

November 7, 2017

## Noevir Holdings Announces 2017 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

Annual General Meeting of Shareholders: December 7, 2017

Date of commencement of dividend payments: December 8, 2017

Submission of securities report: December 7, 2017

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, 2017 (October 1, 2016 – September 30, 2017)

\* 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 attributable to owners of the parent	
Year ended September 30, 2017	54,473	6.4%	9,986	29.6%	10,291	31.4%	7,077	40.2%
Year ended September 30, 2016	51,180	3.6%	7,706	1.6%	7,832	(3.2)%	5,049	3.3%

Note: Comprehensive income:

Year ended September 30, 2017: 7,729 million yen 59.2%

Year ended September 30, 2016: 4,854 million yen (2.3)%

	EPS (Yen)	Diluted EPS (Yen)	ROE (%)	Ordinary income/Total assets (%)	Operating income/Total sales (%)
Year ended September 30, 2017	199.64	—	12.3	11.2	18.3
Year ended September 30, 2016	142.44	—	9.2	8.8	15.1

[Reference]

Equity in gains/losses of affiliated companies

Year ended September 30, 2017: — million yen

Year ended September 30, 2016: — million yen

#### (2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
Year ended September 30, 2017	93,567	59,365	63.2	1,669.18
Year ended September 30, 2016	89,709	55,908	62.2	1,573.50

[Reference] Equity:

Year ended September 30, 2017: 59,175 million yen

Year ended September 30, 2016: 55,783 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, 2017	8,136	(1,426)	(4,389)	40,350
Year ended September 30, 2016	5,960	(1,377)	(3,640)	37,895

### 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, 2016	—	0.00	—	120.00	120.00	4,254	84.2	7.7
Year ended September 30, 2017	—	0.00	—	150.00	150.00	5,317	75.1	9.3
Year ending September 30, 2018 (forecast)	—	0.00	—	150.00	150.00		72.8	

### 3. Consolidated earnings forecasts for the fiscal year ending September 30, 2018 (October 1, 2017 – September 30, 2018)

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

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of the parent		EPS (Yen)
Half year	27,600	3.3%	5,000	6.1%	5,100	4.6%	1,800	(12.0)%	50.77
Full year	56,000	2.8%	10,700	7.1%	10,900	5.9%	7,300	3.1%	205.91

#### \* 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: None

2) Other changes: None

3) Changes in accounting estimates: None

4) Restatements: None

(3) Shares outstanding (common stock)

1) Shares outstanding (including treasury stock)

As of September 30, 2017: 35,451,653

As of September 30, 2016: 35,451,653

2) Treasury shares outstanding

As of September 30, 2017: 30

As of September 30, 2016: 30

3) Average shares outstanding over quarter

Year ended September 30, 2017: 35,451,623

Year ended September 30, 2016: 35,451,628

\* These financial results are not audited

\* 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.

## Contents of the Attached Material

1. Operating results and financial information .....	5
(1) Analysis of operating results.....	5
(2) Analysis of financial position .....	7
(3) Profit distribution/dividend payment for the reporting term and the current term.....	8
2. Management strategy .....	8
(1) Basic management policies and medium- to long-term strategy .....	8
(2) Numerical targets and achievements.....	8
(3) Key issues .....	8
3. Basic Approach to Selecting Accounting Principles.....	8
4. Consolidated financial statements .....	9
(1) Consolidated balance sheets.....	9
(2) Consolidated statements of income and comprehensive income .....	11
(3) Consolidated changes to equity.....	13
Year ended (September 30, 2016) .....	13
Year ended (September 30, 2017) .....	14
(4) Consolidated statements of cash flows .....	15
(Segment information) .....	16
(Per-share information) .....	20
(Important subsequent events).....	21
(Disclosure omissions) .....	21

