

Summary of Financial Results

For the First Half of the Fiscal Year Ending December 31, 2015 (Consolidated)



These financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan. The following English translation is based on the original Japanese-language document.

July 30, 2015

POLA ORBIS HOLDINGS INC.

Listing: Tokyo Stock Exchange, First Section (Code No.: 4927)
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 Filing Date of Quarterly Securities Report: August 12, 2015
 Start of Cash Dividend Payment: September 11, 2015
 Supplemental Materials Prepared for Quarterly Financial Results: Yes
 Conference Presentation for Quarterly Financial Results: Yes (for analysts)

(Amounts less than one million yen have been truncated)

1. Consolidated Performance for the First Half of Fiscal 2015 (January 1, 2015–June 30, 2015)

(1) Consolidated Operating Results

(Percentage figures indicate year-on-year change)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | |
|-------------------|-----------------|-----|------------------|------|-----------------|------|-----------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY2015 First Half | 99,783 | 4.0 | 9,239 | 10.9 | 9,673 | 20.3 | 6,090 | 64.6 |
| FY2014 First Half | 95,940 | 4.9 | 8,331 | 32.1 | 8,043 | 9.7 | 3,700 | 8.8 |

Note: Comprehensive income: ¥4,642 million (14.5%) for the First Half of FY2015;
 ¥4,055 million (-26.3%) for the First Half of FY2014

| | Net Income Per Share | Diluted Net Income Per Share |
|-------------------|----------------------|------------------------------|
| | Yen | Yen |
| FY2015 First Half | 110.17 | 110.03 |
| FY2014 First Half | 66.94 | 66.88 |

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio | Net Assets Per Share |
|-----------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FY2015 Second Quarter | 223,955 | 178,163 | 79.4 | 3,215.65 |
| FY2014 | 224,536 | 180,793 | 80.4 | 3,264.13 |

Reference: Equity capital: FY2015 Second Quarter: ¥177,786 million; FY2014: ¥180,454 million

2. Dividends

| | Annual Cash Dividends Per Share | | | | |
|-------------------|---------------------------------|--------|--------|----------|--------|
| | Q1-end | Q2-end | Q3-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| FY2014 | — | 40.00 | — | 147.00 | 187.00 |
| FY2015 | — | 70.00 | — | — | — |
| FY2015 (Forecast) | — | — | — | 80.00 | 150.00 |

Note: Revisions to the cash dividends forecast announced most recently: None

3. Consolidated Performance Forecast for the Fiscal Year Ending December 31, 2015

(January 1, 2015–December 31, 2015)

(Percentage figures indicate year-on-year change)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | | Net Income Per Share |
|--------|-----------------|-----|------------------|------|-----------------|-----|-----------------|-----|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| FY2015 | 207,500 | 4.7 | 20,000 | 13.1 | 20,000 | 4.9 | 10,500 | 1.1 | 189.93 |

Note: Revisions to the consolidated performance forecast announced most recently: None

Notes to Summary Information

(1) Changes in significant subsidiaries during the current period
 (Changes in specific subsidiaries resulting in changes in the scope of consolidation) : None

(2) Application of special accounting methods for the preparation of the quarterly consolidated financial statements : None

Notes regarding the application of special accounting methods for the preparation of the quarterly consolidated financial statements

(3) Changes in accounting policies, accounting estimates, and restatement

| | |
|--|--------|
| 1) Changes in accounting policies associated with revision of accounting standards | : Yes |
| 2) Changes other than (3)-1) | : None |
| 3) Changes in accounting estimates | : None |
| 4) Restatements | : None |

Note: Please refer to “2. Summary Information (Notes) (2) Changes in Accounting Policies, Accounting Estimates, and Restatement” on page 6 for further detailed information.

