



Consolidated Financial Results for the Fiscal Year Ended December 20, 2015

[Japanese GAAP]

Name of registrant: Milbon Co., Ltd.
 Code No.: 4919 URL <http://www.milbon.co.jp>
 Representative: Ryuji Sato, President and CEO
 Inquiries: Masahiro Murai, Managing Director
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 Tokyo Stock Exchange, First Section

TEL: +81-6-6928-2331

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

1. Consolidated financial results for the fiscal year ended December 20, 2015 (December 21, 2014 - December 20, 2015)

(1) Consolidated operating results

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended December 20, 2015	27,377	8.5	4,727	6.2	4,427	4.9	2,950	12.6
Year ended December 20, 2014	25,226	5.9	4,451	3.4	4,218	3.9	2,621	4.2

(Note) Comprehensive income Year ended December 20, 2015: 3,280 million yen [13.0%] Year ended December 20, 2014: 2,902 million yen [(8.5)%]

	Net income per share	Diluted net income per share	Return on equity (ROE)	Return on assets (ROA)	Operating income ratio
	Yen	Yen	%	%	%
Year ended December 20, 2015	180.20	-	11.7	15.0	17.3
Year ended December 20, 2014	160.07	-	11.3	15.5	17.6

(Reference) Equity in earnings (losses) of affiliates Year ended December 20, 2015: - million yen Year ended December 20, 2014: - million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 20, 2015	30,799	26,212	85.1	1,601.02
As of December 20, 2014	28,138	24,104	85.7	1,472.10

(Reference) Equity As of December 20, 2015: 26,212 million yen As of December 20, 2014: 24,104 million yen

(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
	Million yen	Million yen	Million yen	Million yen
Year ended December 20, 2015	3,895	(2,834)	(1,135)	7,086
Year ended December 20, 2014	2,766	(1,236)	(1,052)	7,147

2. Payment of dividends

	Annual dividends					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Dividends on equity (DOE) (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of fiscal year	Total			
	Yen	Yen	Yen	Yen	Yen			
Year ended December 20, 2014	-	34.00	-	34.00	68.00	1,113	42.5	4.8
Year ended December 20, 2015	-	35.00	-	39.00	74.00	1,211	39.3	4.8
Year ending December 20, 2016 (forecast)	-	38.00	-	40.00	78.00		39.4	

3. Consolidated operating forecasts for the fiscal year ending December 20, 2016 (December 21, 2015 - December 20, 2016)

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending December 20, 2016	28,950	5.7	5,000	5.8	4,700	6.2	3,100	5.1	189.34

*Notes

(1) Significant changes in subsidiaries during the period
 (changes in specified subsidiaries resulting in the change in the scope of consolidation) : None
 New: 0 companies (Company name:) Exclude: 0 companies (Company name:)

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

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

(3) Number of shares issued (common stock)

- 1) Number of shares issued at the end of the period (including treasury shares)
- 2) Number of treasury shares at the end of the period
- 3) Average number of shares during the period

	As of December 20, 2015	16,558,617 shares	As of December 20, 2014	16,558,617 shares
1) Number of shares issued at the end of the period (including treasury shares)	As of December 20, 2015	186,242 shares	As of December 20, 2014	184,672 shares
2) Number of treasury shares at the end of the period	Year ended December 20, 2015	16,373,127 shares	Year ended December 20, 2014	16,374,865 shares
3) Average number of shares during the period				

(Reference) Summary of non-consolidated operating results

Non-consolidated financial results for the fiscal year ended December 20, 2015 (December 21, 2014 - December 20, 2015)

(1) Non-consolidated operating results (Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended December 20, 2015	25,934	7.2	4,786	4.8	4,491	3.2	3,020	9.4
Year ended December 20, 2014	24,197	4.4	4,566	1.1	4,354	2.4	2,762	8.5

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Year ended December 20, 2015	184.49	-	-	-
Year ended December 20, 2014	168.68	-	-	-

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen	Million yen	Million yen	Million yen	%	Yen	Yen	
As of December 20, 2015	30,900	26,550	26,550	26,550	85.9	1,621.69	1,621.69	
As of December 20, 2014	28,037	24,333	24,333	24,333	86.8	1,486.12	1,486.12	

