



## Consolidated Financial Results for the Three Months Ended March 20, 2014 [Japanese GAAP]

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 Preparation of supplementary materials on the quarterly results: Yes  
 Holding of an explanatory meeting on the quarterly results: No

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(Amounts of less than one million yen have been omitted)

### 1. Consolidated financial results for the three months ended March 20, 2014 (December 21, 2013- March 20, 2014)

#### (1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended March 20, 2014	5,798	9.6	944	4.6	849	0.6	500	(2.3)
Three month ended March 20, 2013	5,291	8.9	902	9.3	844	10.9	512	18.5

(Note) Comprehensive income Three months ended March 20, 2014 : 565 million yen [(36.0%)] Three months ended March 20, 2013: 882 million yen [75.9%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended March 20, 2014	30.56	-
Three month ended March 20, 2013	30.98	-

(Note) The Company conducted a 1.2 for 1 stock split of its common stock effective December 21, 2013. Consequently, the net income per share calculated and retrospectively adjusted assuming that the stock split was conducted at the beginning of the previous consolidated fiscal year is presented.

#### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of March 20, 2014	25,658		22,222		86.6	
As of December 20, 2013	26,321		22,149		84.1	

(Reference) Equity As of March 20, 2014: 22,222 million yen As of December 20, 2013: 22,149 million yen

### 2. Payment of dividends

	Annual dividend				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of fiscal year	Total
Year ended December 20, 2013	-	Yen 33.00	Yen -	Yen 35.00	Yen 68.00
Year ending December 20, 2014	-				
Year ending December 20, 2014(forcast)		34.00	-	34.00	68.00

(Note) Changes to latest dividends forecast: None

### 3. Consolidated operating forecasts for the fiscal year ending December 20, 2014 (December 21, 2013 - December 20, 2014)

(Percentages show year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Year ending December 20, 2014	25,200	5.8	4,500	4.6	4,215	3.8	2,600	3.3	158.74	

(Note) Changes to latest performance forecasts: None

\*Notes

(1) Significant changes in subsidiaries during the period

(changes in specified subsidiaries accompanied by changes in the scope of consolidation) : None

New: 0 companies (Company name: )

Exclude: 0 companies (Company name: )

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatements

- 1) Changes in accounting policies due to amendment to the accounting standards, etc. : None
- 2) Changes in accounting policies other than those in 1) above : None
- 3) Changes in accounting estimates : None
- 4) Retrospective restatements : None

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury stock)	Three months ended March 20, 2014	16,558,617 shares	Year ended December 20, 2013	16,558,617 shares
2) Number of treasury stock at the end of the period	Three months ended March 20, 2014	183,568 shares	Year ended December 20, 2013	179,953 shares
3) Average number of shares during the period (cumulative)	Three months ended March 20, 2014	16,376,028 shares	Three months ended March 20, 2013	16,536,078 shares

(Note) The Company conducted a 1.2 for 1 stock split of its common stock effective December 21, 2013. Consequently, the number of shares issued at the end of the period, the number of treasury stock at the end of the period, and the average number of shares during the period calculated and retrospectively adjusted assuming that the stock split was conducted at the beginning of the previous consolidated fiscal year are presented.

\*Indication of the status of execution of audit procedures

As these financial results are not subject to audit procedures pursuant to the Financial Instruments and Exchange Act, said audit procedures were not completed at the time of disclosure of this report.

\*Explanation on the appropriate use of operating forecasts and other special instructions

Operating forecasts and other statements regarding the future presented in these materials are based on information currently available and certain assumptions deemed to be reasonable, and actual performance may differ substantially due to various factors.

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## 1. Qualitative information on consolidated results for the current period

### (1) Qualitative information on consolidated operating results

During the three month period ended March 20, 2014, our nation's economy was on a moderate recovery trend, as corporate earnings improved and personal consumption picked up, as a result of the effects of the government's economic measures. Nevertheless, uncertainty over the future continued to prevail due to increasing concerns about the decelerating economies of the emerging nations, in addition to the consumption tax hike to take effect from April. In the beauty industry, despite the continuing harsh business climate, there was an increase in the number of customers of our scalp- and hair-care services as well as customers purchasing take home products at our partner salons.