## Operating results and financial information

### (1) Analysis of operating results

#### 1) Operating results for the reporting fiscal period

##### Background

	Year ended September 30, 2016		Year ended September 30, 2017		Change (Millions of yen)	Change (%)
	Sales (Millions of yen)	% of total sales	Sales (Millions of yen)	% of total sales		
Total sales	51,180	100.0	54,473	100.0	3,293	6.4
Cosmetics	36,031	70.4	39,197	72.0	3,165	8.8
Pharmaceuticals & Health Food	13,243	25.9	13,488	24.8	245	1.9
Other	1,905	3.7	1,788	3.2	(117)	(6.2)

	Year ended September 30, 2016		Year ended September 30, 2017		Change (Millions of yen)	Change (%)
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales		
Operating income	7,706	15.1	9,986	18.3	2,279	29.6
Ordinary income	7,832	15.3	10,291	18.9	2,458	31.4
Net income attributable to owners of the parent	5,049	9.9	7,077	13.0	2,028	40.2

During fiscal 2017 (October 1, 2016 to September 30, 2017), the Japanese economy continued along the track of recovering gradually, mainly due to improvements in corporate earnings and the employment situation. However, economic trends remained uncertain due to dramatic fluctuations in foreign exchange rates and increasing uncertainty in economies overseas.

In this environment, in the Cosmetics segment, the Group succeeded in capturing diverse latent consumer demand.

Face-to-face channel cosmetics saw brisk sales for placenta-enriched aging skin care lotion and the high-end basic skincare lines. Self-selection cosmetics continued to deliver strong sales for new products and existing lines of skincare, make up and color cosmetics.

As a result, net sales for the fiscal year ended September 30, 2017 came to 54,473 million yen (up 6.4% year on year), operating income was 9,986 million yen (up 29.6%), ordinary income amounted to 10,291 million yen (up 31.4%), and net income attributable to owners of the parent came to 7,077 million yen (up 40.2%). Operating income, ordinary income, and net income attributable to owners of the parent all recorded record highs.

## Segment results

### (a) Cosmetics

	(Millions of yen)			
	Year ended September 30, 2016	Year ended September 30, 2017	Change (Millions of yen)	Change (%)
Total sales	36,031	39,197	3,165	8.8
Segment income	9,537	11,002	1,465	15.4

Sales in the the Cosmetics segment totaled 39,197 million yen (up 8.8% year on year), and segment income came to 11,002 million yen (up 15.4 %).

Sales of face-to-face channel cosmetics were favorable for placenta-enriched aging skin care lotion and the high-end basic skincare lines.

Self-selection cosmetics continued to deliver strong sales for new products and existing lines in skincare, make up, and color cosmetics.

### (b) Pharmaceuticals & Health Food

	(Millions of yen)			
	Year ended September 30, 2016	Year ended September 30, 2017	Change (Millions of yen)	Change (%)
Total sales	13,243	13,488	245	1.9
Segment income	170	745	575	338.0

Sales in the Pharmaceutical & Health Food segment totaled 13,488 million yen (up 1.9% year on year), and segment income came to 745 million yen (up 338.0% year on year).

Pharmaceuticals and health foods both performed strongly.

### (c) Other

	(Millions of yen)			
	Year ended September 30, 2016	Year ended September 30, 2017	Change (Millions of yen)	Change (%)
Total sales	1,905	1,788	(117)	(6.2)
Segment income (loss)	(63)	128	191	—

Sales in the Other segment came to 1,788 million yen (down 6.2% year on year), while segment income improved and came to 128 million yen (compared with segment loss of 63 million yen in the previous fiscal year).

Sales in the apparel-related business and the aviation-related business decreased year on year.

Note: Segment operating income (loss) represents the amount before adjustment for intersegment eliminations and unallocated corporate expenses. For details on the segment income (loss) adjustment for the fiscal year ended September 30, 2017, please see “3) Information concerning sales, income and loss, assets, liabilities and other item amounts in each reporting segment (Note 1) in (Segment information)” on pages 17 and 18.

## 2) Forecast for the current fiscal year ending September 30, 2018

The Company will move forward aiming to realize the concept of its medium-term management plan: “Realizing steady corporate growth by securing sustainability in every Group business segment.”

