

November 11, 2014

## Noevir Holdings Announces 2014 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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Annual General Meeting of Shareholders: December 11, 2014

Date of commencement of dividend payments: December 12, 2014

Submission of securities report: December 11, 2014

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, 2014 (October 1, 2013 – September 30, 2014)

\* 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, 2014	48,253	3.7%	7,064	(2.6)%	7,513	(0.5)%	4,349	(5.1)%
Year ended September 30, 2013	46,516	(1.5)%	7,252	40.8%	7,547	38.5%	4,580	64.3%

Note: Comprehensive income:

Year ended September 30, 2014: 4,558 million yen (10.5)%

Year ended September 30, 2013: 5,095 million yen 78.9%

	EPS (Yen)	Diluted EPS (Yen)	ROE (%)	Ordinary income/Total assets (%)	Operating income/Total sales (%)
Year ended September 30, 2014	116.16	—	8.0	8.6	14.6
Year ended September 30, 2013	122.34	—	8.9	8.9	15.6

[Reference]

Equity in gains/losses of affiliated companies

Year ended September 30, 2014: — million yen

Year ended September 30, 2013: — million yen

#### (2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
Year ended September 30, 2014	88,058	56,018	63.5	1,494.14
Year ended September 30, 2013	86,871	53,278	61.3	1,421.42

[Reference] Equity:

Year ended September 30, 2014: 55,944 million yen

Year ended September 30, 2013: 53,221 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, 2014	5,406	(3,844)	(1,874)	41,840
Year ended September 30, 2013	5,778	1,393	(1,498)	42,062

### 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, 2013	—	0.00	—	50.00	50.00	1,872	40.9	3.6
Year ended September 30, 2014	—	0.00	—	60.00	60.00	2,246	51.7	4.1
Year ending September 30, 2015 (forecast)	—	0.00	—	60.00	60.00		47.8	

### 3. Consolidated earnings forecasts for the fiscal year ending September 30, 2015 (October 1, 2014 – September 30, 2015)

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

	Net Sales		Operating income		Ordinary income		Net income		EPS (Yen)
Half year	23,300	(5.3)%	3,700	(20.3)%	3,800	(20.9)%	1,800	(20.7)%	48.07
Full year	48,500	0.5%	7,500	6.2%	7,700	2.5%	4,700	8.1%	125.53

#### \* 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: Yes

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, 2014: 37,442,840

Year ended September 30, 2013: 37,442,840

2) Treasury shares outstanding

Year ended September 30, 2014: 187

Year ended September 30, 2013: 113

3) Average shares outstanding over quarter

Year ended September 30, 2014: 37,442,710

Year ended September 30, 2013: 37,442,757

\* 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)

	Year ended September 30, 2013		Year ended September 30, 2014		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Cosmetics	31,278	67.3	32,100	66.5	822	2.6
Pharmaceuticals & Health Food	13,549	29.1	14,067	29.2	518	3.8
Other	1,688	3.6	2,085	4.3	396	23.5
Total sales	46,516	100.0	48,253	100.0	1,737	3.7

	Year ended September 30, 2013		Year ended September 30, 2014		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	7,252	15.6	7,064	14.6	(187)	(2.6)
Ordinary income	7,547	16.2	7,513	15.6	(34)	(0.5)
Net income	4,580	9.8	4,349	9.0	(231)	(5.1)

During fiscal 2014 (October 1, 2013 to September 30, 2014), affected by rising and falling demand following the consumption tax-rate increase and bad weather over the summer, the upward momentum of the Japanese economy decelerated.

In the domestic cosmetics business, the Group's main area of business, recovery in demand was sluggish, reflecting the lingering effect of the consumption tax increase.

Under these circumstances, in the Cosmetics segment, for cosmetics sold through individual consultation, sales of the high-end basic skincare series were solid, but sales of other existing products declined from a year ago. In self-selection cosmetics, sales remained firm and increased year on year, thanks to the support of customers for the Group's basic skincare and makeup series. In the Pharmaceuticals & Health Food segment, sales remained almost flat from the level a year ago as a result of the release of renewed main pharmaceutical brands. Sales of nutritional supplements increased year on year.

To address the adverse effect of the consumption tax increase, the Group made aggressive investment in marketing its products in the Cosmetics and the Pharmaceuticals & Health Food segments.