Under such circumstances, the Milbon Group, fully aware of the importance of enhancing "intangible value" that centers on communication to answer to the values of mature women, has been promoting initiatives intended for salons under the slogan of "Supporting the nurture of salon professionals with human appeal who will take the stage and live up to intrinsic, absolute value." Consolidated sales during the three month period ended March 20, 2014 increased to 5,798 million yen (up 9.6% year-on-year). This was primarily due to the strong initial sales of Aujua Aging Care series Immurise line, which was launched in February in the hair-care product category; and the strong sales of Ordeve Beaute, the product line specialized for gray hair in the hair coloring product category. Favorable sales growth of the overseas subsidiaries thanks to the proactive educational activities conducted in the salons was another factor for the increase.

Operating income increased to 944 million yen (up 4.6% year-on-year); ordinary income increased to 849 million yen (up 0.6% year-on-year); and net income was 500 million yen (down 2.3% year-on-year).

Breakdown of net sales by product category and breakdown of net sales into domestic and overseas sales are shown below:

[Breakdown of consolidated net sales by product category]

(Unit: Million yen)

Product Category	Previous Consolidated First Quarter		Current Consolidated First Quarter		Increase (Decrease) Amount	Year-on-year Change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Hair care products	2,671	50.5	3,099	53.5	427	16.0
Hair coloring products	2,230	42.1	2,268	39.1	38	1.7
Permanent wave products	343	6.5	379	6.5	36	10.6
Others	45	0.9	50	0.9	4	9.7
Total	5,291	100.0	5,798	100.0	507	9.6

[Breakdown of net sales into domestic and overseas sales]

(Unit: Million yen)

	Previous Consolidated First Quarter		Current Consolidated First Quarter		Increase (Decrease) Amount	Year-on-year Change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Domestic sales	4,914	92.9	5,203	89.7	288	5.9
Overseas sales	376	7.1	594	10.3	218	58.1
Total	5,291	100.0	5,798	100.0	507	9.6

### (2) Qualitative information on consolidated financial position

Total assets at the end of the three month period ended March 20, 2014 decreased by 663 million yen compared to the end of the previous consolidated fiscal year to 25,658 million yen.

Current assets decreased by 810 million yen compared to the end of the previous consolidated fiscal year to 12,127 million yen.

This was due mainly to the decrease in cash and deposits by 1,251 million yen; as well as the increases in merchandise and finished goods and in raw materials and supplies by 293 million yen and 113 million yen, respectively.

Noncurrent assets increased by 146 million yen compared to the end of the previous consolidated fiscal year to 13,530 million yen.

Current liabilities decreased by 700 million yen compared to the end of the previous consolidated fiscal year to 3,270 million yen. This was due mainly to the decreases in accounts payable-other and in income taxes payable by 668 million yen and 572 million yen, respectively; in addition to the increases in accounts payable-trade and in provision for bonuses by 221 million yen and 226 million yen, respectively.

There were no material changes in noncurrent liabilities from the end of the previous consolidated fiscal year.

Net assets increased by 72 million yen compared to the end of the previous consolidated fiscal year to 22,222 million yen. This was due mainly to the 89 million yen increase in foreign currency translation adjustment due to the weakening yen.

As a result, equity ratio changed from 84.1% at the end of the previous consolidated fiscal year to 86.6%. Net assets per share based on total outstanding shares as of the end of the current consolidated fiscal year increased from 1,352.34 yen per share at the end of the previous consolidated fiscal year to 1,357.07 yen per share.

(3) Qualitative information on consolidated operating forecasts

In terms of the full-year forecast there are no changes to the previous consolidated performance forecasts, which were announced on January 22, 2014.

2. Summary information (Notes)

- (1) Significant changes in subsidiaries during the period

None

- (2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements

None

- (3) Changes in the accounting policies, changes in accounting estimates and retrospective restatements

