

# NOEVIR HOLDINGS

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

February 6, 2014

## Noevir Holdings Announces 2014 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/>  
Representative: Takashi Okura, President and CEO  
Contact: Mitsuyoshi Hanyu, General Manager, Accounting  
Tel. +81-78-303-5121

Submission of securities report: February 10, 2014

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 of the fiscal year ending September 30, 2014 (October 1, 2013 – December 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
First quarter ended December 31, 2013	12,813 2.6 %	2,613 17.3 %	2,752 19.5 %	1,265 23.0 %
First quarter ended December 31, 2012	12,484 (4.5) %	2,228 17.5 %	2,302 16.8 %	1,028 36.2 %

Note: Comprehensive income:

First quarter ended December 31, 2013: 1,451 million yen (18.7%)

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

	EPS (Yen)	Diluted EPS (Yen)
First quarter ended December 31, 2013	33.79	—
First quarter ended December 31, 2012	27.46	—

#### (2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)
First quarter ended December 31, 2013	85,292	52,857	61.9
Year ended September 30, 2013	86,871	53,278	61.3

[Reference] Equity:

First quarter ended December 31, 2013: 52,792 million yen

Year ended September 30, 2013: 53,221 million yen

## 2. Cash dividends

(Yen)

	Annual dividends				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Year ended September 30, 2013	—	0.00	—	50.00	50.00
Year ending September 30, 2014	—				
Year ending September 30, 2014 (forecast)		0.00	—	50.00	50.00

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

## 3. Consolidated earnings forecasts for the fiscal year ending September 30, 2014 (October 1, 2013 – September 30, 2014)

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

	Net Sales		Operating income		Ordinary income		Net income		EPS (Yen)
Half year	23,400	4.1 %	3,500	7.1 %	3,600	6.2 %	1,800	12.5 %	48.07
Full year	48,000	3.2 %	7,800	7.6 %	8,000	6.0 %	4,900	7.0 %	130.87

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 December 31, 2013: 37,442,840
    - As of September 30, 2013: 37,442,840
  - 2) Treasury shares outstanding
    - As of December 31, 2013: 113
    - As of September 30, 2013: 113
  - 3) Average shares outstanding over quarter
    - As of December 31, 2013: 37,442,727
    - As of December 31, 2012: 37,442,782

### \* 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) Estimates and forecasts pertaining to future plans and business results" under "1. Qualitative information regarding quarterly consolidated business performance" on page 5 the Attached Material.

## Contents of the Attached Material

1. Qualitative information regarding quarterly consolidated business performance .....	4
(1) Operating results .....	4
(2) Financial position .....	4
(3) Estimates and forecasts pertaining to future plans and business results .....	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) Notes to the quarterly consolidated financial statements .....	11

## 1. Qualitative information regarding quarterly consolidated business performance

### (1) Operating results

Consolidated operating results for the first quarter (October 1, 2013 to December 31, 2013)

	First quarter ended December 31, 2012		First quarter ended December 31, 2013		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Cosmetics	8,917	71.4	9,179	71.6	262	2.9
Pharmaceuticals & Health Food	3,244	26.0	3,488	27.2	243	7.5
Other	322	2.6	146	1.2	(175)	(54.6)
Total sales	12,484	100.0	12,813	100.0	329	2.6

	First quarter ended December 31, 2012		First quarter ended December 31, 2013		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	2,228	17.9	2,613	20.4	385	17.3
Ordinary income	2,302	18.4	2,752	21.5	449	19.5
Net income	1,028	8.2	1,265	9.9	236	23.0

During the first quarter of fiscal 2014 (October 1, 2013 to December 31, 2013), the Japanese economy was on a modest path to recovery buoyed by a pickup in corporate earnings and consumer spending on high-priced goods as a result of the continuing weak yen and rising stock prices. Meanwhile, the future remains uncertain over concerns that consumers will hold off buying due to the consumption tax rate hike beginning from April 2014, and other factors.

In domestic cosmetics business, the Group's main area of business, lower priced products continued to expand despite remaining under fierce competition. On the other hand, higher priced products recovered modestly.

