]

Equity in gains/losses of affiliated companies

Year ended September 30, 2012: — million yen Year ended September 30, 2011: — million yen

* Due to the establishment of a holding company on March 22, 2011, fiscal 2011 (March 22, 2011 – September 30, 2011) was an irregular six-month accounting period. Therefore, the year-on-year change from the previous fiscal year is not included.

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
Year ended September 30, 2012	83,701	49,689	59.3	1,325.88
Year ended September 30, 2011	87,427	51,595	59.0	1,248.02

[Reference] Equity:

Year ended September 30, 2012: 49,644 million yen 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, 2012	4,228	585	(4,813)	36,253
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 ended September 30, 2012	—	0.00	—	40.00	40.00	1,497	54.5	3.1
Year ending September 30, 2013 (forecast)	—	0.00	—	40.00	40.00		40.5	

Note: Breakdown of year-end dividends for the year ended September 30, 2012

Ordinary dividend: 36.00 yen, Commemorative dividend: 4.00 yen

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2013 (October 1, 2012 – September 30, 2013)

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

	Net Sales		Operating income		Ordinary income		Net income		EPS (Yen)
Half year	23,300	0.3 %	2,600	9.9 %	2,700	8.2 %	1,600	50.0 %	42.73
Full year	48,000	1.7 %	6,000	16.5 %	6,200	13.7 %	3,700	32.7 %	98.82

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: None

2) Other changes: None

3) Changes in accounting estimates: None

4) Restatements: None

(3) Shares outstanding (common stock)

1) Shares outstanding (including treasury stock)

Year ended September 30, 2012: 37,442,840

Year ended September 30, 2011: 41,322,860

2) Treasury shares outstanding

Year ended September 30, 2012: 58

Year ended September 30, 2011: 20

3) Average shares outstanding over quarter

Year ended September 30, 2012: 37,994,056

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)

	Reporting term (October 1, 2011 to September 30, 2012)	
	Sales	% of total sales
Cosmetics	32,223	68.2
Pharmaceuticals & Health Food	13,595	28.8
Other	1,401	3.0
Total sales	47,220	100.0

	Reporting term (October 1, 2011 to September 30, 2012)	
	Amount	% of total sales
Operating income	5,150	10.9
Ordinary income	5,451	11.5
Net income	2,787	5.9

During fiscal 2012 (October 1, 2011 to September 30, 2012), Japan's economic future grew increasingly uncertain due to a number of factors including concerns over an economic slowdown overseas stemming from the yen's protracted appreciation and the European sovereign debt crisis.

In Japan's cosmetics market, the Group's main area of business, demand for lower-priced products and increasingly harsh competition continued, despite signs of a growing trend toward higher-priced products.

Under these circumstances, in the Cosmetics segment, for cosmetics sold through individual consultation, the Group actively promoted its services to customers at Noevir Beauty Studios (total beauty care salons used for skin care and makeup classes). In its self-selection cosmetic range, we launched new versions of existing products of its leading brands.

In the Pharmaceuticals & Health Food segment, we conducted aggressive advertising and sales promotions of functional drinks. In addition, we launched new products of our leading brands.

As a result, net sales for the fiscal year ended September 30, 2012 came to 47,220 million yen, operating income was 5,150 million yen, and ordinary income amounted to 5,451 million yen. Net income came to 2,787 million yen as result of an increase in income taxes – deferred owing to the reversal of deferred tax assets due to a tax system revision.

(Reference)

	Noevir Co., Ltd.(consolidated) (September 21, 2010 to March 20, 2011)		Noevir Holdings Co., Ltd. (consolidated) (March 22, 2011 to September 30, 2011)	
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales
Net sales	24,493	100.0	24,581	100.0
Operating income	1,296	5.3	1,576	6.4
Ordinary income	1,438	5.9	1,652	6.7
Net income	533	2.2	614	2.5

(Regarding reference information)

Due to the establishment of a holding company on March 22, 2011, fiscal 2011 (March 22, 2011 – September 30, 2011) was an irregular six-month accounting period. Because there is no previous period to serve as a basis for comparison, the year-on-year change from the corresponding period of the previous fiscal year is not included.

