Summary of Financial Results

For the Fiscal Year Ended 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.

February 13, 2014

POLA ORBIS HOLDINGS INC.

Listing:	Tokyo Stock Exchange, First Section (Code No.: 4927)	
URL:	http://www.po-holdings.co.jp/	
Representative:	Satoshi Suzuki, President	
Contact:	Naoki Kume, Senior Vice President, Finance	Tel: +81-3-3563-5517
Annual Shareholders' Meeting:		March 27, 2014
Filing Date of Securities Report:		March 27, 2014
Start of Cash Dividend Payment:		March 28, 2014
Supplemental Materials Prepared for Yearly Financial Results:		Yes
Conference Presentation for Yearly Financial Results:		Yes (for analysts)

(Amounts less than one million yen have been truncated)

1. Consolidated Performance for the Fiscal Year Ended December 31, 2013

(January 1, 2013–December 31, 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	191,355	5.8	16,017	18.5	17,836	22.1	7,318	9.5
FY2012	180,873	8.5	13,520	5.2	14,604	9.6	6,681	(16.9)

Note: Comprehensive income: FY2013: ¥11,171 million (5.8%); FY2012: ¥10,561 million (45.3%)

	Net Income Per Share	Diluted Net Income Per Share	Return on Shareholders' Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
FY2013	132.39	132.29	4.3	8.4	8.4
FY2012	120.86	120.82	4.2	7.3	7.5

Reference: Equity in losses (earnings) of affiliates: FY2013: ¥(16) million; FY2012: ¥(38) million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
At December 31	Millions of yen	Millions of yen	%	Yen
FY2013	218,005	173,887	79.5	3,133.82
FY2012	209,140	164,896	78.8	2,980.48

Reference: Equity capital: At December 31, 2013: ¥173,250 million; At December 31, 2012: ¥164,773 million

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2013	13,500	(2,452)	(2,815)	34,137
FY2012	17,592	(39,625)	(3,280)	25,106

2. Dividends

	Annual Cash Dividends Per Share					Total Dividends Paid (Annual)	Payout Ratio (Consolidated)	Dividends to Net Assets (Consolidated)
	Q1-end	Q2-end	Q3-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2012	—	25.00	—	25.00	50.00	2,764	41.4	1.7
FY2013	—	25.00	—	30.00	55.00	3,040	41.5	1.8
FY2014 (Forecast)	—	40.00	—	47.00	87.00		54.7	

3. Consolidated Performance Forecast for the Fiscal Year Ending December 31, 2014
(January 1, 2014–December 31, 2014)

(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
First half	94,600	3.5	6,900	9.4	7,100	(3.2)	3,450	1.4	62.40
Full year	198,000	3.5	17,650	10.2	17,900	0.4	8,800	20.2	159.18

Notes to Summary Information

(1) Changes in significant subsidiaries during the current year
(changes in specific subsidiaries resulting in changes in the scope of consolidation) : Yes
Dissolved: CSW H2O Holdings, Inc.
POLA U.S.A., INC.

Note: Please refer to "4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Basis for Preparation of Consolidated Financial Statements)" on page 17 for further detailed information.

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

Note: Changes are subject to Article 14-7 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements. Please refer to "4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" on page 17 for further detailed information.

(3) 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 December 31, 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 December 31, 2013 2,000,000 shares
At December 31, 2012 2,000,000 shares
3) Average number of shares issued and outstanding in each period
Fiscal year ended December 31, 2013 55,284,039 shares
Fiscal year ended December 31, 2012 55,284,039 shares

Note: For the number of shares used as the base for calculation of consolidated net income per share, please refer to "4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Per Share Information)" on page 22 for further detailed information.

(Reference) Summary of Non-consolidated Financial Performance
1. Non-consolidated Financial Performance for the Fiscal Year Ended December 31, 2013
(January 1, 2013–December 31, 2013)
(1) 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	6,040	1.3	3,390	(3.9)	4,249	0.9	3,417	27.0
FY2012	5,964	15.1	3,526	27.6	4,211	22.9	2,691	41.2

	Net Income Per Share	Diluted Net Income Per Share
	Yen	Yen
FY2013	61.82	61.78
FY2012	48.69	48.67

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
At December 31	Millions of yen	Millions of yen	%	Yen
FY2013	185,311	122,042	65.8	2,205.91
FY2012	177,501	121,218	68.3	2,191.91

Reference: Equity capital: At December 31, 2013: ¥121,951 million; At December 31, 2012: ¥121,177 million

Information Regarding Audit Procedures

At the time of disclosure of this report, audit procedures for the financial statements pursuant to the Financial Instruments and Exchange 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. Operating Performance (1) Analysis of Consolidated Operating Results (Outlook for Fiscal 2014)" on page 4.

Table of Contents

1. Operating Performance

(1) Analysis of Consolidated Operating Results

Operating results for fiscal 2013

In the fiscal year, ended December 31, 2013, the Japanese economy experienced a mild recovery from a deceleration precipitated by the European fiscal crisis, as Abenomics-fueled expectations contributed to consumer sentiment, helping personal spending to pick up. Although there remain downside risks from a hike in the consumption tax rate and from an economic slump overseas, the Japanese economy is in position to further recover in an improving export environment owing to a weaker yen and the effectiveness of various domestic policies.

The domestic cosmetics market improved overall as a result of the recovery momentum in the Japanese economy. In the overseas cosmetics market, while slowdowns in personal spending are apparent in China, 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”) continued to improve the profitability of its domestic flagship brands and to expand its brands under development. In addition, the Group also continued 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 fiscal 2013.

Consolidated net sales for fiscal 2013 increased 5.8% year on year, to ¥191,355 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 18.5% year on year to ¥16,017 million. Ordinary income rose 22.1% year on year to ¥17,836 million, on foreign exchange gains stemming from a weaker yen. Net income increased 9.5% year on year, to ¥7,318 million. This was due to a decrease in tax expenses partially offsetting the impact from recognizing the following extraordinary losses: an impairment loss on H2O PLUS, a subsidiary whose acquisition was completed in 2011, a loss on business liquidation arising from the POLA brand’s withdrawal from business in the United States, and business structure improvement expenses associated with the integration of the Shizuoka Plant.