Under these circumstances, net sales for the three-month period ended December 31, 2013 came to 12,813 million yen (up 2.6% year on year), operating income was 2,613 million yen (up 17.3%), ordinary income totaled 2,752 million yen (up 19.5%), while net income amounted to 1,265 million yen (up 23.0%).

In the Cosmetics segment, sales of cosmetics sold through individual consultation were strong after the launch of new versions of its high-end skincare line. In its self-selection cosmetic range, we increased sales by running TV commercials about key brands in conjunction with more in-store promotions. As a result, sales in the Cosmetics segment totaled 9,179 million yen (up 2.9%), while segment income was 2,969 million yen (up 18.5%).

In the Pharmaceuticals & Health Food segment, sales of key functional drinks and nutritional supplements were strong. As a result, sales in this segment came to 3,488 million yen (up 7.5%), while segment income was 148 million yen (down 6.8%).

In the Other segment's aviation-related business, demand in Europe and the United States remained unstable. As a result, sales in this segment amounted to 146 million yen (down 54.6%), and a segment loss of 69 million yen (compared with a segment loss of 14 million yen in the corresponding period of the previous fiscal year) 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 Noevir twice a year during the summer and winter over a period of two months.

### (2) Financial position

Total assets as of December 31, 2013 stood at 85,292 million yen, a decrease of 1,578 million yen over the previous fiscal year-end. This was mainly due to a decrease in cash and cash equivalents of 5,849 million yen, and increases in securities of 1,999 million yen, notes and accounts receivable of 735 million yen, and merchandise and finished goods of 654 million yen.

Liabilities came to 32,435 million yen, a decline of 1,157 million yen over the previous fiscal

year-end. This was mainly due to a decrease in income taxes payable of 1,855 million yen.

Net assets came to 52,857 million yen, a decrease of 420 million yen over the previous fiscal year-end. This was primarily attributable to a decrease in retained earnings of 607 million yen due to the distribution of dividends from retained earnings of 1,872 million yen and net income of 1,265 million yen.

As a result of the foregoing, the equity ratio stood at 61.9%

(Consolidated cash flows)

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis for the period under review stood at 34,214 million yen, a decrease of 7,848 million yen compared with the 42,062 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, 2013 are presented as follows.

(Cash flows from operating activities)

Net cash used in operating activities amounted to 602 million yen (a 1,737 million yen increase in expenditures compared with the corresponding period of the previous fiscal year). This was mainly due to income tax paid of 3,402 million yen and an inflow from income before income taxes of 2,742 million yen.

(Cash flows from investing activities)

Net cash used in investing activities came to 5,458 million yen (a 5,329 million yen increase in expenditures compared with the corresponding period of the previous fiscal year). The principal cash outflows were 2,011 million yen for deposit to time deposits, a 1,999 million yen purchase for investment securities, and 810 million yen for the business transfer.

(Cash flows from financing activities)

Net cash used in financing activities was 1,832 million yen (a 534 million yen increase in expenditures compared with the corresponding period of the previous fiscal year). This was due to cash dividends paid of 1,832 million yen.

(3) Estimates and forecasts pertaining to future plans and business results

The consolidated business performance forecast for the first half and the full year ending September 30, 2014, announced on November 12, 2013 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, 2013)	As of December 31, 2013
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	42,096,084	<b>36,246,133</b>
Notes and accounts receivable	10,914,170	<b>11,649,927</b>
Securities	—	<b>1,999,447</b>
Merchandise and finished goods	5,254,686	<b>5,908,698</b>
Work in progress	216,484	<b>107,147</b>
Raw materials and purchased supplies	1,096,459	<b>1,124,014</b>
Deferred tax assets	1,180,534	<b>974,270</b>
Other receivables	1,925,344	<b>2,390,768</b>
Other	830,839	<b>457,743</b>
Allowance for doubtful accounts	(33,069)	<b>(29,667)</b>
Total current assets	63,481,536	<b>60,828,482</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	4,770,138	<b>4,713,954</b>
Equipment and vehicles, net	647,121	<b>603,465</b>
Land	13,642,382	<b>13,642,382</b>
Lease assets, net	29,630	<b>32,395</b>
Construction in progress	60,146	<b>837,969</b>
Other, net	237,394	<b>251,880</b>
Total property, plant and equipment	19,386,814	<b>20,082,048</b>
Intangible assets		
Goodwill	—	<b>202,587</b>
Software	174,267	<b>163,965</b>
Other	94,299	<b>91,331</b>
Total intangible assets	268,567	<b>457,884</b>
Investments and other assets		
Investment securities	728,677	<b>842,797</b>
Deferred tax assets	1,951,096	<b>2,003,603</b>
Other	1,112,168	<b>1,133,199</b>
Allowance for doubtful accounts	(57,857)	<b>(55,264)</b>
Total investments and other assets	3,734,085	<b>3,924,337</b>
Total non-current assets	23,389,467	<b>24,464,269</b>
<b>Total assets</b>	<b>86,871,003</b>	<b>85,292,752</b>

