NOEVIR HOLDINGS

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NOEVIR HOLDINGS

Annual Report 2013

Year ended September 30, 2013

Noevir Holdings Co., Ltd. is a comprehensive corporate group mainly comprising two key operating companies: Noevir Co., Ltd. and Tokiwa Pharmaceutical Co., Ltd. Striving to contribute to health and beauty, the Group operates a cosmetics business that offers skincare and makeup products, while providing health foods, functional drinks and OTC pharmaceuticals.

Since October 2013, the Group has been promoting a new medium-term management plan themed on "Securing sustainability in every business segment," pursuing profit generation through domestic business as well as market development overseas.

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Notes to Financial Statements
Translations of consolidated financial statements and performance in this annual report are based on the Company's quarterly financial reports prepared in accordance with disclosure conditions stipulated by the Tokyo Stock Exchange. Quarterly financial reports are prepared based on Japan's Generally Accepted Accounting Principles (Japanese GAAP).

A Discussion with Top Management

Achieving Record-High Net Income through Reforms in Business Structure, Noevir Is Aiming for New Targets

Takashi Okura,
President and Representative Director

Q1 What is your assessment of the operating environment surrounding the Noevir Group and the basis of the Group's competitive edge?

A1 The Noevir Group's principal focus is the Cosmetics business, which offers products ranging from prestige counseling cosmetics available primarily through direct sales to self-selection retail products popular with the young adult segment. The Group also provides pharmaceutical and food products and is engaged in the apparel business.

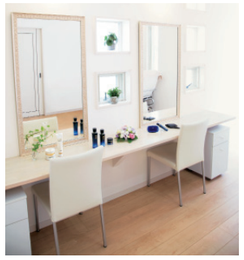
Since October 2012, we had been promoting a medium-term management plan that involved ongoing initiatives aimed at improving our profit structure. These efforts were so successful that we achieved this three-year plan's final-year earnings targets in the first year of its implementation. Accordingly, in October 2013 we revised the medium-term management plan, moving forward to realize new goals under a new theme.

Putting the current operating environment into perspective, although our mainstay prestige cosmetics have seen signs of market demand recovery, low-priced products are engulfed in harsh and ongoing market competition. The Noevir Group is countering these business challenges through swift decision making. Also, our unique corporate culture allows us to quickly focus our Groupwide strengths on acting on such decisions. I believe that our approach is what gives us our competitive edge.

Q2 Please tell us how the Company's business activities and performance during fiscal 2013 contributed to Noevir's record-high earnings.

A2 We strove to enhance the counseling capabilities of sales representatives, with Noevir Beauty Studios spearheading this effort. These studios have been certified by Noevir Co., Ltd. in accordance with in-house criteria aimed at maintaining high standards of service quality and uniform service content. This and other initiatives contributed to firm sales of high-end cosmetic products boasting greater profitability, including the upgraded *Noevir SPECIALE* and *Noevir EXTRA* skincare lines. Also, we reduced the cost of sales even further while cutting fixed costs through the integration and rationalization of administrative tasks that had overlaps among Group members.

As a result, although consolidated net sales, at ¥46,516 million, were slightly below the forecast made as of the beginning of the fiscal year due to self-selection products seeing a tapering off of sales growth from newly introduced products and intensifying market competition, operating income reached ¥7,252 million and net income hit a record-high ¥4,580 million.



A Noevir Beauty Studio

Q3 Please tell us about the latest medium-term management plan launched in fiscal 2014.

A3 Targeting fiscal 2016, our latest medium-term management plan's theme is "Securing sustainability in every business segment." As it aims to speedily implement this plan, the Noevir Group will rally its strengths Groupwide to make the most of its capabilities related to R&D, production technology, marketing and branding. At the same time, we will continuously work to lower operational costs while steadily implementing highly profitable business models that are based on innovation achieved through domestic operations. Overseas, since the launch of the previous medium-term management plan, we have proactively promoted our skincare products while seeking to expand the breadth of our operations. Moreover, we have been striving to enhance our brand value, with an eye on the market environment in countries abroad. Also, we are stepping up product development and human resource nurturing initiatives aimed at increasing our global market presence.

A store in China that handles self-selection cosmetics

Q4 What is the outlook for fiscal 2014?

A4 Focusing on the Cosmetics business, we will pursue profit generation in Japan while striving to develop new markets overseas.

In the Cosmetics business, in October 2013 we upgraded the *Noevir 505* skincare line, our mainstay brand in highly profitable counseling cosmetics. On the sales front, we will launch a growing number of Noevir Beauty Studios, some of which will be converted from existing salons, and plans call for continuously reinforcing their operations. We will also develop a more effective sales network of directly managed stores by establishing new stores, primarily in metropolitan locations. Moreover, with the aim of encouraging repeat purchases of the dermatologist-recommended *NOV* skincare line, efforts are now under way to develop an online user support system.

Noevir 505 skincare line

In the pharmaceutical business, we are striving to expand our business in the deposit system market. In November 2013, we acquired 101,000 new household customers through the transfer of trade rights from two domestic medicine-kit marketing companies.

As for global expansion, we are working to achieve business growth in Asian countries, including China, where we have been steadily penetraing the self-selection cosmetics market, as well as Singapore and Malaysia. Furthermore, we will seek out opportunities to enter markets in such countries as Indonesia and the Philippines. Also, as we consider North America a priority market, we will continue to devote our management resources this region as well.

Taking these factors into consideration, our consolidated performance forecast for fiscal 2014 (from October 1, 2013 to September 30, 2014) includes net sales of ¥48,000 million, operating income of ¥7,800 million and net income of ¥4,900 million.

Q5 Please discuss the CSR activities undertaken by the Noevir Group.

A5 For many years, the Noevir Group has striven to fulfill its corporate social responsibility (CSR). Specifically, the Group's operating companies, including Noevir Co., Ltd. and Tokiwa Pharmaceutical Co., Ltd., have pursued activities promoting environmental preservation and local contribution as well as initiatives aimed at supporting the sound upbringing of children. As we seek to step up these efforts, the "Noevir Green Foundation," which helps contribute to the development of an abundant society with the participation of every Group member, was reestablished as a public interest incorporated foundation in December 2013. Looking ahead, we will remain committed to advancing environmental preservation on a global basis and supporting the sound upbringing of children. Also, we will proactively provide assistance for the promotion and healthy development of sports activities.

Q6 Finally, do you have a few words for Noevir Holdings' stakeholders?

A6 We have decided to pay out cash dividends for the year under review of ¥50 per share, up ¥10 from the dividend forecast as of the beginning of the year. We aim to pay out annual dividends of ¥50 per share for fiscal 2014 as well.

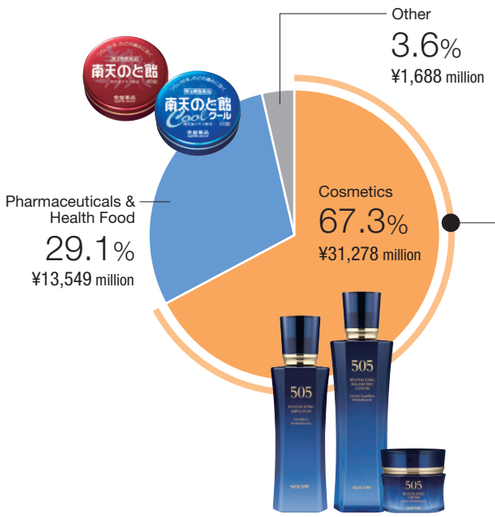
Amid the rapid transformation and diversification of the market environment, the Noevir Group will maintain a flexible approach to ensure that it is capable of quickly dealing with external changes. Simultaneously, we will strive to become an exceptional presence in both the Japanese and overseas markets, thereby enhancing our corporate value.

