Summary of Financial Results

For the Nine Months of the Fiscal Year Ending December 31, 2013 (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.

October 30, 2013

POLA ORBIS HOLDINGS INC.

Listing:	Tokyo Stock Exchange, First Section (Code No.: 4927)	
URL:	http://www.po-holdings.co.jp/	
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Filing Date of Quarterly Securities Report:	November 14, 2013
Start of Cash Dividend Payment:	—
Supplemental Materials Prepared for Quarterly Financial Results:	Yes
Conference Presentation for Quarterly Financial Results:	None

(Amounts less than one million yen have been truncated)

1. Consolidated Performance for the Nine Months of Fiscal 2013 (January 1, 2013–September 30, 2013)

(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	%
FY2013 Nine Months	137,346	5.9	9,809	22.4	10,852	28.8	4,905	33.0
FY2012 Nine Months	129,724	8.2	8,013	(8.8)	8,425	(7.5)	3,687	(32.7)

Note: Comprehensive income: ¥6,992 million (83.5%) for the Nine Months of FY2013;
¥3,811 million (-17.3%) for the Nine Months of FY2012

	Net Income Per Share	Diluted Net Income Per Share
	Yen	Yen
FY2013 Nine Months	88.73	88.67
FY2012 Nine Months	66.70	66.68

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
FY2013 Third Quarter	211,308	169,645	80.0	3,058.18
FY2012	209,140	164,896	78.8	2,980.48

Reference: Equity capital: FY2013 Third Quarter: ¥169,068 million; FY2012: ¥164,773 million

2. Dividends

	Annual Cash Dividends Per Share				
	Q1-end	Q2-end	Q3-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2012	—	25.00	—	25.00	50.00
FY2013	—	25.00	—		
FY2013 (Forecast)				30.00	55.00

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

3. Consolidated Performance Forecast for the Fiscal Year Ending December 31, 2013
(January 1, 2013–December 31, 2013)

(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
FY2013	188,500	4.2	16,000	18.3	16,300	11.6	8,200	22.7	148.32

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) : Yes
Dissolved: CSW H2O Holdings, Inc.

Note: Please refer to "2. Summary Information (Notes) (1) Changes in Significant Subsidiaries during the Current Period" on page 5 for further detailed information.

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

(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 : Yes
4) Restatements : None

Note: Changes are subject to Article 10-5 of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements. Please refer to "2. Summary Information (Notes) (2) Changes in Accounting Policies, Accounting Estimates, and Restatement" on page 5 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 September 30, 2013	57,284,039 shares
At December 31, 2012	57,284,039 shares

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

At September 30, 2013	2,000,000 shares
At December 31, 2012	2,000,000 shares

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

Nine months ended September 30, 2013	55,284,039 shares
Nine months ended September 30, 2012	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 Nine Months of Fiscal 2013 (3) Qualitative Information on Consolidated Performance Forecast" on page 5.

Table of Contents

1. Qualitative Information on Consolidated Performance for the Nine Months of Fiscal 2013 ..... *2*
(1) Qualitative Information on Consolidated Operating Results 2
(2) Qualitative Information on Consolidated Financial Position 4
(3) Qualitative Information on Consolidated Performance Forecast 5

2. Summary Information (Notes) *5*
(1) Changes in Significant Subsidiaries during the Current Period 5
(2) Changes in Accounting Policies, Accounting Estimates, and Restatement 5

3. Quarterly Consolidated Financial Statements *6*
(1) Consolidated Balance Sheets 6
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income 8
(3) Going Concern Assumptions 10
(4) Segment Information 10
(5) Significant Changes in Shareholders' Equity 11

1. Qualitative Information on Consolidated Performance for the Nine Months of Fiscal 2013

(1) Qualitative Information on Consolidated Operating Results

During the nine months of fiscal 2013 (January 1–September 30, 2013), the Japanese economy experienced a mild recovery since its deceleration precipitated by the European fiscal crisis, as personal spending picked up amid positive impacts on consumer sentiment of a weaker yen and rising stock prices resulting from domestic economic and monetary policies. In future, although there remains a downside risk of an economic slump overseas, the Japanese economy is in position to further recover in a steadily improving export climate owing to a weaker yen and the effectiveness of various domestic policies.

As for the domestic cosmetics market, due to the recovery momentum in the Japanese economy as a whole, the overall market remains strong. In the overseas cosmetics market, while slowdowns in personal spending are apparent in China and India, the whole Asian region continues to grow slowly.