(Thousands of yen)

	Previous fiscal year (As of September 30, 2013)	As of December 31, 2013
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Notes and accounts payable	3,968,830	4,581,467
Lease obligations	11,176	12,023
Other accounts payable	3,045,128	3,601,064
Income tax payable	2,904,258	1,048,957
Reserve for bonuses	288,629	149,259
Reserve for product returns	543,031	530,768
Other	1,175,848	1,182,616
Total current liabilities	11,936,904	11,106,157
<b>Long-term liabilities</b>		
Lease obligations	19,917	21,978
Guarantee deposits received	16,577,786	16,404,171
Deferred tax liabilities	223,355	261,379
Reserve for employees' retirement benefits	4,649,363	4,455,508
Other	185,673	185,892
Total long-term liabilities	21,656,096	21,328,929
<b>Total liabilities</b>	33,593,000	32,435,087
<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	42,455,189	41,848,080
Treasury stock	(138)	(138)
Total shareholders' equity	53,258,671	52,651,562
<b>Accumulated other comprehensive income</b>		
Net unrealized gain on other securities	244,187	316,981
Foreign currency translation adjustments	(281,011)	(176,088)
Total accumulated other comprehensive income	(36,824)	140,892
Minority interests	56,155	65,210
<b>Total net assets</b>	53,278,002	52,857,665
<b>Total liabilities and net assets</b>	86,871,003	85,292,752

(2) Quarterly consolidated statements of income and comprehensive income  
Quarterly consolidated statements of income  
First quarter of the fiscal year ending September 30, 2014

(Thousands of yen)

	First quarter ended December 31, 2012	First quarter ended December 31, 2013
<b>Net sales</b>	12,484,012	<b>12,813,847</b>
<b>Cost of sales</b>	4,105,843	<b>3,949,385</b>
Gross profit	8,378,168	<b>8,864,461</b>
<b>Selling, general and administrative expenses</b>	6,149,748	<b>6,250,560</b>
Operating income	2,228,420	<b>2,613,901</b>
<b>Non-operating income</b>		
Interest income	3,896	<b>1,770</b>
Dividend income	3,756	<b>4,468</b>
Lease income	13,068	<b>36,930</b>
Exchange differences	10,921	<b>67,681</b>
Other	45,922	<b>29,383</b>
Total	77,565	<b>140,233</b>
<b>Non-operating expenses</b>		
Commitment fee	3,024	<b>1,512</b>
Other	170	<b>1</b>
Total	3,195	<b>1,513</b>
Ordinary income	2,302,790	<b>2,752,621</b>
<b>Extraordinary income</b>		
Gain on sale of fixed assets	3,858	<b>1,146</b>
Total	3,858	<b>1,146</b>
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	1,181	<b>1,799</b>
Impairment loss	—	<b>9,454</b>
Total	1,181	<b>11,253</b>
<b>Income before income taxes</b>	2,305,467	<b>2,742,514</b>
<b>Income taxes – basic</b>	1,264,202	<b>1,194,284</b>
<b>Income taxes – deferred</b>	12,033	<b>279,444</b>
<b>Total</b>	1,276,236	<b>1,473,729</b>
<b>Income before minority interests</b>	1,029,231	<b>1,268,785</b>
<b>Minority interests</b>	1,086	<b>3,757</b>
<b>Net income</b>	1,028,145	<b>1,265,027</b>

Quarterly consolidated statements of comprehensive income

(Thousands of yen)