Noevir at a Glance

In the domestic cosmetics market—the Noevir Group's core operating domain—high-end products have seen gradual recovery in demand while low-priced products have been facing ongoing harsh competition.

On the other hand, the Group was somewhat ahead of schedule regarding the medium-term management plan it launched in October 2012, attaining the plan's final-year earnings targets in the first year of this three-year plan. Taking this into consideration and in step with changes in the market environment, we revised our medium-term management plan in October 2013. (Please see the facing page of this report for the outline of our latest plan, which covers the fiscal 2014-2016 period.)

Fiscal 2013 Sales by Segment



Sales in the Cosmetics Business by Sales Route

Counseling cosmetics 53%

Cosmetics principally represented by prestige skincare products, sold under Noevir brand through such direct sales channels as sales representatives and directly managed stores as well as mail order services

Self-selection cosmetics 36%

Cosmetics produced by Tokiwa Pharmaceutical Co., Ltd. that are sold through general retailers and mail order services

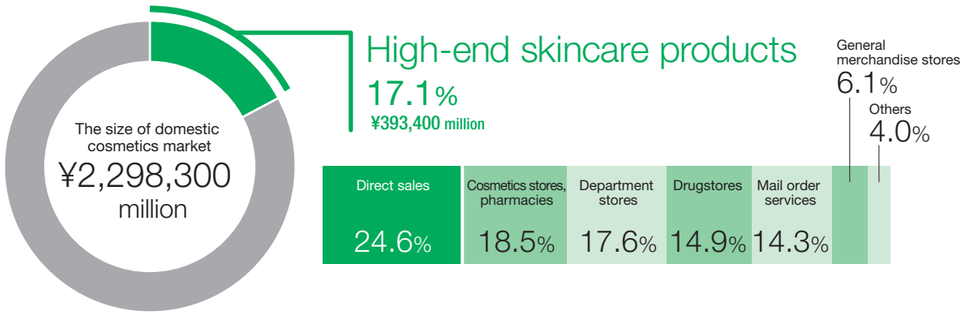
Overseas business 7%

Overseas sales of counseling cosmetics and self-selection cosmetics

OEM 4%

The contract manufacturing of cosmetics and quasi-drugs on an OEM basis, utilizing the Group's know-how in both fields

The Size of the Domestic Cosmetics Market in 2012



Medium-Term Management Plan

Targeting sustainable growth, the Noevir Group's latest three-year medium-term management plan covers the fiscal 2014–2016 period. Under the five policies stated below, we are striving to improve profitability even further while developing new markets.

The fiscal 2014–2016 period
Medium-term management plan theme:

"Securing sustainability in every business segment"

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

Numerical Targets and Achievements

Under the latest medium-term management plan, which sets the target year at fiscal 2016, we are striving to improve profitability to achieve consolidated net sales of ¥50 billion, operating income of ¥10 billion and an overseas sales ratio of 10%.

(Millions of yen)

	Fiscal 2013 results	Fiscal 2014 forecasts	Fiscal 2015 targets	Fiscal 2016 targets
Net sales	¥46,516	¥48,000	¥49,000	¥50,000
Operating income	7,252	7,800	8,900	10,000
Ordinary income	7,547	8,000	9,100	10,200
Net income	4,580	4,900	5,500	6,200
Operating income margin (%)	15.6%	16.3%	18.2%	20.0%
Overseas sales ratio (%)	5.3%	—	—	10.0%
EPS (Yen)	¥122.34	¥130.87	¥146.89	¥165.59
ROE (%)	8.9%	9.0%	9.5%	10.0%
Dividends per share (Yen)	¥ 50.00	¥ 50.00	—	—

Noevir at a Glance

Segment Information

Cosmetics

Overview

The Group develops, produces and sells a versatile collection of products under well-regarded brand names, including *Noevir* high-performance functional counseling skincare products; the popular *Sana* products for the self-selection cosmetics market; and *NOV* hypoallergenic cosmetics. In addition, consolidated subsidiary Bonanza Co., Ltd. undertakes the contract manufacturing of cosmetics.

A promotional pamphlet for makeup products

Fiscal 2013 Results

In counseling cosmetics, we worked to enhance customer services provided at Noevir Beauty Studios. We also upgraded the *Noevir SPECIALE* skincare line, a prestige skincare line that is of the highest grade.

In self-selection cosmetics, we released new product lines and upgraded items in the *Sana Nameraka Honpo* skincare line, our mainstay brand in this field, while strengthening sales promotion activities at stores to enhance brand recognition.

As a result, sales in the Cosmetics segment decreased year on year to ¥31,278 million, while segment income rose to ¥7,775 million.

Channels

- Direct Sales
- Drugstores
- Variety Stores
- Supermarkets
- Mail Order
- Directly Managed Stores
- Contract Manufacturing

Sana Nameraka Honpo "*Hari-Tsuya*" line

Noevir EXTRA skincare line

Sana Excel makeup line

Pharmaceuticals & Health Food

Overview

The Group develops, produces and sells such flagship items as the long-selling *Nanten Nodo Ame* cough drops, functional drinks, such as the *Min Min Da Ha* lineup, and other OTC pharmaceuticals, including cold remedies and eye drops, as well as nutritional supplements featuring high-quality natural ingredients and such health food products as tea.

Fiscal 2013 Results

We implemented proactive advertising and sales promotion activities for functional drinks, including the *Min Min Da Ha* lineup. As for nutritional supplements, we introduced new products, such as *Noevir Hyaluronic Acid Jun*, that have contributed to steady and firm sales.

Despite these efforts, sales in the Pharmaceuticals & Health Food segment edged down year on year to ¥13,549 million, although segment income grew to ¥1,295 million.

Channels

- Direct Sales
- Convenience Stores
- Drugstores
- Supermarkets
- Deposit Sales
- Mail Order
- Directly Managed Stores
- Contract Manufacturing

Min Min Da Ha and *Kyo Kyo Da Ha* functional drinks

Nanten Nodo Ame cough drops

Noevir Hyaluronic Acid Jun nutritional supplements

Other

Overview

The Other segment encompasses apparel and aircraft sales and leasing.

Fiscal 2013 Results

The aviation-related business enjoyed firm sales despite unstable market demand in Europe and the United States. Backed by the introduction of new products, sales in the apparel business have also been favorable.

As a result, sales in the Other segment increased year on year to ¥1,688 million, and segment income fell year on year to ¥3 million.

Channels

- Direct Sales

Apparel product catalogs

Product Strategy

The Noevir Group boasts a broad product lineup. For high-end markets, we provide prestige skincare products as well as functional cosmetics that we have developed through extensive R&D. In addition, the affordably priced skincare products we offer for the young adult segment are enjoying a strong presence in the general retail market. While responding to the needs of these markets, which are at opposite poles of the product spectrum, we are reinforcing our anti-aging and skin brightening solutions. Moreover, we leverage our cosmetic development know-how to offer items that promote beauty and health, such as nutritional supplements, energy drinks and pharmaceuticals.

