

NOEVIR HOLDINGS

Noevir Holdings Co., Ltd. Public & Investor Relations
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May 8, 2013

Noevir Holdings Announces 2013 First Half Consolidated Results (based on Japan GAAP)

Trade name: Noevir Holdings Co., Ltd.
Listing: Tokyo Stock Exchange, First Section (Code Number: 4928)
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Submission of securities report: May 13, 2013

Date of commencement of dividend payments: –

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 first half of the fiscal year ending September 30, 2013 (October 1, 2012 – March 31, 2013)

* 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	
Six months ended March 31, 2013	22,487	(3.2)%	3,268	38.2%	3,390	35.9%	1,599	49.9%
Six months ended March 31, 2012	23,222	—	2,364	—	2,496	—	1,066	—

Note: Comprehensive income:

First half of fiscal year ending September 30, 2013: 1,966 million yen (65.5%)

First half of fiscal year ended September 30, 2012: 1,187 million yen (—%)

	EPS (Yen)	Diluted EPS (Yen)
Six months ended March 31, 2013	42.72	—
Six months ended March 31, 2012	27.68	—

* 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 half of fiscal 2011 is not included.

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)
First half ended March 31, 2013	82,522	50,158	60.7
Year ended September 30, 2012	83,701	49,689	59.3

[Reference] Equity:

First half ended March 31, 2013: 50,099 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	—	0.00			
Year ending September 30, 2013 (forecast)			—	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)
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

* Notes

(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 March 31, 2013: 37,442,840
 - As of September 30, 2012: 37,442,840
- 2) Treasury shares outstanding
 - As of March 31, 2013: 58
 - As of September 30, 2012: 58
- 3) Average shares outstanding over quarter (cumulative; consolidated)
 - As of March 31, 2013: 37,442,782
 - As of March 31, 2012: 38,545,325

* Explanation regarding audit procedures

Preparation of the audit procedure 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 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. Summary information (Notes)	5
(1) Significant changes in subsidiaries during period	5
(2) Special accounting treatment for preparation of quarterly consolidated financial statements	5
(3) Changes in accounting policies, accounting estimates, restatements, etc.	5
3. Quarterly consolidated financial statements	6
(1) Quarterly consolidated balance sheets	6
(2) Quarterly consolidated statements of income and comprehensive income	8
(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 (October 1, 2012 to March 31, 2013)

	First half ended March 31, 2012		First half ended March 31, 2013		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Cosmetics	16,340	70.4	15,284	68.0	(1,055)	(6.5)
Pharmaceuticals & Health Food	6,291	27.1	6,318	28.1	26	0.4
Other	590	2.5	883	3.9	292	49.6
Total sales	23,222	100.0	22,487	100.0	(735)	(3.2)

	First half ended March 31, 2012		First half ended March 31, 2013		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	2,364	10.2	3,268	14.5	903	38.2
Ordinary income	2,496	10.7	3,390	15.1	894	35.9
Net income	1,066	4.6	1,599	7.1	532	49.9

During the first half of fiscal 2013 (October 1, 2012 to March 31, 2013), the Japanese economy showed signs of recovery due to a strong yen correction process and rising stock prices. Meanwhile, overseas economies, while remaining volatile, staged a modest recovery.

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

Under these circumstances, net sales for the six-month period ended March 31, 2013 was 22,487 million yen (down 3.2% year on year), operating income came to 3,268 million yen (up 38.2%), ordinary income was 3,390 million yen (up 35.9%), while net income came to 1,599 million yen (up 49.9%).

In the Cosmetics segment, the Group 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, it increased consumer recognition of mainstay brands through more in-store promotions. Meanwhile, the Group was affected by new product launches having run their course and intensifying competition. As a result, sales in the Cosmetics segment totaled 15,284 million yen (down 6.5%), while segment income was 3,669 million yen (up 22.3%).

In the Pharmaceuticals & Health Food segment, we conducted sales promotions of mainstay brands. In addition, sales of nutritional supplements including new products were strong. As a result, sales in this segment came to 6,318 million yen (up 0.4%), while segment income was 432 million yen (up 148.9%).

In the Other segment's aviation-related business, sales were strong despite unstable demand in Europe and the United States. As a result, sales in this segment came to 883 million yen (up 49.6%), and segment income was 56 million yen (up 60.7%).

(2) Qualitative information regarding consolidated financial position

Total assets as of March 31, 2013 stood at 82,522 million yen, a decrease of 1,178 million yen over the previous fiscal year-end. This was mainly due to a decrease in notes and accounts receivable of 1,683 million yen.

Liabilities came to 32,364 million yen, a decrease of 1,646 million yen mainly due to decreases in other accounts payable of 670 million yen and in guarantee deposits received of 405 million yen.