	First quarter ended December 31, 2012	<b>First quarter ended December 31, 2013</b>
Income before minority interests	1,029,231	<b>1,268,785</b>
Other comprehensive income		
Net unrealized gain on other securities	51,866	<b>72,794</b>
Foreign currency translation adjustments	141,828	<b>110,219</b>
<b>Total</b>	<b>193,695</b>	<b>183,014</b>
Comprehensive income	1,222,927	<b>1,451,799</b>
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,216,150	<b>1,442,744</b>
Comprehensive income attributable to minority interests	6,777	<b>9,054</b>

## (3) Quarterly consolidated statements of cash flows

(Thousands of yen)

	First quarter ended December 31, 2012	First quarter ended December 31, 2013
<b>Cash flows from operating activities</b>		
Income before income taxes	2,305,467	2,742,514
Depreciation	304,366	216,021
Impairment loss	—	9,454
Amortization of goodwill	32	10,662
Increase (decrease) in reserve for doubtful accounts	(7,365)	(6,437)
Increase (decrease) in reserve for bonuses	(15,851)	(139,721)
Increase (decrease) in reserve for product returns	10,196	(12,262)
Increase (decrease) in reserve for retirement benefits	(93,764)	(193,977)
Interest and dividends received	(7,652)	(6,238)
Gain/loss on currency translation	(3,939)	(39,861)
Gain/loss on sales of property, plant and equipment	(2,677)	652
Decrease (increase) in trade receivables	492,683	(678,397)
Decrease (increase) in inventories	430,356	(107,071)
Increase (decrease) in trade payables	(341,565)	601,482
Increase (decrease) in guarantee deposits	(212,715)	(173,656)
Other	(263,159)	571,774
Subtotal	2,594,412	2,794,938
Interest and dividends received	5,312	4,986
Income tax paid	(1,239,516)	(3,402,919)
Withholding tax paid	(226,000)	—
Net cash provided by (used in) operating activities	1,134,207	(602,994)
<b>Cash flows from investing activities</b>		
Expenditure for deposit to time deposits	(12,480)	(2,011,439)
Proceeds from withdrawal of time deposits	—	14,299
Purchase of securities	—	(1,999,447)
Purchase of investment securities	(450)	(450)
Purchase of property, plant and equipment	(120,212)	(657,755)
Proceeds from sales of property, plant and equipment	4,394	26,140
Purchase of intangible assets	(343)	(19,702)
Payments for acquisition of business	—	(810,000)
Net cash provided by (used in) investing activities	(129,091)	(5,458,355)
<b>Cash flows from financing activities</b>		
Cash dividends paid	(1,298,402)	(1,832,870)
Net cash provided by (used in) financing activities	(1,298,402)	(1,832,870)
<b>Effects of exchange rate changes on cash and cash equivalents</b>	67,544	45,977
<b>Net change in cash and cash equivalents</b>	(225,741)	(7,848,243)
<b>Cash and cash equivalents, beginning of year</b>	36,253,228	42,062,888
<b>Cash and cash equivalents, end of year</b>	36,027,486	34,214,645

(4) Notes to the quarterly consolidated financial statements  
 (Note on assumptions for going concern)  
 Not applicable

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

(Business segment information)

I Consolidated results for the previous 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	322,284	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  
 Not applicable

II Consolidated results for the first quarter (October 1, 2013 to December 31, 2013) of fiscal 2014

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	9,179,392	3,488,163	146,291	12,813,847	—	12,813,847
(2) Intersegment sales	—	—	39,640	39,640	(39,640)	—
Total	9,179,392	3,488,163	185,932	12,853,487	(39,640)	12,813,847
Segment income (loss)	2,969,678	148,666	(69,894)	3,048,451	(434,550)	2,613,901

(Note 1) Intersegment eliminations totaling 50,505 thousand yen and unallocated corporate expenses totaling (485,055 thousand) yen have been included in the segment income (loss) adjustment totaling (434,550 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)

Omitted because impact was considered immaterial

(Significant change in the amount of goodwill)

The Pharmaceuticals & Health Food segment recorded goodwill due to the business transfer from Nakai Pharmaceuticals Co., Ltd. and Nemuro-Cosmo Pharmaceuticals Co., Ltd. on October 31, 2013.

Further, the increase in the amount of goodwill based on this event will be 213,250 thousand yen in the first quarter of fiscal 2014.