Within this market environment, in the current fiscal year, which is the final year of its three-year medium-term management plan that started in 2011, the POLA ORBIS Group (the “Group”) will continue to improve the profitability of its domestic flagship brands and to expand its brands under development. In addition, the Group will also continue to pursue its overseas market expansion, whose linchpins are the two overseas companies that it acquired.

As a result of the factors noted above, the Group achieved the following consolidated operating results for the nine months of fiscal 2013.

Consolidated net sales for the nine months of fiscal 2013 increased 5.9% year on year, to ¥137,346 million. This was due partly to the consolidation of Jurlique in January of this year after joining the Group in February of last year. Other factors were growth in Asia and favorable exchange rate movements. Due to elimination of one-time expenses arising from the acquisition of Jurlique, and to the streamlining of selling, general and administrative expenses, operating income increased 22.4% year on year to ¥9,809 million. Ordinary income rose 28.8% year on year to ¥10,852 million, on foreign exchange gains stemming from a weaker yen. Net income was up 33.0% year on year to ¥4,905 million. This was due to the Group’s posting of lower tax expenses following a loss on business liquidation arising from POLA’s withdrawal from business in the United States and incurred business structure improvement expenses associated with the integration of the Shizuoka Plant.

Operating Results Overview (Millions of yen)

	Nine Months Ended September 30			
			Year-on-Year	
	2012	**2013**	Amount Change	Percent Change (%)
Net Sales	¥129,724	**¥137,346**	¥7,621	5.9
Operating Income	8,013	**9,809**	1,796	22.4
Ordinary Income	8,425	**10,852**	2,426	28.8
Net Income	¥ 3,687	**¥ 4,905**	¥1,218	33.0

Operating Results by Segment

Net Sales (Segment Sales to External Customers) (Millions of yen)

	Nine Months Ended September 30			
	2012	**2013**	Year-on-Year	
			Amount Change	Percent Change (%)
Beauty Care	¥120,847	**¥127,720**	¥6,872	5.7
Real Estate	2,143	**2,266**	122	5.7
Others	6,732	**7,359**	627	9.3
Total	¥129,724	**¥137,346**	¥7,621	5.9

Segment Income (Operating Income) (Millions of yen)

	Nine Months Ended September 30			
	2012	**2013**	Year-on-Year	
			Amount Change	Percent Change (%)
Beauty Care	¥6,687	**¥8,676**	¥1,989	29.7
Real Estate	917	**1,011**	93	10.2
Others	214	**351**	137	63.9
Reconciliations of Segment Income (Note)	193	**(229)**	(423)	—
Total	¥8,013	**¥9,809**	¥1,796	22.4

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 10 and 11 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 brands under development — ***pdc***, ***FUTURE LABO***, ***ORLANE***, ***decencia***, and ***THREE***, and the overseas brands ***Jurlique*** and ***H2O PLUS***.

POLA is making concerted efforts to boost customer satisfaction. These include aggressively developing sales channels through POLA THE BEAUTY stores, which integrate sale of cosmetics, consulting and esthetic treatments, and through department stores; increasing customer contact points through expansion of the door-to-door sales organization; and further enhancing POLA’s sales-process quality and consulting skills. In the domestic market, in September the Group launched ***B.A GRANDLUXE II*** from its high prestige ***B.A*** series. This new product provides advanced mature age-appropriate skin care rather than being anti-aging specifically. In overseas markets, POLA continued to steadily ramp up the number of stores handling its offerings in the key Russian market while the department stores business generated steady growth in China, another important market. As a result, POLA recorded an increase in net sales over the corresponding period of the previous year.

ORBIS is striving to boost profitability by rebuilding its brand, through such efforts as increasing the repeat purchase rate, enhancing its skincare products, and increasing online sales. In the domestic market, the number of items purchased per customer rose on favorable demand for ultraviolet protection and other seasonal products, driving a year-on-year increase in amount spent per customer. At the same time, the number of customers declined temporarily, as ORBIS constrained price reductions in their brand rebuilding efforts. The shift to a two-point logistics structure in the second half of last year bore fruit by streamlining costs and contributing to the profitability of ORBIS. In August, the Japanese Customer Satisfaction Index survey—an evaluation conducted by Service Productivity & Innovation for Growth on behalf of the Ministry of Economy, Trade and Industry—ranked ORBIS as No. 1 in the mail-order sales category for the third consecutive year. In overseas markets, ORBIS has continued to work to increase brand awareness. In July, the Group set up a subsidiary in Singapore as a strategic hub for accelerating growth in ASEAN. As a result, ORBIS recorded net sales in line with sales in the corresponding period of the previous year.