Our functional cosmetics, the crown jewels of the Noevir Group's R&D, are key to our business performance. In fiscal 2013, we introduced *Noevir BIOSIGN night smoothy*, a beauty serum for use at night, to the *Noevir BIOSIGN* line, which reflects a long history of research in genetics. This product was developed based on a careful study of the skin's metabolic and restoration mechanisms during sleep. We also released *Noevir EQ FORCE EDITION* beauty serum, which incorporates equol, a soy isoflavone metabolite that in the course of our Groupwide R&D activities was revealed to improve the skin barrier function. Moreover, we upgraded the *Noevir SPECIALE* skincare line of prestige cosmetics that is of the highest grade. In designing the upgraded line, emphasis was put on luxury and user comfort, and it is garnering market praise for its unique mechanisms. These mechanisms apply results of our research into nanotechnology and brain science with the aim of ensuring that active ingredients penetrate into the keratin layer.

As for products targeting the domestic general retail market, we released the *Lift Up Red Lotion* and the *Lift Up Red Gel* lines, which incorporate astaxanthin as an ingredient for skin protection, in the *Sana Nameraka Honpo* skincare line. In doing so, we sought to expand the product lineup in the *Sana Nameraka Honpo* line, our flagship line boasting No. 1 sales* in the market for soymilk-based skincare products.

* According to the fiscal 2012 data regarding the storefront sales of skincare products incorporating soymilk-based ingredients acquired through the point of sales (POS) systems of the five major domestic retailers

01

02

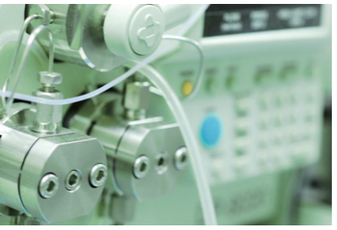
03

04

04

01 *Noevir BIOSIGN night smoothy*
02 *Noevir SPECIALE* skincare line
03 *Noevir EQ FORCE EDITION*
04 *Sana Nameraka Honpo Lift Up Red Lotion* and *Lift Up Red Gel*

Our Competitive Edge in Developing Next-Generation Cosmetics



Research and Development

In April 2013, the Noevir Group integrated the research laboratories of Noevir Co., Ltd. and Tokiwa Pharmaceutical Co., Ltd., effectively establishing a research structure that enables it to provide even more competitive products in a range extending from cosmetics to pharmaceuticals. Fully exploiting the R&D capabilities and accomplishments each laboratory has brought to the integration, we provide products that contribute to health and beauty and are highly competitive. Moreover, by stepping up collaboration with universities, medical institutions and other external R&D bodies, we continue to expand the breadth of our R&D, in the process creating new value and contributing to affluent lifestyles.

The Group's *Noevir* brand-related research focuses on a wide range of plants and is based on a policy of being "natural to the skin." At the same time, the Group pursues other avenues of research in accordance with its proprietary beauty science concept. For the *Tokiwa* brand, the Group proactively engages in joint studies with universities, focusing on basic research that explores the potential of materials. Positioning brain science and genetics as priority R&D areas, we are aiming to develop unique products that are insulated from price competition by creating new value.

Quality Assurance

The Noevir Group is striving to ensure the stable provision of high-quality products capable of satisfying stringent safety standards through its own quality assurance systems, which entail thorough quality control at each production process, from raw material procurement to manufacturing and shipment. Serving as the Group's key manufacturing facility for cosmetics and quasi-drugs, the Shiga Factory has acquired certifications for the ISO 9001 quality management system and the ISO 14001 environmental management system. Moreover, the factory has established an integrated management system that meets the ISO 22716 standard, which provides technical guidelines for the manufacture and quality management of cosmetics, and is managing all operations based on this system.

Interview with Executive in Charge of R&D

Pursuing Trail-Blazing R&D as We Look to a New Era

Kousuke Torii
Executive Officer, General Manager in Charge of Groupwide Research and Development, Noevir Co., Ltd.

Q1 Please explain the Company's basic R&D stance.

In its pursuit of R&D, the Noevir Group has been conducting material research aimed at seeking out new active ingredients while working to create safe and reliable products that are on-trend with market needs. The role that cosmetics play in society changes with the times. For example, we recognize that today's aging and high-stress society expects cosmetics to provide stress relief, relaxation and refreshment. Also, it has been discovered that the use of cosmetics can invigorate the brain. To address the need for products capable of delivering such effects, we are positioning brain science and genetics as priority R&D areas.

Q2 Please tell us about further details of two priority areas.

In brain science, we have been striving to understand the psychological effects of facial massage and skincare based on the measurement of cerebral blood flow fluctuation in response to such stimuli. Our research has already succeeded in quantifying the relationship between users' emotional values, such as how their stress has been eased and their level of satisfaction, and the analysis results. The results of this research have been applied to the development of the *Noevir SPECIALE* skincare line and other products. Pursuing not only product development but also the enhancement of our services, including salon treatments, we are also developing facial massage methods that will be more effective in affecting brain function.

In the area of genetics, we are promoting research and product development projects themed on the following genes: SIRT1, a member of the sirtuin family of proteins that facilitates the effect of a growth hormone and thereby slows the aging of the skin; the Melanogenesis Protecting Factor (MPF) gene, which affects the accumulation of melanin on the skin, causing dark patches and freckles to appear; and the Mitochondrial Activating Factor (MAF) gene, which affects the mitochondria that power cells.

Q3 Could you tell us about the Company's future R&D initiatives?

From the perspective of preventive medicine, the Noevir Group is striving to develop anti-aging solutions that work from both the inside and the outside. As we strive to develop cosmetics, pharmaceuticals, nutritional supplements and other health foods as well as salon services, including facial massage, we will advance the Group's underlying R&D concept, namely, "enhancing beauty from both the inside and the outside." To that end, we will devote our best efforts to R&D.

Sales Strategy

Providing a customer with makeup tips

Noevir Style directly managed store

Providing a customer with skincare tips

The Noevir Group has introduced multilateral sales methods in response to diversifying customer needs.

For counseling cosmetics, which are represented by high-end skincare products, the Group mainly employs direct sales channels backed by sales representatives as well as directly managed stores. To complement direct sales, the Group also offers the Noevir Style mail order service. Regarding medium- and low-priced self-selection cosmetics, the Group mainly utilizes such general retailer channels as general merchandise stores, drugstores and variety stores while also selling these products online through each brand's website.

For pharmaceuticals, the Group employs deposit sales, in which products are delivered on regular basis to contracted households and companies, with the settling of accounts based on actual volume consumed. Moreover, the Group undertakes the contract manufacturing of cosmetics and quasi-drugs on an OEM basis, utilizing its know-how in both fields.

Accelerating the Expansion of Our Directly Managed Store Network

The operation of Noevir Style stores, which are directly managed by headquarters, steadily gathered momentum. This was attributable to our efforts aimed at strengthening the counseling capabilities of store staff who engage in such services as facial massage and provide beauty tips, including lessons on using Noevir products at home. In fiscal 2013, we newly established four such stores at major commercial areas in Tokyo. Another store was added in November 2013. This is one way we are diversifying our distribution channels.

Strengthening Sales Promotion Activities

In fiscal 2013, we conducted proactive sales promotion activities for the *Sana Nameraka Honpo* skincare brand—which encompasses several lines of self-selection cosmetics boasting unique, highly functional and enriching items that have captured significant shares of the general retail market despite the increasingly competitive environment—and *Min Min Da Ha* functional drinks. Featuring a TV personality and a singing group, chosen for their popularity among the purchasers' demographic, these advertising campaigns yielded higher sales.