As a result, net sales for the fiscal year ended September 30, 2014 came to 48,253 million yen (up 3.7% year on year), operating income was 7,064 million yen (down 2.6%), ordinary income amounted to 7,513 million yen (down 0.5%), and net income came to 4,349 million yen (down 5.1%).

## Segment results

### (a) Cosmetics

	(Millions of yen)			
	Year ended September 30, 2013	Year ended September 30, 2014	Change (Millions of yen)	Change (%)
Total sales	31,278	32,100	822	2.6
Segment income	7,775	8,413	638	8.2

In cosmetics sold through individual consultation, sales of the high-end basic skincare series were solid, but sales of other existing products declined from a year ago. In self-selection cosmetics, sales remained firm and increased year on year, thanks to the support of customers for the Group's basic skincare and makeup series, reflecting aggressive investment in marketing.

As a result, sales in the Cosmetics segment totaled 32,100 million yen (up 2.6% year on year), and operating income came to 8,413 million yen (up 8.2%).

### (b) Pharmaceuticals & Health Food

	(Millions of yen)			
	Year ended September 30, 2013	Year ended September 30, 2014	Change (Millions of yen)	Change (%)
Total sales	13,549	14,067	518	3.8
Segment income	1,295	674	(620)	(47.9)

Sales remained almost flat from the level a year ago as a result of the release of renewed main pharmaceutical brands. Sales of nutritional supplements increased year on year. The Group also made aggressive investment in marketing drink products.

As a result, sales in the Pharmaceuticals & Health Food segment totaled 14,067 million yen (up 3.8% year on year) and operating income was 674 million yen (down 47.9%).

### (c) Other

	(Millions of yen)			
	Year ended September 30, 2013	Year ended September 30, 2014	Change (Millions of yen)	Change (%)
Total sales	1,688	2,085	396	23.5
Segment income or loss	3	(158)	(161)	—

In the Aviation business, sales remained strong due to recovery in demand in Europe and the United States. In Apparel, sales remained almost unchanged from a year ago.

As a result, sales in the Other segment came to 2,085 million yen (up 23.5% year on year), while segment loss came to 158 million yen (compared with segment income of 3 million yen in the previous fiscal year).

### 2) Forecast for the current fiscal year ending September 30, 2015

Given the lingering effect of the consumption tax increase, we are pursuing our management plan concept of "Realizing steady corporate growth by securing sustainability in every business segment."

As a result of the above, for the fiscal year ending September 30, 2015, net sales of 48,500 million yen, operating income of 7,500 million yen, ordinary income of 7,700 million yen, and net income of 4,700 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 2014 year-end stood at 88,058 million yen, up 1,187 million yen compared with the previous fiscal year-end. This was mainly due to an increase in equipment and vehicles, net of 1,737 million yen, offsetting a decline in notes and accounts receivable of 409 million yen.

Total liabilities at year-end decreased 1,553 million yen year on year to 32,039 million yen. This was largely due to decreases in income tax payable of 1,487 million yen and guarantee deposits received of 654 million yen.

Net assets at year-end increased 2,740 million yen to 56,018 million yen. This was mainly attributable to a 2,477 million yen increase in retained earnings, which reflected net income of 4,349 million yen and dividends of surplus of 1,872 million yen.

As a result of the foregoing, the equity ratio stood at 63.5%, while net assets per share came to 1,494.14 yen, increases of 2.2% and 72.72 yen, respectively.

### 2) Cash flow

Cash and cash equivalents on a consolidated basis at the reporting year-end stood at 41,840 million yen, a decrease of 222 million yen compared with 42,062 million yen at the end of the previous fiscal year.

#### (Cash flows from operating activities)

Net cash provided by operating activities amounted to 5,406 million yen (a decrease of 372 million yen year on year). This was mainly due to posting income before income taxes of 7,458 million yen and depreciation of 1,021 million yen, against an outflow of 4,417 million yen for income tax paid.

#### (Cash flows from investing activities)

Net cash used in investing activities came to 3,844 million yen (an increase of 5,237 million yen in outflows). The primary outflows were purchase of property, plant and equipment of 2,939 million yen and payments for transfer of business of 810 million yen.

#### (Cash flows from financing activities)

Net cash used in financing activities amounted to 1,874 million yen (an increase of 375 million yen in outflows). This was mainly attributable to cash dividends paid of 1,874 million yen.