(Reference) Equity As of December 20, 2015: 26,550 million yen As of December 20, 2014: 24,333 million yen

*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. For notes on the use of preconditions of operating forecasts and the use of operating forecasts, refer to "1. Analysis of Operating Results and Financial Position (1) Analysis of operating results" on page 2 of the supplementary materials.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

1) Operating results for the fiscal year under review

During the fiscal year under review, the Japanese economy continued on a moderate recovery track, highlighted by rebounding domestic investment supported by the upturn in corporate earnings and other factors, as well as the improvement trend in both household income and the employment environment. However, the outlook remains uncertain due to factors including the correction in stock markets triggered by concerns about an economic slowdown in China. In the beauty industry, challenging business conditions are taking shape amid a situation where demographic trends are making it difficult for salons to attract customers and hire staff.

Amid this environment, the Milbon Group believes it is important that professionals with expertise respond to the awakening and heightening beauty needs of two generations of women—those in their 20s and those in their 40s. Accordingly we have been working with salons premised on the goal of “raising the level of expertise of professionals and supporting higher productivity in order to respond to women, who continue to shine in society, from those awakening to beauty to those with heightened beauty needs.” This has involved concentrating on lending support to beauty salons in helping bring about greater expertise, and thereby focusing on the changing beauty needs of women across different generations.

Consolidated net sales during the fiscal year under review increased by 2,150 million yen to 27,377 million yen (up 8.5% year-on-year). The increase is largely attributable to solid sales in the hair care product category of products containing Milbon’s original keratin restoring ingredient CMADK, and also attributable to solid sales in the hair coloring product category of Ordeve Crystal, the hair coloring product line specialized for gray hair launched in June, which allows women with long hair to beautifully color their hair, and of Villa Lodola Color, a hair coloring product line specialized for gray hair launched in February, and the first such product in the industry to receive certification from an organic certification authority. Moreover, favorable sales growth among overseas subsidiaries centered on East Asia was another factor for the increase in overall sales, as proactive activities, primarily education in salons, resulted in an increase in transactions with leading salons.

Selling, general and administrative expenses increased by 8.8% over the previous year to 13,954 million yen largely as a result of moves to increase the workforce and establish new business locations. Operating income increased by 276 million yen to 4,727 million yen (up 6.2% year-on-year), ordinary income increased by 208 million yen to 4,427 million yen (up 4.9% year-on-year) and net income increased by 329 million yen to 2,950 million yen (up 12.6% year-on-year). Consolidated net sales and all levels of income were at new record highs.

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 fiscal year		Current fiscal year		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Hair care products	14,597	57.8	16,195	59.1	1,597	10.9
Hair coloring products	8,817	35.0	9,506	34.7	689	7.8
Permanent wave products	1,520	6.0	1,410	5.2	(109)	(7.2)
Others	291	1.2	264	1.0	(26)	(9.1)
Total	25,226	100.0	27,377	100.0	2,150	8.5

[Breakdown of net sales into domestic and overseas sales]

(Unit: Million yen)

	Previous fiscal year		Current fiscal year		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Domestic sales	22,612	89.6	23,880	87.2	1,267	5.6
Overseas sales	2,613	10.4	3,496	12.8	882	33.8
Total	25,226	100.0	27,377	100.0	2,150	8.5

2) Outlook for fiscal 2016

Japan's economic outlook is uncertain given potentially adverse impacts of slowing economies of China and other emerging nations in Asia, growing lack of stability in the Middle East and other such developments. In the beauty industry, although business conditions continue to pose challenges due to the adverse impact of demographic trends, patterns of consumption seem to be changing, and amounts that people spend in beauty salons on an annual basis appear to be on the rise, among those in their late 20s and 40s, as well as those in their 50s whose household incomes and expenditures tend to be higher than those of other demographic segments.

Amid this environment, the Milbon Group believes that professionals must respond to attitudes of female beauty which vary from generation to generation. As such, we will work with salons premised on the goal of "helping to lend radiance to the stages of beauty experienced by women as individuals, thereby seizing on the two demographic milestones of beauty — that of the 'Hanako generation' (women in their 50s embarking on a quest for beauty) and that of the 'Hanako junior generation' (women in their 20s awakening to the notion of beauty)."