Also, we have been promoting the *NOV* skincare line of hypoallergenic cosmetics. Recommended by dermatologists, this product line has been enjoying growing consumer recognition since its launch in 1985 and today boasts a significant presence in the general retail market, largely reflecting rising demand for hypoallergenic properties and safety. To build consumer support, moreover, we established a *NOV* brand website that enables visitors to search for outlets handling the *NOV* skincare line and offers e-mail-based counseling services provided by specialized staff to help customers solve their skin problems.

Reinforcing the Operations of Noevir Beauty Studios

In May 2011, we introduced Noevir Beauty Studios, salons that handle counseling cosmetics and are certified by the Company as maintaining their service content in line with prescribed, across-the-board service standards as well as maintaining a high standard regarding sales representatives' service skills. As of September 2013, more than 1,350 salons had been certified as Noevir Beauty Studios. We are also proactively nurturing sales representatives. Together with the Noevir Beauty Academy, which offers four specialized courses and imparts the basics that sales representatives need to master, we introduced such training programs as the Noevir Skin Care Advisor System, which provides qualification testing on the concepts behind beauty consulting and beauty care-related skills, and the My Salon

Advertising for *Sana Nameraka Honpo* skincare line

Advertising for *NOV* skincare line

Advertising for *Min Min Da Ha* functional drinks

Pushing Forward Reforms Aimed at Developing Sales Representatives' Potential

Education Program which aims to help staff move up to manager level. Moreover, we are motivating sales representatives to get involved in management, so that every salon enjoys a long life.

In line with even higher standards, we awarded our first ever Noevir Beauty Studio Premium certificate in September 2013 with the aim of creating a model for salons nationwide. Our headquarters are providing this flagship studio with exhaustive support, including business consultation, thereby nurturing a key player that will help solidify Noevir's brand image.

To Remain a Salon That Is Loved by Customers over Generations

Yoshimi Wakiyama
Salon Manager, Noevir Beauty Studio "Nature"

As one of approximately 1,350 Noevir Beauty Studios nationwide, we continually strive to ensure our ability to harness Noevir's brand and product capability. Our certification as the first Noevir Beauty Studio Premium—based on our track record of nurturing closer relationships with customers in the local community and providing high-quality services—has further inspired me to step up efforts to make this salon even better.

In line with a policy of nurturing a sense of shared joy and fun through the provision of beauty care support, "Nature" strives to fulfill its customers' desire to enhance their beauty. To this end, we always pay attention to the salon atmosphere and services. Taking a customer perspective, we are meticulous about the background music, fragrance and interior decor, with the aim of providing a refuge from the bustle of daily life and refreshing the spirit. Moreover, along with offering outstanding hospitality, we constantly work to ensure that our salon staff's beauty consultation and customer service skills are topnotch. Specifically, our staff undergoes periodic training on beauty counseling and techniques. In these ways, we strive to ensure that we provide customers with an inspiring experience every time they visit our salon. In addition, we hold monthly events aimed at reaching new customers and securing repeat business. To sum it all up, we are continually working to ensure that our salon is vibrant.

Looking ahead, our goal is to win the love and loyalty of customers over the generations; we aspire to become part of the legacy passed on from parents to children to grandchildren, and to inspire colleagues nationwide, thereby encouraging them to join us in the pursuit of this goal.

Noevir Beauty Studio "Nature," the first salon to acquire Premium certification

Corporate Governance

Organizational Structure

The Board of Directors of Noevir Holdings ("the Company") consists of seven members, including one outside director.* Board of directors' meetings are held monthly on a regular basis, with extraordinary meetings convened as necessary. During the fiscal year under review, thirteen meetings were held. With a view to strengthening corporate governance, the Company performs duties that ensure the viability of its internal control system and has established a framework whereby the entire Group strictly adheres to legal requirements and Noevir Holdings' articles of incorporation. Noevir Holdings has adopted a corporate auditor system, with a board of corporate auditors comprising one standing corporate auditor and two outside corporate auditors.* In addition, the Company has established an Internal Audit Department that conducts regular audits across all divisions and reports directly to the President and Representative Director. The corporate auditors, the Internal Audit Department and an independent auditor attend Board of Corporate Auditors' meetings whenever necessary. This facilitates mutual cooperation and enables a three-way audit control system that effectively executes its duties.

Furthermore, Noevir Holdings has adopted an executive officer system with the aim of strengthening the corporate governance structure. The executive officer system is expected to reinforce the Board of Directors' decision-making and auditing functions, accelerate business execution and clarify the Company's responsibilities.

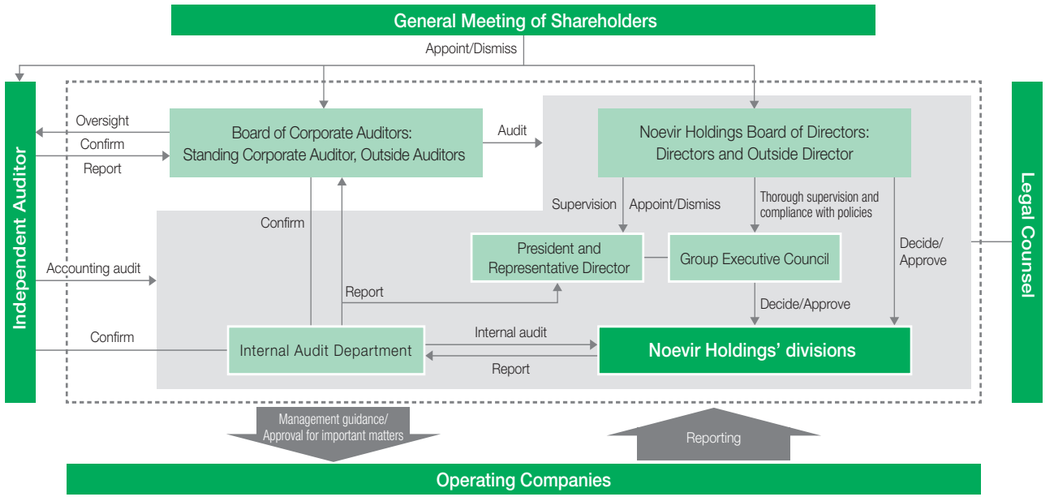
In order to deepen the understanding of its stakeholders and ensure their appropriate evaluation, Noevir Holdings voluntarily and consistently discloses important information pertaining to the Group in a fair, timely and appropriate manner. To disseminate investor relations (IR) information, Noevir Holdings established a dedicated department, created the position of IR director, and regularly holds briefings for analysts and institutional investors.

*Independent director and corporate auditors in accordance with the rules of the Tokyo Stock Exchange. The Company has notified the stock exchange with regard to these appointments.

Internal Control System Strengthening

To ensure the appropriate and sound execution of its business operations, Noevir Holdings endeavors to maintain an internal control system that strictly adheres to legal requirements and its articles of incorporation. The Company undertakes the storage and management of information associated with directors' duties, the execution of which is thoroughly streamlined. The Company works to maintain clarity in its risk management structure as well as to strengthen and promote its compliance structure under the Noevir Group Strategy and the Noevir Group Code of Conduct. By securing a structure for reporting to an independent board of auditors and conducting effective audits and reliable financial reporting, Noevir Holdings continues to further enhance its internal control system.