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding at the end of each period (including treasury stock)

| | |
|----------------------|-------------------|
| At June 30, 2015 | 57,284,039 shares |
| At December 31, 2014 | 57,284,039 shares |

2) Number of shares of treasury stock at the end of each period

| | |
|----------------------|------------------|
| At June 30, 2015 | 1,996,110 shares |
| At December 31, 2014 | 2,000,000 shares |

3) Average number of shares issued and outstanding in each period

| | |
|--------------------------------|-------------------|
| Six months ended June 30, 2015 | 55,285,706 shares |
| Six months ended June 30, 2014 | 55,284,039 shares |

Information Regarding Quarterly Review Procedures

This quarterly financial report is not included in the scope of the quarterly review procedures pursuant to the Financial Instruments and Exchange Act (the “Act”). At the time of disclosure of this report, review procedures for the quarterly financial statements pursuant to the Act, have not been completed.

Explanation of Appropriate Use of Performance Forecast and Other Special Items

This report contains projections of performance and other projections based on information currently available and certain assumptions judged to be reasonable. Actual performance may differ materially from these projections resulting from changes in the economic environment and other risks and uncertainties. For performance projections, please refer to “1. Qualitative Information on Consolidated Performance for the First Half of Fiscal 2015 (3) Explanation of Consolidated Performance Forecast and Other Predictive Information” on page 5.

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1. Qualitative Information on Consolidated Performance for the First Half of Fiscal 2015

(1) Explanation of Consolidated Operating Results

During the first half of fiscal 2015 (January 1 – June 30, 2015), the Japanese economy continued on a moderate recovery track backed by improvement in the employment situation and corporate earnings. Personal consumption is showing signs of recovery due to a pickup in employees' actual income and consumer sentiment. Although attention needs to be paid to the impact of downside risks from an economic slump overseas on the domestic economy, the Japanese economy is expected to maintain its moderate recovery amid a continuing trend toward improvement in the employment and income climate, in addition to the impact of the drop in crude oil prices and the effects of government policies.

The domestic cosmetics market grew steadily as a result of the momentum of the recovery in the Japanese economy and consumption of inbound visitors to Japan. In the overseas cosmetics market, mild expansion continued despite economic slowdowns in China and elsewhere in Asia.

Within this market environment, the POLA ORBIS Group (the "Group") continued its efforts to enhance corporate value by further strengthening the domestic earnings structure, accelerating overseas expansion, and improving capital efficiency during the current fiscal year, which marked the second year of the three-year medium-term management plan started in 2014.

As a result of these factors, the Group achieved the following consolidated operating results for the first half of fiscal 2015.

Consolidated net sales for the first half of fiscal 2015 increased 4.0% year on year, to ¥99,783 million, reflecting an increase in sales due to switchover to the point system for the ORBIS brand and strong performance of the brands under development. Operating income rose 10.9% year on year, to ¥9,239 million, due to a decrease in sales commission of the POLA brand. Influenced by the movement in foreign exchange rates, ordinary income advanced 20.3% year on year, to ¥9,673 million. In addition to the above results, net income increased 64.6% year on year, to ¥6,090 million, due to extraordinary income in association with the withdrawal of the ORBIS brand's business in South Korea and a decrease in income taxes resulting from factors such as the impact of changes in the tax rates.

| Operating Results Overview | (Millions of yen) | | | |
|----------------------------|--------------------------|----------------|--------------------|------|
| | Six Months Ended June 30 | | | |
| | 2014 | 2015 | Year-on-Year | |
| | | Amount Change | Percent Change (%) | |
| Net Sales | ¥95,940 | ¥99,783 | ¥3,843 | 4.0 |
| Operating Income | 8,331 | 9,239 | 907 | 10.9 |
| Ordinary Income | 8,043 | 9,673 | 1,630 | 20.3 |
| Net Income | ¥ 3,700 | ¥ 6,090 | ¥2,389 | 64.6 |