On this basis, financial data for the first half (September 21, 2010 – March 20, 2011) of the fiscal year ended September 20, 2011 of Noevir Co., Ltd., and financial data for fiscal 2011 (March 22, 2011 – September 30, 2011) of Noevir Holdings Co., Ltd., periods equivalent to that of fiscal 2012 (October 1, 2011 – September 30, 2012) of Noevir Holdings, have been provided for comparative purposes.

Segment results

(a) Cosmetics (Millions of yen)

	Reporting term (ended September 30, 2012)
Total sales	32,223
Segment income	5,591

In cosmetics sold through individual consultation, the Group actively promoted its services to customers at Noevir Beauty Studios. The Group also launched new products including a beauty serum for skin around the eyes. In our self-selection cosmetic range, we launched new product versions of our brightening skincare line, a leading brand, and advertised it in TV commercials and strengthened in-store promotions. In addition, we launched new versions of our makeup products.

As a result, sales in the Cosmetics segment totaled 32,223 million yen, while operating income came to 5,591 million yen.

(b) Pharmaceuticals & Health Food (Millions of yen)

	Reporting term (ended September 30, 2012)
Total sales	13,595
Segment income	1,245

For our functional drinks, we carried out aggressive advertising and sales promotion campaigns and launched new products in key brands. Moreover, sales of nutritional supplements remained strong.

As a result, sales in the Pharmaceuticals & Health Food segment totaled 13,595 million yen and operating income was 1,245 million yen.

(c) Other

	Reporting term (ended September 30, 2012)
Total sales	1,401
Segment income	70

The Aviation business was affected by slumping demand due to the economic slowdown in Europe and the United States and the foreign exchange effects of an appreciating yen.

As a result, sales in the Other segment came to 1,401 million yen, while operating income was 70 million yen.

2. Forecast for the current fiscal year ending September 30, 2013

In the Cosmetics segment in particular, we pursue innovation and continuous profit generation in Japan and the enhancement of our brand value in Asia.

As a result of the foregoing, for the fiscal year ending September 30, 2013, net sales of 48,000 million yen, operating income of 6,000 million yen, ordinary income of 6,200 yen, and net income of 3,700 million yen are projected on a consolidated basis.

(2) Analysis of financial position

1) Assets, liabilities and equity

The Company's total assets at fiscal 2012 year-end stood at 83,701 million yen, down 3,726 million yen compared with the previous fiscal year-end. This was mainly due to decreases in property, plant and equipment of 1,108 million yen, other receivables of 937 million yen, and deferred tax assets (fixed) of 571 million yen.

Total liabilities at year-end declined 1,820 million yen year on year to 34,011 million yen. This was largely due to decreases in guarantee deposits received of 1,087 million yen and reserve for employee's

retirement benefits of 500 million yen.

Net assets at year-end decreased 1,905 million yen to 49,689 million yen. This was mainly attributable to the purchase of 3,880,000 shares of treasury stock for 3,325 million yen on November 17, 2011 and their retirement on November 28 of the same year, and a 1,427 million yen increase in retained earnings from the recording of net income and other factors.

As a result of the foregoing, the equity ratio stood at 59.3%, while net assets per share came to 1,325.88 yen, increases of 0.3% and 77.86 yen, respectively.

2) Cash flow

Cash and cash equivalents on a consolidated basis at the reporting year-end stood at 36,253 million yen, an increase of 104 million yen compared with 36,148 million yen at the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 4,228 million yen. This was mainly due to posting income before income taxes of 5,526 million yen, against an outflow of 1,451 million yen for income tax paid.

(Cash flows from investing activities)

Net cash provided by investing activities came to 585 million yen. This was primarily due to 2,556 million yen in proceeds from withdrawal of time deposits. The primary outflow was 2,031 million yen in expenditure for deposit to time deposits.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 4,813 million yen. This was attributable to 3,325 million yen for the purchase of treasury stock and cash dividends paid of 1,488 million yen.