Based on the above, the Company’s consolidated forecast for the fiscal year ending September 30, 2018 is for net sales of 56,000 million yen, operating income of 10,700 million yen, ordinary income of 10,900 million yen, and net income attributable to owners of the parent of 7,300 million yen.

## (2) Analysis of financial position

### 1) Assets, liabilities and equity

Total assets at fiscal 2017 year-end stood at 93,567 million yen, an increase of 3,857 million yen over the previous fiscal year-end. This was mainly due to increases in cash and cash equivalents of 2,464 million yen and notes and accounts receivable of 1,041 million yen.

Total liabilities came to 34,202 million yen, an increase of 401 million yen over the previous fiscal year-end. This was mainly due to increases in income tax payable of 568 million yen.

Net assets came to 59,365 million yen, an increase of 3,456 million yen from the previous fiscal year-end. This was primarily attributable to an increase in accumulated other comprehensive income of 568 million yen and an increase in retained earnings of 2,823 million yen, reflecting a decrease due to payment of 4,254 million yen in dividends at the previous fiscal year-end, which was absorbed by net income attributable to owners of the parent of 7,077 million yen.

As a result, the equity ratio stood at 63.2%, up 1.1 percentage points from the previous fiscal year end, and net assets per share stood at 1,669.18 yen, an increase of 95.68 yen.

### 2) Cash flow

Cash and cash equivalents (hereinafter, "cash") on a consolidated basis as of September 30, 2017 stood at 40,350 million yen, an increase of 2,454 million yen compared with the 37,895 million yen at the previous fiscal year-end.

#### (Cash flows from operating activities)

Net cash provided by operating activities amounted to 8,136 million yen (2,175 million yen more than in the corresponding period of the previous fiscal year). The main item increasing cash was the posting of 10,289 million yen in income before income taxes. The main item decreasing cash was income tax paid of 2,858 million yen.

#### (Cash flows from investing activities)

Net cash used in investing activities came to 1,426 million yen (48 million yen more than in the corresponding period of the previous fiscal year). The principal cash outflow was 1,517 million yen for purchase of property, plant and equipment.

#### (Cash flows from financing activities)

Net cash used in financing activities came to 4,389 million yen (749 million yen more than in the corresponding period of the previous fiscal year). This was mainly due to the payment of 4,252 million yen in dividends.

	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014	Year ended Sept. 30, 2015	Year ended Sept. 30, 2016	Year ended Sept. 30, 2017
Equity ratio (%)	61.3	63.5	62.4	62.2	63.2
Equity ratio (market capitalization, %)	72.3	88.1	104.9	121.7	234.9
Cash flows/ interest-bearing debt ratio (%)	—	—	5.5	—	—
Interest coverage ratio (times)	—	—	7,802.6	3,280.3	—

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.

### (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 2017 (ended September 30, 2017), based on the aforementioned policy, we plan to pay a year-end dividend of 150 yen per share, which is a 30 yen increase from our most recent dividend forecast.

For the current fiscal year, ending September 30, 2018, we plan to pay a dividend of 150 yen per share.

## 2. Management strategy

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

To achieve the Noevir Group's medium-term management plan concept, "Realizing steady corporate growth by securing sustainability in every Group business segment," the Group will execute 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 net sales, operating income and return on equity (ROE) as key management indicators, the Noevir Group aims to maximize its corporate value and enhance profitability.

### (3) Key issues

To respond to change and diversification in the markets for the Group's core Cosmetics and Pharmaceuticals & Health Food businesses, the Group recognizes that promoting its medium-term management plan concept, "Realizing steady corporate growth by securing sustainability in every Group business segment" is an important priority.

## 3. Basic Approach to Selecting Accounting Principles

For the foreseeable future, the Group plans to prepare consolidated financial statements based on generally accepted accounting principles in Japan. This policy takes into account factors such as the need to maintain comparability between the accounting periods of the consolidated financial statements and the fact that the Group has very little need to procure funds in overseas markets. Going forward, the Group plans to give due consideration to the adoption of international financial reporting standards (IFRS), taking into account conditions in Japan and overseas.