Meanwhile, due to strong sales of ***THREE, pdc*** and ***decencia***, the brands under development recorded an increase in net sales over the corresponding period of the previous year.

Furthermore, the Group’s overseas brands saw an increase in net sales over the corresponding period of the previous year. A contributing factor was the consolidation of Jurlique in January of this year, after joining the Group in February of last year. Another factor was the establishment of a joint venture in April to accelerate business for the H2O PLUS brand in China. Jurlique and H2O PLUS enjoyed growth in Asia, while exchange rate movements were favorable.

As a result of the above, net sales—sales to external customers—generated by the Beauty Care segment totaled ¥127,720 million, up 5.7%, while operating income reached ¥8,676 million, up 29.7% year on year.

Real Estate

The Real Estate segment concentrates on the leasing of office buildings in cities. 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 rental residential properties business. This business highlights new-model condominiums perfect for families with young children. During the nine months of fiscal 2013, the Group increased sales from the corresponding period of the previous year, reflecting efforts to sustain rent levels and attract tenants.

As a result of the above, net sales—sales to external customers—generated by the Real Estate segment totaled ¥2,266 million, up 5.7%, while operating income reached ¥1,011 million, up 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 and sell new drugs. Thus far, two products—***Lulicon***, an antifungal agent for topical application, and ***DIVIGEL***, a treatment for menopausal symptoms—have successfully been brought to market. In addition, existing ethical pharmaceuticals, such as the laxative ***Alosenn*** and dermatological drugs have been supplied to medical institutions, including university hospitals throughout Japan. In the nine months of fiscal 2013, the Group engaged in ongoing activities that concentrated resources in the key dermatology field. As a result of these activities and the launch of a new formulation of ***Lulicon***, the market share of ***Lulicon*** continued to expand, while sales of dermatological drugs also rose, resulting in higher sales than in the corresponding period of the previous year.

The building maintenance business primarily caters to the needs of Group companies. In the nine months of fiscal 2013, in order to increase orders from outside the Group, the Group engaged in sales activities to conclude contracts with new customers. Nonetheless, due to falling unit prices of orders, net sales fell below those in the corresponding period of the previous year.

As a result of the above, net sales—sales to external customers—generated by the Others segment totaled ¥7,359 million, up 9.3%, while operating income reached ¥351 million, up 63.9% year on year.

(2) Qualitative Information on Consolidated Financial Position

As of September 30, 2013, total assets stood at ¥211,308 million, up 1.0%, or ¥2,167 million, from December 31, 2012. Factors contributing to this increase included the following: increases of ¥3,341 million in cash and deposits, ¥1,735 million in merchandise and finished goods, ¥1,977 million in current assets—other from posting deferred tax assets arising from a withdrawal from business in the United States, and ¥888 million in buildings and structures from the completion of the Totsuka Warehouse. These were offset to some degree by decreases of ¥1,859 million in notes and accounts receivable—trade, ¥1,788 million in short-term investments in securities as a result of redemptions, and ¥2,904 million in investments in securities.

Total liabilities amounted to ¥41,662 million, down 5.8%, or ¥2,582 million, from December 31, 2012. Factors contributing to this decrease included the following: increases of ¥961 million in notes and accounts payable—trade as a result of a rise in purchases and ¥1,065 million in the provision for bonuses. These were offset by ¥3,854 million less in income taxes payable and a decrease of ¥1,170 million in current liabilities—other as a result of a reduction in unpaid sales commissions.

Net assets amounted to ¥169,645 million, up 2.9%, or ¥4,749 million, from December 31, 2012. Factors contributing to this increase included the following: net income of ¥4,905 million and an increase of ¥1,749 million in foreign currency translation adjustments as a result of a weaker yen. These were partially offset by a decrease of ¥2,764 million in dividends from retained earnings.

(3) Qualitative Information on Consolidated Performance Forecast

The Company has made no revisions to the full-year consolidated performance forecast announced on July 30, 2013.

