

NOEVIR HOLDINGS

Noevir Holdings Co., Ltd. Public & Investor Relations
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February 7, 2013

Noevir Holdings Announces 2013 First Quarter 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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Submission of securities report: February 13, 2013
Date of commencement of dividend payments: –
Supplemental materials for the financial results prepared: None
Results briefing for the reporting period held: None

1. Operating results for the first quarter year ending September 30, 2013 (October 1, 2012 – December 31, 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	
First quarter ended December 31, 2012	12,484	(4.5)%	2,228	17.5%	2,302	16.8%	1,028	36.2%
First quarter ended December 31, 2011	13,078	—	1,897	—	1,971	—	754	—

Note: Comprehensive income:

First quarter ended December 31, 2012: 1,222 million yen (61.3%)

First quarter ended December 31, 2011: 758 million yen (—%)

	EPS (Yen)	Diluted EPS (Yen)
First quarter ended December 31, 2012	27.46	—
First quarter ended December 31, 2011	19.04	—

* 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 first quarter of fiscal 2011 is not included

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)
First quarter ended December 31, 2012	82,949	49,414	59.5
Year ended September 30, 2012	83,701	49,689	59.3

[Reference] Equity:

First quarter ended December 31, 2012: 49,363 million yen Year ended September 30, 2012: 49,644 million yen

2. Cash dividends

(Yen)

	Annual dividends				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Year ended September 30, 2012	—	0.00	—	40.00	40.00
Year ending September 30, 2013	—				
Year ending September 30, 2013 (forecast)		0.00	—	40.00	40.00

Note: Revisions from the most recently announced dividend forecast: None

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

Note: Revisions from the most recently announced consolidated earnings forecast: None

4. Other

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

(2) Special accounting treatment for preparation of quarterly consolidated financial statements: None

(3) 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

(4) Shares outstanding (common stock)

1) Shares outstanding (including treasury stock)

As of December 31, 2012: 37,442,840

As of September 30, 2012: 37,442,840

2) Treasury shares outstanding

As of December 31, 2012: 58

As of September 30, 2012: 58

3) Average shares outstanding over quarter

As of December 31, 2012: 37,442,782

As of December 31, 2011: 39,635,864

* 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

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 performance forecast" under "1. Qualitative information regarding quarterly consolidated business performance" on page 5 the Attached Material.

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1. Qualitative information regarding quarterly consolidated business performance

(1) Qualitative information regarding consolidated business performance

Consolidated operating results for the first quarter (October 1, 2012 to December 31, 2012)

	First quarter ended December 31, 2011		First quarter ended December 31, 2012		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Cosmetics	9,571	73.2	8,917	71.4	(654)	(6.8)
Pharmaceuticals & Health Food	3,354	25.6	3,244	26.0	(110)	(3.3)
Other	152	1.2	322	2.6	170	112.0
Total sales	13,078	100.0	12,484	100.0	(594)	(4.5)

	First quarter ended December 31, 2011		First quarter ended December 31, 2012		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	1,897	14.5	2,228	17.9	331	17.5
Ordinary income	1,971	15.1	2,302	18.4	331	16.8
Net income	754	5.8	1,028	8.2	273	36.2

In the first three months (October 1, 2012 to December 31, 2012), with a break in the overseas economic slowdown, the Japanese economy raised hopes of a recovery amid a strong yen correction process and rising stock prices.

The domestic Cosmetics business, the Group's main area of business, continued to experience high demand for lower-priced products and intensifying competition in the cosmetics market, despite a modest recovery in higher-priced products with high added value.

Under these circumstances, net sales for the three-month period ended December 31, 2012 was 12,484 million yen (down 4.5% year on year), operating income came to 2,228 million yen (up 17.5%), ordinary income was 2,302 million yen (up 16.8%), while net income came to 1,028 million yen (up 36.2%).

In the Cosmetics segment, the Group actively provided services to customers at Noevir Beauty Studios (total beauty care salons used for skin care and makeup classes) that handle its line of cosmetics sold through individual consultation. In its self-selection cosmetic range, we increased consumer recognition of mainstay brands through more promotions. As a result, sales in the Cosmetics segment totaled 8,917 million yen (down 6.8%), while segment income was 2,507 million yen (up 9.2%).