Operating Results Overview (Millions of yen)

	Twelve Months Ended December 31			
	2012	**2013**	Year-on-Year Amount Change	Year-on-Year Percent Change (%)
Net Sales	¥180,873	**¥191,355**	¥10,482	5.8
Operating Income	13,520	**16,017**	2,497	18.5
Ordinary Income	14,604	**17,836**	3,231	22.1
Net Income	¥ 6,681	**¥ 7,318**	¥ 637	9.5

Operating Results by Segment

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

	Twelve Months Ended December 31			
	2012	**2013**	Year-on-Year Amount Change	Year-on-Year Percent Change (%)
Beauty Care	¥168,811	**¥178,306**	¥ 9,494	5.6
Real Estate	2,841	**3,035**	194	6.8
Others	9,220	**10,013**	793	8.6
Total	¥180,873	**¥191,355**	¥10,482	5.8

Segment Income (Operating Income) (Millions of yen)

	Twelve Months Ended December 31			
	2012	**2013**	Year-on-Year Amount Change	Year-on-Year Percent Change (%)
Beauty Care	¥11,812	**¥14,780**	¥2,967	25.1
Real Estate	1,139	**1,258**	119	10.5
Others	335	**410**	75	22.4
Reconciliations of Segment Income (Note)	232	**(431)**	(664)	—
Total	¥13,520	**¥16,017**	¥2,497	18.5

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 “3. Information about Net Sales, Profit (Loss), Assets and Other Items by Reportable Segment” on page 21 for the fiscal 2013 details of reconciliations of segment income.

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, the Group commercialized ***White Shot Clear Serum SX*** in February 2013 as the first cosmetics products in the world focused on “aggressive liquidation.” In September, the Group launched ***B.A. GRANDELUXE II*** from its high prestige ***B.A.*** series. This offering provides advanced mature age-appropriate skin care rather than being anti-aging specifically. In overseas markets, the department stores business generated steady growth in the key Chinese market, while POLA continued to ramp up the number of stores handling its offerings in Russia, another important market. POLA sales were thus higher than a year earlier.

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 along with the purchase price per customer rose on favorable demand for ultraviolet protection and other seasonal products and on the success of cleansing product promotions, offsetting a temporary decline in the number of new customers owing to price reduction constraints. The shift to a two-point logistics structure in the second half of fiscal 2012 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 an increase in net sales over 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.

Among the Group’s overseas brands, noteworthy developments included the contribution to consolidated results from January 2013 of Jurlique, which joined the Group in February 2012, and its expansion of business in China. In April 2013, the Group established a Chinese joint venture for H2O PLUS. These factors and favorable exchange rate movements led to an increase in overseas sales from the previous corresponding period, although earnings were less than anticipated because of forward investments in China.

As a result of the above, net sales—sales to external customers—generated by the Beauty Care segment totaled ¥178,306 million, up 5.6%, while operating income reached ¥14,780 million, up 25.1% 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 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 ¥3,035 million, up 6.8%, while operating income reached ¥1,258 million, up 10.5% 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 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 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 ¥10,013 million, up 8.6%, while operating income reached ¥410 million, up 22.4% year on year.

Outlook for Fiscal 2014

The Japanese economy should continue to experience a mild recovery from a deceleration precipitated by the European fiscal crisis, as Abenomics-fueled expectations contribute to consumer sentiment, helping personal spending to pick up. The domestic economy is in position to further recover in an improving export environment owing to a weaker yen and the effectiveness of various domestic policies.

Against this backdrop, in a new medium-term management plan starting in 2014, the Group will draw on its corporate philosophy, which is to “Inspire all people and touch their hearts.” Key strategies under that plan in Japan will be to sustain stable growth of flagship brands to lead group, and realize sales growth and monetization of brands under development. Internationally, the priority will be to maintain the high growth of overseas brands and start contributing to Group profitability, and restructure of overseas expansion of flagship brands. Management thus aims to attain its consolidated targets by implementing these key strategies.

For the fiscal year ending December 31, 2014, the Group forecasts, on a consolidated basis, net sales of ¥198,000 million, up 3.5% year on year, operating income of ¥17,650 million, up 10.2%, ordinary income of ¥17,900 million, up 0.4%, and net income of ¥8,800 million, up 20.2% year on year.

(2) Analysis of Financial Position

1) Assets, liabilities, and net assets

As of December 31, 2013, total assets stood at ¥218,005 million, up 4.2%, or ¥8,864 million, from December 31, 2012. Factors contributing to this increase included the following: increases of ¥11,941 million in cash and deposits, ¥1,338 million in notes and accounts receivable – trade, ¥1,215 million in merchandise and finished goods, and a net total of ¥1,037 million in buildings and structures associated with the completion of the Totsuka Warehouse. These were offset to some degree by decreases of ¥2,399 million in goodwill owing to an impairment loss, ¥2,193 million in short-term investments in securities as a result of redemptions, and ¥4,449 million in investments in securities.

Total liabilities amounted to ¥44,117 million, decreased 0.3%, or ¥126 million, from December 31, 2012.

Factors contributing to the increase included the following: increases of ¥822 million in provision for business structure improvement associated with the integration of the Shizuoka Plant, ¥474 million in notes and accounts payable – trade, ¥353 million in accounts payable – other, and ¥989 million in other under current liabilities. These were offset by a decrease of ¥2,714 million in income taxes payable.

Net assets amounted to ¥173,887 million, up 5.5%, or ¥8,990 million, from December 31, 2012. Factors contributing to this increase included the following: net income of ¥7,318 million and an increase of ¥3,799 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.

2) Cash flows

The balance of cash and cash equivalents as of December 31, 2013 was ¥34,137 million, up ¥9,031 million, from the end of the previous fiscal year.

The status of cash flows from operating activities, investing activities and financing activities for fiscal 2013, and noteworthy increases and decreases to these cash flows, are described below.

