

July 31, 2015

Noevir Holdings Announces 2015 Third Quarter 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: Aug 4, 2015
 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, 2015 (October 1, 2014 – June 30, 2015)

* 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, 2015	37,086	1.3%	6,305	5.7%	6,772	10.4%	3,115	4.2%
Third quarter ended June 30, 2014	36,611	4.7%	5,967	(2.7)%	6,135	(2.9)%	2,989	(7.4)%

Note: Comprehensive income:

Third quarter ended September 30, 2015: 3,541 million yen (15.1%)

Third quarter ended September 30, 2014: 3,077 million yen ((17.1)%)

	EPS (Yen)	Diluted EPS (Yen)
Third quarter ended June 30, 2015	86.90	—
Third quarter ended June 30, 2014	79.84	—

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)
Third quarter ended June 30, 2015	86,658	53,168	61.2
Year ended September 30, 2014	88,058	56,018	63.5

[Reference] Equity:

Third quarter ended June 30, 2015: 53,056 million yen Year ended September 30, 2014: 55,944 million yen

2. Cash dividends

(Yen)

	Annual dividends				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Year ended September 30, 2014	—	0.00	—	60.00	60.00
Year ending September 30, 2015	—	0.00	—		
Year ending September 30, 2015 (forecast)				60.00	60.00

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

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)
Full year	48,500 0.5%	7,500 6.2%	7,700 2.5%	4,700 8.1%	125.53

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: Yes

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, 2015: 35,451,653

As of September 30, 2014: 37,442,840

2) Treasury shares outstanding

As of June 30, 2015: 0

As of September 30, 2014: 187

3) Average shares outstanding over quarter (cumulative; consolidated)

As of June 30, 2015: 35,852,770

As of June 30, 2014: 37,442,727

* 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.

* Change in units of amounts shown

The amounts of figures shown for accounting items and other items presented in the quarterly consolidated financial statements had been shown in units of one thousand yen. However, this has been changed to units of one million yen beginning from the first quarter ended December 31, 2014. To facilitate comparison, amounts for the previous fiscal year and the first half ended March 31, 2015 are also shown in units of one million yen.

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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, 2014 to June 30, 2015)

	Third quarter ended June 30, 2014		Third quarter ended June 30, 2015		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Cosmetics	25,271	69.0	26,320	71.0	1,049	4.2
Pharmaceuticals & Health Food	9,942	27.2	9,485	25.6	(456)	(4.6)
Other	1,397	3.8	1,280	3.4	(117)	(8.4)
Total sales	36,611	100.0	37,086	100.0	475	1.3

	Third quarter ended June 30, 2014		Third quarter ended June 30, 2015		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	5,967	16.3	6,305	17.0	337	5.7
Ordinary income	6,135	16.8	6,772	18.3	636	10.4
Net income	2,989	8.2	3,115	8.4	126	4.2

During the third quarter of fiscal 2015 (October 1, 2014 to June 30, 2015), the Japanese economy continued on a gradual recovery track after a fall in demand in the aftermath of an increase in the consumption tax. However, the outlook remains cloudy due to concerns certain parts of the economy overseas may slow down.

The cosmetics market in Japan—the Group’s main business domain—has saturated and matured, while consumer needs have changed rapidly to show greater diversity and segmentation.

Under these circumstances, net sales for the nine-month period ended June 30, 2015 came to 37,086 million yen (up 1.3% year on year). Operating income was 6,305 million yen (up 5.7%), ordinary income totaled 6,772 million yen (up 10.4%), and net income was 3,115 million yen (up 4.2%).

In the Cosmetics segment, sales of cosmetics sold through individual consultation were down year on year as demand for new products released last year had run its course. Sales of self-selection cosmetics continued to increase on the back of aggressive spending on marketing and the launch of new products. As a result, sales in the Cosmetics segment came to 26,320 million yen (up 4.2% year on year), while segment income was 7,346 million yen (up 4.6%).

In the Pharmaceutical & Health Food segment, sales continued to decline year on year due to low sales of pharmaceuticals and pharmaceutical drinks. Meanwhile, SG&A expenses were streamlined. As a result, sales in this segment came to 9,485 million yen (down 4.6% year on year), while segment income totaled 676 million yen (up 48.9%).