In terms of global expansion, we will launch the Global Milbon worldwide brand of hair care products, and will pick up the pace with business expansion involving in-salon treatments originating from Japan.

As a result of these efforts, the Company anticipates consolidated net sales of 28,950 million yen (up 5.7% year-on-year), consolidated operating income of 5,000 million yen (up 5.8% year-on-year), consolidated ordinary income of 4,700 million yen (up 6.2% year-on-year), and consolidated net income of 3,100 million yen (up 5.1% year-on-year).

(2) Analysis of financial position

1) Assets, liabilities and net assets

Total assets at the end of the fiscal year ended December 20, 2015 increased by 2,660 million yen compared to the end of the previous fiscal year to 30,799 million yen.

Current assets increased by 317 million yen compared to the end of the previous fiscal year to 14,624 million yen. This was due mainly to a 2,500 million yen increase in securities (jointly managed designated money trusts, etc.), a 170 million yen increase in merchandise and finished goods, and a 2,474 million yen decrease in cash and deposits.

Non-current assets increased by 2,342 million yen compared to the end of the previous fiscal year to 16,174 million yen. This was due mainly to a 400 million yen increase in land in conjunction with the purchase of land adjacent to the Yumegaoka Plant, a 1,290 million yen increase in construction in progress largely due to partial prepayment for work to extend the Yumegaoka Plant, and an increase of 616 million yen in investment securities attributable to factors such as higher prices of listed stocks.

Current liabilities increased by 486 million yen compared to the end of the previous fiscal year to 4,356 million yen. This was mainly due to a 502 million yen increase in accounts payable - other and a 181 million yen increase in accounts payable - trade.

Non-current liabilities increased by 65 million yen compared to the end of the previous fiscal year to 230 million yen.

Net assets increased by 218 million yen compared to the end of the previous fiscal year to 26,212 million yen. This was due mainly to an increase of 1,784 million yen in retained earnings and a 368 million yen increase in valuation difference on available-for-sale securities attributable to factors such as higher prices of listed stocks.

As a result, the equity ratio changed from 85.7% at the end of the previous fiscal year to 85.1%. Net assets per share based on the total outstanding shares as of the end of the period under review increased from 1,472.10 yen per share at the end of the previous fiscal year to 1,601.02 yen per share.

2) Cash flows

Cash and cash equivalents (hereinafter "net cash") at the end of the current fiscal year decreased by 60 million yen compared to the end of the previous fiscal year to 7,086 million yen, as a result of using the net cash provided by operating activities for the payment of income taxes and the purchase of property, plant and equipment.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 3,895 million yen. This was mainly the result of posting 4,415 million yen in income before income taxes and minority interests, depreciation of 1,038 million yen and 1,437 million yen in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 2,834 million yen. This was mainly due to the purchase of property, plant

and equipment of 2,517 million yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 1,135 million yen. This was mainly due to the cash dividends paid to shareholders of 1,129 million yen.

(Reference) Cash flow-related indicators

	Year ended December 20, 2011	Year ended December 20, 2012	Year ended December 20, 2013	Year ended December 20, 2014	Year ended December 20, 2015
Equity ratio (%)	84.4	86.1	84.1	85.7	85.1
Equity ratio based on market value (%)	146.0	163.8	243.3	183.0	264.2
Interest-bearing debt to cash flows ratio (%)	2.6	2.7	2.3	3.0	2.1

(Notes) Equity ratio: Equity/net assets

Equity ratio based on market value: Total market capitalization/total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debt/cash flows

- * All indicators were calculated using consolidated financial statements.
- * Total market capitalization was calculated by multiplying the closing stock price at the end of the period by the total number of outstanding shares at the end of the period (excluding treasury shares).
- * Cash flows were shown as an operating cash flow in the consolidated statements of cash flows.
- * Interest-bearing debt refers to all debt posted in the balance sheets upon which interest is paid. The amount of interest paid in the consolidated statements of cash flows was treated as an interest payment in the calculations above.
- * Interest-coverage ratio is not shown due to the fact that there were no interest payments.