Operating Results by Segment

| Net Sales (Segment Sales to External Customers) | | (Millions of yen) | | |
|---|---------|-------------------|---------------|--------------------|
| Six Months Ended June 30 | | | | |
| | 2014 | 2015 | Year-on-Year | |
| | | | Amount Change | Percent Change (%) |
| Beauty Care | ¥89,400 | ¥93,133 | ¥3,733 | 4.2 |
| Real Estate | 1,571 | 1,451 | (119) | (7.6) |
| Others | 4,968 | 5,197 | 229 | 4.6 |
| Total | ¥95,940 | ¥99,783 | ¥3,843 | 4.0 |

| Segment Income (Operating Income) | | (Millions of yen) | | |
|--|--------|-------------------|---------------|--------------------|
| Six Months Ended June 30 | | | | |
| | 2014 | 2015 | Year-on-Year | |
| | | | Amount Change | Percent Change (%) |
| Beauty Care | ¥7,772 | ¥8,675 | ¥902 | 11.6 |
| Real Estate | 665 | 597 | (67) | (10.2) |
| Others | 191 | 72 | (119) | (62.0) |
| Reconciliations of Segment Income (Note) | (298) | (106) | 191 | — |
| Total | ¥8,331 | ¥9,239 | ¥907 | 10.9 |

Note: Reconciliations of segment income refer to elimination of profits arising from inter-company transactions and expenses not allocated to reportable segments. Please see note 2 in “1. Information about Net Sales and Profit (Loss) by Reportable Segment” on page 11 and 12 for the details of reconciliations of segment income during the period.

Beauty Care

The Beauty Care segment consists of the flagship brands *POLA* and *ORBIS*; the overseas brands *Jurlique* and *H2O PLUS*, and the brands under development—*pdc*, *FUTURE LABO*, *ORLANE*, *decencia*, and *THREE*.

POLA is seeking to further boost customer satisfaction through efforts to further enhance POLA’s sales-process quality such as developing new products in the anti-aging and skin-whitening fields and strengthening consulting skills. The domestic market recovered from the fall in sales of high-end products following the consumption tax hike of the previous year and showed steady performance as a result of the launch of the *WHITE SHOT* series and sales promotion activities based on consulting. In overseas markets, department store business in the key Chinese market steadily attracted new customers. As a result of these factors, POLA recorded net sales above those of the corresponding period of the previous year.

ORBIS is making efforts to raise the level of service for each customer through reinforcement of the corporate branding, enhancement of the skincare product lineup, utilization of social media, and sales promotion measures centered on a business platform fortified through brand restructuring measures. In the domestic market, ORBIS took proactive measures such as renewing the *CLEAR* series, a leading product of the brand. Also, the switchover to the point system implemented in September of the previous year ended in an increase in the net sales amount recorded. However, by excluding the above impact, the net sales amount did not make up for the surge in demand ahead of consumption tax hike of the previous year and the actual net sales were down year on year. In overseas markets, despite the success of sales promotion activities in Taiwan, sales decreased due to the conclusion of sales activities in the South Korean business in August of the previous year. As a result of these factors, ORBIS exceeded the net sales of the corresponding period of the previous year.

For overseas brands, the Group endeavored to maintain a high rate of growth and contribute to revenues and earnings, focusing on Asia as a growth driver. *Jurlique* continued to expand sales in the Australian markets because of higher purchase rates of store-visitors and a rise in the purchase price per customer, despite the impact of sluggish economic growth in China. *H2O PLUS* carried out measures including a reduction of sales channels in line with a change in brand strategy for the North American market, and the closing of underperforming stores in China. As a result of the above factors, net sales of overseas brands increased year on year.

Brands under development performed strongly, mainly *THREE* and *decencia*, and net sales exceeded those of the corresponding period of the previous year.

As a result of the factors noted above, net sales—sales to external customers—were ¥93,133 million, up 4.2%

year on year, and operating income was ¥8,675 million, up 11.6% year on year.

Real Estate

The Real Estate segment concentrates on the leasing of office buildings in urban areas. Efforts are currently directed at sustaining rent levels but leaning more toward raising rents and occupancy rates by creating attractive office environments. Another area of emphasis is the residential properties rental business. This business highlights condominiums perfect for families with young children. During the first half of fiscal 2015, high occupancy rates were realized due to the Group's efforts to attract and retain tenants, resulting in keeping of strong performance. However, net sales fell below those of the corresponding period of the previous year due to a decrease in rent income resulting from the transfer of the POLA GOTANDA BUILDING No.3 in December of the previous year.