	Year ended Sept. 30, 2011	Year ended Sept. 30, 2012
Equity ratio (%)	59.0	59.3
Equity ratio (market capitalization, %)	41.6	50.1
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

With respect to profit returns, Noevir Holding's basic policy is to continuously pay dividends with a focus on returning profits to shareholders while ensuring the necessary internal reserves for future business expansion and a stronger management structure.

Further, we intend to continue stable dividend payments to shareholders based on the aforementioned basic policy.

For fiscal 2012 (ended September 30, 2012), we plan to pay a year-end dividend of 40 yen per share, which consists of an ordinary dividend of 36 yen per share and a commemorative dividend of 4 yen per share to commemorate Noevir Holding's listing on the First Section of the Tokyo Stock Exchange.

For the current fiscal year ending September 30, 2013, we plan to pay an ordinary dividend of 40 yen per share.

2. Management strategy

(1) Strategy

The Noevir Group pursues innovation and continuous profit generation in Japan and the enhancement of its brand value in Asia by taking maximum advantage of the Group's brand power along with its R&D, manufacturing technology, and marketing capabilities based on the theme of "Generation of profit in Japan and expansion in Asian markets."

In addition, we will speed up diversification and globalization of human resources and our corporate structure, strengthen manufacturing competitiveness, and lower operational costs.

(2) Targets

Under the three-year medium-term management plan, we are striving to raise profitability to achieve a consolidated operating income margin of 14% in fiscal 2015

(3) Medium- to long-term strategy

As the first step in our growth strategy of "Generation of profit in Japan and expansion in Asian markets," the theme of our medium-term management plan, we will rapidly implement the following five policies.

1. Pursue innovation and continuous profit generation in Japan
2. Enhance our brand value in Asia
3. Diversify and globalize human resources and our corporate structure
4. Strengthen our manufacturing competitiveness
5. Lower operational costs

(4) Key Issues

The domestic and overseas markets, distribution, and customer needs for Cosmetics, Pharmaceuticals and Health Food – the three main businesses of the Noevir Group — are rapidly changing and diversifying. We recognize that the generation of profit in Japan and expansion in Asian markets by providing prompt and exacting service and marketing, are key issues.

3. Consolidated financial statements
(1) Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2011	As of September 30, 2012
ASSETS		
Current assets		
Cash and cash equivalents	38,674,720	38,253,228
Notes and accounts receivable	10,579,759	11,754,160
Merchandise and finished goods	6,202,007	5,694,420
Work in progress	300,999	206,578
Raw materials and purchased supplies	1,446,797	1,299,798
Deferred tax assets	1,524,090	1,097,329
Other receivables	2,698,721	1,761,543
Other	405,175	455,123
Allowance for doubtful accounts	(76,378)	(55,945)
Total current assets	61,755,894	60,466,236
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,666,478	5,005,520
Equipment and vehicles, net	877,414	792,277
Land	13,881,827	13,642,382
Lease assets, net	24,490	30,118
Construction in progress	1,384	1,609
Other, net	332,757	203,938
Total property, plant and equipment	20,784,352	19,675,847
Intangible assets		
Goodwill	1,012	32
Software	888,107	328,769
Other	97,511	98,853
Total intangible assets	986,631	427,654
Investments and other assets		
Investment securities	426,532	409,322
Deferred tax assets	2,368,259	1,796,916
Other	1,252,446	1,021,442
Allowance for doubtful accounts	(146,841)	(96,333)
Total investments and other assets	3,900,397	3,131,347
Total non-current assets	25,671,381	23,234,849
Total assets	87,427,276	83,701,086

(Thousands of yen)