	Year ended Sept. 30, 2011	Year ended Sept. 30, 2012	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Equity ratio (%)	59.0	59.3	61.3	63.5
Equity ratio (market capitalization, %)	41.6	50.1	72.3	88.1
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 (excluding lease obligations by the interest-paid inclusive method) recorded on the balance sheets for which interest is paid. There was no interest-bearing debt in any of the four fiscal year periods shown above.

### (3) Profit distribution/dividend payment for the reporting term and the current term

The Company regards profit distribution to shareholders as an important management issue. Therefore, its basic policy is to continue to pay dividends with a focus on returning profits to shareholders while ensuring the necessary reserves for business expansion in the medium and long term and a stronger management structure. For fiscal 2014 (ended September 30, 2014), based on the aforementioned policy, we plan to pay a year-end dividend of 60 yen per share, which is a 10 yen increase from our initial dividend forecast.

For the current fiscal year ending September 30, 2015, we plan to pay an ordinary dividend of 60 yen per share.

## 2. Management strategy

### (1) Basic management policies and medium- to long-term strategy

The Noevir Group has established “Realizing steady corporate growth by securing sustainability in every business segment” as its medium-term management plan concept. The entire Group will execute this concept based on the following five policies.

1. Pursue innovation and continuous profit generation in Japan
2. Enhance our brand value and develop new markets in countries worldwide
3. Diversify and globalize human resources and our corporate structure
4. Strengthen our manufacturing competitiveness
5. Promote a management approach that is responsive to changes in the business environment

### (2) Numerical targets and achievements

Having positioned the operating income margin and return on equity (ROE) as key management indicators, the Noevir Group aims to maximize its corporate value and enhance profitability.

### (3) Key issues

The domestic and overseas market environment for Cosmetics, Pharmaceuticals & Health Food – the three main businesses of the Noevir Group, are constantly changing and diversifying. We recognize that realizing steady corporate growth by securing sustainability in every business segment is the key issue.



3. Consolidated financial statements  
(1) Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2013	As of September 30, 2014
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	42,096,084	<b>41,871,716</b>
Notes and accounts receivable	10,914,170	<b>10,504,408</b>
Merchandise and finished goods	5,254,686	<b>5,052,579</b>
Work in progress	216,484	<b>92,129</b>
Raw materials and purchased supplies	1,096,459	<b>1,087,715</b>
Deferred tax assets	1,180,534	<b>1,006,651</b>
Other receivables	1,925,344	<b>2,027,529</b>
Other	830,839	<b>658,465</b>
Allowance for doubtful accounts	(33,069)	<b>(32,557)</b>
Total current assets	63,481,536	<b>62,268,640</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	4,770,138	<b>4,446,686</b>
Equipment and vehicles, net	647,121	<b>2,384,905</b>
Land	13,642,382	<b>13,642,382</b>
Lease assets, net	29,630	<b>51,527</b>
Construction in progress	60,146	<b>661,797</b>
Other, net	237,394	<b>274,446</b>
Total property, plant and equipment	19,386,814	<b>21,461,746</b>
Intangible assets		
Goodwill	—	<b>171,835</b>
Software	174,267	<b>118,842</b>
Other	94,299	<b>86,047</b>
Total intangible assets	268,567	<b>376,724</b>
Investments and other assets		
Investment securities	728,677	<b>899,466</b>
Deferred tax assets	1,951,096	<b>1,943,823</b>
Other	1,112,168	<b>1,157,789</b>
Allowance for doubtful accounts	(57,857)	<b>(50,091)</b>
Total investments and other assets	3,734,085	<b>3,950,988</b>
Total non-current assets	23,389,467	<b>25,789,459</b>
<b>Total assets</b>	86,871,003	<b>88,058,100</b>

(Thousands of yen)

