

October 3, 2016

Company Name: POLA ORBIS HOLDINGS INC.
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Announcement regarding Transfer (Transfer of Shares) of Consolidated Subsidiaries

POLA ORBIS HOLDINGS INC. (the “Company”) hereby announces that it resolved at its Board of Directors’ meeting held on October 3, 2016, to transfer all the shares of pdc INC. and FUTURE LABO INC. that are consolidated subsidiaries of the Company. The details are outlined below.

1. Reasons for the stock transfer

The POLA ORBIS Group is promoting its business expansion to achieve the long-term vision, “Highly Profitable Global Company”, by attaining consolidated net sales of 250 billion yen or more and operating margin at the top level in the industry (13%-15%). In the current medium-term management plan (2014-2016) which is the second stage for the long-term vision, the Group is working on enhancing corporate value by focusing on “further strengthening domestic earnings structure” and “improving capital efficiency”.

As a part of this effort, the Company decided to transfer all the shares of the two consolidated subsidiaries for the purpose of concentrating the business resources on the Group’s strong fields of “mid-range or high-end priced products” and “channels with direct customer touchpoint” in beauty care business which is the core of the Group, and further improving the investment efficiency.

pdc INC. started its business in 1992 to develop its business in the general retail distribution markets such as drugstores and has offered affordably priced and valuable skincare products including “Pure Natural”. Yamada Bee Sales Company, Inc. (“Yamada Bee Sales”), the transferee of the shares of pdc INC., develops R&D, manufacturing and sales of health food, cosmetics, and natural foods most of which are bee-origin products. The Company reached the decision of the transfer of shares as pdc INC. can expect further business development by utilizing know-how in mail-order business formed by the customer database that Yamada Bee Sales possesses, and also can strengthen its business through collaborations in terms of R&D and manufacturing.

FUTURE LABO INC. has offered products that are not bound by preconceived ideas and therefore deserve topicality, such as “Derma QII”, through TV shopping and own shopping website since its establishment in 2003. Pharma Foods International Co., Ltd. (“Pharma Foods”), the transferee of the shares of FUTURE LABO INC., has established its development concepts as “Immunity”, “Aging”, and “Nerve System” and expands “Functional material business” that offers functional materials to manufacturers of foods, beverages, supplements, etc., “Mail-order business” that offers its own brand products, and “Biomedical business”. Going forward, Pharma Foods has positioned cosmetics and mail-order business as growth fields. Accordingly, the Company reached the decision of the transfer of shares as FUTURE LABO INC. can expect opportunity for cross-selling to customers of Pharma Foods, development of value-added products utilizing the strengths in material development and evidence that Pharma Foods possesses, and synergies in terms of sales and other factors.

2. Outline of the consolidated subsidiaries to be transferred

1) pdc INC.

(1) Company name	pdc INC.		
(2) Location	TENGENJI SQUARE 4F 4-2-34 Minami Azabu, Minato-ku, Tokyo, Japan		
(3) Name and title of the representative	Tamotsu Satou, Representative Director and President		
(4) Description of business	Sales of cosmetics, etc.		
(5) Capital	100 million yen		
(6) Date of foundation	November 12, 1992		
(7) Major shareholder and shareholding ratio	POLA ORBIS HOLDINGS INC. 100%		
(8) Relationship between the listed company and the relevant company	Capital relationship	100% owned by the Company	
	Personnel relationship	Employees of the Company joined the relevant company as director	
	Transaction relationship	Charge for management fee pursuant to management agreement	
(9) Operating results and financial position of the relevant company for the preceding three financial years			
Financial year	For the year ended December 31, 2013	For the year ended December 31, 2014	For the year ended December 31, 2015
Net assets	687 million yen	498 million yen	501 million yen
Total assets	1,384 million yen	1,161 million yen	1,431 million yen
Net sales	3,310 million yen	2,664 million yen	2,704 million yen
Operating income	135 million yen	(243) million yen	8 million yen
Ordinary income	131 million yen	(243) million yen	8 million yen
Net income	106 million yen	(188) million yen	2 million yen

2) FUTURE LABO INC.