#### 4. Consolidated financial statements

##### (1) Consolidated balance sheets

(Millions of yen)

	As of September 30, 2016	As of September 30, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	37,959	40,424
Notes and accounts receivable	10,880	11,922
Merchandise and finished goods	5,787	5,859
Work in progress	110	107
Raw materials and purchased supplies	1,319	1,240
Deferred tax assets	807	782
Other receivables	3,088	3,250
Other	627	633
Allowance for doubtful accounts	(28)	(20)
<b>Total current assets</b>	<b>60,552</b>	<b>64,200</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	4,672	4,477
Equipment and vehicles, net	3,711	3,505
Land	13,832	13,716
Lease assets, net	1,551	1,439
Construction in progress	210	54
Other, net	219	192
<b>Total property, plant and equipment</b>	<b>24,198</b>	<b>23,384</b>
Intangible assets		
Goodwill	94	48
Software	143	153
Other	90	85
<b>Total intangible assets</b>	<b>328</b>	<b>288</b>
Investments and other assets		
Investment securities	1,641	2,438
Net defined benefit asset	—	161
Deferred tax assets	1,855	1,861
Other	1,171	1,270
Allowance for doubtful accounts	(39)	(38)
<b>Total investments and other assets</b>	<b>4,629</b>	<b>5,693</b>
<b>Total non-current assets</b>	<b>29,157</b>	<b>29,366</b>
<b>Total assets</b>	<b>89,709</b>	<b>93,567</b>

(Millions of yen)

	As of September 30, 2016	As of September 30, 2017
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Notes and accounts payable	5,570	5,860
Lease obligations	117	116
Other accounts payable	3,407	3,077
Income tax payable	1,425	1,993
Reserve for bonuses	65	83
Reserve for product returns	375	388
Other	959	1,166
Total current liabilities	11,921	12,687
<b>Long-term liabilities</b>		
Lease obligations	1,557	1,438
Guarantee deposits received	14,827	14,323
Deferred tax liabilities	264	422
Net defined benefit liability	5,093	5,196
Other	136	134
Total long-term liabilities	21,880	21,515
<b>Total liabilities</b>	33,801	34,202
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Common stock	7,319	7,319
Retained earnings	48,420	51,243
Treasury stock	(0)	(0)
Total shareholders' equity	55,739	58,562
<b>Accumulated other comprehensive income</b>		
Net unrealized gain on other securities	453	819
Foreign currency translation adjustments	(292)	(107)
Remeasurements of defined benefit plans, net of tax	(116)	(99)
Total accumulated other comprehensive income	44	612
Non-controlling interests	125	189
<b>Total net assets</b>	55,908	59,365
<b>Total liabilities and net assets</b>	89,709	93,567

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

(Millions of yen)

	Year ended September 30, 2016	Year ended September 30, 2017
<b>Net sales</b>	51,180	<b>54,473</b>
<b>Cost of sales</b>	17,995	<b>18,712</b>
Gross profit	33,184	<b>35,761</b>
<b>Selling, general and administrative expenses</b>		
Cost of sales	4,403	<b>4,822</b>
Advertising expenses	2,035	<b>1,609</b>
Salaries and bonuses	6,742	<b>6,450</b>
Accrued allowance for bonuses	69	<b>88</b>
Retirement benefits for employees	551	<b>597</b>
Depreciation	877	<b>1,175</b>
Research and development expenses	1,184	<b>1,132</b>
Other	9,613	<b>9,899</b>
Total	25,478	<b>25,775</b>
Operating income	7,706	<b>9,986</b>
<b>Non-operating income</b>		
Interest income	12	<b>6</b>
Dividend income	13	<b>13</b>
Exchange differences	—	<b>23</b>
Settlement received	—	<b>90</b>
Dividend income of insurance	60	<b>70</b>
Other	282	<b>102</b>
Total	369	<b>306</b>
<b>Non-operating expenses</b>		
Interest expenses	1	<b>—</b>
Exchange differences	236	<b>—</b>
Other	4	<b>1</b>
Total	243	<b>1</b>
Ordinary income	7,832	<b>10,291</b>
<b>Extraordinary income</b>		
Gain on sale of fixed assets	0	<b>177</b>
Gain on revision of retirement benefit plan	—	<b>37</b>
Total	0	<b>215</b>
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	12	<b>16</b>
Impairment loss	—	<b>199</b>
Loss on valuation of membership rights	4	<b>—</b>
Total	17	<b>216</b>
<b>Income before income taxes</b>	7,815	<b>10,289</b>
<b>Income taxes – basic</b>	2,649	<b>3,134</b>
<b>Income taxes – deferred</b>	76	<b>11</b>
<b>Total</b>	2,726	<b>3,145</b>
<b>Net income</b>	5,089	<b>7,144</b>
<b>Net income attributable to non-controlling interests</b>	39	<b>66</b>
<b>Net income attributable to owners of the parent</b>	5,049	<b>7,077</b>