None

## 3. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	Previous Consolidated Fiscal Year (As of December 20, 2013)	Current Consolidated First Quarter (As of March 20, 2014)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	6,845,649	5,593,794
Notes and accounts receivable-trade	3,110,419	3,097,887
Merchandise and finished goods	1,987,133	2,280,751
Work in process	21,957	18,157
Raw materials and supplies	607,585	721,419
Other	420,934	470,429
Allowance for doubtful accounts	(55,548)	(54,813)
Total current assets	<u>12,938,131</u>	<u>12,127,624</u>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings and structures, net	3,655,029	4,390,595
Machinery, equipment and vehicles, net	902,286	1,022,029
Land	4,867,542	4,870,212
Construction in progress	835,253	20,652
Other, net	155,945	288,056
Total property, plant and equipment	<u>10,416,058</u>	<u>10,591,546</u>
Intangible assets	481,762	468,003
Investments and other assets		
Investment securities	1,767,519	1,728,224
Other	767,402	791,773
Allowance for doubtful accounts	(49,141)	(49,141)
Total investments and other assets	<u>2,485,780</u>	<u>2,470,855</u>
Total noncurrent assets	<u>13,383,601</u>	<u>13,530,404</u>
Total assets	<u>26,321,732</u>	<u>25,658,029</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	501,379	723,173
Accounts payable-other	1,914,806	1,246,402
Income taxes payable	945,236	372,877
Provision for sales returns	26,590	23,889
Provision for bonuses	83,995	310,254
Other	498,640	594,025
Total current liabilities	<u>3,970,648</u>	<u>3,270,622</u>
<b>Noncurrent liabilities</b>		
Provision for retirement benefits	55,564	19,898
Other	146,076	145,468
Total noncurrent liabilities	<u>201,641</u>	<u>165,366</u>
Total liabilities	<u>4,172,289</u>	<u>3,435,988</u>

	(Thousand yen)		
	Previous Consolidated Fiscal Year (As of December 20, 2013)	Current Consolidated First Quarter (As of March 20, 2014)	
Net assets			
Shareholders' equity			
Capital stock	2,000,000	2,000,000	
Capital surplus	199,183	199,423	
Retained earnings	20,069,024	20,091,779	
Treasury stock	(516,646)	(531,663)	
Total shareholders' equity	21,751,561	21,759,539	
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	277,439	252,093	
Foreign currency translation adjustment	120,442	210,407	
Total accumulated other comprehensive income	397,881	462,500	
Total net assets	22,149,443	22,222,040	
Total liabilities and net assets	26,321,732	25,658,029	

## (2) Quarterly Consolidated Statements of Earnings and Consolidated Statements of Comprehensive Income

## Quarterly Consolidated Statements of Earnings

Quarterly Consolidated Three Months Ended March 20, 2013 and 2014

(Thousand yen)

	Three Months Ended March 20, 2013 (December 21, 2012 - March 20, 2013)	Three Months Ended March 20, 2014 (December 21, 2013 - March 20, 2014)
Net sales	5,291,221	5,798,236
Cost of sales	1,680,408	1,771,578
Gross profit	3,610,813	4,026,658
Selling, general and administrative expenses	2,707,982	3,082,504
Operating income	902,830	944,154
Non-operating income		
Interest income	3,394	4,633
Dividends income	192	192
Foreign exchange gains	15,649	-
Company house defrayment income	14,334	10,682
Other	1,677	1,964
Total non-operating income	35,248	17,471
Non-operating expenses		
Sales discounts	93,115	95,744
Other	11	16,025
Total non-operating expenses	93,126	111,770
Ordinary income	844,951	849,856
Extraordinary loss		
Loss on retirement of noncurrent assets	-	12,236
Total extraordinary losses	-	12,236
Income before income taxes and minority interests	844,951	837,620
Income taxes-current	398,008	354,941
Income taxes-deferred	(65,403)	(17,787)
Total income taxes	332,605	337,154
Income before minority interests	512,346	500,465
Net income	512,346	500,465

## Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Three Months Ended March 20, 2013 and 2014

(Thousand yen)

	Three Months Ended March 20, 2013 (December 21, 2012 - March 20, 2013)	Three Months Ended March 20, 2014 (December 21, 2013 - March 20, 2014)
Income before minority interests	512,346	500,465
Other comprehensive income		
Valuation difference on available-for-sale securities	238,443	(25,345)
Foreign currency translation adjustment	131,797	89,964
Total other comprehensive income	370,240	64,618
Comprehensive income	882,587	565,084
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	882,587	565,084
Comprehensive income attributable to minority interests	-	-

(3) Notes regarding going concern assumption

None

(4) Segment information

The Company omits information on business segments, as it is engaged in the production and distribution of hair-care products and related merchandise, all of which are deemed to belong to a single business segment.

(5) Notes in case of any significant changes in shareholders' equity

None