	As of September 30, 2011	As of September 30, 2012
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	4,339,797	4,824,771
Lease obligations	7,238	10,262
Other accounts payable	3,280,105	3,393,112
Income tax payable	781,103	1,294,737
Deferred tax liabilities	—	1,194
Reserve for bonuses	329,611	161,982
Reserve for product returns	1,033,114	691,425
Other	2,167,964	1,376,080
Total current liabilities	11,938,935	11,753,567
Long-term liabilities		
Lease obligations	18,449	21,358
Guarantee deposits received	18,446,472	17,358,866
Reserve for employees' retirement benefits	5,193,496	4,692,944
Other	234,697	184,689
Total long-term liabilities	23,893,116	22,257,858
Total liabilities	35,832,051	34,011,425
NET ASSETS		
Shareholders' equity		
Common stock	7,319,000	7,319,000
Additional paid-in capital	6,809,798	3,484,620
Retained earnings	37,944,986	39,372,029
Treasury stock	(17)	(50)
Total shareholders' equity	52,073,767	50,175,599
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	18,362	39,651
Foreign currency translation adjustments	(520,373)	(570,493)
Accumulated other comprehensive income	(502,010)	(530,841)
Minority interests	23,468	44,902
Total net assets	51,595,224	49,689,660
Total liabilities and net assets	87,427,276	83,701,086

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

(Thousands of yen)

	Year ended September 30, 2011	Year ended September 30, 2012
Net sales	24,581,835	47,220,289
Cost of sales	9,377,231	16,372,870
Gross profit	15,204,603	30,847,418
Selling, general and administrative expenses		
Cost of sales	2,058,088	4,030,696
Advertising expenses	513,294	1,425,780
Salaries and bonuses	4,239,596	7,878,143
Accrued allowance for bonuses	239,935	122,845
Retirement benefits for employees	456,872	819,908
Depreciation	590,264	1,143,508
Research and development expenses	671,954	1,090,749
Other	4,857,948	9,185,785
Total	13,627,955	25,697,417
Operating income	1,576,648	5,150,001
Non-operating income		
Interest income	11,265	11,940
Dividend income	5,644	9,286
Exchange differences	—	14,532
Sales of promotional materials	14,234	26,506
Lease income	26,020	56,097
Insurance dividends	37,442	77,402
Other	38,029	120,318
Total	132,635	316,084
Non-operating expenses		
Loss on currency translation	17,278	—
Commitment fee	4,928	12,032
Amortization of inaugural expenses	32,971	—
Other	1,413	2,849
Total	56,591	14,882
Ordinary income	1,652,692	5,451,204
Extraordinary income		
Gain on sale of fixed assets	123	160,775
Gain on sale of investment securities	5,918	2,563
Reversal of allowance for doubtful accounts	51,374	—
Adjustment to the loss on disaster	13,389	—
Gain on transfer of business	—	64,000
Other	682	—
Total	71,488	227,338
Extraordinary losses		
Loss on disposal of fixed assets	161,385	60,660
Loss on sale of investment securities	1,357	—
Impairment loss	—	86,187
Other	—	5,000
Total	162,742	151,847
Income before income taxes	1,561,437	5,526,695
Income taxes – basic	764,002	1,782,066
Income taxes – deferred	180,863	944,316
Total	944,866	2,726,383
Income before minority interests	616,571	2,800,312
Minority interests	1,805	12,618
Net income	614,766	2,787,693

Consolidated statements of comprehensive income

(Thousands of yen)

	Year ended September 30, 2011	Year ended September 30, 2012
Income before minority interests	616,571	2,800,312
Other comprehensive income		
Valuation adjustment	(13,093)	22,181
Foreign currency translation	(1,027)	25,073
Total	(14,120)	47,255
Comprehensive income	602,451	2,847,568
(Breakdown)		
Comprehensive income attributable to owners of the parent	600,375	2,833,369
Comprehensive income attributable to minority interests	2,076	14,198

(3) Consolidated changes to equity

(Thousands of yen)