As a result of the above, net sales—sales to external customers—generated by the Real Estate segment totaled ¥1,451 million, down 7.6% year on year, and operating income was ¥597 million, down 10.2% year on year.

Others

The Others segment comprises the pharmaceuticals and building maintenance businesses.

The pharmaceuticals business draws on results accumulated by Group companies in research related to cosmetics and quasi-pharmaceuticals to develop, manufacture, and sell new pharmaceuticals and to conduct contract manufacturing of pharmaceuticals. During the first half of fiscal 2015, in addition to the Group's continued sales activities specializing in the field of dermatology, contract manufacturing of pharmaceuticals also performed well. As a result, net sales were up year on year.

The building maintenance business carries out building operations and management, catering mainly to the needs of Group companies. In the first half of fiscal 2015, the Group received a high level of orders thanks to sales activities to conclude contracts with new customers, resulting in higher sales compared with a year earlier. On the other hand, operating income was down year on year, resulting from the close down of Shizuoka plant and the transfer of the POLA GOTANDA BUILDING No.3.

As a result of the above, net sales—sales to external customers—generated by the Others segment totaled ¥5,197 million, up 4.6% year on year, and operating income amounted to ¥72 million, down 62.0% year on year.

(2) Explanation of Consolidated Financial Position

As of June 30, 2015, total assets stood at ¥223,955 million, down 0.3%, or ¥580 million, from December 31, 2014. Factors related to this change included increases of ¥2,092 million in short-term investments in securities and ¥5,302 million in investments in securities from the management of surplus funds, and decreases of ¥4,146 million in cash and deposits, ¥1,326 million in notes and accounts receivable – trade, ¥793 million in “Other” under current assets due to a decrease in accounts receivable – other, ¥989 million in goodwill due to exchange rate movements and other factors, and ¥424 million in right of trademark.

Total liabilities amounted to ¥45,792 million, an increase of 4.7%, or ¥2,049 million, from December 31, 2014. Factors related to this change included decreases of ¥1,372 million in short-term loans payable due to the repayment of bank borrowings of an overseas subsidiary and ¥1,542 million in net defined benefit liability due to the revision of the Accounting Standard for Retirement Benefits, and increases of ¥4,540 million in “Other” under current liabilities due to an increase in accounts payable – other and ¥787 million in notes and accounts payable – trade.

Net assets amounted to ¥178,163 million, down 1.5%, or ¥2,629 million, from December 31, 2014. Factors contributing to this change included the following: decreases of ¥1,616 million in foreign currency translation adjustments due to exchange rate movements and ¥8,126 million in dividends from retained earnings. These were partially offset by net income of ¥6,090 million and an increase of ¥828 million in retained earnings due to the revision of the Accounting Standard for Retirement Benefits.

(3) Explanation of Consolidated Performance Forecast and Other Predictive Information

Revisions to the consolidated performance forecast for the first half of fiscal 2015 are as announced on July 23, 2015. Currently, the Company has made no revisions to the full-year consolidated performance forecast announced on April 30, 2015, but in case revisions become necessary due to the performance trends, the Company will promptly announce the revision.

(Information for reference)

Cumulative Results for Fiscal 2014

| | (Millions of yen) | | | |
|------------------|-------------------|------------|-------------|-----------|
| | Three Months | Six Months | Nine Months | Full Year |
| Net Sales | ¥50,213 | ¥95,940 | ¥142,019 | ¥198,094 |
| Operating Income | 5,453 | 8,331 | 10,367 | 17,683 |
| Ordinary Income | 5,160 | 8,043 | 10,869 | 19,067 |
| Net Income | ¥ 2,470 | ¥ 3,700 | ¥ 4,879 | ¥ 10,382 |