In the Pharmaceuticals & Health Food segment, we conducted sales promotions of mainstay brands. As a result, sales in this segment came to 3,244 million yen (down 3.3%), while segment income was 159 million yen (compared to a 3 million yen segment loss in the year-earlier period).

In the Other segment's aviation-related business, demand in Europe and the United States remained unstable. As a result, sales in this segment came to 322 million yen (up 112.0%), but a segment loss of 14 million yen (compared to a 5 million yen segment loss in the year-earlier period) was recorded.

Sales and income from cosmetics sold through individual consultation tend to be higher in the three-month period from October 1 to December 31 and the three-month period from April 1 to June 30. This is primarily attributable to the "Skincare Cosmetics Fair" held by the Company twice a year during the summer and winter over a period of two months.

(2) Qualitative information regarding consolidated financial position

Total assets as of December 31, 2012 stood at 82,949 million yen, a decrease of 751 million yen over the previous fiscal year-end. This was mainly due to decreases in notes and accounts receivable of 469 million yen and cash and cash equivalents of 212 million yen.

Liabilities came to 33,534 million yen, a decrease of 476 million yen mainly due to decreases in notes and accounts payable of 328 million yen and in guarantee deposits received of 212 million yen. Net assets came to 49,414 million yen, a decrease of 274 million yen over the previous fiscal year-end. This was primarily attributable to a decrease in retained earnings of 469 million yen due to

distribution of dividend from retained earnings of 1,497 million yen and net income of 1,028 million yen.

As a result of the foregoing, the equity ratio stood at 59.5%.

(Consolidated cash flows)

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis for the period under review stood at 36,027 million yen, a decrease of 225 million yen compared with the 36,253 million yen at the previous fiscal year-end.

The status of each cash flow together with the factors contributing to an increase or decrease for the three-months ended December 31, 2012 are presented as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 1,134 million yen (a 1,450 million yen increase in income compared with the corresponding period of the previous fiscal year). This was mainly due to income before income taxes of 2,305 million yen against an outflow from income tax paid of 1,239 million yen.

(Cash flows from investing activities)

Net cash used in investing activities came to 129 million yen (a 61 million yen increase in expenditures compared with the corresponding period of the previous fiscal year). The principal cash outflow was 120 million yen due to the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities was 1,298 million yen (a 3,326 million yen decrease in expenditures compared with the corresponding period of the previous fiscal year). This was due to cash dividends paid of 1,298 million yen.

(3) Qualitative information regarding consolidated business performance forecast

The consolidated business performance forecast for the first half and the full year ending September 30, 2013, announced on November 14, 2012 remains unchanged.

2. Summary information (Other)

(1) Significant changes in subsidiaries during period

Not applicable.

(2) Special accounting treatment for preparation of quarterly consolidated financial statements

Not applicable

(3) Changes in accounting policies, accounting estimates, restatements, etc.

Not applicable

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

(Thousands of yen)

	Previous fiscal year (As of September 30, 2012)	As of December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	38,253,228	38,040,539
Notes and accounts receivable	11,754,160	11,284,350
Merchandise and finished goods	5,694,420	5,549,866
Work in progress	206,578	130,162
Raw materials and purchased supplies	1,299,798	1,173,188
Deferred tax assets	1,097,329	1,126,454
Other receivables	1,761,543	2,081,326
Other	455,123	440,964
Allowance for doubtful accounts	(55,945)	(52,630)
Total current assets	60,466,236	59,774,222
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,005,520	4,918,188
Equipment and vehicles, net	792,277	798,445
Land	13,642,382	13,642,382
Lease assets, net	30,118	36,296
Construction in progress	1,609	409
Other, net	203,938	215,751
Total property, plant and equipment	19,675,847	19,611,475
Intangible assets		
Goodwill	32	—
Software	328,769	250,530
Other	98,853	88,351
Total intangible assets	427,654	338,882
Investments and other assets		
Investment securities	409,322	490,996
Deferred tax assets	1,796,916	1,777,948
Other	1,021,442	1,048,815
Allowance for doubtful accounts	(96,333)	(92,990)
Total investments and other assets	3,131,347	3,224,768
Total non-current assets	23,234,849	23,175,127
Total assets	83,701,086	82,949,349