(3) Basic policy on the distribution of profit and dividends for the fiscal year under review and the following fiscal year

The Milbon Group considers the returning of profits to shareholders as an important management issue and makes it a basic policy to pay dividends in accordance with its operating results, while enhancing its business structure by maintaining internal reserves to the end of improving its earnings in the future. Moreover, we have set the target dividend payout ratio at 40%. Interim dividends are determined at the Board of Directors meetings and year-end dividends at the general meeting of shareholders, and it is the Group's basic policy to pay dividends twice every fiscal year.

For the current fiscal year, upon comprehensively taking into account factors including our financial position and profit levels, we have decided to pay a year-end dividend of 39 yen per share. As a result, the total annual dividend per share will amount to 74 yen per share, which includes the interim dividend of 35 yen per share that has already been paid.

For the following fiscal year, we plan to pay an annual dividend of 78 yen per share.

(4) Business and other risks

Risks that could potentially affect the operating results, stock price and financial position of the Milbon Group include the following.

The future risks identified in this section are based on assessments made by the Company as of the end of the fiscal year under review. The Group recognizes the possibility of these risk events actually occurring and has prepared policies to prevent and avert such risks and take appropriate measures to minimize the impact of such risks when they do occur.

1) Risks associated with global expansion

The Milbon Group is aggressively expanding its business into the overseas markets. Global expansion entails risks relating to intellectual property rights including counterfeit goods, unforeseeable changes in laws and regulations, and risks of social unrest due to terrorism, war and other factors. Such risks could have a major impact on the Group's operating results and financial position.

2) Information security

The Milbon Group has taken various measures to protect information assets including customers' personal information and confidential information. However, unforeseeable events, such as the leakage of information due to unauthorized access, could have a major impact on the Group's operating results and financial position.

3) Risks associated with debt collection

The Milbon Group deliberates and records necessary reserves upon regularly reviewing its business partners from both quantitative and qualitative perspectives and in terms of collection status. However, deterioration in the business partner's credit standing or events such as bankruptcy could have a major impact on the Group's operating results and financial position.

4) Risks associated with major accidents

The Milbon Group utilizes company cars in its sales activities. The Group implements safety measures that place maximum priority on human life, including strict control over driving and the reinforcement of safety training. However, should a major accident event occur, it could lead to the loss of the customers' and the public's trust in the Group and have a major impact on the Group's operating results and financial position.

5) Risks associated with product-related health hazards

Many Milbon Group products come into direct contact with consumers' hair and scalp, and as such the Milbon Group places top priority on its efforts to ensure product safety and quality. However, should an unforeseeable incident involving a major health hazard occur, it could lead to the loss of the customers' and the public's trust in the Group and have a major impact on the Group's operating results and financial position.