Net assets came to 50,158 million yen, an increase of 468 million yen over the previous fiscal year-end. This was primarily attributable to increases in foreign currency translation adjustments of

235 million yen and in a net unrealized gain on other securities of 117 million yen. As a result of the foregoing, the equity ratio stood at 60.7%.

(Consolidated cash flows)

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis at the end of the first half increased 492 million yen over the previous term-end (36,253 million yen), to 36,745 million yen.

The status of each cash flow together with the factors contributing to an increase or decrease for the six months ended March 31, 2013 are presented below.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 2,081 million yen (a 327 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 3,392 million yen against an outflow from income tax paid of 1,761 million yen.

(Cash flows from investing activities)

Net cash used in investing activities came to 202 million yen (a 2,674 million yen increase in expenditures compared with the corresponding period of the previous fiscal year). The principal cash outflow was 176 million yen due to the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities was 1,495 million yen (a 3,315 million yen decrease in expenditures compared with the corresponding period of the previous fiscal year). This was due to cash dividends paid of 1,495 million yen.

(3) Qualitative information regarding consolidated business performance forecast

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

2. Summary information (Notes)

(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 March 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	38,253,228	38,778,234
Notes and accounts receivable	11,754,160	10,071,026
Merchandise and finished goods	5,694,420	5,998,007
Work in progress	206,578	185,454
Raw materials and purchased supplies	1,299,798	1,278,610
Deferred tax assets	1,097,329	1,038,493
Other receivables	1,761,543	1,695,858
Other	455,123	397,476
Allowance for doubtful accounts	(55,945)	(52,851)
Total current assets	60,466,236	59,390,309
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,005,520	4,825,082
Equipment and vehicles, net	792,277	738,143
Land	13,642,382	13,642,382
Lease assets, net	30,118	33,399
Construction in progress	1,609	5,779
Other, net	203,938	225,217
Total property, plant and equipment	19,675,847	19,470,003
Intangible assets		
Goodwill	32	—
Software	328,769	206,320
Other	98,853	97,671
Total intangible assets	427,654	303,992
Investments and other assets		
Investment securities	409,322	592,934
Deferred tax assets	1,796,916	1,765,531
Other	1,021,442	1,090,785
Allowance for doubtful accounts	(96,333)	(90,626)
Total investments and other assets	3,131,347	3,358,625
Total non-current assets	23,234,849	23,132,621
Total assets	83,701,086	82,522,931

(Thousands of yen)

	Previous fiscal year (As of September 30, 2012)	As of March 31, 2013
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	4,824,771	4,443,613
Lease obligations	10,262	11,562
Other accounts payable	3,393,112	2,722,785
Income tax payable	1,294,737	1,498,983
Reserve for bonuses	161,982	275,892
Reserve for product returns	691,425	597,465
Other	1,377,274	988,493
Total current liabilities	11,753,567	10,538,797
Long-term liabilities		
Lease obligations	21,358	23,503
Guarantee deposits received	17,358,866	16,953,091
Reserve for employees' retirement benefits	4,692,944	4,580,793
Other	184,689	268,534
Total long-term liabilities	22,257,858	21,825,922
Total liabilities	34,011,425	32,364,719
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	39,473,757
Treasury stock	(50)	(50)
Total shareholders' equity	50,175,599	50,277,327
Accumulated other comprehensive income		
Net unrealized gain on other securities	39,651	157,284
Foreign currency translation adjustments	(570,493)	(335,486)
Total accumulated other comprehensive income	(530,841)	(178,202)
Minority interests	44,902	59,086
Total net assets	49,689,660	50,158,212
Total liabilities and net assets	83,701,086	82,522,931

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

(Thousands of yen)

	First half ended March 31, 2012	First half ended March 31, 2013
Net sales	23,222,857	22,487,067
Cost of sales	8,127,208	7,596,008
Gross profit	15,095,649	14,891,058
Selling, general and administrative expenses	12,730,862	11,622,879
Operating income	2,364,786	3,268,179
Non-operating income		
Interest income	6,918	5,696
Dividend income	4,583	3,756
Lease income	31,960	26,317
Exchange differences	21,846	18,605
Other	76,247	75,204
Total	141,556	129,580
Non-operating expenses		
Loss on valuation of derivatives	2,342	—
Commitment fee	6,016	5,983
Other	1,965	809
Total	10,324	6,793
Ordinary income	2,496,018	3,390,966
Extraordinary income		
Gain on sale of fixed assets	109,735	7,499
Gain on sale of investment securities	2,561	—
Gain on transfer of business	64,000	—
Total	176,297	7,499
Extraordinary losses		
Loss on disposal of fixed assets	35,788	6,213
Impairment loss	86,187	—
Other	5,000	—
Total	126,976	6,213
Income before income taxes	2,545,339	3,392,251
Income taxes – basic	981,114	1,678,237
Income taxes – deferred	494,412	110,428
Total	1,475,526	1,788,665
Income before minority interests	1,069,812	1,603,586
Minority interests	2,866	4,147
Net income	1,066,946	1,599,439