Sales in the Other segment’s apparel business and the aviation-related business fell year on year. As a result, sales in this segment were 1,280 million yen (down 8.4% year on year), and the segment recorded a loss of 194 million yen (compared with a loss of 116 million yen in the corresponding period of the previous fiscal year).

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

(2) Qualitative information regarding consolidated financial position

Total assets as of June 30, 2015 stood at 86,658 million yen, a decrease of 1,399 million yen over the previous fiscal year-end. This was mainly due to a decline in cash and cash equivalents of 13,612 million yen, partly offset by increases in investment securities of 9,998 million yen and property, plant and equipment of 1,325 million yen.

Total liabilities came to 33,490 million yen, an increase of 1,450 million yen over the previous fiscal year-end. This was mainly due to an increase in notes and accounts payable of 1,030 million yen.

Net assets came to 53,168 million yen, a decrease of 2,850 million yen over the previous fiscal year-end. This was primarily attributable to a decrease in additional paid-in capital of 3,484 million yen, due to the

retirement of treasury stock, partly offset by an increase in retained earnings of 208 million yen.

As a result, the equity ratio stood at 61.2%.

(Consolidated cash flows)

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis at the end of the period under review stood at 27,579 million yen, a decrease of 14,261 million yen compared with 41,840 million yen at the end of the previous fiscal year.

The status of each of the cash flows together with the factors contributing to an increase or decrease for the nine months ended June 30, 2015 are presented as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 3,944 million yen (578 million yen less than in the corresponding period of the previous fiscal year). The main item increasing cash was income before income taxes of 6,768 million yen. The main item decreasing cash was income tax paid of 3,049 million yen.

(Cash flows from investing activities)

Net cash used in investing activities came to 12,141 million yen (758 million yen more than in the corresponding period of the previous fiscal year). The main items decreasing cash were 19,992 million yen in purchase of securities and 1,307 million yen in purchase of property, plant and equipment. The main item increasing cash was 10,001 million in proceeds from the redemption of securities.

(Cash flows from financing activities)

Net cash used in financing activities was 6,208 million yen (4,335 million yen more than in the corresponding period of the previous fiscal year). This was mainly due to 3,964 million yen in purchase of treasury stock, and 2,244 million yen in cash dividends paid.

(3) Qualitative information regarding consolidated business performance forecast

The consolidated business performance forecast for the full year ending September 30, 2015 announced on November 11, 2014 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.

(Changes in accounting policies)

With regard to "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26 of May 17, 2012; hereinafter, "Retirement Benefits Accounting Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of May 17, 2012; hereinafter, "Retirement Benefits Guidance"), the Company began applying the provisions of Article 35 of the Retirement Benefits Accounting Standard and Article 67 of the Retirement Benefits Guidance from the first quarter ended December 31, 2014. As a result, the calculation of retirement benefit obligations and service costs was revised and the method for attributing estimated retirement benefits to accounting periods was changed from the straight-line bases to the benefit formula basis. At the same time, the Company's method for determining the discount rate was changed from one based on the average remaining service years of employees to applying a single weighted-average discount rate reflecting each estimated period of benefit payments and amounts to be paid in each period.

With regard to the application of the Retirement Benefits Accounting Standard and related guidance, the effects of the change in the method of calculating retirement benefit liabilities and service costs at the beginning of the first half ended March 31, 2015 has been adjusted in retained earnings in accordance with the transitional treatment set forth in Article 37 of the Retirement Benefits Accounting Standard.

As a result, net defined benefit liability at the beginning of the third quarter ended June 30,