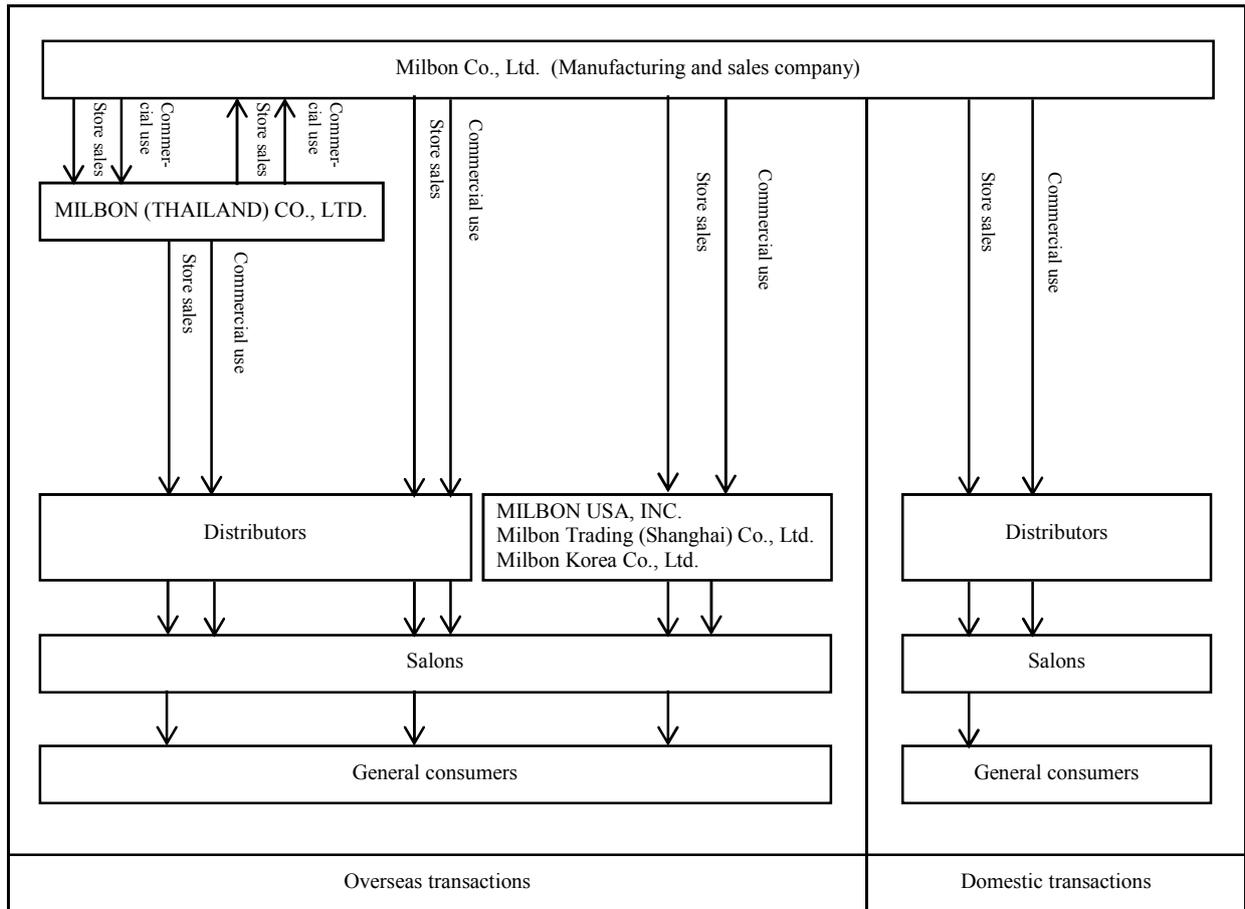
2. Outline of the Milbon Group

Name	Location	Capital stock or capital contribution	Main line of business	Percentage of voting rights held (%)	Relationship with the Company
(Consolidated subsidiary) MILBON USA, INC.	New York, USA	USD 2 million	Sale of hair products	100.0	Sells the Company's hair products in the U.S. One executive holds concurrent post at the Company.
(Consolidated subsidiary) Milbon Trading (Shanghai) Co., Ltd.	Shanghai, China	JPY 430 million	Sale of hair products	100.0	Sells the Company's hair products in China. Three executives hold concurrent posts at the Company.
(Consolidated subsidiary) Milbon Korea Co., Ltd.	Seoul, South Korea	KRW 3,000 million	Sale of hair products	100.0	Sells the Company's hair products in South Korea. Two executives hold concurrent posts at the Company.
(Consolidated subsidiary) MILBON (THAILAND) CO., LTD.	Rayong, Thailand	THB 450 million	Manufacture and sale of hair products	100.0	Manufactures and sells the Company's hair products in Thailand. One executive holds concurrent post at the Company.

(Note) All companies fall under the category of "specified subsidiary."

The following diagram shows the positioning of Milbon Group companies and the Group's businesses.

(Diagram of business activities)



- (Notes) 1. For overseas transactions, sales channels differ depending on the country.
 2. The main items for store sales are hair-care products.

3. Management Policy

(1) Basic management policies

The Milbon Group has been developing its business that supports a beautiful way of life through hair designers.

Given our aim of building long-term relationships of trust with customers, we have created a brand statement which embodies the value we deliver to our customers through business pursued by the Milbon Group, combined with a slogan symbolizing the brand statement.

—Brand Statement—

“To live beautifully.

It’s how we approach the world. It’s the one, single idea that drives us.

Our hair frames our personal beauty—how it’s styled, how it feels, how it flows.

It sets the stage for the inner self we radiate. Everyone’s hair is unique, and everyone’s beauty is, too. Our purpose is to help every woman find, embrace, and express her individuality—to head out into each day confidently and gracefully, and to live vibrantly.