	As of September 30, 2013	As of September 30, 2014
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Notes and accounts payable	3,968,830	4,505,839
Lease obligations	11,176	14,511
Other accounts payable	3,045,128	3,565,820
Income tax payable	2,904,258	1,416,355
Reserve for bonuses	288,629	262,271
Reserve for product returns	543,031	430,929
Other	1,175,848	1,116,366
Total current liabilities	11,936,904	11,312,095
<b>Long-term liabilities</b>		
Lease obligations	19,917	32,976
Guarantee deposits received	16,577,786	15,922,999
Deferred tax liabilities	223,355	250,710
Reserve for employees' retirement benefits	4,649,363	—
Net defined benefit liability	—	4,336,412
Other	185,673	183,991
Total long-term liabilities	21,656,096	20,727,089
<b>Total liabilities</b>	33,593,000	32,039,184
<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	44,932,325
Treasury stock	(138)	(294)
Total shareholders' equity	53,258,671	55,735,651
<b>Accumulated other comprehensive income</b>		
Net unrealized gain on other securities	244,187	294,348
Foreign currency translation adjustments	(281,011)	(140,651)
Remeasurements of defined benefit plans	—	55,092
Total accumulated other comprehensive income	(36,824)	208,789
Minority interests	56,155	74,473
<b>Total net assets</b>	53,278,002	56,018,915
<b>Total liabilities and net assets</b>	86,871,003	88,058,100

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

(Thousands of yen)

	Year ended September 30, 2013	Year ended September 30, 2014
<b>Net sales</b>	46,516,576	<b>48,253,946</b>
<b>Cost of sales</b>	15,707,046	<b>16,523,477</b>
Gross profit	30,809,529	<b>31,730,469</b>
<b>Selling, general and administrative expenses</b>		
Cost of sales	3,851,354	<b>3,959,774</b>
Advertising expenses	1,337,360	<b>1,852,953</b>
Salaries and bonuses	6,912,695	<b>6,849,155</b>
Accrued allowance for bonuses	228,121	<b>210,767</b>
Retirement benefits for employees	589,248	<b>592,509</b>
Depreciation	693,048	<b>563,049</b>
Research and development expenses	968,914	<b>1,040,680</b>
Other	8,976,496	<b>9,597,174</b>
Total	23,557,239	<b>24,666,065</b>
Operating income	7,252,290	<b>7,064,403</b>
<b>Non-operating income</b>		
Interest income	9,141	<b>11,664</b>
Dividend income	9,455	<b>10,231</b>
Exchange differences	20,267	<b>173,600</b>
Sales of promotional materials	22,398	<b>21,213</b>
Lease income	54,227	<b>89,202</b>
Insurance dividends	76,400	<b>23,671</b>
Other	115,677	<b>124,045</b>
Total	307,569	<b>453,629</b>
<b>Non-operating expenses</b>		
Commitment fee	9,486	<b>3,484</b>
Other	2,388	<b>854</b>
Total	11,875	<b>4,339</b>
Ordinary income	7,547,984	<b>7,513,693</b>
<b>Extraordinary income</b>		
Gain on sale of fixed assets	9,577	<b>3,272</b>
Total	9,577	<b>3,272</b>
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	49,566	<b>30,829</b>
Impairment loss	—	<b>27,208</b>
Total	49,566	<b>58,038</b>
<b>Income before income taxes</b>	7,507,995	<b>7,458,927</b>
<b>Income taxes – basic</b>	3,040,322	<b>2,823,132</b>
<b>Income taxes – deferred</b>	(120,862)	<b>275,501</b>
<b>Total</b>	2,919,460	<b>3,098,633</b>
<b>Income before minority interests</b>	4,588,535	<b>4,360,293</b>
<b>Minority interests</b>	7,664	<b>11,020</b>
<b>Net income</b>	4,580,870	<b>4,349,272</b>

Consolidated statements of comprehensive income

(Thousands of yen)

	Year ended September 30, 2013	Year ended September 30, 2014
Income before minority interests	4,588,535	<b>4,360,293</b>
Other comprehensive income		
Net unrealized gain on other securities	204,535	<b>50,161</b>
Foreign currency translation	302,369	<b>147,657</b>
Total	506,904	<b>197,819</b>
Comprehensive income	5,095,440	<b>4,558,112</b>
(Breakdown)		
Comprehensive income attributable to owners of the parent	5,074,887	<b>4,539,794</b>
Comprehensive income attributable to minority interests	20,552	<b>18,318</b>

(3) Consolidated changes to equity  
Year ended (September 30, 2013)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	7,319,000	3,484,620	39,372,029	(50)	50,175,599
Changes during the reporting period					
Distribution of dividends from retained earnings			(1,497,711)		(1,497,711)
Net income			4,580,870		4,580,870
Purchase of own shares				(87)	(87)
Changes during the reporting period, excluding shareholders' equity					
Total changes during the period	—	—	3,083,159	(87)	3,083,071
Balance at end of the year	7,319,000	3,484,620	42,455,189	(138)	53,258,671