Corporate Governance Organizational Structure



Corporate Social Responsibility

Basic Philosophy

Working toward the realization of affluent lifestyles for all stakeholders, the Noevir Group is engaged in the creation of beauty and health. With a clear awareness of the responsibilities that we bear for each stakeholder, namely, customers, business partners, shareholders, employees, society and the environment, we will proactively contribute to the development of society while aiming to achieve further business growth.

Topic 1: Establishing the Noevir Green Foundation

In December 2013, Noevir Holdings Co., Ltd. reestablished the "Noevir Green Foundation" as a public interest incorporated foundation. The Noevir Group strives to ensure beauty and health through the development of unique cosmetic, pharmaceutical and health food products that incorporate the blessings of nature. While desiring to preserve the bounties of nature, we wish to nurture the qualities of leadership in children, the future custodians of the riches of the natural world, by providing opportunities for youngsters to enjoy sports. The foundation's focus is therefore on the promotion of environmental protection activities and sports, through which it will help nurture future generations and the development of an abundant society. In these ways, the Noevir Group will strive to make even greater social contribution.

Speaker at an "environmental class" aimed at supporting the sound upbringing of children

Children learning about forest maintenance as part of the environmental class

The foundation will take over activities that Noevir Co., Ltd. has been pursuing for many years in areas that support the sound upbringing of children, including "environmental classes," which encourage them to discuss the future of the natural environment, and environmental preservation activities, such as forest development at the Rokko mountain range—an endeavor in which Group employees also voluntarily take part. Furthermore, the foundation will explore the possibility of launching of new environmental preservation projects while proactively providing subsidies for sports associations and supporting the development of athletes.

Looking ahead, the Group will continue to rally its overall strengths to support environmental preservation and social contribution initiatives with the Noevir Green Foundation spearheading its efforts and thereby help to ensure a society where people enjoy fulfilling lives.

Topic 2: NOEVIR STADIUM KOBE

In March 2013, Noevir Co., Ltd. acquired the naming rights for the Misaki Park Stadium owned by Kobe City of Hyogo Prefecture. The Company chose to dub the stadium the "NOEVIR STADIUM KOBE." This stadium hosts a number of games in which topnotch female athletes compete, including the "Nadeshiko Japan" national female soccer team. Taking this into consideration, we will strive, as a Kobe-based cosmetic manufacturer, to aid in the development of a comfortable and high-quality stadium setting. By doing so, we will work to help local residents as well as people nationwide share in the joy and inspiration sports can provide.

NOEVIR STADIUM KOBE

Topic 3: Consideration of the Welfare of Experimental Animals

In line with international guiding principles regarding animal welfare, the Groupwide Research and Development Division is developing an alternative to animal testing through joint research with the Graduate School of Pharmaceutical Sciences at the University of Tokyo and Genome Pharmaceuticals Institute Co., Ltd. The research has discovered that conventional acute toxicity testing using rodents can be replaced by chemical toxicity evaluation using silkworms, a type of invertebrate. Applying these findings, efforts are now under way to develop a practical testing method. Going forward, we will continuously pursue R&D activities with an emphasis on animal welfare.

Topic 4: The Noevir Green Recycle and Noevir Green Charity

Since 2010, Noevir Co., Ltd. has pursued the Noevir Green Recycle initiative aimed at environmental preservation and the Noevir Green Charity, a biannual fund raising campaign aimed at social contribution.

Noevir Green Recycle aims to collect used product containers through sales representatives nationwide for recycling into a variety of goods, including garden planters. As of June 30, 2013, approximately 41.5 tons of containers had been collected. The Noevir Green Charity, on the other hand, gathers and donates a part of proceeds from designated items sold during the biannual skincare product fair. The amount gathered is donated to the Manasul fund headed by alpinist Ken Noguchi, which raises money for school construction at the foot of the Himalayas and for the provision of other support of the region's children. As of August 2013, the charity held its seventh campaign and has donated a cumulative total of ¥8,833,077.

The Manasul fund provides assistance for school construction at the foot of the Himalayas

Financial Section
• Management's Discussion and Analysis

Overview

During fiscal 2013 (October 1, 2012 to September 30, 2013), the Japanese economy experienced a turnaround in the foreign currency exchange rate, which resulted in yen depreciation, as well as a rise in stock prices. These trends have, in turn, spurred expectations of economic recovery in Japan.

In the domestic cosmetics market—the Noevir Group's core operating domain—demand for high-end products continued to show gradual recovery while low-priced products faced ongoing harsh competition.

Under these circumstances, in the Cosmetics segment, the Noevir Group continued to promote counseling cosmetics with a focus on enhancing customer services at Noevir Beauty Studios, salons where beauty-related lessons are provided. In self-selection cosmetics, the Group released new product lines and upgraded items offered under its leading brands while strengthening sales promotion activities at stores to enhance brand recognition. In the Pharmaceuticals & Health Food segment, the Group implemented proactive advertising and sales promotion activities for functional drinks. Also, the Group introduced a new nutritional supplement product line.

As a result, net sales for fiscal 2013 came to ¥46,516 million. The cost of sales amounted to ¥15,707 million and as a percentage of net sales was 33.8%. Selling, general and administrative (SG&A) expenses were ¥23,557 million, and the ratio of SG&A expenses to net sales was 50.6%. The cost of sales as a percentage of net sales and the ratio of SG&A expenses to net sales improved 0.9 and 3.8 percentage points year on year, respectively.

Operating income totaled ¥7,252 million and net income came to ¥4,580 million, contributing to a considerable increase in earnings. Reflecting this, the Group posted record-high net income and thereby attained earnings targets for fiscal 2015, the final year of the medium-term management plan, in the first year of this three-year plan.

Assets, Liabilities and Net Assets

Total assets at the fiscal 2013 year-end stood at ¥86,871 million, up ¥3,169 million compared with the previous fiscal year-end. This was due mainly to a ¥3,842 million increase in cash and cash equivalents.

Total liabilities at year-end declined ¥418 million year on year to ¥33,593 million. This was mainly attributable to decreases in notes and accounts payable of ¥855 million.

Net assets at year-end increased ¥3,588 million to ¥53,278 million. This was mainly attributable to a ¥3,083 million increase in retained earnings due to the recording of net income.

As a result of the foregoing, the equity ratio stood at 61.3% while net assets per share were ¥1,421.42, increases of 2.0 percentage points and ¥95.54, respectively.

Cash Flows

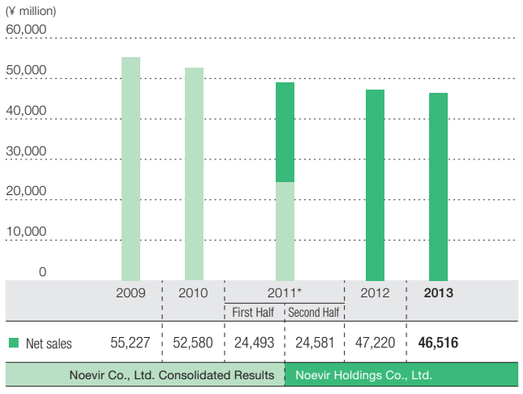
Cash and cash equivalents, end of year, stood at ¥42,062 million, an increase of ¥5,809 million compared with ¥36,253 million at the end of the previous fiscal year.

Net cash provided by operating activities amounted to ¥5,778 million. This was due mainly to income before income taxes totaling ¥7,507 million, against an outflow of ¥1,976 million for income tax paid.