Consolidated statements of comprehensive income

(Millions of yen)

	Year ended September 30, 2016	Year ended September 30, 2017
Net income	5,089	<b>7,144</b>
Other comprehensive income		
Net unrealized gain on other securities	76	<b>366</b>
Foreign currency translation adjustments	(262)	<b>202</b>
Remeasurements of defined benefit plans, net of tax	(47)	<b>16</b>
Total	(234)	<b>585</b>
Comprehensive income	4,854	<b>7,729</b>
(Breakdown)		
Comprehensive income attributable to owners of the parent	4,844	<b>7,646</b>
Comprehensive income attributable to non-controlling interests	10	<b>83</b>

(3) Consolidated changes to equity  
Year ended (September 30, 2016)

(Millions 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	—	46,915	—	54,234
Changes during the reporting period					
Distribution of dividends from retained earnings			(3,545)		(3,545)
Net income attributable to owners of the parent			5,049		5,049
Purchase of own shares				(0)	(0)
Changes during the reporting period, excluding shareholders' equity					
Total changes during the period	—	—	1,504	(0)	1,504
Balance at end of the year	7,319	—	48,420	(0)	55,739

	Accumulated other comprehensive income				non-controlling interests	Total net assets
	Net unrealized gain on other securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	377	(59)	(68)	248	115	54,598
Changes during the reporting period						
Distribution of dividends from retained earnings						(3,545)
Net income attributable to owners of the parent						5,049
Purchase of own shares						(0)
Changes during the reporting period, excluding shareholders' equity	76	(233)	(47)	(204)	10	(194)
Total changes during the period	76	(233)	(47)	(204)	10	1,309
Balance at end of the year	453	(292)	(116)	44	125	55,908

Year ended (September 30, 2017)

(Millions 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	—	48,420	(0)	55,739
Changes during the reporting period					
Distribution of dividends from retained earnings			(4,254)		(4,254)
Net income attributable to owners of the parent			7,077		7,077
Changes during the reporting period, excluding shareholders' equity					
Total changes during the period	—	—	2,823	—	2,823
Balance at end of the year	7,319	—	51,243	(0)	58,562

	Accumulated other comprehensive income				non-controlling interests	Total net assets
	Net unrealized gain on other securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	453	(292)	(116)	44	125	55,908
Changes during the reporting period						
Distribution of dividends from retained earnings						(4,254)
Net income attributable to owners of the parent						7,077
Changes during the reporting period, excluding shareholders' equity	366	185	16	568	64	633
Total changes during the period	366	185	16	568	64	3,456
Balance at end of the year	819	(107)	(99)	612	189	59,365

## (4) Consolidated statements of cash flows

(Millions of yen)