2015 increased by 279 million yen, and retained earnings decreased by 180 million yen. The effect of this change on consolidated operating income, ordinary income, and income before income taxes for the third quarter ended June 30, 2015 was negligible.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	Previous fiscal year (As of September 30, 2014)	As of June 30, 2015
ASSETS		
Current assets		
Cash and cash equivalents	41,871	28,259
Notes and accounts receivable	10,504	10,438
Securities	—	9,998
Merchandise and finished goods	5,052	5,948
Work in progress	92	110
Raw materials and purchased supplies	1,087	1,106
Deferred tax assets	1,006	945
Other receivables	2,027	1,919
Other	658	612
Allowance for doubtful accounts	(32)	(32)
Total current assets	62,268	59,306
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,446	4,407
Equipment and vehicles, net	2,384	3,631
Land	13,642	13,642
Lease assets, net	51	43
Construction in progress	661	783
Other, net	274	278
Total property, plant and equipment	21,461	22,786
Intangible assets		
Goodwill	171	152
Software	118	88
Other	86	148
Total intangible assets	376	388
Investments and other assets		
Investment securities	899	1,279
Deferred tax assets	1,943	1,772
Other	1,157	1,167
Allowance for doubtful accounts	(50)	(43)
Total investments and other assets	3,950	4,177
Total non-current assets	25,789	27,352
Total assets	88,058	86,658

(Millions of yen)

	Previous fiscal year (As of September 30, 2014)	As of June 30, 2015
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	4,505	5,536
Lease obligations	14	12
Other accounts payable	3,565	4,316
Income tax payable	1,416	1,639
Reserve for bonuses	262	38
Reserve for product returns	430	440
Other	1,116	1,051
Total current liabilities	11,312	13,035
Long-term liabilities		
Lease obligations	32	27
Guarantee deposits received	15,922	15,470
Deferred tax liabilities	250	314
Reserve for employees' retirement benefits	4,336	4,490
Other	183	151
Total long-term liabilities	20,727	20,454
Total liabilities	32,039	33,490
NET ASSETS		
Shareholders' equity		
Common stock	7,319	7,319
Additional paid-in capital	3,484	—
Retained earnings	44,932	45,140
Treasury stock	(0)	—
Total shareholders' equity	55,735	52,459
Accumulated other comprehensive income		
Net unrealized gain on other securities	294	505
Foreign currency translation adjustments	(140)	7
Remeasurement of defined benefit plans, net of tax	55	84
Total accumulated other comprehensive income	208	596
Minority interests	74	112
Total net assets	56,018	53,168
Total liabilities and net assets	88,058	86,658

(2) Quarterly consolidated statements of income and comprehensive income
Quarterly consolidated statements of income
Third quarter of the fiscal year ending September 30, 2015

(Millions of yen)

	3rd quarter ended June 30, 2014	3rd quarter ended June 30, 2015
Net sales	36,611	37,086
Cost of sales	11,998	12,227
Gross profit	24,613	24,859
Selling, general and administrative expenses	18,645	18,554
Operating income	5,967	6,305
Non-operating income		
Interest income	7	13
Dividend income	9	12
Lease income	64	51
Exchange differences	16	247
Other	74	143
Total	172	467
Non-operating expenses		
Commitment fee	3	—
Other	0	0
Total	3	0
Ordinary income	6,135	6,772
Extraordinary income		
Gain on sale of fixed assets	2	10
Total	2	10
Extraordinary losses		
Loss on disposal of fixed assets	30	15
Impairment loss	9	—
Total	40	15
Income before income taxes	6,098	6,768
Income taxes – basic	2,776	3,312
Income taxes – deferred	323	310
Total	3,099	3,623
Income before minority interests	2,998	3,144
Minority interests	9	29
Net income	2,989	3,115

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	3rd quarter ended June 30 31, 2014	3rd quarter ended June 30, 2015
Income before minority interests	2,998	3,144
Other comprehensive income		
Net unrealized gain on other securities	31	210
Foreign currency translation adjustments	47	156
Remeasurement of defined benefit plans, net of tax	—	29
Total	78	396
Comprehensive income	3,077	3,541
(Breakdown)		
Comprehensive income attributable to owners of the parent	3,067	3,503
Comprehensive income attributable to minority interests	10	37