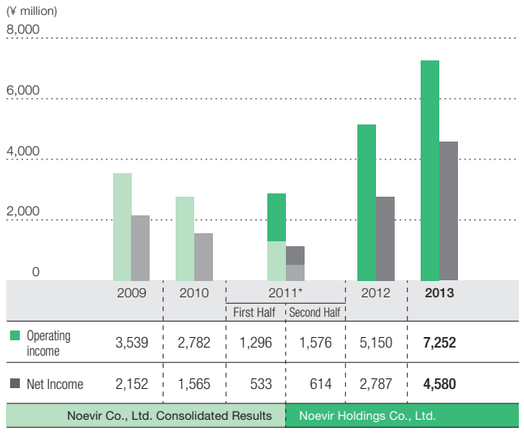
Net cash provided by investing activities was ¥1,393 million. This was primarily due to ¥4,000 million in proceeds from withdrawal of time deposits. The primary outflow was ¥2,031 million in expenditure for deposit to time deposits and ¥505 million for the purchase of property, plant and equipment.

Net cash used in financing activities amounted to ¥1,498 million. This was mainly attributable to cash dividends paid of ¥1,498 million.

Net Sales



Operating Income/Net Income



* First Half: September 21, 2010–March 20, 2011 (See p. 19 note(*)) Second Half: March 22, 2011–September 30, 2011

Five-Year Summary

(Millions of yen)

	Noevir Co., Ltd. Consolidated Results			Noevir Holdings Co., Ltd.		
Fiscal Year	2009	2010	2011	2011	2012	**2013**
Period/Item	September 21–September 20		September 21, 2010–March 20, 2011 (March 21, 2011*)	March 22, 2011–September 30, 2011	October 1, 2011–September 30, 2012	**October 1, 2012–September 30, 2013**
Net sales	¥ 55,227	¥ 52,580	¥ 24,493	¥ 24,581	¥ 47,220	**¥ 46,516**
Operating income	3,539	2,782	1,296	1,576	5,150	**7,252**
Net income	2,152	1,565	533	614	2,787	**4,580**
Total assets	89,308	88,797	86,841	87,427	83,701	**86,871**
Total net assets	51,903	52,012	50,992	51,595	49,689	**53,278**
Capital expenditures	1,277	710	361	186	234	**701**
Depreciation	2,099	1,894	854	910	1,702	**1,107**
R&D costs	1,487	1,541	775	675	1,095	**974**
Dividends per share (yen)	¥ 36.00	¥ 36.00	¥ —	¥ 36.00	¥ 40.00	**¥ 50.00**
Earnings per share, basic (yen)	¥ 52.07	¥ 37.88	¥ 12.90	¥ 14.88	¥ 73.37	**¥ 122.34**
Total net assets per share (yen)	¥1,255.50	¥1,258.20	¥1,233.49	¥1,248.02	¥1,325.88	**¥1,421.42**
ROE (%)**	4.2%	3.0%	—	—	5.5%	**8.9%**
ROA (%)**	2.3%	1.8%	—	—	3.3%	**5.4%**
Equity ratio (%)	58.1%	58.6%	58.7%	59.0%	59.3%	**61.3%**
Number of employees (consolidated)	2,336	2,287	—	2,097	1,798	**1,670**
Cosmetics						
Net sales	¥ 36,825	¥ 34 ,589	¥ 16,030	¥ 16,167	¥ 32,223	**¥ 31,278**
Operating income/Segment income	5,524	4,799	2,046	2,273	5,591	**7,775**
Pharmaceuticals***						
Net sales	6,939	6,539	—	—	—	**—**
Operating income	(511)	(729)	—	—	—	**—**
Health Food***						
Net sales	8,553	8,440	—	—	—	**—**
Operating income	580	346	—	—	—	**—**
Pharmaceuticals & Health Food***						
Net sales	—	—	7,404	6,821	13,595	**13,549**
Segment income	—	—	(13)	94	1,245	**1,295**
Other						
Net sales	2,910	3,012	1,059	1,592	1,401	**1,688**
Operating income/Segment income	(12)	(77)	(32)	75	70	**3**

* March 21, 2011 is included in Noevir Co., Ltd.'s accounting period from September 21, 2010 to March 20, 2011. March 21, 2011 was a public holiday in Japan, and the impact on Noevir's business results was minor.

** 2011 was an irregular accounting period due to the establishment of the holdings company. Accordingly, ROE and ROA are not presented for 2011 due to the difficulty in calculating a year-on-year comparison of indices.

*** With the start of FY 2011, Noevir changed the organization of its segments.

• *Consolidated Financial Statements*

Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2013	As of September 30, 2012
ASSETS		
Current assets		
Cash and cash equivalents	**¥42,096,084**	¥38,253,228
Notes and accounts receivable	**10,914,170**	11,754,160
Merchandise and finished goods	**5,254,686**	5,694,420
Work in progress	**216,484**	206,578
Raw materials and purchased supplies	**1,096,459**	1,299,798
Deferred tax assets	**1,180,534**	1,097,329
Other receivables	**1,925,344**	1,761,543
Other	**830,839**	455,123
Allowance for doubtful accounts	**(33,069)**	(55,945)
Total current assets	**63,481,536**	60,466,236
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	**4,770,138**	5,005,520
Equipment and vehicles, net	**647,121**	792,277
Land	**13,642,382**	13,642,382
Lease assets, net	**29,630**	30,118
Construction in progress	**60,146**	1,609
Other, net	**237,394**	203,938
Total property, plant and equipment	**19,386,814**	19,675,847
Intangible assets		
Goodwill	**—**	32
Software	**174,267**	328,769
Other	**94,299**	98,853
Total intangible assets	**268,567**	427,654
Investments and other assets		
Investment securities	**728,677**	409,322
Deferred tax assets	**1,951,096**	1,796,916
Other	**1,112,168**	1,021,442
Allowance for doubtful accounts	**(57,857)**	(96,333)
Total investments and other assets	**3,734,085**	3,131,347
Total non-current assets	**23,389,467**	23,234,849
Total assets	**¥86,871,003**	¥83,701,086

(Thousands of yen)

	As of September 30, 2013	As of September 30, 2012
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	**¥ 3,968,830**	¥ 4,824,771
Lease obligations	**11,176**	10,262
Other accounts payable	**3,045,128**	3,393,112
Income tax payable	**2,904,258**	1,294,737
Deferred tax liabilities	**—**	1,194
Reserve for bonuses	**288,629**	161,982
Reserve for product returns	**543,031**	691,425
Other	**1,175,848**	1,376,080
Total current liabilities	**11,936,904**	11,753,567
Long-term liabilities		
Lease obligations	**19,917**	21,358
Guarantee deposits received	**16,577,786**	17,358,866
Deferred tax liabilities	**223,355**	—
Reserve for employees' retirement benefits	**4,649,363**	4,692,944
Other	**185,673**	184,689
Total long-term liabilities	**21,656,096**	22,257,858
Total liabilities	**33,593,000**	34,011,425
NET ASSETS		
Shareholders' equity		
Common stock	**7,319,000**	7,319,000
Additional paid-in capital	**3,484,620**	3,484,620
Retained earnings	**42,455,189**	39,372,029
Treasury stock	**(138)**	(50)
Total shareholders' equity	**53,258,671**	50,175,599
Accumulated other comprehensive income		
Net unrealized gain on other securities	**244,187**	39,651
Foreign currency translation adjustments	**(281,011)**	(570,493)
Total accumulated other comprehensive income	**(36,824)**	(530,841)
Minority interests	**56,155**	44,902
Total net assets	**53,278,002**	49,689,660
Total liabilities and net assets	**¥86,871,003**	¥83,701,086