For more than 50 years, professional stylists have been our partners: we learn from and inspire each other. What unites us is our passion for transforming everything we touch into something beautiful. Together, we constantly push the boundaries of the global haircare industry. Together, we help give women the confidence, sophistication, and grace with which they inspire the world.”

—Brand Slogan—

Find Your Beauty

(2) Target management indices

From the standpoint of effectively utilizing shareholders’ equity and boosting earning power, the Milbon Group aims to exceed the following indices in 2019, the final year of the Medium Term 5-Year Business Vision (2015-2019).

- 1) ROE (Return On Equity): 12%
- 2) Consolidated Operating Income Ratio: 20%

(3) Medium- to long-term management strategies and target management indices

The Milbon Group has formulated a Medium Term 5-Year Business Vision (2015-2019) covering the 5-year period beginning in 2015. The Milbon Group has set forth the following global vision: “Milbon aims to be the global No.1, first as a Japanese professional manufacturer, by cultivating global field ideas through human resource development and training in order for hair designers to achieve their goals,” and aims to achieve consolidated net sales of 35,000 million yen, consolidated operating income of 7,000 million yen and overseas sales to total sales ratio of 18.6% in 2019, the final year of the 5-year plan.

As a part of this, we will develop personnel who can conduct business on a global basis and who will lead the company in the future, as well as develop products and engage in marketing activities on a localized basis.

(Vision by area)

- | | | |
|-----------------|---|--|
| Japan | : | Be the first in the world to create an aging beauty model to respond to the declining birthrate and the aging of society |
| East Asia | : | Foster local employees and promote educational and marketing activities to create a growth track which will be the pillar for Asia, including the earnings structure |
| Southeast Asia | : | Start full-scale operation of the Thai Factory and create a foundation that will become a new growth pillar after Japan and East Asia |
| U.S. and Europe | : | Switch the business model to a distributor based system, and create opportunities to enter the market in Europe |

(Global financial strategy)

- Execute growth investment in order to build a global product supply framework and develop more localized marketing activities in each region.
- Carry out shareholder returns with a target payout ratio of 40%, proactively returning to investors the profits earned through growth. Also, conduct stock splits as appropriate in light of the share price and liquidity in the market.

Based on the above strategies, we aim to be No.1 in Asia and enter the top five in the world in the hair care products professional use market in 2019, the final year of the 5-year plan.

(4) Tasks to be addressed by the Company

- 1) In terms of the sales framework, in order to achieve further evolution in the Fieldperson (education-oriented sales representative) strategy, raise the quality of sales activities and educational support for salons through selection and concentration of field activities and create Milbon salons that will be the model for activities and success.
- 2) In product development, further improve Target Authority Customer (TAC) product development system, which catches the latest changes in hair design trends and utilizes such information in development.
- 3) Discover customers' latent needs and improve product development technologies with basic and fundamental research to respond to such needs.
- 4) Build a product supply framework which matches the needs of each region by improving the production capacity of plants in Japan and overseas, and by raising the efficiency of the distribution system.
- 5) In order to advance our global vision, develop a system for fostering human resources capable of international business activities, executives with a keen sense of management and specialists.

4. Basic Rationale for Selecting the Accounting Standards

The Milbon Group currently prepares the consolidated financial statements according to the generally accepted accounting standards in Japan (Japanese GAAP), as it makes it possible to compare the consolidated financial statements against previous fiscal year and against other companies.