(Thousands of yen)

	Previous fiscal year (As of September 30, 2012)	As of December 31, 2012
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	4,824,771	4,496,241
Lease obligations	10,262	11,938
Other accounts payable	3,393,112	3,232,929
Income tax payable	1,294,737	1,153,508
Reserve for bonuses	161,982	146,648
Reserve for product returns	691,425	701,622
Other	1,377,274	1,784,126
Total current liabilities	11,753,567	11,527,014
Long-term liabilities		
Lease obligations	21,358	26,169
Guarantee deposits received	17,358,866	17,146,264
Reserve for employees' retirement benefits	4,692,944	4,599,179
Other	184,689	235,845
Total long-term liabilities	22,257,858	22,007,458
Total liabilities	34,011,425	33,534,473
NET ASSETS		
Shareholders' equity		
Common stock	7,319,000	7,319,000
Additional paid-in capital	3,484,620	3,484,620
Retained earnings	39,372,029	38,902,464
Treasury stock	(50)	(50)
Total shareholders' equity	50,175,599	49,706,034
Accumulated other comprehensive income		
Net unrealized gain on other securities	39,651	91,518
Foreign currency translation adjustments	(570,493)	(434,355)
Total accumulated other comprehensive income	(530,841)	(342,837)
Minority interests	44,902	51,679
Total net assets	49,689,660	49,414,876
Total liabilities and net assets	83,701,086	82,949,349

(2) Quarterly consolidated statements of income and comprehensive income
Quarterly consolidated statements of income
First quarter of the fiscal year ending September 30, 2013

(Thousands of yen)

	First quarter ended December 31, 2011	First quarter ended December 31, 2012
Net sales	13,078,221	12,484,012
Cost of sales	4,482,444	4,105,843
Gross profit	8,595,776	8,378,168
Selling, general and administrative expenses	6,698,638	6,149,748
Operating income	1,897,138	2,228,420
Non-operating income		
Interest income	3,222	3,896
Dividend income	4,583	3,756
Lease income	18,840	13,068
Exchange differences	2,788	10,921
Other	49,970	45,922
Total	79,405	77,565
Non-operating expenses		
Commitment fee	3,024	3,024
Other	1,744	170
Total	4,769	3,195
Ordinary income	1,971,775	2,302,790
Extraordinary income		
Gain on sale of fixed assets	67	3,858
Total	67	3,858
Extraordinary losses		
Loss on disposal of fixed assets	14,254	1,181
Impairment loss	45,901	—
Total	60,156	1,181
Income before income taxes	1,911,686	2,305,467
Income taxes – basic	786,619	1,264,202
Income taxes – deferred	366,374	12,033
Total	1,152,993	1,276,236
Income before minority interests	758,693	1,029,231
Minority interests	4,028	1,086
Net income	754,664	1,028,145

Quarterly consolidated statements of comprehensive income

(Thousands of yen)

	First quarter ended December 31, 2011	First quarter ended December 31, 2012
Income before minority interests	758,693	1,029,231
Other comprehensive income		
Net unrealized gain on other securities	(19,927)	51,866
Foreign currency translation adjustments	19,366	141,828
Total	(560)	193,695
Comprehensive income	758,132	1,222,927
(Breakdown)		
Comprehensive income attributable to owners of the parent	753,405	1,216,150
Comprehensive income attributable to minority interests	4,727	6,777

(3) Quarterly consolidated statements of cash flows

(Thousands of yen)