Cash flows from operating activities

Net cash provided by operating activities decreased 23.3% from the corresponding period a year ago, to ¥13,500 million. The primary components contributing to an increase in net cash were ¥13,293 million in income before income taxes, ¥6,704 million in depreciation and amortization, and ¥3,057 million in impairment loss. Major components leading to a decrease in net cash were ¥9,838 million in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥2,452, decreased 93.8% from the corresponding period a year ago. The main factors were as follows. There was a decrease in cash resulting from outflows of ¥8,695 million due to purchase of short-term investments in securities for investing surplus capital in line with investment plans, ¥9,200 million due to purchase of investment securities, and ¥5,707 million due to purchase of property, plant and equipment arising mainly from construction of residential properties for lease. Meanwhile, there was an increase in cash resulting from ¥20,501 million in proceeds from sales and redemption of short-term investments in securities.

Cash flows from financing activities

Net cash used in financing activities decreased 14.2% from the corresponding period a year ago, to ¥2,815 million. The decrease was primarily attributable to the application of ¥2,750 million in cash dividends paid.

(Reference) Cash flow related indicators

	FY2009	FY2010	FY2011	FY2012	FY2013
Equity ratio (%)	77.4	81.5	81.3	78.8	79.5
Equity ratio based on market value (%)	—	49.6	59.6	65.5	95.2
Cash flow/Interest-bearing debt ratio (years)	0.9	0.2	0.2	0.2	0.3
Interest coverage ratio (times)	128.5	173.5	392.8	214.6	137.3

Equity ratio = Shareholders' equity/Total assets

Equity ratio based on market value = Market capitalization/Total assets

Cash flow/Interest-bearing debt ratio = Interest-bearing debt/Cash flow

Interest coverage ratio = Cash flow/Interest payments

Notes:
1. All indicators were calculated using consolidated financial figures.
2. Market capitalization was calculated based on the number of shares issued and outstanding, excluding treasury stock.
3. Market capitalization for fiscal 2009 was not calculated, as no stock market prices were available.
4. Cash flow refers to cash flows from operating activities.
5. Interest-bearing debt includes all debts on which we pay interest among the debts shown on the consolidated balance sheets.

(3) Basic Policy on Profit Distribution and Dividends for Fiscal Years 2013 and 2014

The Group considers profit distribution to be one of its most important management obligations, and pursues shareholder returns through stable profit growth.

The Company intends to pay a year-end dividend of ¥30.00 per share, as scheduled. This and the interim dividend of ¥25.00 per share would lift the annual dividend by ¥5.00 per share to ¥55.00 per share. The Company will invest internal reserves to reinforce its operating structure and support future business development.

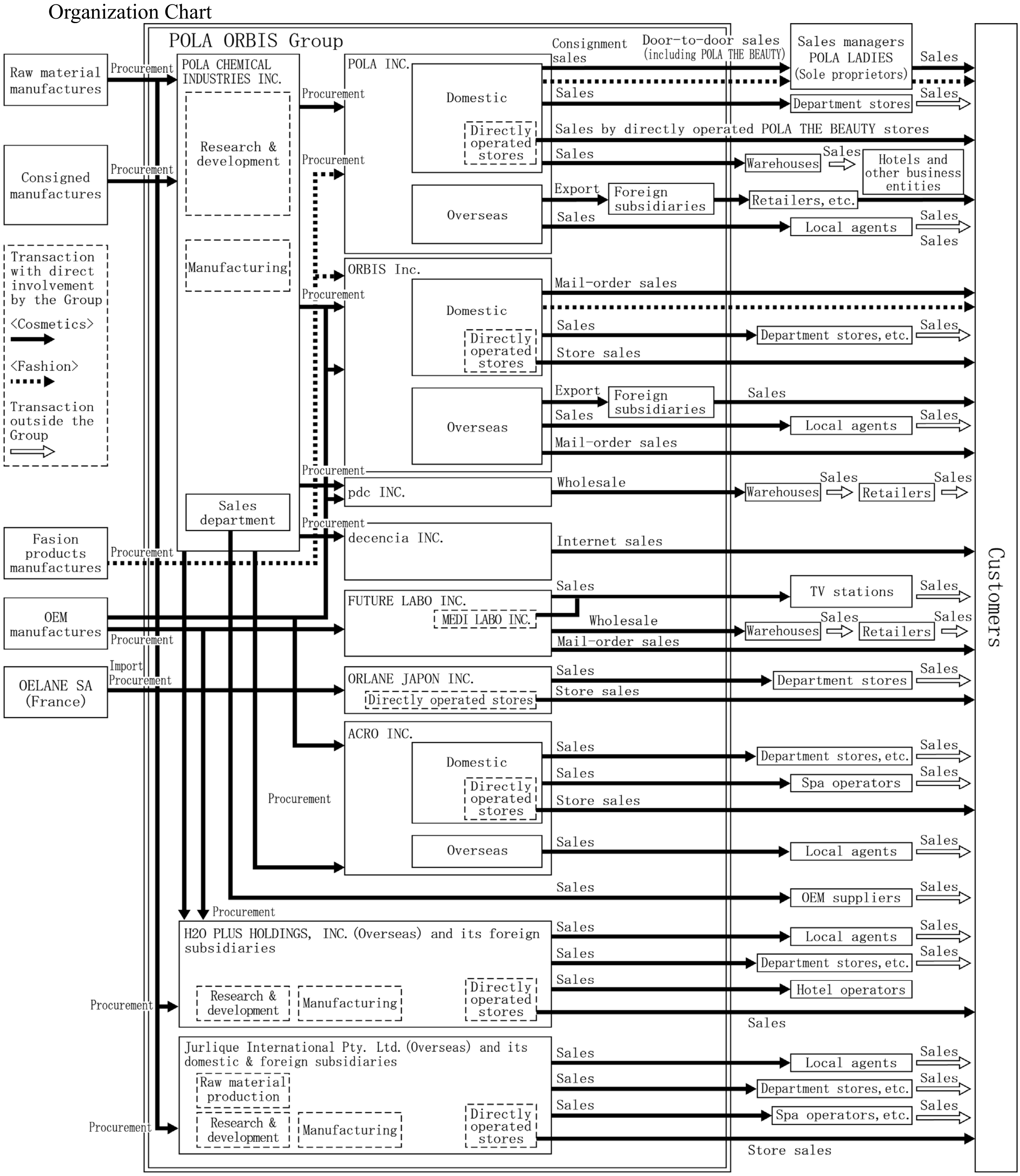
For future profit returns, the Company's basic policy will be to pay stable and ongoing dividends based on a consolidated payout ratio of 50% or higher.