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	3rd quarter ended June 30, 2014	3rd quarter ended June 30, 2015
Cash flows from operating activities		
Income before income taxes	6,098	6,768
Depreciation	711	865
Impairment loss	9	—
Amortization of goodwill	32	34
Increase (decrease) in reserve for doubtful accounts	(6)	(7)
Increase (decrease) in reserve for bonuses	(150)	(224)
Increase (decrease) in reserve for product returns	(96)	9
Increase (decrease) in reserve for retirement benefits	(221)	—
Increase (decrease) in net defined benefit liability	—	(125)
Interest and dividends received	(16)	(25)
Gain/loss on currency translation	11	(234)
Gain/loss on sales of property, plant and equipment	27	4
Decrease (increase) in trade receivables	1,256	112
Decrease (increase) in inventories	(22)	(855)
Increase (decrease) in trade payables	(1,112)	1,014
Increase (decrease) in guarantee deposits	(525)	(453)
Other	607	93
Subtotal	8,828	6,976
Interest and dividends received	13	17
Income tax (paid) refunded	(4,318)	(3,049)
Net cash provided by (used in) operating activities	4,523	3,944
Cash flows from investing activities		
Expenditure for deposit to time deposits	(4,030)	(2,678)
Proceeds from withdrawal of time deposits	2,033	2,031
Purchase of securities	(7,996)	(19,992)
Proceeds from redemption of securities	2,000	10,001
Purchase of investment securities	(1)	(91)
Purchase of property, plant and equipment	(2,568)	(1,307)
Proceeds from sale of property, plant and equipment	33	41
Purchase of intangible assets	(43)	(55)
Payments for transfer of business	(810)	(90)
Net cash provided by (used in) investing activities	(11,382)	(12,141)
Cash flows from financing activities		
Purchase of treasury stock	—	(3,964)
Cash dividends paid	(1,873)	(2,244)
Net cash provided by (used in) financing activities	(1,873)	(6,208)
Effects of exchange rate changes on cash and cash equivalents	2	145
Net change in cash and cash equivalents	(8,730)	(14,261)
Cash and cash equivalents, beginning of year	42,062	41,840
Cash and cash equivalents, end of year	33,332	27,579

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

(Additional information)

(Revision of amounts of deferred tax assets and deferred tax liabilities due to change in corporate tax rate, etc.)

With the announcement on March 31, 2015 of the “Revision of the Local Tax Law” (Legislation No.2, 2015) and “Partial Amendment of Income Tax Law” (Law No. 9, 2015), the corporate tax rate will change from the consolidated fiscal year beginning from April 1, 2015.

As a result, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 35.5% to 33.0% for temporary differences expected to be used for the fiscal year beginning from October 1, 2015, and to 32.2% for fiscal years beginning on or after October 1, 2016.

Due to these changes in tax rates, there was a decrease of 201 million yen in deferred tax assets (after deducting deferred tax liabilities), and a 226 million yen increase in income taxes - deferred.

(Notes if there is a significant change in shareholders' equity)

At a Board of Directors meeting held on November 18, 2014, the Company resolved to purchase and retire treasury stock. On November 19, 2014, the Company purchased 1,991,000 shares (3,964 million yen) of treasury stock, and on November 28, 2014, it retired 1,991,187 shares (3,964 million yen) of treasury stock.

As a result, in the third quarter ended June 30, 2015, additional paid-in capital and retained earnings decreased by 3,484 million yen and 479 million yen, respectively.

(Segment information)

I Consolidated results for the previous third quarter (October 1, 2013 to June 30, 2014) of fiscal 2014

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

(Millions 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	25,271	9,942	1,397	36,611	—	36,611
(2) Intersegment sales	—	—	113	113	(113)	—
Total	25,271	9,942	1,511	36,725	(113)	36,611
Segment income (loss)	7,025	454	(116)	7,362	(1,395)	5,967

(Note 1) Intersegment eliminations totaling 160 million yen and unallocated corporate expenses totaling (1,556) million yen have been included in the segment income (loss) adjustment totaling (1,395) million 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 third quarter (October 1, 2014 to June 30, 2015) of fiscal 2015

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

(Millions 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	26,320	9,485	1,280	37,086	—	37,086
(2) Intersegment sales	—	—	78	78	(78)	—
Total	26,320	9,485	1,358	37,165	(78)	37,086
Segment income (loss)	7,346	676	(194)	7,828	(1,522)	6,305

(Note 1) Intersegment eliminations totaling 418 million yen and unallocated corporate expenses totaling (1,940) million yen have been included in the segment income (loss) adjustment totaling (1,522) million 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