

# NOEVIR HOLDINGS

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

Aug 7, 2013

## Noevir Holdings Announces 2013 Third 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/>  
Representative: Takashi Okura, President and CEO  
Contact: Mitsuyoshi Hanyu, General Manager, Accounting  
Tel. +81-78-303-5121

Submission of securities report: Aug 12, 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 third quarter of the fiscal year ending September 30, 2013 (October 1, 2012 – June 30, 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
Third quarter ended June 30, 2013	34,967 (2.2)%	6,129 38.3%	6,320 36.9%	3,229 50.8%
Third quarter ended June 30, 2012	35,770 —	4,433 —	4,617 —	2,142 —

Note: Comprehensive income:

Third quarter ended June 30, 2013: 3,713 million yen (67.6%)

Third quarter ended June 30, 2012: 2,215 million yen (—%)

	EPS (Yen)	Diluted EPS (Yen)
Third quarter ended June 30, 2013	86.25	—
Third quarter ended June 30, 2012	56.10	—

\* 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 third quarter of fiscal 2011 is not included.

#### (2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)
Third quarter ended June 30, 2013	86,266	51,895	60.1
Year ended September 30, 2012	83,701	49,689	59.3

[Reference] Equity:

Third quarter ended June 30, 2013: 51,840 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 June 30, 2013: 37,442,840
  - As of September 30, 2012: 37,442,840
- 2) Treasury shares outstanding
  - As of June 30, 2013: 113
  - As of September 30, 2012: 58
- 3) Average shares outstanding over quarter (cumulative; consolidated)
  - As of June 30, 2013: 37,442,767
  - As of June 30, 2012: 38,179,155

### \* 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 third quarter (October 1, 2012 to June 30, 2013)

	Third quarter ended June 30, 2012		Third quarter ended June 30, 2013		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Cosmetics	25,336	70.8	24,196	69.2	(1,140)	(4.5)
Pharmaceuticals & Health Food	9,643	27.0	9,591	27.4	(51)	(0.5)
Other	791	2.2	1,179	3.4	387	49.0
Total sales	35,770	100.0	34,967	100.0	(803)	(2.2)

	Third quarter ended June 30, 2012		Third quarter ended June 30, 2013		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	4,433	12.4	6,129	17.5	1,696	38.3
Ordinary income	4,617	12.9	6,320	18.1	1,702	36.9
Net income	2,142	6.0	3,229	9.2	1,087	50.8

During the third quarter of fiscal 2013 (October 1, 2012 to June 30, 2013), the Japanese economy showed signs of recovery due to the weak yen and rising stock prices, mainly reflecting monetary easing and economic growth policies.

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.

Under these circumstances, net sales for the nine-month period ended June 30, 2013 came to 34,967 million yen (down 2.2% year on year), operating income was 6,129 million yen (up 38.3%), ordinary income totaled 6,320 million yen (up 36.9%), while net income amounted to 3,229 million yen (up 50.8%).

In the Cosmetics segment, the Group continued providing services to customers at Noevir Beauty Studios (total beauty care salons used for skin care and makeup classes), which handles the Group's 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. As a result, sales in the Cosmetics segment totaled 24,196 million yen (down 4.5%), while segment income was 6,499 million yen (up 29.9%).

In the Pharmaceuticals & Health Food segment, sales of functional drinks and nutritional supplements were strong, but sales of pharmaceutical drinks decreased slightly. As a result, sales in this segment came to 9,591 million yen (down 0.5%), while segment income was 890 million yen (up 37.3%).

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 amounted to 1,179 million yen (up 49.0%), and segment income totaled 104 million yen (up 43.5%).

## (2) Qualitative information regarding consolidated financial position

Total assets as of June 30, 2013 stood at 86,266 million yen, an increase of 2,565 million yen over the previous fiscal year-end. This was mainly due to a rise in cash and cash equivalents of 3,292 million yen.

Liabilities totaled 34,371 million yen, an increase of 359 million yen. This was mainly due to an increase in income tax payable of 1,572 million yen as well as decreases in guarantee deposits received, notes and accounts payable and other accounts payable of 611 million yen, 284 million yen and 259 million yen, respectively.

Net assets were 51,895 million yen, a rise of 2,206 million yen over the previous fiscal year-end.

This was primarily attributable to an increase in retained earnings of 1,731 million yen in line with higher net income.

As a result, the equity ratio stood at 60.1%.

(Consolidated cash flows)

Cash and cash equivalents (hereinafter, “cash”) on a consolidated basis at the end of the third quarter increased 3,259 million yen over the previous term-end (36,253 million yen), to 39,512 million yen.

The status of each cash flow together with the factors contributing to an increase or decrease for the first nine months ended June 30, 2013 are presented below.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 5,019 million yen (a 1,186 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 6,312 million yen against an outflow from income tax paid of 1,971 million yen.