Consolidated Statements of Income

(Thousands of yen)

	Year ended September 30, 2013	Year ended September 30, 2012
Net sales	**¥46,516,576**	¥47,220,289
Cost of sales	**15,707,046**	16,372,870
Gross profit	**30,809,529**	30,847,418
Selling, general and administrative expenses		
Cost of sales	**3,851,354**	4,030,696
Advertising expenses	**1,337,360**	1,425,780
Salaries and bonuses	**6,912,695**	7,878,143
Accrued allowance for bonuses	**228,121**	122,845
Retirement benefits for employees	**589,248**	819,908
Depreciation	**693,048**	1,143,508
Research and development expenses	**968,914**	1,090,749
Other	**8,976,496**	9,185,785
Total	**23,557,239**	25,697,417
Operating income	**7,252,290**	5,150,001
Non-operating income		
Interest income	**9,141**	11,940
Dividend income	**9,455**	9,286
Exchange differences	**20,267**	14,532
Sales of promotional materials	**22,398**	26,506
Lease income	**54,227**	56,097
Insurance dividends	**76,400**	77,402
Other	**115,677**	120,318
Total	**307,569**	316,084
Non-operating expenses		
Commitment fee	**9,486**	12,032
Other	**2,388**	2,849
Total	**11,875**	14,882
Ordinary income	**7,547,984**	5,451,204
Extraordinary income		
Gain on sale of fixed assets	**9,577**	160,775
Gain on sale of investment securities	**—**	2,563
Gain on transfer of business	**—**	64,000
Total	**9,577**	227,338
Extraordinary losses		
Loss on disposal of fixed assets	**49,566**	60,660
Impairment loss	**—**	86,187
Other	**—**	5,000
Total	**49,566**	151,847
Income before income taxes	**7,507,995**	5,526,695
Income taxes-basic	**3,040,322**	1,782,066
Income taxes-deferred	**(120,862)**	944,316
Total	**2,919,460**	2,726,383
Income before minority interests	**4,588,535**	2,800,312
Minority interests	**7,664**	12,618
Net income	**¥ 4,580,870**	¥ 2,787,693

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Year ended September 30, 2013	Year ended September 30, 2012
Income before minority interests	**¥4,588,535**	¥2,800,312
Other comprehensive income		
Net unrealized gain on other securities	**204,535**	22,181
Foreign currency translation	**302,369**	25,073
Total	**506,904**	47,255
Comprehensive income	**5,095,440**	2,847,568
(Breakdown)		
Comprehensive income attributable to owners of the parent	**5,074,887**	2,833,369
Comprehensive income attributable to minority interests	**20,552**	14,198

Consolidated Changes to Equity

(Thousands of yen)

	Year ended September 30, 2013	Year ended September 30, 2012
Shareholders' equity		
Common stock		
Balance at beginning of the year	**¥ 7,319,000**	¥ 7,319,000
Changes during the reporting period		
Total changes during the period	**—**	—
Balance at end of the year	**7,319,000**	7,319,000
Additional paid-in capital		
Balance at beginning of the year	**3,484,620**	6,809,798
Changes during the reporting period		
Retirement of treasury stock	**—**	(3,325,177)
Total changes during the period	**—**	(3,325,177)
Balance at end of the year	**3,484,620**	3,484,620
Retained earnings		
Balance at beginning of the year	**39,372,029**	37,944,986
Changes during the reporting period		
Distribution of dividends from retained earnings	**(1,497,711)**	(1,487,622)
Net income	**4,580,870**	2,787,693
Increase (decrease) due to change in accounting period of consolidated subsidiaries	**—**	126,971
Total changes during the period	**3,083,159**	1,427,043
Balance at end of the year	**42,455,189**	39,372,029
Treasury stock		
Balance at beginning of the year	**(50)**	(17)
Changes during the reporting period		
Purchase of own shares	**(87)**	(3,325,210)
Retirement of treasury stock	**—**	3,325,177
Total changes during the period	**(87)**	(32)
Balance at end of the year	**(138)**	(50)

Consolidated Changes to Equity (Continued)

(Thousands of yen)

	Year ended September 30, 2013	Year ended September 30, 2012
Total shareholders' equity		
Balance at beginning of the year	¥50,175,599	¥52,073,767
Changes during the reporting period		
Distribution of dividends from retained earnings	(1,497,711)	(1,487,622)
Net income	4,580,870	2,787,693
Purchase of own shares	(87)	(3,325,210)
Retirement of treasury stock	—	—
Increase (decrease) due to change in accounting period of consolidated subsidiaries	—	126,971
Total changes during the period	3,083,071	(1,898,167)
Balance at end of the year	53,258,671	50,175,599
Accumulated other comprehensive income		
Net unrealized gain on other securities		
Balance at beginning of the year	39,651	18,362
Changes during the reporting period		
Changes during the reporting period, excluding shareholders' equity	204,535	21,289
Total changes during the period	204,535	21,289
Balance at end of the year	244,187	39,651
Foreign currency translation		
Balance at beginning of the year	(570,493)	(520,373)
Changes during the reporting period		
Changes during the reporting period, excluding shareholders' equity	289,481	(50,119)
Total changes during the period	289,481	(50,119)
Balance at end of the year	(281,011)	(570,493)
Accumulated other comprehensive income		
Balance at beginning of the year	(530,841)	(502,010)
Changes during the reporting period		
Changes during the reporting period, excluding shareholders' equity	494,016	(28,830)
Total changes during the period	494,016	(28,830)
Balance at end of the year	(36,824)	(530,841)
Minority interests		
Balance at beginning of the year	44,902	23,468
Changes during the reporting period		
Changes during the reporting period, excluding shareholders' equity	11,253	21,434
Total changes during the period	11,253	21,434
Balance at end of the year	56,155	44,902
Total net assets		
Balance at beginning of the year	49,689,660	51,595,224
Changes during the reporting period		
Distribution of dividends from retained earnings	(1,497,711)	(1,487,622)
Net income	4,580,870	2,787,693
Purchase of own shares	(87)	(3,325,210)
Retirement of treasury stock	—	—
Increase (decrease) due to change in accounting period of consolidated subsidiaries	—	126,971
Changes during the reporting period, excluding shareholders' equity	505,270	(7,396)
Total changes during the period	3,588,341	(1,905,564)
Balance at end of the year	¥53,278,002	¥49,689,660

Consolidated Statements of Cash Flows

(Thousands of yen)