	Year ended September 30, 2011	Year ended September 30, 2012
Shareholders' equity		
Common stock		
Balance at end of the previous year	—	7,319,000
Changes during the reporting period		
Increase (decrease) by share transfers	7,319,000	—
Total changes during the period	7,319,000	—
Balance at end of the year	7,319,000	7,319,000
Additional paid-in capital		
Balance at end of the previous year	—	6,809,798
Changes during the reporting period		
Increase (decrease) by share transfers	6,809,798	—
Retirement of treasury stock	—	(3,325,177)
Total changes during the period	6,809,798	(3,325,177)
Balance at end of the year	6,809,798	3,484,620
Retained earnings		
Balance at end of the previous year	—	37,944,986
Changes during the reporting period		
Increase (decrease) by share transfers	37,330,220	—
Distribution of dividend from retained earnings	—	(1,487,622)
Net income	614,766	2,787,693
Increase (decrease) due to change in accounting period of consolidated subsidiaries	—	126,971
Total changes during the period	37,944,986	1,427,043
Balance at end of the year	37,944,986	39,372,029
Treasury stock		
Balance at end of the previous year	—	(17)
Changes during the reporting period		
Purchase of own shares	(17)	(3,325,210)
Retirement of treasury stock	—	3,325,177
Total changes during the period	(17)	(32)
Balance at end of the year	(17)	(50)
Total shareholders' equity		
Balance at end of the previous year	—	52,073,767
Changes during the reporting period		
Increase (decrease) by share transfers	51,459,018	—
Distribution of dividend from retained earnings	—	(1,487,622)
Net income	614,766	2,787,693
Purchase of own shares	(17)	(3,325,210)
Retirement of treasury stock	—	—
Increase (decrease) due to change in accounting period of consolidated subsidiaries	—	126,971
Total changes during the period	52,073,767	(1,898,167)
Balance at end of the year	52,073,767	50,175,599

(Thousands of yen)

	Year ended September 30, 2011	Year ended September 30, 2012
Accumulated other comprehensive income		
Valuation adjustment		
Balance at end of the previous year	—	18,362
Changes during the reporting period		
Increase (decrease) by share transfers	31,455	—
Changes during the reporting period, excluding shareholders' equity	(13,093)	21,289
Total changes during the period	18,362	21,289
Balance at end of the year	18,362	39,651
Foreign currency translation		
Balance at end of the previous year	—	(520,373)
Changes during the reporting period		
Increase (decrease) by share transfers	(519,075)	—
Changes during the reporting period, excluding shareholders' equity	(1,298)	(50,119)
Total changes during the period	(520,373)	(50,119)
Balance at end of the year	(520,373)	(570,493)
Accumulated other comprehensive income		
Balance at end of the previous year	—	(502,010)
Changes during the reporting period		
Increase (decrease) by share transfers	(487,619)	—
Changes during the reporting period, excluding shareholders' equity	(14,391)	(28,830)
Total changes during the period	(502,010)	(28,830)
Balance at end of the year	(502,010)	(530,841)
Minority interests		
Balance at end of the previous year	—	23,468
Changes during the reporting period		
Increase (decrease) by share transfers	21,391	—
Changes during the reporting period, excluding shareholders' equity	2,076	21,434
Total changes during the period	23,468	21,434
Balance at end of the year	23,468	44,902
Total assets		
Balance at end of the previous year	—	51,595,224
Changes during the reporting period		
Increase (decrease) by share transfers	50,992,791	—
Distribution of dividend from retained earnings	—	(1,487,622)
Net income	614,766	2,787,693
Purchase of own shares	(17)	(3,325,210)
Retirement of treasury stock	—	—
Increase (decrease) due to change in accounting period of consolidated subsidiaries	—	126,971
Changes during the reporting period, excluding shareholders' equity	(12,315)	(7,396)
Total changes during the period	51,595,224	(1,905,564)
Balance at end of the year	51,595,224	49,689,660

(4) Consolidated statements of cash flows

(Thousands of yen)