Quarterly Results for Fiscal 2014

| | (Millions of yen) | | | |
|------------------|-------------------|----------------|---------------|----------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| Net Sales | ¥50,213 | ¥45,726 | ¥46,079 | ¥56,074 |
| Operating Income | 5,453 | 2,878 | 2,036 | 7,315 |
| Ordinary Income | 5,160 | 2,883 | 2,825 | 8,197 |
| Net Income | ¥ 2,470 | ¥ 1,230 | ¥ 1,178 | ¥ 5,503 |

2. Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Current Period

None

(2) Changes in Accounting Policies, Accounting Estimates, and Restatement

(Changes in Accounting Policies)

With respect to the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, issued on May 17, 2012; the “Retirement Benefits Accounting Standard”) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, issued on March 26, 2015; the “Guidance on Retirement Benefits”), the Group has applied the provisions stated in Article 35 of the Retirement Benefits Accounting Standard and Article 67 of the Guidance on Retirement Benefits from the first quarter of fiscal 2015, whereby the method of calculating retirement benefit obligations and service costs has been reviewed. Accordingly, the method of attributing expected retirement benefits to periods has been changed from the straight-line basis to the benefit formula basis, while the method of determining the discount rate has been changed from the method using a discount rate based on the number of years close to the average remaining service years of employees to the method using multiple discount rates determined according to each expected period of retirement benefit payments.

With the adoption of the Retirement Benefits Accounting Standard, the amount of impact arising from the change in the method of calculating retirement benefit obligations and service costs is included in retained earnings at the beginning of the first half of fiscal 2015, according to the transitional method stated in Article 37 of the Retirement Benefits Accounting Standard.

As a result of the change, net defined benefit liability decreased ¥1,242 million and deferred tax assets decreased ¥413 million, while retained earnings increased ¥828 million at the beginning of the first half of fiscal 2015. The impact on operating income, ordinary income and income before income taxes for the first half of fiscal 2015 was minimal.

3. Quarterly Consolidated Financial Statements**(1) Consolidated Balance Sheets**

(Millions of yen)

| | FY2014 December 31, 2014 | FY2015 Second Quarter June 30, 2015 |
|---------------------------------------|-----------------------------|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | ¥ 39,445 | ¥ 35,299 |
| Notes and accounts receivable – trade | 23,936 | 22,609 |
| Short-term investments in securities | 22,612 | 24,704 |
| Merchandise and finished goods | 13,419 | 13,897 |
| Work in process | 1,468 | 1,455 |
| Raw materials and supplies | 5,172 | 5,390 |
| Other | 12,008 | 11,214 |
| Allowance for doubtful accounts | (163) | (151) |
| Total current assets | 117,900 | 114,420 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 19,779 | 19,511 |
| Land | 19,248 | 19,237 |
| Other, net | 14,010 | 14,454 |
| Total property, plant and equipment | 53,039 | 53,204 |
| Intangible assets | | |
| Goodwill | 14,092 | 13,102 |
| Right of trademark | 10,013 | 9,588 |
| Other | 8,024 | 7,610 |
| Total intangible assets | 32,131 | 30,302 |
| Investments and other assets | | |
| Investments in securities | 15,152 | 20,455 |
| Other | 6,366 | 5,636 |
| Allowance for doubtful accounts | (52) | (62) |
| Total investments and other assets | 21,466 | 26,028 |
| Total non-current assets | 106,636 | 109,535 |
| Total assets | ¥224,536 | ¥223,955 |

(Millions of yen)