The consolidated net income projection for fiscal 2014 reflects some extraordinary losses associated with the integration of the Shizuoka Plant. After excluding this nonrecurring expense and in keeping with the abovementioned basic policy, management plans the following dividends from retained earnings. It intends to increase the interim dividend by ¥15.00 per share, to ¥40.00 per share, and the year-end dividend by ¥17.00 per share, to ¥47.00 per share, for an annual dividend of ¥87.00 per share.

2. Corporate Group

The new organization chart below relates to the Beauty Care segment. The new chart reflects material changes that have been made with regard to the Business Details section of the segment since the submission of the securities report on March 28, 2013.

Organization Chart



For status of subsidiaries and affiliates, please refer to “1. Items related to scope of consolidation” within “Basis for Preparation of Consolidated Financial Statements” on page 17, which provides details on changes in significant subsidiaries during the current fiscal year. The rest of this section has been truncated as no other material changes were made to the Organization Chart with regard to the Business Details section or the Status of Subsidiaries and Affiliates section in the securities report, submitted on March 28, 2013.

3. Management Policies

(1) Basic Management Policy

In keeping with its corporate philosophy, which is to "Inspire all people and touch their hearts," management aims to leverage the POLA ORBIS Group's strengths in direct selling, skincare, and its multi-brand strategy to generate stable domestic growth and accelerate overseas expansion to become a highly profitable global enterprise in the beauty care and health fields.

(2) Management Indicators

During the new three-year medium-term management plan starting in 2014, which constitutes Stage 2 toward materializing Long-Term Vision 2020, the Company targets Compound Annual Growth Rate ("CAGR") of 3% to 4% in consolidated net sales and CAGR of 15% or higher in consolidated operating income. Management seeks a return on shareholders' equity of 8% or higher by the end of 2016.

(3) Medium- to Long-term Management Strategy and Issues to be Addressed

The Group deployed a three-year medium-term management plan from 2011 as Stage 1 for materializing Long-Term Vision 2020. Under that initiative, the Group generated stable growth in POLA by boosting earnings, and it restructured and enhanced the profitability of ORBIS, representing progress in domestic operations. In overseas business, however, profitability remained a concern by the completion of that plan despite overseas operations accounting for a greater proportion of sales as a result of the acquisitions of Jurlique and H2O PLUS.

In Stage 2, the new three-year medium-term management plan, the Company aims to further strengthen domestic earnings structure and accelerate overseas development and to increase corporate value by improving capital efficiency, and will accordingly pursue the following key strategies.

1) Domestically, sustain stable growth of flagship brands to lead Group earnings while pursuing sales growth and monetization of brands under development

・ Achieve stable, ongoing growth for POLA and reinforce the business platform for the future
・ Complete re-building of ORBIS and return to a growth path
・ Realize sales growth and monetization of overall brands under development in 2016

2) Internationally, sustain the high sales of overseas brands and start contributions to group profitability and restructure the overseas expansion of flagship brands

・ Materialize profitable expansion for Jurlique and H2O PLUS, centered in Asia
・ Concentrate on core competence with overseas strategies for flagship brands, thereby enhancing profitability and creating a successful business model in key countries

3) Strengthen operatings

・ In R&D and production, create new value in Japan and abroad, develop high-value-added offerings, and strengthen cost competitiveness by integrating the domestic production structure
・ In human resources, cultivate people who can operate globally and foster prospective managers

4) Improve capital efficiency and shareholder returns

・ Increase the return on shareholders' equity by enhancing profitability and capital efficiency
・ Achieve stable and ongoing dividends based on a consolidated payout ratio of 50% or higher

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	FY2012 December 31, 2012	**FY2013 December 31, 2013**
Assets		
Current assets		
Cash and deposits	¥ 22,551	**¥ 34,492**
Notes and accounts receivable – trade	22,684	**24,023**
Short-term investments in securities	19,801	**17,608**
Merchandise and finished goods	10,883	**12,099**
Work in process	1,493	**1,699**
Raw materials and supplies	4,901	**4,983**
Deferred tax assets	3,579	**4,675**
Other	3,073	**3,104**
Allowance for doubtful accounts	(125)	**(150)**
Total current assets	88,844	**102,537**
Non-current assets		
Property, plant and equipment		
Buildings and structures	59,680	**61,726**
Accumulated depreciation	(42,432)	**(43,440)**
Buildings and structures, net	17,248	**18,286**
Machinery, equipment and vehicles	12,449	**12,503**
Accumulated depreciation	(10,446)	**(10,464)**
Machinery, equipment and vehicles, net	2,003	**2,039**
Land	22,448	**22,380**
Leased assets	4,303	**4,754**
Accumulated depreciation	(2,082)	**(2,929)**
Leased assets, net	2,221	**1,825**
Construction in progress	2,328	**2,999**
Other	19,636	**19,752**
Accumulated depreciation	(10,476)	**(10,294)**
Other, net	9,159	**9,457**
Total property, plant and equipment	55,408	**56,989**
Intangible assets		
Goodwill	18,256	**15,856**
Right of trademark	11,841	**12,327**
Other	9,579	**9,842**
Total intangible assets	39,677	**38,025**
Investments and other assets		
Investments in securities	18,572	**14,122**
Long-term loans receivable	60	**60**
Deferred tax assets	3,137	**2,712**
Other	3,603	**3,677**
Allowance for doubtful accounts	(163)	**(120)**
Total investments and other assets	25,209	**20,452**
Total non-current assets	120,296	**115,467**
Total assets	¥209,140	**¥218,005**

(Millions of yen)