	Year ended September 30, 2011	Year ended September 30, 2012
Cash flows from operating activities		
Income before income taxes	1,561,437	5,526,695
Depreciation	910,990	1,702,321
Impairment loss	—	86,187
Amortization of goodwill	1,771	777
Increase (decrease) in reserve for doubtful accounts	(72,666)	(25,784)
Increase (decrease) in reserve for bonuses	(49,540)	(23,612)
Increase (decrease) in reserve for product returns	(143,809)	(351,488)
Increase (decrease) in reserve for retirement benefits	27,844	(446,200)
Interest and dividends received	(16,909)	(21,226)
Gain/loss on currency translation	9,809	(15,284)
Gain/loss on marketable and investment securities	(4,560)	(2,563)
Gain/loss on sales of property, plant and equipment	161,261	(100,114)
Adjustment to the loss on disaster	(13,389)	—
Decrease (increase) in trade receivables	1,610,233	(565,961)
Decrease (increase) in inventories	409,808	539,274
Increase (decrease) in trade payables	(111,010)	430,169
Increase (decrease) in guarantee deposits	(418,700)	(1,055,687)
Other	(576,367)	(21,261)
Subtotal	3,286,202	5,656,239
Interest and dividends received	21,238	23,467
Income tax paid	(480,498)	(1,451,551)
Net cash provided by operating activities	2,826,942	4,228,155
Cash flows from investing activities		
Expenditure for deposit to time deposits	(2,501,250)	(2,031,921)
Proceeds from withdrawal of time deposits	2,500,000	2,556,561
Purchase of investment securities	(1,261)	(1,800)
Proceeds from sale of investment securities	20,368	52,248
Purchase of property, plant and equipment	(266,100)	(301,208)
Proceeds from sale of property, plant and equipment	72,457	326,727
Purchase of intangible assets	(27,144)	(15,098)
Proceeds from collection of long-term loans	3,578	—
Net cash provided by (used in) investing activities	(199,352)	585,508
Cash flows from financing activities		
Purchase of treasury stock	(17)	(3,325,210)
Cash dividends paid	(2,756)	(1,488,057)
Net cash used in financing activities	(2,774)	(4,813,267)
Effects of exchange rate changes on cash and cash equivalents	(5,802)	27,024
Net change in cash and cash equivalents	2,619,012	27,420
Cash and cash equivalents, beginning of year	33,529,877	36,148,890
Net change in cash and cash equivalents due to change in accounting period of consolidated subsidiaries	—	76,916
Cash and cash equivalents, end of year	36,148,890	36,253,228

- (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 2012 (October 1, 2011 to September 30, 2012)

						(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	32,223,403	13,595,361	1,401,524	47,220,289	—	47,220,289
(2) Intersegment sales	—	—	155,543	155,543	(155,543)	—
Total	32,223,403	13,595,361	1,557,068	47,375,832	(155,543)	47,220,289
Segment income (loss)	5,591,217	1,245,934	70,779	6,907,930	(1,757,928)	5,150,001
Segment assets	57,886,034	19,792,286	1,829,055	79,507,375	4,193,710	83,701,086
Other items						
Depreciation	1,200,786	489,111	23,630	1,713,528	(11,206)	1,702,321
Increases of property, plant and equipment and intangible assets	111,368	144,780	685	256,835	(22,600)	234,235

(Note 1) Adjustments are as follows.

- 1) Intersegment eliminations totaling 199,991 thousand yen and unallocated corporate expenses totaling 1,957,919 thousand yen have been included in the segment income (loss) adjustment

totaling (1,757,928) 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.

(Impairment loss for non-current assets by reportable segment)

Previous fiscal year (March 22, 2011 to September 30, 2011)

Not applicable

Fiscal 2012 (October 1, 2011 to September 30, 2012)

(Thousands of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Elimination/ corporate (total)	Impairment loss
Impairment loss	¥73,114	¥13,072	—	—	¥86,187

(Amortization and unamortized balance of goodwill for each reportable segment)

Omitted because impact was considered immaterial

(Information about gain on bargain purchase for each reportable segment)

Not applicable