With regard to adoption of International Financial Reporting Standards (IFRS), it is the Group's policy to respond to this issue appropriately based on consideration of various domestic and international circumstances.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	Previous Fiscal Year (As of December 20, 2014)	Current Fiscal Year (As of December 20, 2015)
Assets		
Current assets		
Cash and deposits	7,386,867	4,912,293
Notes and accounts receivable - trade	3,427,276	3,424,543
Securities	–	2,500,000
Merchandise and finished goods	2,258,355	2,428,521
Work in process	22,989	30,925
Raw materials and supplies	795,564	835,568
Deferred tax assets	253,254	278,166
Other	207,507	263,456
Allowance for doubtful accounts	(44,289)	(48,570)
Total current assets	14,307,525	14,624,904
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,667,622	9,019,076
Accumulated depreciation	(4,396,771)	(4,756,405)
Buildings and structures, net	4,270,850	4,262,671
Machinery, equipment and vehicles	4,666,773	4,891,566
Accumulated depreciation	(3,590,100)	(3,771,219)
Machinery, equipment and vehicles, net	1,076,672	1,120,346
Land	4,876,552	5,277,410
Construction in progress	58,635	1,348,999
Other	2,034,557	2,191,555
Accumulated depreciation	(1,786,379)	(1,919,490)
Other, net	248,178	272,064
Total property, plant and equipment	10,530,889	12,281,492
Intangible assets	448,856	398,357
Investments and other assets		
Investment securities	1,908,728	2,525,286
Net defined benefit asset	257,649	278,650
Deferred tax assets	58,657	5,330
Other	676,344	734,891
Allowance for doubtful accounts	(49,681)	(49,681)
Total investments and other assets	2,851,698	3,494,477
Total non-current assets	13,831,443	16,174,327
Total assets	28,138,969	30,799,232

(Thousand yen)

	Previous Fiscal Year (As of December 20, 2014)	Current Fiscal Year (As of December 20, 2015)
Liabilities		
Current liabilities		
Accounts payable - trade	503,378	684,978
Accounts payable - other	1,841,629	2,343,762
Income taxes payable	769,801	749,005
Provision for sales returns	24,436	18,394
Provision for bonuses	89,198	108,823
Other	641,288	451,599
Total current liabilities	3,869,733	4,356,565
Non-current liabilities		
Net defined benefit liability	20,238	27,425
Deferred tax liabilities	–	117,962
Other	144,883	84,745
Total non-current liabilities	165,121	230,133
Total liabilities	4,034,855	4,586,698
Net assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	199,599	199,748
Retained earnings	21,655,660	23,440,262
Treasury shares	(535,654)	(542,094)
Total shareholders' equity	23,319,606	25,097,916
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	368,519	737,221
Foreign currency translation adjustment	310,899	311,451
Remeasurements of defined benefit plans	105,089	65,944
Total accumulated other comprehensive income	784,508	1,114,616
Total net assets	24,104,114	26,212,533
Total liabilities and net assets	28,138,969	30,799,232

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

(Thousand yen)

	Fiscal Year Ended December 20, 2014 (December 21, 2013 - December 20, 2014)	Fiscal Year Ended December 20, 2015 (December 21, 2014 - December 20, 2015)
Net sales	25,226,510	27,377,173
Cost of sales	7,945,233	8,695,222
Gross profit	17,281,276	18,681,951
Selling, general and administrative expenses	12,830,186	13,954,349
Operating income	4,451,089	4,727,601
Non-operating income		
Interest income	7,792	6,098
Dividend income	45,568	50,478
Company house defrayment income	49,237	61,611
Gain on surrender of insurance	45,702	43,962
Foreign exchange gains	13,877	-
Other	23,249	27,272
Total non-operating income	185,428	189,422
Non-operating expenses		
Sales discounts	412,880	447,972
Foreign exchange losses	-	35,619
Other	4,698	5,910
Total non-operating expenses	417,579	489,501
Ordinary income	4,218,938	4,427,523
Extraordinary income		
Gain on sales of non-current assets	811	1,403
Total extraordinary income	811	1,403
Extraordinary losses		
Loss on retirement of non-current assets	26,434	13,128
Total extraordinary losses	26,434	13,128
Income before income taxes and minority interests	4,193,315	4,415,797
Income taxes - current	1,528,623	1,420,048
Income taxes - deferred	43,605	45,271
Total income taxes	1,572,229	1,465,319
Income before minority interests	2,621,086	2,950,478
Net income	2,621,086	2,950,478

Consolidated Statements of Comprehensive Income

(Thousand yen)