	Accumulated other comprehensive income				Minority interests	Total net assets
	Net unrealized gain on other securities	Foreign currency translation	Remeasurements of defined benefit plans	Accumulated other comprehensive income		
Balance at beginning of the year	39,651	(570,493)	—	(530,841)	44,902	49,689,660
Changes during the reporting period						
Distribution of dividends from retained earnings						(1,497,711)
Net income						4,580,870
Purchase of own shares						(87)
Changes during the reporting period, excluding shareholders' equity	204,535	289,481	—	494,016	11,253	505,270
Total changes during the period	204,535	289,481	—	494,016	11,253	3,588,341
Balance at end of the year	244,187	(281,011)	—	(36,824)	56,155	53,278,002

Year ended (September 30, 2014)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	7,319,000	3,484,620	42,455,189	(138)	53,258,671
Changes during the reporting period					
Distribution of dividends from retained earnings			(1,872,136)		(1,872,136)
Net income			4,349,272		4,349,272
Purchase of own shares				(155)	(155)
Changes during the reporting period, excluding shareholders' equity					
Total changes during the period	—	—	2,477,136	(155)	2,476,980
Balance at end of the year	7,319,000	3,484,620	44,932,325	(294)	55,735,651

	Accumulated other comprehensive income				Minority interests	Total net assets
	Net unrealized gain on other securities	Foreign currency translation	Remeasurements of defined benefit plans	Accumulated other comprehensive income		
Balance at beginning of the year	244,187	(281,011)	—	(36,824)	56,155	53,278,002
Changes during the reporting period						
Distribution of dividends from retained earnings						(1,872,136)
Net income						4,349,272
Purchase of own shares						(155)
Changes during the reporting period, excluding shareholders' equity	50,161	140,360	55,092	245,614	18,318	263,932
Total changes during the period	50,161	140,360	55,092	245,614	18,318	2,740,912
Balance at end of the year	294,348	(140,651)	55,092	208,789	74,473	56,018,915

## (4) Consolidated statements of cash flows

(Thousands of yen)

	Year ended September 30, 2013	Year ended September 30, 2014
<b>Cash flows from operating activities</b>		
Income before income taxes	7,507,995	7,458,927
Depreciation	1,107,223	1,021,696
Impairment loss	—	27,208
Amortization of goodwill	7,547	42,958
Increase (decrease) in reserve for doubtful accounts	(62,718)	(8,878)
Increase (decrease) in reserve for bonuses	125,919	(26,808)
Increase (decrease) in reserve for product returns	(148,394)	(112,101)
Increase (decrease) in reserve for retirement benefits	(43,581)	—
Increase (decrease) in net defined benefit liability	—	(228,235)
Interest and dividends received	(18,597)	(21,895)
Gain/loss on currency translation	(21,640)	(123,229)
Gain/loss on sales of property, plant and equipment	39,988	27,557
Decrease (increase) in trade receivables	923,872	481,615
Decrease (increase) in inventories	813,198	779,347
Increase (decrease) in trade payables	(906,117)	532,693
Increase (decrease) in guarantee deposits	(781,446)	(655,070)
Other	(807,582)	612,091
Subtotal	7,735,667	9,807,877
Interest and dividends received	19,327	16,518
Income tax (paid) refunded	(1,976,109)	(4,417,540)
Net cash provided by (used in) operating activities	5,778,884	5,406,854
<b>Cash flows from investing activities</b>		
Expenditure for deposit to time deposits	(2,031,637)	(4,029,431)
Proceeds from withdrawal of time deposits	4,000,000	4,034,969
Purchase of securities	—	(11,995,531)
Proceeds from redemption of securities	—	12,000,000
Purchase of investment securities	(2,110)	(91,800)
Purchase of investments in subsidiaries	(16,814)	—
Purchase of property, plant and equipment	(505,983)	(2,939,542)
Proceeds from sale of property, plant and equipment	11,719	33,973
Purchase of intangible assets	(61,944)	(46,759)
Payments for transfer of business	—	(810,000)
Net cash provided by (used in) investing activities	1,393,228	(3,844,122)
<b>Cash flows from financing activities</b>		
Purchase of treasury stock	(87)	(155)
Cash dividends paid	(1,498,589)	(1,874,354)
Net cash provided by (used in) financing activities	(1,498,676)	(1,874,510)
<b>Effects of exchange rate changes on cash and cash equivalents</b>	136,223	89,322
<b>Net change in cash and cash equivalents</b>	5,809,660	(222,455)
<b>Cash and cash equivalents, beginning of year</b>	36,253,228	42,062,888
<b>Cash and cash equivalents, end of year</b>	42,062,888	41,840,433