(Cash flows from investing activities)

Net cash used in investing activities came to 413 million yen (a 2,941 million yen increase in expenditures compared with the corresponding period of the previous fiscal year). The principal cash outflow was 320 million yen due to the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities was 1,497 million yen (a 3,314 million yen decrease in expenditures compared with the corresponding period of the previous fiscal year). This was mainly due to cash dividends paid of 1,497 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 June 30, 2013
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	38,253,228	41,545,282
Notes and accounts receivable	11,754,160	10,645,363
Merchandise and finished goods	5,694,420	6,093,312
Work in progress	206,578	148,902
Raw materials and purchased supplies	1,299,798	1,131,589
Deferred tax assets	1,097,329	1,245,372
Other receivables	1,761,543	1,718,180
Other	455,123	595,682
Allowance for doubtful accounts	(55,945)	(54,709)
Total current assets	60,466,236	63,068,976
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	5,005,520	4,840,126
Equipment and vehicles, net	792,277	673,826
Land	13,642,382	13,642,382
Lease assets, net	30,118	31,751
Construction in progress	1,609	9,631
Other, net	203,938	242,389
Total property, plant and equipment	19,675,847	19,440,107
Intangible assets		
Goodwill	32	—
Software	328,769	194,263
Other	98,853	99,764
Total intangible assets	427,654	294,027
Investments and other assets		
Investment securities	409,322	661,523
Deferred tax assets	1,796,916	1,778,279
Other	1,021,442	1,082,633
Allowance for doubtful accounts	(96,333)	(58,748)
Total investments and other assets	3,131,347	3,463,688
Total non-current assets	23,234,849	23,197,822
<b>Total assets</b>	83,701,086	86,266,799

(Thousands of yen)

	Previous fiscal year (As of September 30, 2012)	As of June 30, 2013
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Notes and accounts payable	4,824,771	4,540,388
Lease obligations	10,262	11,365
Other accounts payable	3,393,112	3,133,688
Income tax payable	1,294,737	2,866,864
Reserve for bonuses	161,982	147,522
Reserve for product returns	691,425	576,239
Other	1,377,274	1,414,282
Total current liabilities	11,753,567	12,690,350
<b>Long-term liabilities</b>		
Lease obligations	21,358	21,969
Guarantee deposits received	17,358,866	16,747,519
Reserve for employees' retirement benefits	4,692,944	4,619,544
Other	184,689	291,651
Total long-term liabilities	22,257,858	21,680,685
<b>Total liabilities</b>	34,011,425	34,371,036
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Common stock	7,319,000	7,319,000
Additional paid-in capital	3,484,620	3,484,620
Retained earnings	39,372,029	41,103,671
Treasury stock	(50)	(138)
Total shareholders' equity	50,175,599	51,907,153
<b>Accumulated other comprehensive income</b>		
Net unrealized gain on other securities	39,651	201,348
Foreign currency translation adjustments	(570,493)	(268,374)
Total accumulated other comprehensive income	(530,841)	(67,025)
Minority interests	44,902	55,634
<b>Total net assets</b>	49,689,660	51,895,762
<b>Total liabilities and net assets</b>	83,701,086	86,266,799

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

(Thousands of yen)

	3rd quarter ended June 30, 2012	3rd quarter ended June 30, 2013
<b>Net sales</b>	35,770,780	<b>34,967,340</b>
<b>Cost of sales</b>	12,145,903	<b>11,403,709</b>
Gross profit	23,624,876	<b>23,563,631</b>
<b>Selling, general and administrative expenses</b>	19,191,726	<b>17,433,706</b>
Operating income	4,433,150	<b>6,129,924</b>
<b>Non-operating income</b>		
Interest income	9,046	<b>7,657</b>
Dividend income	8,540	<b>8,800</b>
Lease income	41,035	<b>38,408</b>
Exchange differences	17,293	<b>23,866</b>
Other	119,890	<b>121,254</b>
Total	195,806	<b>199,987</b>
<b>Non-operating expenses</b>		
Commitment fee	9,008	<b>7,972</b>
Other	2,203	<b>1,531</b>
Total	11,212	<b>9,504</b>
Ordinary income	4,617,744	<b>6,320,408</b>
<b>Extraordinary income</b>		
Gain on sale of fixed assets	113,030	<b>7,499</b>
Gain on sale of investment securities	2,563	—
Gain on transfer of business	64,000	—
Total	179,594	<b>7,499</b>
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	50,947	<b>15,798</b>
Impairment loss	86,187	—
Other	5,000	—
Total	142,134	<b>15,798</b>
<b>Income before income taxes</b>	4,655,204	<b>6,312,109</b>
<b>Income taxes – basic</b>	1,925,154	<b>3,185,053</b>
<b>Income taxes – deferred</b>	582,202	<b>(109,237)</b>
<b>Total</b>	2,507,356	<b>3,075,816</b>
<b>Income before minority interests</b>	2,147,847	<b>3,236,293</b>
<b>Minority interests</b>	5,811	<b>6,940</b>
<b>Net income</b>	2,142,036	<b>3,229,352</b>



Quarterly consolidated statements of comprehensive income

(Thousands of yen)