	Year ended September 30, 2013	Year ended September 30, 2012
Cash flows from operating activities		
Income before income taxes	¥ 7,507,995	¥ 5,526,695
Depreciation	1,107,223	1,702,321
Impairment loss	—	86,187
Amortization of goodwill	7,547	777
Increase (decrease) in reserve for doubtful accounts	(62,718)	(25,784)
Increase (decrease) in reserve for bonuses	125,919	(23,612)
Increase (decrease) in reserve for product returns	(148,394)	(351,488)
Increase (decrease) in reserve for retirement benefits	(43,581)	(446,200)
Interest and dividends received	(18,597)	(21,226)
Gain/loss on currency translation	(21,640)	(15,284)
Gain/loss on marketable and investment securities	—	(2,563)
Gain/loss on sales of property, plant and equipment	39,988	(100,114)
Decrease (increase) in trade receivables	923,872	(565,961)
Decrease (increase) in inventories	813,198	539,274
Increase (decrease) in trade payables	(906,117)	430,169
Increase (decrease) in guarantee deposits	(781,446)	(1,055,687)
Other	(807,582)	(21,261)
Subtotal	7,735,667	5,656,239
Interest and dividends received	19,327	23,467
Income tax (paid) refunded	(1,976,109)	(1,451,551)
Net cash provided by (used in) operating activities	5,778,884	4,228,155
Cash flows from investing activities		
Expenditure for deposit to time deposits	(2,031,637)	(2,031,921)
Proceeds from withdrawal of time deposits	4,000,000	2,556,561
Purchase of investment securities	(2,110)	(1,800)
Proceeds from sale of investment securities	—	52,248
Purchase of investments in subsidiaries	(16,814)	—
Purchase of property, plant and equipment	(505,983)	(301,208)
Proceeds from sale of property, plant and equipment	11,719	326,727
Purchase of intangible assets	(61,944)	(15,098)
Net cash provided by (used in) investing activities	1,393,228	585,508
Cash flows from financing activities		
Purchase of treasury stock	(87)	(3,325,210)
Cash dividends paid	(1,498,589)	(1,488,057)
Net cash provided by (used in) financing activities	(1,498,676)	(4,813,267)
Effects of exchange rate changes on cash and cash equivalents	136,223	27,024
Net change in cash and cash equivalents	5,809,660	27,420
Cash and cash equivalents, beginning of year	36,253,228	36,148,890
Net change in cash and cash equivalents due to change in accounting period of consolidated subsidiaries	—	76,916
Cash and cash equivalents, end of year	¥42,062,888	¥36,253,228

Principal Consolidated Subsidiaries *(As of September 30, 2013)*

Name	Location	Issued Share Capital (millions of yen, except as otherwise stated)	Direct or Indirect Ownership by the Company (percent)	Principal Business
Noevir Co., Ltd.	(Kobe Headquarters) 6-13-1 Minatojima-nakamachi Chuo-ku, Kobe 650-8521 Japan (Tokyo Headquarters) 7-6-15 Ginza, Chuo-ku Tokyo 104-8208 Japan	¥7,319	100.00	Production and sale of cosmetics, toiletries and food products as well as purchase and sale of make-up items and apparel
Tokiwa Pharmaceutical Co., Ltd.	3-5-12 Azuchi-machi Chuo-ku, Osaka 541-0052 Japan	¥4,301	100.00	Production and sale of cosmetics, toiletries and food products as well as purchase and sale of make-up items/Production and sale of over-the-counter (OTC) pharmaceuticals and quasi-drugs
Bonanza Co., Ltd.	6-13-1 Minatojima-nakamachi Chuo-ku, Kobe 650-8521 Japan	¥10	100.00	Production and sale of cosmetics and toiletries as well as purchase and sale of make-up items
Tokiwa Medical Service Co., Ltd.	3-12-23 Kitahorie Nishi-ku, Osaka 550-0014 Japan	¥98	100.00	Sale of cosmetics, toiletries and food products as well as purchase and sale of make-up items/Production and sale of over-the-counter (OTC) pharmaceuticals and quasi-drugs
Noevir Aviation Co., Ltd.	2-12 Yao Airport Yao, Osaka 581-0043 Japan	¥35	100.00	Air transportation business
Noevir Holding of America, Inc.	1095 Main Street Irvine, California 92614 U.S.A.	US$7,250 thousand	100.00	Holding company for two U.S. subsidiaries and one Canadian subsidiary
Noevir U.S.A., Inc.	1095 Main Street Irvine, California 92614 U.S.A.	US$5,900 thousand	100.00	Sale of cosmetics and food products
Noevir Canada, Inc.	7360 River Road, Richmond British Columbia V6X 1X6 Canada	C$1,131 thousand	100.00	Sale of cosmetics and food products
Noevir Taiwan, Inc.	8th Fl.-2, No.111 Songjiang Road, Jhongshan District Taipei City 10486 Taiwan	NT$31,000 thousand	100.00	Sale of cosmetics and food products
Noevir Shanghai, Inc.	Room 802, No. 6 Jilong Road Waigaoqiao Free Trade Zone Pudong New Area, Shanghai 200131, China	3,311 thousand Chinese yuan	100.00	Procurement and sale of sales promotion goods for the Noevir Group
Shanghai Noevir Co., Ltd.	Room 2206, Feidiao International Plaza No. 1065A Zhaojiabang Road Shanghai 200030, China	5,000 thousand Chinese yuan	50.00	Sale of cosmetics as well as procurement and sale of sales promotion goods for the Noevir Group
Noevir Aviation, Inc.	200 West Grand Avenue Montvale, New Jersey 07645 U.S.A.	US$1,350 thousand	100.00	Purchase from and sale to companies outside the Noevir Group of aircraft and vessels
Noevir Europe s.r.l.	Via Tre Settembre, 99 (5°-#183) 47891 Dogana Repubblica di San Marino	26,000 euro	100.00	Market research in Europe

Board of Directors and Auditors *(As of December 11, 2013)*

Chairman and Representative Director
Hiroshi Okura

President and Representative Director
Takashi Okura

Vice President and Representative Director
Masashi Akagawa

Directors
Ikkou Yoshida
Yasuo Kaiden
Masataka Nakano

Outside Director
Sanae Tanaka

Standing Corporate Auditor
Yoshiharu Hayashi

Outside Corporate Auditors
Masakazu Ueda
Kazuhiro Kida

Investor Information *(As of September 30, 2013)*

Name:
Noevir Holdings Co., Ltd.

Date of Establishment:
March 22, 2011
(Noevir Co., Ltd. was founded in April 1964.)

Paid-in Capital:
¥7,319 million

Headquarters:
• Kobe
6-13-1 Minatojima-nakamachi
Chuo-ku, Kobe 650-8521, Japan

• Tokyo
7-6-15 Ginza, Chuo-ku
Tokyo 104-8208, Japan
Phone: +81-3-5568-0305
Fax: +81-3-5568-0441

Stock Listing:
Tokyo Stock Exchange, First Section (Ticker: 4928)

Transfer Agent and Registrar:
Sumitomo Mitsui Trust Bank, Limited
1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan

Major Shareholders

Name	Number of Shares Held (thousands)	Percentage of Total Shares Issued (percent)
Hiroshi Okura	8,438	22.53
NII Co., Ltd.	4,972	13.27
Takashi Okura	3,699	9.87
Okura Kohsan, Ltd.	2,991	7.98
Sumitomo Mitsui Banking Corporation	900	2.40
Noevir Holdings Employees Shareholdings Scheme	883	2.35
Mizuho Bank, Ltd.	600	1.60
Japan Trustee Services Bank, Ltd. (Account in Trust)	478	1.27
Sumitomo Life Insurance Company	300	0.80
Nihon Kolmar Co., Ltd.	300	0.80
Total	23,561	62.92

Forward-Looking Statements
Statements in this annual report with respect to Noevir Holdings' plans, strategies, projected financial results and beliefs as well as other statements that are not historical facts are forward-looking statements based on information currently available, and such statements involve risks and uncertainties that could cause actual results to differ substantially from expectations.