(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, which was disclosed in the latest securities report (submitted December 11, 2013).

Reportable segment income figures are on an operating income basis.

Internal rates of return and transfer within the Group are based on the actual market price.



3) Information concerning sales, income and loss, assets, liabilities and other item amounts in each reporting segment

Consolidated results for fiscal 2013 (October 1, 2012 to September 30, 2013)

(Thousands of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Total	Adjustment (Note 1)	Amounts included in quarterly consolidated statements of income (Note 2)
Net Sales						
Sales, external	31,278,738	13,549,242	1,688,596	46,516,576	—	46,516,576
Intersegment sales	—	—	157,110	157,110	(157,110)	—
Total	31,278,738	13,549,242	1,845,707	46,673,687	(157,110)	46,516,576
Segment income	7,775,350	1,295,498	3,881	9,074,729	(1,822,439)	7,252,290
Segment assets	60,142,887	19,281,563	2,547,795	81,972,246	4,898,756	86,871,003
Other items						
Depreciation	741,113	361,035	10,591	1,112,740	(5,516)	1,107,223
Increases of property, plant and equipment and intangible assets	505,957	192,418	3,000	701,376	—	701,376

(Note 1) Adjustments are as follows.

- 1) Intersegment eliminations totaling 235,192 thousand yen and unallocated corporate expenses totaling 2,057,631 thousand yen have been included in the segment income (loss) adjustment totaling (1,822,439) 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 related to elimination/corporate.

(Note 2) Segment income refers to operating income as reported in the consolidated statements of income, after adjustment.

Consolidated results for fiscal 2014 (October 1, 2013 to September 30, 2014)

(Thousands of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Total	Adjustment (Note 1)	Amounts included in quarterly consolidated statements of income (Note 2)
Net Sales						
Sales, external	32,100,822	14,067,918	2,085,205	48,253,946	—	48,253,946
Intersegment sales	—	—	136,007	136,007	(136,007)	—
Total	32,100,822	14,067,918	2,221,213	48,389,954	(136,007)	48,253,946
Segment income or loss	8,413,561	674,812	(158,062)	8,930,310	(1,865,906)	7,064,403
Segment assets	59,171,086	20,421,304	4,094,485	83,686,875	4,371,224	88,058,100
Other items						
Depreciation	604,303	321,949	105,501	1,031,754	(10,058)	1,021,696
Amortization of goodwill	1,969	40,988	—	42,958	—	42,958
Increases of property, plant and equipment and intangible assets	888,640	289,635	1,857,391	3,035,667	(45,718)	2,989,948

(Note 1) Adjustments are as follows.

- 1) Intersegment eliminations totaling 214,713 thousand yen and unallocated corporate expenses totaling 2,080,620 thousand yen have been included in the segment income (loss) adjustment totaling (1,865,906) 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 related to elimination/corporate.
- 4) The adjustment on the increase of property, plant and equipment and intangible assets is due to intersegment eliminations.

(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 (October 1, 2012 to September 30, 2013)

Not applicable

Reporting fiscal year (October 1, 2013 to September 30, 2014)

(Thousands of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Elimination/ corporate (total)	Total
Impairment loss	—	27,208	—	—	27,208

Amortization and unamortized balance of goodwill for each reportable segment

Previous fiscal year (October 1, 2012 to September 30, 2013)

Omitted because impact was considered immaterial

Reporting fiscal year (October 1, 2013 to September 30, 2014)

(Thousands of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Elimination/ corporate (total)	Total
Balance at the end of the year	7,879	163,955	—	—	171,835

(Note) Amortization of goodwill is omitted because similar information is disclosed in Segment Information.

Information about gain on bargain purchase for each reportable segment

Not applicable