| | FY2014 December 31, 2014 | FY2015 Second Quarter June 30, 2015 |
|---|-----------------------------|--|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable – trade | ¥ 4,427 | ¥ 5,214 |
| Short-term loans payable | 1,972 | 600 |
| Income taxes payable | 1,429 | 1,541 |
| Provision for bonuses | 1,612 | 1,129 |
| Provision for point program | 2,846 | 3,022 |
| Other provisions | 545 | 339 |
| Other | 18,142 | 22,682 |
| Total current liabilities | <u>30,976</u> | <u>34,531</u> |
| Non-current liabilities | | |
| Long-term loans payable | 1,000 | 1,000 |
| Other provisions | 65 | 56 |
| Net defined benefit liability | 5,829 | 4,286 |
| Other | 5,870 | 5,917 |
| Total non-current liabilities | <u>12,765</u> | <u>11,261</u> |
| Total liabilities | <u>43,742</u> | <u>45,792</u> |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 10,000 | 10,000 |
| Capital surplus | 90,718 | 90,722 |
| Retained earnings | 74,454 | 73,246 |
| Treasury stock | (2,199) | (2,194) |
| Total shareholders' equity | <u>172,973</u> | <u>171,774</u> |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 448 | 585 |
| Foreign currency translation adjustments | 7,628 | 6,012 |
| Remeasurements of defined benefit plans | (595) | (585) |
| Total accumulated other comprehensive income | <u>7,481</u> | <u>6,011</u> |
| Subscription rights to shares | 138 | 154 |
| Minority interests | 200 | 221 |
| Total net assets | <u>180,793</u> | <u>178,163</u> |
| Total liabilities and net assets | <u>¥224,536</u> | <u>¥223,955</u> |

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

| | Six Months Ended June 30 | |
|--|---|---|
| | FY2014 (January 1, 2014– June 30, 2014) | FY2015 (January 1, 2015– June 30, 2015) |
| Net sales | ¥95,940 | ¥99,783 |
| Cost of sales | 18,586 | 19,140 |
| Gross profit | 77,354 | 80,643 |
| Selling, general and administrative expenses | | |
| Sales commission | 23,115 | 22,714 |
| Promotion expenses | 8,616 | 10,052 |
| Advertising expenses | 3,460 | 3,693 |
| Salaries, allowances and bonuses | 11,385 | 11,287 |
| Provision for bonuses | 1,100 | 1,012 |
| Provision for point program | 1,506 | 2,977 |
| Other | 19,837 | 19,665 |
| Total selling, general and administrative expenses | 69,022 | 71,403 |
| Operating income | 8,331 | 9,239 |
| Non-operating income | | |
| Interest income | 178 | 141 |
| Dividend income | 5 | 5 |
| Foreign exchange gains | — | 214 |
| Other | 143 | 163 |
| Total non-operating income | 328 | 525 |
| Non-operating expenses | | |
| Interest expense | 71 | 44 |
| Foreign exchange losses | 493 | — |
| Taxes and dues | 2 | 22 |
| Other | 49 | 24 |
| Total non-operating expenses | 616 | 91 |
| Ordinary income | 8,043 | 9,673 |
| Extraordinary income | | |
| Reversal of foreign currency translation adjustments | — | 538 |
| Other | 22 | 6 |
| Total extraordinary income | 22 | 545 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 46 | 107 |
| Other | 91 | 11 |
| Total extraordinary losses | 137 | 119 |
| Income before income taxes | 7,928 | 10,100 |
| Income taxes – current | 5,195 | 3,949 |
| Income taxes – deferred | (802) | 44 |
| Total income taxes | 4,393 | 3,994 |
| Income before minority interests | 3,535 | 6,105 |
| Minority interests in net income (loss) of consolidated subsidiaries | (165) | 15 |
| Net income | ¥ 3,700 | ¥ 6,090 |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | Six Months Ended June 30 | |
|--|---|---|
| | FY2014 (January 1, 2014– June 30, 2014) | FY2015 (January 1, 2015– June 30, 2015) |
| Income before minority interests | ¥3,535 | ¥ 6,105 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (3) | 136 |
| Foreign currency translation adjustments | 521 | (1,609) |
| Remeasurements of defined benefit plans | — | 10 |
| Share of other comprehensive income of associates accounted for using equity method | 1 | 0 |
| Total other comprehensive income | 519 | (1,462) |
| Comprehensive income | 4,055 | 4,642 |
| Comprehensive income attributable to owners of the parent | 4,211 | 4,621 |
| Comprehensive income attributable to minority interests | ¥ (156) | ¥ 21 |