(1) Company name	FUTURE LABO INC.		
(2) Location	TANAKAKOMA BUILDING 4F 8-5-32 Akasaka, Minato-ku, Tokyo, Japan		
(3) Name and title of the representative	Satoshi Arita, Representative Director and President		
(4) Description of business	Sales of cosmetics, etc.		
(5) Capital	100 million yen		
(6) Date of foundation	August 4, 2003		
(7) Major shareholder and shareholding ratio	POLA ORBIS HOLDINGS INC. 100%		
(8) Relationship between the listed company and the relevant company	Capital relationship	100% owned by the Company	
	Personnel relationship	Employees of the Company joined the relevant company as director	
	Transaction relationship	Charge for management fee pursuant to management agreement	
(9) Operating results and financial position of the relevant company for the preceding three financial years			
Financial year	For the year ended December 31, 2013	For the year ended December 31, 2014	For the year ended December 31, 2015
Net assets	1,362 million yen	1,381 million yen	1,217 million yen
Total assets	1,487 million yen	1,553 million yen	1,328 million yen
Net sales	1,660 million yen	1,612 million yen	1,351 million yen
Operating income	52 million yen	47 million yen	(234) million yen
Ordinary income	66 million yen	61 million yen	(220) million yen
Net income	40 million yen	38 million yen	(144) million yen

3. Outline of the transferees

1) Transferee of pdc INC.

(1)	Company name	Yamada Bee Sales Company, Inc.	
(2)	Location	194 Ichiba, Kagamino-cho, Tomata-gun, Okayama Prefecture, Japan	
(3)	Name and title of the representative	Hideo Yamada, Representative Director and President	
(4)	Description of business	Communication business of bee-origin products, health foods, processed foods, and cosmetics products, etc.	
(5)	Capital	100 million yen	
(6)	Date of foundation	May 2007	
(7)	Net assets	9,085 million yen (Financial year ended April 2016, as a single entity)	
(8)	Total assets	17,001 million yen (Financial year ended April 2016, as a single entity)	
(9)	Major shareholder and shareholding ratio	Yamada Bee Company, Inc. 100.0%	
(10)	Relationship between the listed company and the relevant company	Capital relationship	No capital relationship to be mentioned
		Personnel relationship	No personnel relationship to be mentioned
		Transaction relationship	No transaction relationship to be mentioned
		Status as a related party	The relevant company is not applicable to a related party of the Company. The related parties and related companies of the relevant company are not applicable to a related party of the Company.

2) Transferee of FUTURE LABO INC.

(1)	Company name	Pharma Foods International Co., Ltd.	
(2)	Location	1-49 Goryohara, Nishikyo-ward, Kyoto, Kyoto Prefecture, Japan	
(3)	Name and title of the representative	Mujo Kim, President	
(4)	Description of business	Development and sales of functional food material, mail-order business, and biomedical business	
(5)	Capital	2,031 million yen	
(6)	Date of foundation	September 12, 1997	
(7)	Net assets	3,496 million yen (Financial year ended July 2016)	
(8)	Total assets	4,472 million yen (Financial year ended July 2016)	
(9)	Major shareholder and shareholding ratio	Mujo Kim 12.51% (Financial year ended July 2016)	
(10)	Relationship between the listed company and the relevant company	Capital relationship	No capital relationship to be mentioned
		Personnel relationship	No personnel relationship to be mentioned
		Transaction relationship	No transaction relationship to be mentioned
		Status as a related party	The relevant company is not applicable to a related party of the Company. The related parties and related companies of the relevant company are not applicable to a related party of the Company.

4. The number of shares to be transferred and shareholding status before and after the transfer

(1)	Number of shares held before the transfer	<p>pdC INC. 250 shares (Number of voting rights: 250 shares, holding ratio: 100.0%) FUTURE LABO INC. 690 shares (Number of voting rights: 690 shares, holding ratio: 100.0%)</p>
(2)	Number of shares to be transferred	<p>pdC INC. 250 shares (Number of voting rights: 250 shares, holding ratio: 100.0%) FUTURE LABO INC. 690 shares (Number of voting rights: 690 shares, holding ratio: 100.0%)</p>
(3)	Transfer price	<p>Ordinary shares of pdC INC. 1,200 million yen Ordinary shares of FUTURE LABO INC. 1,200 million yen Advisory fee (in total, roughly estimated) 200 million yen Total (roughly estimated) 2,200 million yen</p>
(4)	Number of shares held after the transfer	<p>pdC INC. 0 shares (Number of voting rights: 0 shares, holding ratio: 0%) FUTURE LABO INC. 0 shares (Number of voting rights: 0 shares, holding ratio: 0%)</p>

*As a result of this transfer of shares, four entities including pdC INC., FUTURE LABO INC., a 100% owned subsidiary of pdC INC., and a 100% owned subsidiary of FUTURE LABO INC. will no longer be consolidated subsidiaries of the Company.

5. Schedule of the transfer

(1)	Date of the meeting of the Board of Directors	October 3, 2016
(2)	Date of conclusion of the agreement	October 3, 2016
(3)	Date of the transfer of the shares	Early November 2016 and thereafter

6. Impact on business performance

The impact of this stock transfer on the Company's consolidated performance is currently under close examination. If any necessity for revising the earnings forecast or matters to be disclosed arise, such matters will be promptly disclosed.