	FY2012 December 31, 2012	**FY2013** **December 31, 2013**
Liabilities		
Current liabilities		
Notes and accounts payable – trade	¥ 3,630	**¥ 4,105**
Short-term loans payable	1,733	**1,034**
Lease obligations	676	**617**
Accounts payable – other	12,077	**12,431**
Income taxes payable	6,282	**3,568**
Provision for bonuses	1,504	**1,731**
Provision for directors' bonuses	42	**40**
Provision for sales returns	76	**85**
Provision for point program	1,629	**1,783**
Provision for business structure improvement	—	**822**
Other	3,432	**4,422**
Total current liabilities	31,086	**30,640**
Non-current liabilities		
Long-term loans payable	—	**1,000**
Lease obligations	1,071	**831**
Provision for retirement benefits	6,394	**5,908**
Provision for environmental measures	133	**67**
Deferred tax liabilities	1,305	**1,066**
Other	4,253	**4,602**
Total non-current liabilities	13,157	**13,477**
Total liabilities	44,244	**44,117**
Net assets		
Shareholders' equity		
Common stock	10,000	**10,000**
Capital surplus	90,718	**90,718**
Retained earnings	63,386	**67,941**
Treasury stock	(2,199)	**(2,199)**
Total shareholders' equity	161,905	**166,460**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	331	**454**
Foreign currency translation adjustments	2,535	**6,335**
Total accumulated other comprehensive income	2,867	**6,789**
Subscription rights to shares	40	**90**
Minority interests	82	**546**
Total net assets	164,896	**173,887**
Total liabilities and net assets	¥209,140	**¥218,005**

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

(Millions of yen)

	Twelve Months Ended December 31	
	FY2012 (January 1, 2012– December 31, 2012)	**FY2013 (January 1, 2013– December 31, 2013)**
Net sales	¥180,873	**¥191,355**
Cost of sales	36,946	**38,655**
Gross profit	143,927	**152,700**
Selling, general and administrative expenses		
Sales commission	45,240	**46,202**
Promotion expenses	17,491	**18,767**
Packing and transportation expenses	4,845	**4,853**
Advertising expenses	7,293	**7,145**
Salaries, allowances and bonuses	20,763	**22,167**
Welfare expenses	3,220	**3,684**
Retirement benefit expenses	692	**660**
Provision for bonuses	1,306	**1,602**
Provision for point program	1,622	**1,771**
Depreciation and amortization	4,546	**4,796**
Amortization of goodwill	829	**1,061**
Other	22,554	**23,968**
Total selling, general and administrative expenses	130,407	**136,682**
Operating income	13,520	**16,017**
Non-operating income		
Interest income	468	**406**
Dividend income	41	**48**
Foreign exchange gains	544	**1,282**
Other	189	**235**
Total non-operating income	1,243	**1,972**
Non-operating expenses		
Interest expense	73	**94**
Equity in losses of affiliates	38	**16**
Other	46	**43**
Total non-operating expenses	158	**154**
Ordinary income	¥ 14,604	**¥ 17,836**

(Millions of yen)

	Twelve Months Ended December 31	
	FY2012 (January 1, 2012– December 31, 2012)	**FY2013 (January 1, 2013– December 31, 2013)**
Extraordinary income		
Gain on sales of non-current assets	¥ 3	**¥ 468**
Gain on sales of investment securities	―	**441**
Reversal of provision for directors' retirement benefits	119	―
Other	13	**3**
Total extraordinary income	136	**913**
Extraordinary losses		
Loss on disposal of non-current assets	222	**391**
Impairment loss	194	**※1 3,057**
Loss on business liquidation	―	**1,030**
Business structure improvement expenses	―	**931**
Other	12	**44**
Total extraordinary losses	429	**5,455**
Income before income taxes	14,311	**13,293**
Income taxes – current	7,358	**7,122**
Income taxes – deferred	287	**(1,084)**
Total income taxes	7,646	**6,037**
Income before minority interests	6,665	**7,256**
Minority interests in net loss of consolidated subsidiaries	(16)	**(62)**
Net income	¥6,681	**¥7,318**

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Twelve Months Ended December 31	
	FY2012 (January 1, 2012– December 31, 2012)	**FY2013 (January 1, 2013– December 31, 2013)**
Income before minority interests	¥6,665	**¥7,256**
Other comprehensive income		
Valuation difference on available-for-sale securities	367	**122**
Deferred gain or loss on hedges	(9)	―
Foreign currency translation adjustments	3,540	**3,785**
Share of other comprehensive income of associates accounted for using equity method	(1)	**6**
Total other comprehensive income	3,896	**3,915**
Comprehensive income	10,561	**11,171**
Comprehensive income attributable to owners of the parent	10,565	**11,241**
Comprehensive income attributable to minority interests	¥ (4)	**¥ (69)**

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Twelve Months Ended December 31	
	FY2012 (January 1, 2012– December 31, 2012)	**FY2013 (January 1, 2013– December 31, 2013)**
Shareholders' equity		
Common stock		
Balance at the beginning of the period	¥10,000	**¥10,000**
Balance at the end of the period	10,000	**10,000**
Capital surplus		
Balance at the beginning of the period	90,718	**90,718**
Balance at the end of the period	90,718	**90,718**
Retained earnings		
Balance at the beginning of the period	59,469	**63,386**
Changes of items during the period		
Dividends from retained earnings	(2,764)	**(2,764)**
Net income	6,681	**7,318**
Total changes of items during the period	3,917	**4,554**
Balance at the end of the period	63,386	**67,941**
Treasury stock		
Balance at the beginning of the period	(2,199)	**(2,199)**
Balance at the end of the period	(2,199)	**(2,199)**
Total shareholders' equity		
Balance at the beginning of the period	157,988	**161,905**
Changes of items during the period		
Dividends from retained earnings	(2,764)	**(2,764)**
Net income	6,681	**7,318**
Total changes of items during the period	3,917	**4,554**
Balance at the end of the period	161,905	**166,460**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of the period	(35)	**331**
Changes of items during the period		
Net changes of items other than shareholders' equity	367	**122**
Total changes of items during the period	367	**122**
Balance at the end of the period	331	**454**
Deferred gains or losses on hedges		
Balance at the beginning of the period	9	—
Changes of items during the period		
Net changes of items other than shareholders' equity	(9)	—
Total changes of items during the period	(9)	—
Balance at the end of the period	—	—
Foreign currency translation adjustments		
Balance at the beginning of the period	(991)	**2,535**
Changes of items during the period		
Net changes of items other than shareholders' equity	3,526	**3,799**
Total changes of items during the period	3,526	**3,799**
Balance at the end of the period	¥ 2,535	**¥ 6,335**

(Millions of yen)