	3rd quarter ended June 30, 2012	<b>3rd quarter ended June 30, 2013</b>
Income before minority interests	2,147,847	<b>3,236,293</b>
Other comprehensive income		
Net unrealized gain on other securities	24,198	<b>161,696</b>
Foreign currency translation adjustments	43,157	<b>315,210</b>
Total	67,355	<b>476,907</b>
Comprehensive income	2,215,202	<b>3,713,200</b>
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,207,516	<b>3,693,168</b>
Comprehensive income attributable to minority interests	7,685	<b>20,031</b>

## (3) Quarterly consolidated statements of cash flows

(Thousands of yen)

	3rd quarter ended June 30, 2012	3rd quarter ended June 30, 2013
<b>Cash flows from operating activities</b>		
Income before income taxes	4,655,204	<b>6,312,109</b>
Depreciation	1,317,966	<b>828,942</b>
Impairment loss	86,187	—
Amortization of goodwill	615	<b>7,547</b>
Increase (decrease) in reserve for doubtful accounts	(11,380)	<b>(40,155)</b>
Increase (decrease) in reserve for bonuses	95,153	<b>(15,211)</b>
Increase (decrease) in reserve for product returns	(133,934)	<b>(115,186)</b>
Increase (decrease) in reserve for retirement benefits	(411,906)	<b>(73,400)</b>
Interest and dividends received	(17,586)	<b>(16,458)</b>
Gain/loss on currency translation	(16,212)	<b>(29,307)</b>
Gain/loss on marketable and investment securities	(2,563)	—
Gain/loss on sales of property, plant and equipment	(62,083)	<b>8,299</b>
Decrease (increase) in trade receivables	446,013	<b>1,186,902</b>
Decrease (increase) in inventories	575,600	<b>24,631</b>
Increase (decrease) in trade payables	508,474	<b>(316,032)</b>
Increase (decrease) in guarantee deposits	(848,018)	<b>(611,732)</b>
Other	(1,018,836)	<b>(175,746)</b>
Subtotal	5,162,695	<b>6,975,202</b>
Interest and dividends received	26,903	<b>15,794</b>
Income tax (paid) refunded	(1,356,284)	<b>(1,971,472)</b>
Net cash provided by (used in) operating activities	3,833,313	<b>5,019,523</b>
<b>Cash flows from investing activities</b>		
Expenditure for deposit to time deposits	(31,731)	<b>(2,030,059)</b>
Proceeds from withdrawal of time deposits	2,556,452	<b>2,000,000</b>
Purchase of investment securities	(1,350)	<b>(1,660)</b>
Proceeds from sale of investment securities	52,248	—
Purchase of subsidiary stock	—	<b>(16,814)</b>
Purchase of property, plant and equipment	(242,351)	<b>(320,588)</b>
Proceeds from sale of property, plant and equipment	198,383	<b>9,319</b>
Purchase of intangible assets	(3,232)	<b>(53,227)</b>
Net cash provided by (used in) investing activities	2,528,419	<b>(413,031)</b>
<b>Cash flows from financing activities</b>		
Purchase of treasury stock	(3,325,210)	<b>(87)</b>
Cash dividends paid	(1,486,945)	<b>(1,497,608)</b>
Net cash provided by (used in) financing activities	(4,812,156)	<b>(1,497,696)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	32,737	<b>150,877</b>
<b>Net change in cash and cash equivalents</b>	1,582,314	<b>3,259,672</b>
<b>Cash and cash equivalents, beginning of year</b>	36,148,890	<b>36,253,228</b>
Net change in cash and cash equivalents due to change in accounting period of consolidated subsidiaries	76,916	—
<b>Cash and cash equivalents, end of year</b>	37,808,121	<b>39,512,900</b>

(4) Note on assumptions for going concern  
Not applicable

(5) Segment information  
(Business segment information)

I Consolidated results for the previous third quarter (October 1, 2011 to June 30, 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	25,336,534	9,643,027	791,218	35,770,780	—	35,770,780
(2) Intersegment sales	—	—	113,809	113,809	(113,809)	—
Total	25,336,534	9,643,027	905,028	35,884,590	(113,809)	35,770,780
Segment income (loss)	5,003,532	648,541	72,676	5,724,749	(1,291,599)	4,433,150

(Note 1) Intersegment eliminations totaling 132,751 thousand yen and unallocated corporate expenses totaling (1,424,350 thousand) yen have been included in the segment income (loss) adjustment totaling (1,291,599 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 for a production facility of 40,285 thousand yen was recorded in the Cosmetics segment.

Further, the recorded amount of said impairment loss in the third quarter 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 third quarter (October 1, 2012 to June 30, 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	24,196,464	9,591,694	1,179,181	34,967,340	—	34,967,340
(2) Intersegment sales	—	—	117,903	117,903	(117,903)	—
Total	24,196,464	9,591,694	1,297,084	35,085,243	(117,903)	34,967,340
Segment income (loss)	6,499,638	890,742	104,259	7,494,640	(1,364,715)	6,129,924

- (Note 1) Intersegment eliminations totaling 165,091 thousand yen and unallocated corporate expenses totaling (1,529,807 thousand) yen have been included in the segment income (loss) adjustment totaling (1,364,715 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  
Omitted because impact was considered immaterial

- (6) Note on significant changes in the amount of shareholders' equity  
Not applicable