**(3) Notes to Consolidated Financial Statements
(Going Concern Assumptions)**

None

(Significant Changes in Shareholders' Equity)

None

(Segment Information)

I. First Half of Fiscal 2014 (January 1, 2014–June 30, 2014)

1. Information about Net Sales and Profit (Loss) by Reportable Segment

| | Reportable Segments | | | Others (Note 1) | Subtotal | Reconciliations (Note 2) | Amount Shown on the Consolidated Statements of Income (Note 3) |
|------------------------------------|---------------------|-------------|----------|--------------------|----------|-----------------------------|---|
| | Beauty Care | Real Estate | Subtotal | | | | |
| Net Sales | | | | | | | |
| Sales to External Customers | ¥89,400 | ¥1,571 | ¥90,972 | ¥4,968 | ¥95,940 | — | ¥95,940 |
| Intersegment Sales or Transfers | 41 | 299 | 340 | 1,713 | 2,054 | ¥(2,054) | — |
| Total | 89,442 | 1,870 | 91,313 | 6,681 | 97,994 | (2,054) | 95,940 |
| Segment Income | ¥ 7,772 | ¥ 665 | ¥ 8,438 | ¥ 191 | ¥ 8,629 | ¥ (298) | ¥ 8,331 |

Notes: 1. "Others" comprises business operations that are not categorized as reportable segments and include the pharmaceuticals and building maintenance.

2. The segment income reconciliation of ¥(298) million includes intersegment transaction eliminations of ¥879 million minus corporate expenses of ¥1,177 million, not allocated to each segment. Corporate expenses are primarily the Company's administrative expenses not allocated to reportable segments.

3. Segment income is adjusted for operating income reported in the quarterly consolidated statements of income.

2. Information about Impairment Loss of Non-current Assets and Goodwill by Reportable Segment
(Significant Impairment Loss of Non-current Assets)

None

(Significant Changes in Goodwill)

None

II. First Half of Fiscal 2015 (January 1, 2015–June 30, 2015)

1. Information about Net Sales and Profit (Loss) by Reportable Segment

(Millions of yen)

| | Reportable Segments | | | Others (Note 1) | Subtotal | Reconciliations (Note 2) | Amount Shown on the Consolidated Statements of Income (Note 3) |
|------------------------------------|---------------------|-------------|----------|--------------------|----------|-----------------------------|---|
| | Beauty Care | Real Estate | Subtotal | | | | |
| Net Sales | | | | | | | |
| Sales to External Customers | ¥93,133 | ¥1,451 | ¥94,585 | ¥5,197 | ¥ 99,783 | — | ¥99,783 |
| Intersegment Sales or Transfers | 43 | 237 | 281 | 1,000 | 1,282 | ¥(1,282) | — |
| Total | 93,177 | 1,689 | 94,867 | 6,198 | 101,065 | (1,282) | 99,783 |
| Segment Income | ¥ 8,675 | ¥ 597 | ¥ 9,273 | ¥ 72 | ¥ 9,346 | ¥ (106) | ¥ 9,239 |

Notes: 1. “Others” comprises business operations that are not categorized as reportable segments and include the pharmaceuticals and building maintenance.

2. The segment income reconciliation of ¥(106) million includes intersegment transaction eliminations of ¥972 million minus corporate expenses of ¥1,079 million, not allocated to each segment. Corporate expenses are primarily the Company’s administrative expenses not allocated to reportable segments.

3. Segment income is adjusted for operating income reported in the quarterly consolidated statements of income.

2. Information about Impairment Loss of Non-current Assets and Goodwill by Reportable Segment

(Significant Impairment Loss of Non-current Assets)

None

(Significant Changes in Goodwill)

None

3. Items Related to Changes in Reportable Segments

As described in “Changes in Accounting Policies,” pursuant to changes in the calculation method of retirement benefit obligations and service costs from the first quarter of fiscal 2015, the calculation method used for business segments has been changed accordingly.

The impact on segment income for the first half of fiscal 2015 arising from the above changes was minimal.