	Twelve Months Ended December 31	
	FY2012 (January 1, 2012– December 31, 2012)	**FY2013 (January 1, 2013– December 31, 2013)**
Total accumulated other comprehensive income		
Balance at the beginning of the period	¥ (1,017)	**¥ 2,867**
Changes of items during the period		
Net changes of items other than shareholders' equity	3,884	**3,922**
Total changes of items during the period	3,884	**3,922**
Balance at the end of the period	2,867	**6,789**
Subscription rights to shares		
Balance at the beginning of the period	—	**40**
Changes of items during the period		
Net changes of items other than shareholders' equity	40	**50**
Total changes of items during the period	40	**50**
Balance at the end of the period	40	**90**
Minority interests		
Balance at the beginning of the period	86	**82**
Changes of items during the period		
Net changes of items other than shareholders' equity	(4)	**463**
Total changes of items during the period	(4)	**463**
Balance at the end of the period	82	**546**
Total net assets		
Balance at the beginning of the period	157,057	**164,896**
Changes of items during the period		
Dividends from retained earnings	(2,764)	**(2,764)**
Net income	6,681	**7,318**
Net changes of items other than shareholders' equity	3,921	**4,435**
Total changes of items during the period	7,838	**8,990**
Balance at the end of the period	¥164,896	**¥173,887**

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Twelve Months Ended December 31	
	FY2012 (January 1, 2012– December 31, 2012)	**FY2013 (January 1, 2013– December 31, 2013)**
Cash flows from operating activities		
Income before income taxes	¥14,311	**¥13,293**
Depreciation and amortization	6,466	**6,704**
Impairment loss	194	**3,057**
Amortization of goodwill	829	**1,061**
Increase in allowance for doubtful accounts	15	**26**
Decrease in provision for retirement benefits	(402)	**(487)**
Increase (decrease) in other provision	(413)	**304**
Interest and dividend income	(510)	**(454)**
Interest expense	73	**94**
Foreign exchange gain	(660)	**(1,221)**
Equity in gain of affiliates	38	**16**
Gain on sales of non-current assets	(2)	**(460)**
Loss on disposal of non-current assets	222	**391**
Gain on sales of investment securities	—	**(441)**
Loss on business liquidation	—	**1,030**
Business structure improvement expenses	—	**931**
Increase in notes and accounts receivable – trade	(1,007)	**(1,059)**
Decrease (increase) in inventories	571	**(1,166)**
Increase in notes and accounts payable – trade	359	**268**
Increase (decrease) in consumption taxes payable	(78)	**311**
Decrease (increase) in other assets	184	**(219)**
Increase in other liabilities	471	**892**
Other	132	**203**
Subtotal	20,796	**23,078**
Interest and dividends received	565	**529**
Interest paid	(81)	**(98)**
Income taxes paid	(3,687)	**(9,838)**
Other	—	**(171)**
Net cash provided by operating activities	¥17,592	**¥13,500**

(Millions of yen)

	Twelve Months Ended December 31	
	FY2012 (January 1, 2012– December 31, 2012)	**FY2013 (January 1, 2013– December 31, 2013)**
Cash flows from investing activities		
Payments into time deposits	¥ (2,231)	**¥ (651)**
Proceeds from withdrawal of time deposits	2,415	**991**
Purchase of short-term investments in securities	(15,707)	**(8,695)**
Proceeds from sales and redemption of short-term investments in securities	28,224	**20,501**
Purchase of property, plant and equipment	(6,742)	**(5,707)**
Proceeds from sales of property, plant and equipment	34	**723**
Purchase of intangible assets	(1,785)	**(1,666)**
Payments for disposal of non-current assets	(191)	**(81)**
Purchase of investment securities	(15,565)	**(9,200)**
Proceeds from sales of investment securities	17	**1,624**
Purchase of long-term prepaid expenses	(77)	**(64)**
Payments for lease and guarantee deposits	(226)	**(235)**
Proceeds from collection of lease and guarantee deposits	198	**137**
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(27,952)	**—**
Other	(35)	**(128)**
Net cash used in investing activities	(39,625)	**(2,452)**
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	215	**(723)**
Net increase in long-term loans payable	—	**1,000**
Repayments of lease obligations	(746)	**(787)**
Cash dividends paid	(2,749)	**(2,750)**
Proceeds from stock issuance to minority shareholders	—	**483**
Repayments to minority shareholders	—	**(36)**
Net cash used in financing activities	(3,280)	**(2,815)**
Effect of exchange rate change on cash and cash equivalents	172	**798**
Net increase (decrease) in cash and cash equivalents	(25,140)	**9,031**
Cash and cash equivalents at beginning of period	50,246	**25,106**
Cash and cash equivalents at end of period	¥25,106	**¥34,137**

(5) Notes to Consolidated Financial Statements

(Going Concern Assumptions)
None

(Basis for Preparation of Consolidated Financial Statements)
1. Items Related to Scope of Consolidation
   (1) Consolidated Subsidiaries: **44**
   Principal subsidiaries:
   POLA INC.
   ORBIS Inc.
   POLA CHEMICAL INDUSTRIES INC.
   P.O. REAL ESTATE INC.
   and 40 other subsidiaries

   (Newly included: 3)
   In fiscal 2013, C2O Plus Asia Limited, its subsidiary Ningbo Marine Beauty Trading Co., Ltd., and ORBIS ASIA PACIFIC Headquarters PTE. LTD. were newly established and included in the scope of consolidation.

   (Excluded: 2)
   In fiscal 2013, CSW H2O Holdings Inc. was dissolved and subsequently excluded from the scope of consolidation after its merger with H2O PLUS HOLDINGS, INC.
   POLA U.S.A., INC. is in the process of liquidation. Considered the decrease in significance, it was excluded from the scope of consolidation.

   (2) Non-consolidated Subsidiaries: **1**
   POLA U.S.A., INC. is in the process of liquidation. Considered to be insignificant, it is treated as a non-consolidated subsidiary.

2. Items Related to Application of Equity Method
   (1) Equity Method Affiliates: **1**
   Affiliates:
   B2O IMPORT AND TRADE OF COSMETICS AND PERFUMES LIMITED

   (2) Non-consolidated Subsidiaries Not Accounted for by the Equity Method:
   POLA U.S.A., INC. is in the process of liquidation. Considered to be insignificant, it is excluded from the scope of Equity Method Affiliates.