	Year ended September 30, 2016	Year ended September 30, 2017
<b>Cash flows from operating activities</b>		
Income before income taxes	7,815	10,289
Depreciation	1,654	1,845
Impairment loss	—	199
Amortization of goodwill	45	45
Increase (decrease) in reserve for doubtful accounts	(4)	(9)
Increase (decrease) in reserve for bonuses	1	16
Increase (decrease) in reserve for product returns	(54)	13
Increase (decrease) in net defined benefit liability	358	—
Increase (decrease) in net defined benefit asset and liability	—	(22)
Interest and dividends received	(26)	(19)
Interest expenses	1	—
Gain/loss on currency translation	151	(9)
Gain/loss on sales of property, plant and equipment	12	(160)
Loss on valuation of membership rights	4	—
Gain on revision of retirement benefit plan	—	(37)
Decrease (increase) in trade receivables	(113)	(992)
Decrease (increase) in inventories	(435)	64
Increase (decrease) in trade payables	562	277
Increase (decrease) in guarantee deposits	(522)	(505)
Other	(150)	(19)
Subtotal	9,301	10,976
Interest and dividends received	21	18
Interest paid	(1)	—
Income tax (paid) refunded	(3,360)	(2,858)
Net cash provided by (used in) operating activities	5,960	8,136
<b>Cash flows from investing activities</b>		
Expenditure for deposit to time deposits	(69)	(72)
Proceeds from withdrawal of time deposits	686	72
Purchase of securities	(9,996)	—
Proceeds from redemption of securities	10,000	—
Purchase of investment securities	(271)	(270)
Purchase of property, plant and equipment	(1,690)	(1,517)
Proceeds from sale of property, plant and equipment	2	423
Purchase of intangible assets	(39)	(62)
Net cash provided by (used in) investing activities	(1,377)	(1,426)
<b>Cash flows from financing activities</b>		
Purchase of treasury stock	(0)	—
Cash dividends paid	(3,542)	(4,252)
Cash dividends paid to non-controlling interests	—	(18)
Other	(97)	(117)
Net cash provided by (used in) financing activities	(3,640)	(4,389)
<b>Effects of exchange rate changes on cash and cash equivalents</b>	(186)	134
<b>Net change in cash and cash equivalents</b>	755	2,454
<b>Cash and cash equivalents, beginning of year</b>	37,139	37,895
<b>Cash and cash equivalents, end of year</b>	37,895	40,350

(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 Group engages principally in the manufacture and marketing of cosmetics, pharmaceuticals and health foods, as well as operating other businesses including apparel- and aviation-related businesses. The Group's business activities are based on strategies tailored to the changing and diversifying market environment.

Accordingly, the Group has the following three reportable segments, comprising business segments based on the products handled by the Group.

The Cosmetics segment manufactures and markets cosmetics products.

In the Pharmaceutical & Health Food segment, the Company manufactures and sells pharmaceuticals and food products.

In the Other segment, we mainly operate apparel- and 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 7, 2016).

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 2016 (October 1, 2015 to September 30, 2016)

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Total	Adjustment (Note 1)	Amounts included in consolidated statements of income (Note 2)
Net Sales						
Sales, external	36,031	13,243	1,905	51,180	—	51,180
Intersegment sales	—	—	183	183	(183)	—
Total	36,031	13,243	2,089	51,364	(183)	51,180
Segment income or loss	9,537	170	(63)	9,644	(1,938)	7,706
Segment assets	57,521	22,729	1,356	81,607	8,101	89,709
Other items						
Depreciation	734	697	142	1,575	79	1,654
Amortization of goodwill	2	43	—	45	—	45
Increases of property, plant and equipment and intangible assets	2,128	2,227	1	4,356	(1,850)	2,506

(Note 1) Adjustments are as follows.

- 1) Intersegment eliminations totaling 572 million yen and unallocated corporate expenses totaling (2,511) million yen have been included in the segment income (loss) adjustment totaling (1,938) million 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 or loss refers to operating income as reported in the consolidated statements of income, after adjustment.