(Information for reference)

Cumulative Results for Fiscal 2012

	(Millions of yen)			
	Three Months	Six Months	Nine Months	Full Year
Net Sales	¥38,945	¥86,407	¥129,724	¥180,873
Operating Income	1,225	5,652	8,013	13,520
Ordinary Income	1,580	6,008	8,425	14,604
Net Income	¥ 721	¥ 2,785	¥ 3,687	¥ 6,681

Quarterly Operation Results for Fiscal 2012

	(Millions of yen)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net Sales	¥38,945	¥47,461	¥43,316	¥51,149
Operating Income	1,225	4,426	2,360	5,506
Ordinary Income	1,580	4,427	2,417	6,178
Net Income	¥ 721	¥ 2,063	¥ 902	¥ 2,994

2. Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Current Period

In the first quarter of the fiscal year ending December 31, 2013, since CSW H2O Holdings, Inc. extinguished as a result of its merger with H2O PLUS HOLDINGS, INC., which is a consolidated subsidiary of the Company, it is excluded from the scope of consolidation.

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

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

Following the revision of the Corporation Tax Act, from the first quarter of the fiscal year ending December 31, 2013, for property, plant and equipment acquired on or after January 1, 2013, the Company and its domestic consolidated subsidiaries have changed to the depreciation method based on the revised Corporation Tax Act.

As a result of the change, the impact on operating income, ordinary income, and income before income taxes is minor.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2012 December 31, 2012	**FY2013 Third Quarter September 30, 2013**
Assets		
Current assets		
Cash and deposits	¥ 22,551	**¥ 25,893**
Notes and accounts receivable – trade	22,684	**20,825**
Short-term investments in securities	19,801	**18,013**
Merchandise and finished goods	10,883	**12,619**
Work in process	1,493	**1,853**
Raw materials and supplies	4,901	**4,906**
Other	6,653	**8,630**
Allowance for doubtful accounts	(125)	**(104)**
Total current assets	88,844	**92,637**
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,248	**18,136**
Land	22,448	**22,379**
Other, net	15,711	**16,215**
Total property, plant and equipment	55,408	**56,732**
Intangible assets		
Goodwill	18,256	**18,166**
Right of trademark	11,841	**12,275**
Other	9,579	**9,566**
Total intangible assets	39,677	**40,008**
Investments and other assets		
Investments in securities	18,572	**15,667**
Other	6,801	**6,436**
Allowance for doubtful accounts	(163)	**(174)**
Total investments and other assets	25,209	**21,930**
Total non-current assets	120,296	**118,670**
Total assets	¥209,140	**¥211,308**

(Millions of yen)

	FY2012 December 31, 2012	**FY2013 Third Quarter September 30, 2013**
Liabilities		
Current liabilities		
Notes and accounts payable – trade	¥ 3,630	**¥ 4,592**
Short-term loans payable	1,733	**1,145**
Income taxes payable	6,282	**2,428**
Provision for bonuses	1,504	**2,569**
Other	17,935	**16,765**
Total current liabilities	31,086	**27,501**
Non-current liabilities		
Long-term loans payable	—	**1,000**
Provision for retirement benefits	6,394	**6,049**
Other	6,763	**7,111**
Total non-current liabilities	13,157	**14,160**
Total liabilities	44,244	**41,662**
Net assets		
Shareholders' equity		
Common stock	10,000	**10,000**
Capital surplus	90,718	**90,718**
Retained earnings	63,386	**65,527**
Treasury stock	(2,199)	**(2,199)**
Total shareholders' equity	161,905	**164,046**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	331	**736**
Foreign currency translation adjustments	2,535	**4,285**
Total accumulated other comprehensive income	2,867	**5,021**
Subscription rights to shares	40	**78**
Minority interests	82	**498**
Total net assets	164,896	**169,645**
Total liabilities and net assets	¥209,140	**¥211,308**

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

Consolidated Statements of Income

(Millions of yen)