(Changes in Accounting Policies)
[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 ended December 31, 2013, for property, plant and equipment acquired on or after January 1, 2013, the Company and its domestic consolidated subsidiaries have adopted 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.

(Changes in Presentation Method)

(Consolidated Statements of Income)

In fiscal 2012, “Gains on sales of non-current assets” was included in “Other” under “Extraordinary income.”

In fiscal 2013, however, it is presented as a separate item due to an increase in materiality. As a result, ¥16 million was recorded as “Other” under “Extraordinary income” in fiscal 2012, and reclassified as ¥3 million in “Gains on sales of non-current assets” and ¥13 million in “Other” in fiscal 2013.

(Items Related to Consolidated Financial Statements)

※1. Impairment Loss

The Group recorded the following impairment loss in fiscal 2013.

Fiscal Year Ended December 31, 2013 (January 1, 2013–December 31, 2013)

1. Asset group and amount being accounted for as impairment loss:

(Millions of yen)

Location	Function	Type	Impairment loss amount
Domestic			
Sendai, Miyagi Tachikawa, Tokyo Kobe, Hyogo Hiroshima, Hiroshima	Store	Property, plant and equipment (Other)	**¥ 44**
Shinagawa, Tokyo	Office	Property, plant and equipment (Other) Intangible assets (Other)	**23**
Overseas			
Shenyang, China Beijing, China Chengdu, China	Store	Buildings and structures	**47**
Shenyang, China	Office	Buildings and structures Property, plant and equipment (Other) Intangible assets (Other)	**79**
Illinois, USA	Business asset	Goodwill Right of trademark	**2,862**
Total			**¥3,057**

2. Background of recognizing impairment loss

   Among stores and offices, if any asset groups have been continuously recording impairment losses or the net amount of estimated future cash flows falls short of their book value, impairment losses are recognized under extraordinary losses by reducing their book value to the amount that is recoverable.

   By the fact that the operating results of H2O PLUS fell below the original estimation at acquisiton, an impairment test of Goodwill and Right of trademark was conducted based on accounting principles generally accepted in the United States (“U.S. GAAP”). As the result, impairment losses were accounted for under extraordinary losses, after excluding the amount of accumulated amortization that was already recognized under accounting principles generally accepted in Japan (“Japanese GAAP”).

3. Grouping method of assets

   Stores and offices are grouped separately, mainly on a business department basis whereby income and expenditures are continually being examined.

   Goodwill and Right of trademark are grouped by company units.

4. Calculation methods of recoverable value

   Recoverable value is measured by value-in-use based on future cash flows.

(Investment and Rental Property)

The Group owns office buildings and residential properties for lease in Tokyo and other areas.

In fiscal 2012, net rental income from investment and rental properties was ¥1,377 million (rental income is recorded under net sales and non-operating income, while rental expenses are recorded under cost of sales, selling, general and administrative expenses, and non-operating expenses).

In fiscal 2013, net rental income from investment and rental properties is ¥1,559 million (rental income is recorded under net sales and non-operating income, while rental expenses are recorded under cost of sales, selling, general and administrative expenses, and non-operating expenses).

The carrying amounts on the consolidated balance sheet, net change during fiscal 2012 and fiscal 2013 and the fair value of those properties are stated below.

(Millions of yen)

		FY2012 (January 1, 2012–December 31, 2012)	**FY2013 (January 1, 2013–December 31, 2013)**
Carrying Amounts on the Consolidated Balance Sheet	Balance at Beginning of Period	¥21,980	**¥25,299**
	Change	¥3,319	**¥1,064**
	Balance at End of Period	¥25,299	**¥26,364**
Fair Value at End of Period		¥42,812	**¥45,875**

Notes: 1. The carrying amounts present acquisition cost less accumulated depreciation and accumulated impairment loss.

2. Main change

(Fiscal 2012)

Increase: Acquisition of office buildings and residential properties for lease: ¥3,355 million

Refurbishment of office buildings for lease: ¥277 million

Decrease: Depreciation on office buildings and residential properties and other properties for lease: ¥438 million

(Fiscal 2013)

Increase: Acquisition of residential properties for lease: ¥1,695 million

Refurbishment of office buildings for lease: ¥241 million

Decrease: Depreciation on office buildings and residential properties and other properties for lease: ¥549 million

Sale of office buildings for lease and idle property: ¥139 million

3. Method for calculating fair values

The fair values of the major properties are determined at the amounts using appraisal certificates provided by outside real estate assessors. For the other properties, however, the fair value of land is determined at the amount adjusted using the indices that are considered to properly reflect market price. The fair values of depreciable assets such as buildings are determined at the carrying amounts. For the properties acquired in fiscal 2013, the fair values are determined at the carrying amounts due to minimal fluctuation on fair values.

(Segment Information)

1. General Information about Reportable Segments
   A reportable segment is a component of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.
   The Group primarily develops, manufactures and markets cosmetics products and related products. It promotes a multi-brand strategy of holding a range of brands and winning market shares for each of its high-profile brands in order to satisfy the diversifying needs of its customers based on their values. Comprehensive strategies are planned and products are marketed by each brand name in Japan and overseas. In addition to its cosmetics business, a variety of businesses is conducted to contribute to the Group's profits.
   Therefore, reportable segments consist of the Beauty Care business, the Group's core business, and the Real Estate business, which indirectly supports the Group's core business.
   The Beauty Care business manufactures and markets cosmetics and health foods and sells fashion items (women's underwear, women's apparel and jewelry) under the following brand names: ***POLA, ORBIS, pdc, FUTURE LABO, ORLANE, decencia, THREE, Jurlique and H2O PLUS***. The Real Estate business is engaged in the leasing of office buildings and residential properties.

2. Calculation Method for Net Sales, Profit (Loss), Assets, Liabilities and Other Items by Reportable Segment
   The accounting method for the Group's reportable business segments is generally the same as described in "Basis for Preparation of Consolidated Financial Statements."
   Segment income is based on operating income. The amounts of inter-segment unrealized profits and transfers are calculated based on prevailing market prices.