Consolidated results for fiscal 2017 (October 1, 2016 to September 30, 2017)

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Total	Adjustment (Note 1)	Amounts included in consolidated statements of income (Note 2)
Net Sales						
Sales, external	39,197	13,488	1,788	54,473	—	54,473
Intersegment sales	—	—	187	187	(187)	—
Total	39,197	13,488	1,975	54,661	(187)	54,473
Segment income	11,002	745	128	11,877	(1,891)	9,986
Segment assets	57,236	22,903	1,453	81,594	11,973	93,567
Other items						
Depreciation	1,138	714	33	1,886	(40)	1,845
Amortization of goodwill	2	43	—	45	—	45
Increases of property, plant and equipment and intangible assets	1,220	274	25	1,520	(22)	1,497

(Note 1) Adjustments are as follows.

- 1) Intersegment eliminations totaling 591 million yen and unallocated corporate expenses totaling (2,482) million yen have been included in the segment income adjustment totaling (1,891) million 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, 2015 to September 30, 2016)

Not applicable

Reporting fiscal year (October 1, 2016 to September 30, 2017)

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Elimination/ corporate (total)	Total
Impairment loss	189	10	—	—	199

Amortization and unamortized balance of goodwill for each reportable segment

Previous fiscal year (October 1, 2015 to September 30, 2016)

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Elimination/ corporate (total)	Total
Balance at the end of the year	4	90	—	—	94

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

Reporting fiscal year (October 1, 2016 to September 30, 2017)

(Millions of yen)

	Cosmetics	Pharmaceuticals & Health Food	Other	Elimination/ corporate (total)	Total
Balance at the end of the year	2	46	—	—	48

(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

**(Per-share information)**

(Yen)

	Year ended September 30, 2016	Year ended September 30, 2017
Net assets per share	1,573.50	1,669.18
Net income per share	142.44	199.64

Notes: 1. Diluted income per share is not disclosed since there were no potentially dilutive shares.  
2. The basis for calculation of net assets per share is as follows.

Item	Year ended September 30, 2016	Year ended September 30, 2017
Total net assets (millions of yen)	55,908	59,365
Amount deducted from total net assets (millions of yen)	125	189
(Of which, non-controlling interests)	(125)	(189)
Net assets at the end of the period attributable to common stock (millions of yen)	55,783	59,175
Number of common shares at the fiscal year-end used for calculation of net assets per share (shares)	35,451,623	35,451,623

3. The basis for calculation of net income per share is as follows.

Item	Year ended September 30, 2016	Year ended September 30, 2017
Net income attributable to owners of the parent (millions of yen)	5,049	7,077
Amount not attributable to ordinary shareholders (millions of yen)	—	—
Net income attributable to owners of the parent (millions of yen)	5,049	7,077
Average number of common shares for the period (shares)	35,451,628	35,451,623

**(Important subsequent events)****Repurchase of treasury stock**

As disclosed in the press release “Notice of Decision on Matters Pertaining to a Repurchase of Treasury Stock and Cancellation of Treasury Stock,” the Company’s Board of Directors meeting held on November 7, 2017 adopted a resolution approving matters related to the repurchase of treasury stock and cancellation of treasury stock.

**1. Reason for repurchase and cancellation of treasury stock**

To raise capital efficiency and improve profit returns to shareholders.

**2. Details of the repurchase**

(1) Class of shares to be repurchased: Common stock of the Company

(2) Total number of shares to be repurchased: 1,500,000 (maximum) [Ratio to total number of outstanding shares (excluding treasury stock): 4.23%]

(3) Total repurchase price of shares: ¥11,000,000,000 (maximum)

(4) Repurchase date: November 8, 2017 to November 17, 2017

(5) Repurchase method: Off-auction own share repurchase trading system (ToSTNeT-3) of the Tokyo Stock Exchange

**3. Details of the cancellation of treasury stock**

(1) Class of shares to be cancelled: Common stock of the Company

(2) Total number of shares to be cancelled: All of the treasury shares repurchased in 2. above plus 30 shares (treasury shares owned by the Company other than those in 2. above).

(3) Planned cancellation date: November 28, 2017

**(Disclosure omissions)**

Notes related to the following matters have not been disclosed as there is little need to disclose them for the quarterly financial report: lease transactions, tax-effect accounting, financial instruments, marketable securities, retirement plans, derivative transactions, and other matters.