	Nine Months Ended September 30	
	FY2012 (January 1, 2012– September 30, 2012)	**FY2013 (January 1, 2013– September 30, 2013)**
Net sales	¥129,724	**¥137,346**
Cost of sales	26,449	**27,536**
Gross profit	103,274	**109,810**
Selling, general and administrative expenses		
Sales commission	32,502	**33,559**
Promotion expenses	12,947	**13,715**
Advertising expenses	5,459	**5,413**
Salaries, allowances and bonuses	14,239	**15,408**
Provision for bonuses	2,069	**2,209**
Provision for point program	1,313	**1,446**
Other	26,727	**28,247**
Total selling, general and administrative expenses	95,261	**100,000**
Operating income	8,013	**9,809**
Non-operating income		
Interest income	357	**315**
Dividend income	20	**24**
Foreign exchange gains	3	**631**
Other	138	**155**
Total non-operating income	520	**1,126**
Non-operating expenses		
Interest expense	49	**59**
Equity in losses of affiliates	33	**2**
Other	24	**21**
Total non-operating expenses	108	**83**
Ordinary income	8,425	**10,852**
Extraordinary income		
Gain on sale of non-current assets	3	**319**
Reversal of provision for directors' retirement benefits	119	—
Other	12	**1**
Total extraordinary income	134	**321**
Extraordinary losses		
Loss on disposal of non-current assets	150	**158**
Loss on business liquidation	—	**1,026**
Business structure improvement expenses	—	**894**
Other	27	**21**
Total extraordinary losses	177	**2,099**
Income before income taxes	8,382	**9,073**
Income taxes – current	5,071	**5,645**
Income taxes – deferred	(361)	**(1,404)**
Total income taxes	4,709	**4,241**
Income before minority interests	¥ 3,672	**¥ 4,832**

(Millions of yen)

	Nine Months Ended September 30	
	FY2012 (January 1, 2012– September 30, 2012)	**FY2013 (January 1, 2013– September 30, 2013)**
Minority interests in net loss of consolidated subsidiaries	¥ (14)	**¥ (72)**
Net income	¥3,687	**¥4,905**

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine Months Ended September 30	
	FY2012 (January 1, 2012– September 30, 2012)	**FY2013 (January 1, 2013– September 30, 2013)**
Income before minority interests	¥3,672	**¥4,832**
Other comprehensive income		
Valuation difference on available-for-sale securities	97	**404**
Deferred gain or loss on hedges	(9)	—
Foreign currency translation adjustments	52	**1,749**
Share of other comprehensive income of associates accounted for using equity method	(1)	**6**
Total other comprehensive income	139	**2,160**
Quarterly comprehensive income	3,811	**6,992**
Comprehensive income attributable to owners of the parent	3,823	**7,059**
Comprehensive income attributable to minority interests	¥ (12)	**¥ (67)**

(3) Going Concern Assumptions
Not applicable for the nine months of fiscal 2013 (January 1, 2013–September 30, 2013)

(4) Segment Information
I. Nine Months of Fiscal 2012 (January 1, 2012–September 30, 2012)
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	¥120,847	¥2,143	¥122,991	¥6,732	¥129,724	—	¥129,724
Intersegment Sales or Transfers	58	471	530	2,257	2,788	¥(2,788)	—
Total	120,906	2,615	123,522	8,990	132,512	(2,788)	129,724
Segment Income	¥ 6,687	¥ 917	¥ 7,604	¥ 214	¥ 7,819	¥ 193	¥ 8,013

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 ¥193 million includes intersegment transaction eliminations of ¥1,796 million minus corporate expenses of ¥1,602 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 Assets by Reportable Segment
There were significant changes in the amount of assets by reportable segment in the nine months of fiscal 2012 compared with the end of fiscal 2011. The summary information is as follows:

In the Beauty Care segment, the amount of segment assets increased by ¥30,875 million, arising from the establishment of Pola Orbis Jurlique Holdings Pty Ltd and Pola Orbis Jurlique Pty Ltd, the addition of Jurlique International Pty Ltd and its 11 subsidiaries as consolidated subsidiaries through the acquisition of all outstanding shares in Jurlique, and some other factors.

3. 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
In the Beauty Care segment, new goodwill was recorded due to the addition of Jurlique International Pty Ltd and its 11 subsidiaries as consolidated subsidiaries through the acquisition of all outstanding shares in Jurlique as of February 3, 2012.

Due to this development, the amount of goodwill increased ¥13,323 million in the nine months of fiscal 2012.

II. Nine Months of Fiscal 2013 (January 1, 2013–September 30, 2013)
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	¥127,720	¥2,266	¥129,986	¥7,359	¥137,346	—	¥137,346
Intersegment Sales or Transfers	59	492	551	2,430	2,982	¥(2,982)	—
Total	127,779	2,758	130,538	9,790	140,328	(2,982)	137,346
Segment Income	¥ 8,676	¥1,011	¥ 9,687	¥ 351	¥ 10,039	¥ (229)	¥ 9,809

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 ¥(229) million includes intersegment transaction eliminations of ¥1,457 million minus corporate expenses of ¥1,687 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

(5) Significant Changes in Shareholders' Equity

None