3. Information about Net Sales, Profit (Loss), Assets and Other Items by Reportable Segment
   Fiscal Year Ended December 31, 2012 (January 1, 2012–December 31, 2012)

(Millions of yen)

	Reportable Segments			Others (Note 1)	Subtotal	Reconciliations (Note 2)	Amount Shown on the Consolidated Financial Statements (Note 3)
	Beauty Care	Real Estate	Subtotal				
Net Sales							
Sales to External Customers	¥168,811	¥2,841	¥171,653	¥9,220	¥180,873	—	¥180,873
Intersegment Sales or Transfers	76	628	705	3,277	3,983	¥(3,983)	—
Total	168,888	3,470	172,358	12,498	184,857	(3,983)	180,873
Segment Income	11,812	1,139	12,952	335	13,287	232	13,520
Segment Assets	163,165	29,838	193,003	10,742	203,746	5,393	209,140
Other Items							
Depreciation and Amortization	5,364	593	5,957	265	6,223	242	6,466
Amortization of Goodwill	829	—	829	—	829	—	829
Increase in property, plant and equipment and intangible assets	¥ 5,683	¥3,736	¥ 9,419	¥ 228	¥ 9,648	¥ (38)	¥ 9,609

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

2. Reconciliations consist of the following:
   (1) The segment income reconciliation of ¥232 million includes intersegment transaction eliminations of ¥2,378million minus corporate expenses of ¥2,145 million, not allocated to each segment. Corporate expenses are primarily the Company's administrative expenses not allocated to reportable segments.
   (2) The segment assets reconciliation of ¥5,393 million includes corporate assets of ¥56,666 million, not allocated to each segment, minus intersegment eliminations of ¥51,272 million. Corporate assets are primarily the

Company's financial assets and assets in the administrative division not allocated to reportable segments.

(3) Reconciliations of depreciation and amortization, and increases in property, plant and equipment, and intangible assets are those related to corporate assets and intersegment eliminations.

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

4. Amortization and increase in long-term prepaid expenses are included in depreciation and amortization, and increases in property, plant and equipment, and intangible assets, respectively.

Fiscal Year Ended December 31, 2013 (January 1, 2013–December 31, 2013)

(Millions of yen)

	Reportable Segments			Others (Note 1)	Subtotal	Reconciliations (Note 2)	Amount Shown on the Consolidated Financial Statements (Note 3)
	Beauty Care	**Real Estate**	**Subtotal**				
Net Sales							
Sales to External Customers	**¥178,306**	**¥3,035**	**¥181,342**	**¥10,013**	**¥191,355**	—	**¥191,355**
Intersegment Sales or Transfers	**73**	**647**	**720**	**3,262**	**3,983**	**¥(3,983)**	—
Total	**178,380**	**3,682**	**182,063**	**13,276**	**195,339**	**(3,983)**	**191,355**
Segment Income	**14,780**	**1,258**	**16,039**	**410**	**16,449**	**(431)**	**16,017**
Segment Assets	**172,972**	**30,731**	**203,703**	**11,582**	**215,286**	**2,718**	**218,005**
Other Items							
Depreciation and Amortization	**5,658**	**613**	**6,271**	**262**	**6,534**	**170**	**6,704**
Amortization of Goodwill	**1,061**	—	**1,061**	—	**1,061**	—	**1,061**
Increase in property, plant and equipment and intangible assets	**¥ 5,855**	**¥2,107**	**¥ 7,962**	**¥ 800**	**¥ 8,762**	**¥ (92)**	**¥ 8,670**

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

2. Reconciliations consist of the following:

(1) The segment income reconciliation of ¥431 million includes intersegment transaction eliminations of ¥1,940 million minus corporate expenses of ¥2,372 million, not allocated to each segment. Corporate expenses are primarily the Company's administrative expenses not allocated to reportable segments.

(2) The segment assets reconciliation of ¥2,718 million includes corporate assets of ¥63,460 million, not allocated to each segment, minus intersegment eliminations of ¥60,742 million. Corporate assets are primarily the Company's financial assets and assets in the administrative division not allocated to reportable segments.

(3) Reconciliations of depreciation and amortization, and increases in property, plant and equipment, and intangible assets are those related to corporate assets and intersegment eliminations.

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

4. Amortization and increase in long-term prepaid expenses are included in depreciation and amortization, and increases in property, plant and equipment, and intangible assets, respectively.

(Per Share Information)

	FY2012 (January 1, 2012–December 31, 2012)	**FY2013 (January 1, 2013–December 31, 2013)**
Net assets per share	¥2,980.48	**¥3,133.82**
Net income per share	¥120.86	**¥132.39**
Diluted net income per share	¥120.82	**¥132.29**

Note 1: Basis for calculation of net income per share and diluted net income per share is stated below:

Item	FY2012 (January 1, 2012–December 31, 2012)	**FY2013 (January 1, 2013–December 31, 2013)**
Net income per share		
Net income (millions of yen)	¥6,681	**¥7,318**
Amounts not attributable to shareholders of common stock (millions of yen)	—	—
Net income associated with common stock (millions of yen)	¥6,681	**¥7,318**
Weighted average number of shares of common stock during the fiscal year	55,284,039	**55,284,039**
Diluted net income per share		
Adjustment of net income (millions of yen)	—	—
Number of shares of common stock increased	16,968	**40,308**
[Of which, subscription rights to shares]	(16,968)	**(40,308)**
Outline of the dilutive shares not included in the calculation of diluted net income per share due to their antidilutive effects	—	

Note 2: Basis for calculation of net assets per share is stated below:

Item	FY2012 (At December 31, 2012)	**FY2013 (At December 31, 2013)**
Total net assets (millions of yen)	¥164,896	**¥173,887**
Amount deducted from total net assets (millions of yen)	¥123	**¥636**
[Of which, subscription rights to shares (millions of yen)]	¥(40)	**¥(90)**
[Of which, minority interests (millions of yen)]	¥(82)	**¥(546)**
Net assets associated with common stock (millions of yen)	¥164,773	**¥173,250**
Number of shares of common stock used in the calculation of net assets per share	55,284,039	**55,284,039**

(Significant Subsequent Events)

None