Quarterly consolidated statements of comprehensive income

(Thousands of yen)

	First half ended March 31, 2012	First half ended March 31, 2013
Income before minority interests	1,069,812	1,603,586
Other comprehensive income		
Net unrealized gain on other securities	28,619	117,632
Foreign currency translation adjustments	89,428	245,044
Total	118,048	362,676
Comprehensive income	1,187,860	1,966,262
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,182,158	1,952,078
Comprehensive income attributable to minority interests	5,701	14,184

(3) Quarterly consolidated statements of cash flows

(Thousands of yen)

	First half ended March 31, 2012	First half ended March 31, 2013
Cash flows from operating activities		
Income before income taxes	2,545,339	3,392,251
Depreciation	880,213	564,575
Impairment loss	86,187	—
Amortization of goodwill	470	32
Increase (decrease) in reserve for doubtful accounts	(5,189)	(9,836)
Increase (decrease) in reserve for bonuses	(13,443)	113,432
Increase (decrease) in reserve for product returns	(130,930)	(93,959)
Increase (decrease) in reserve for retirement benefits	(279,250)	(112,151)
Interest and dividends received	(11,501)	(9,452)
Gain/loss on currency translation	(18,082)	(6,728)
Gain/loss on marketable and investment securities	(2,561)	—
Gain/loss on sales of property, plant and equipment	(73,946)	(1,285)
Decrease (increase) in trade receivables	282,947	1,720,727
Decrease (increase) in inventories	583,204	(109,973)
Increase (decrease) in trade payables	271,718	(403,904)
Increase (decrease) in guarantee deposits	(603,443)	(406,090)
Other	(822,510)	(803,424)
Subtotal	2,689,221	3,834,213
Interest and dividends received	17,224	9,376
Income tax (paid) refunded	(951,956)	(1,761,805)
Net cash provided by (used in) operating activities	1,754,488	2,081,784
Cash flows from investing activities		
Expenditure for deposit to time deposits	(31,893)	(2,030,185)
Proceeds from withdrawal of time deposits	2,524,618	2,000,000
Purchase of investment securities	(900)	(900)
Proceeds from sale of investment securities	52,241	—
Purchase of property, plant and equipment	(196,809)	(176,223)
Proceeds from sale of property, plant and equipment	127,822	9,319
Purchase of intangible assets	(3,204)	(4,415)
Net cash provided by (used in) investing activities	2,471,874	(202,404)
Cash flows from financing activities		
Purchase of treasury stock	(3,325,193)	—
Cash dividends paid	(1,485,779)	(1,495,723)
Net cash provided by (used in) financing activities	(4,810,973)	(1,495,723)
Effects of exchange rate changes on cash and cash equivalents	51,090	108,967
Net change in cash and cash equivalents	(533,519)	492,624
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	35,692,287	36,745,852

(4) Note on assumptions for going concern
Not applicable

(5) Segment information
(Business segment information)

I Consolidated results for the previous first half (October 1, 2011 to March 31, 2012) 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	16,340,303	6,291,833	590,720	23,222,857	—	23,222,857
(2) Intersegment sales	—	—	76,816	76,816	(76,816)	—
Total	16,340,303	6,291,833	667,536	23,299,673	(76,816)	23,222,857
Segment income (loss)	3,000,198	173,556	35,470	3,209,225	(844,439)	2,364,786

(Note 1) Intersegment eliminations totaling 101,884 thousand yen and unallocated corporate expenses totaling (946,323 thousand) yen have been included in the segment income (loss) adjustment totaling (844,439 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)

An impairment loss of 45,901 thousand yen has been recorded for the Cosmetics and Pharmaceuticals & Health Food segments due to internal work needed to fix-up a subsidiary's new office following the termination of its lease agreement. In addition, an impairment loss of 40,285 thousand yen was recorded in the Cosmetics segment owing to the planned sell off of a production facility.

Further, the recorded amount of said impairment loss in the consolidated first half of the fiscal year ending September 30, 2012 was 73,114 thousand yen for the Cosmetics segment and 13,072 thousand yen for the Pharmaceuticals & Health Food segment.

II Consolidated results for the first half (October 1, 2012 to March 31, 2013) 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	15,284,943	6,318,415	883,708	22,487,067	—	22,487,067
(2) Intersegment sales	—	—	79,455	79,455	(79,455)	—
Total	15,284,943	6,318,415	963,163	22,566,522	(79,455)	22,487,067
Segment income (loss)	3,669,738	432,009	56,992	4,158,740	(890,561)	3,268,179

(Note 1) Intersegment eliminations totaling 119,082 thousand yen and unallocated corporate expenses totaling (1,009,644 thousand) yen have been included in the segment income (loss) adjustment totaling (890,561 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