	First quarter ended December 31, 2011	First quarter ended December 31, 2012
Cash flows from operating activities		
Income before income taxes	1,911,686	2,305,467
Depreciation	439,769	304,366
Impairment loss	45,901	—
Amortization of goodwill	324	32
Increase (decrease) in reserve for doubtful accounts	(5,983)	(7,365)
Increase (decrease) in reserve for bonuses	129,022	(15,851)
Increase (decrease) in reserve for product returns	(22,898)	10,196
Increase (decrease) in reserve for retirement benefits	(139,194)	(93,764)
Interest and dividends received	(7,805)	(7,652)
Gain/loss on currency translation	(3,217)	(3,939)
Gain/loss on sales of property, plant and equipment	14,187	(2,677)
Decrease (increase) in trade receivables	(642,047)	492,683
Decrease (increase) in inventories	838,570	430,356
Increase (decrease) in trade payables	(73,227)	(341,565)
Increase (decrease) in guarantee deposits	(243,670)	(212,715)
Other	(592,648)	(263,159)
Subtotal	1,648,768	2,594,412
Interest and dividends received	14,826	5,312
Income tax paid	(679,772)	(1,239,516)
Withholding tax paid	(1,300,000)	(226,000)
Net cash provided by (used in) operating activities	(316,177)	1,134,207
Cash flows from investing activities		
Expenditure for deposit to time deposits	(23,277)	(12,480)
Proceeds from withdrawal of time deposits	24,330	—
Purchase of investment securities	(559)	(450)
Purchase of property, plant and equipment	(65,020)	(120,212)
Proceeds from sales of property, plant and equipment	54	4,394
Purchase of intangible assets	(2,870)	(343)
Net cash provided by (used in) investing activities	(67,342)	(129,091)
Cash flows from financing activities		
Purchase of treasury stock	(3,325,193)	—
Cash dividends paid	(1,299,544)	(1,298,402)
Net cash provided by (used in) financing activities	(4,624,738)	(1,298,402)
Effects of exchange rate changes on cash and cash equivalents	10,772	67,544
Net change in cash and cash equivalents	(4,997,485)	(225,741)
Cash and cash equivalents, beginning of year	36,148,890	36,253,228
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	31,228,321	36,027,486

(4) Note on assumptions for going concern
Not applicable

(5) Segment Information
(Business segment information)

I Consolidated results for the previous first quarter (October 1, 2011 to December 31, 2011) of fiscal 2012

1. Sales and income (loss) data, by reportable segment

(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	9,571,510	3,354,657	152,053	13,078,221	—	13,078,221
(2) Intersegment sales	—	—	37,809	37,809	(37,809)	—
Total	9,571,510	3,354,657	189,862	13,116,030	(37,809)	13,078,221
Segment income (loss)	2,295,502	(3,767)	(5,260)	2,286,474	(389,335)	1,897,138

(Note 1) Intersegment eliminations totaling 36,957 thousand yen and unallocated corporate expenses totaling (426,293 thousand) yen have been included in the segment income (loss) adjustment totaling (389,335 thousand) yen. Corporate expenses refer to Noevir Holdings Co., Ltd.'s 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.

2. Impairment loss for non-current assets and goodwill, by reportable segment

(Major impairment loss for non-current assets)

As the termination of the lease agreement connected to the relocation of the Tokyo head office of Tokiwa Pharmaceutical Co., Ltd. is expected, an impairment loss of 45,901 thousand yen has been recorded for the Cosmetics and Pharmaceuticals & Health Food segments.

Further, the recorded amount of said impairment loss in the consolidated first quarter of the fiscal year ending September 30, 2013 was 32,829 thousand yen for the Cosmetics segment and 13,072 thousand yen for the Pharmaceuticals & Health Food segment.

II Consolidated results for the first quarter (October 1, 2012 to December 31, 2012) of fiscal 2013

1. Sales and income (loss) data, by reportable segment

(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	8,917,230	3,244,497	332,284	12,484,012	—	12,484,012
(2) Intersegment sales	—	—	38,262	38,262	(38,262)	—
Total	8,917,230	3,244,497	360,546	12,522,274	(38,262)	12,484,012
Segment income (loss)	2,507,100	159,428	(14,134)	2,652,393	(423,973)	2,228,420

(Note 1) Intersegment eliminations totaling 48,353 thousand yen and unallocated corporate expenses totaling (472,326 thousand) yen have been included in the segment income (loss) adjustment totaling

(423,973 thousand) yen. Corporate expenses refer to Noevir Holdings Co., Ltd.'s 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.

2. Impairment loss for non-current assets and goodwill, by reportable segment

(Major impairment loss for non-current assets)

Not applicable

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

Not applicable