	Fiscal Year Ended December 20, 2014 (December 21, 2013 - December 20, 2014)	Fiscal Year Ended December 20, 2015 (December 21, 2014 - December 20, 2015)
Income before minority interests	2,621,086	2,950,478
Other comprehensive income		
Valuation difference on available-for-sale securities	91,079	368,701
Foreign currency translation adjustment	190,457	551
Remeasurements of defined benefit plans, net of tax	–	(39,144)
Total other comprehensive income	281,537	330,108
Comprehensive income	2,902,623	3,280,586
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,902,623	3,280,586
Comprehensive income attributable to minority interests	–	–

(3) Consolidated Statements of Changes in Shareholders' Equity
Fiscal Year Ended December 20, 2014 (December 21, 2013 - December 20, 2014)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,000,000	199,183	20,069,024	(516,646)	21,751,561
Cumulative effects of changes in accounting policies					-
Restated balance	2,000,000	199,183	20,069,024	(516,646)	21,751,561
Changes of items during period					
Dividends of surplus			(1,034,450)		(1,034,450)
Net income			2,621,086		2,621,086
Purchase of treasury shares				(20,909)	(20,909)
Disposal of treasury shares		416		1,901	2,318
Net changes of items other than shareholders' equity					
Total changes of items during period	-	416	1,586,636	(19,007)	1,568,044
Balance at end of current period	2,000,000	199,599	21,655,660	(535,654)	23,319,606

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	277,439	120,442	-	397,881	22,149,443
Cumulative effects of changes in accounting policies					-
Restated balance	277,439	120,442	-	397,881	22,149,443
Changes of items during period					
Dividends of surplus					(1,034,450)
Net income					2,621,086
Purchase of treasury shares					(20,909)
Disposal of treasury shares					2,318
Net changes of items other than shareholders' equity	91,079	190,457	105,089	386,626	386,626
Total changes of items during period	91,079	190,457	105,089	386,626	1,954,671
Balance at end of current period	368,519	310,899	105,089	784,508	24,104,114

Fiscal Year Ended December 20, 2015 (December 21, 2014 - December 20, 2015)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,000,000	199,599	21,655,660	(535,654)	23,319,606
Cumulative effects of changes in accounting policies			(36,103)		(36,103)
Restated balance	2,000,000	199,599	21,619,557	(535,654)	23,283,502
Changes of items during period					
Dividends of surplus			(1,129,773)		(1,129,773)
Net income			2,950,478		2,950,478
Purchase of treasury shares				(6,933)	(6,933)
Disposal of treasury shares		148		493	642
Net changes of items other than shareholders' equity					
Total changes of items during period	-	148	1,820,704	(6,439)	1,814,413
Balance at end of current period	2,000,000	199,748	23,440,262	(542,094)	25,097,916

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	368,519	310,899	105,089	784,508	24,104,114
Cumulative effects of changes in accounting policies					(36,103)
Restated balance	368,519	310,899	105,089	784,508	24,068,011
Changes of items during period					
Dividends of surplus					(1,129,773)
Net income					2,950,478
Purchase of treasury shares					(6,933)
Disposal of treasury shares					642
Net changes of items other than shareholders' equity	368,701	551	(39,144)	330,108	330,108
Total changes of items during period	368,701	551	(39,144)	330,108	2,144,522
Balance at end of current period	737,221	311,451	65,944	1,114,616	26,212,533

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	Fiscal Year Ended December 20, 2014 (December 21, 2013 - December 20, 2014)	Fiscal Year Ended December 20, 2015 (December 21, 2014 - December 20, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	4,193,315	4,415,797
Depreciation	1,008,915	1,038,954
Increase (decrease) in allowance for doubtful accounts	(11,090)	4,269
Increase (decrease) in provision for bonuses	4,321	19,829
Increase (decrease) in provision for sales returns	(2,153)	(6,041)
Increase (decrease) in provision for retirement benefits	(55,564)	-
Decrease (increase) in net defined benefit asset	(94,720)	(142,640)
Increase (decrease) in net defined benefit liability	18,213	8,507
Interest and dividend income	(53,360)	(56,577)
Foreign exchange losses (gains)	1,426	19,364
Loss (gain) on sales of non-current assets	(811)	(1,403)
Loss on retirement of non-current assets	26,434	13,128
Decrease (increase) in notes and accounts receivable - trade	(308,350)	(2,959)
Decrease (increase) in inventories	(398,784)	(219,025)
Increase (decrease) in notes and accounts payable - trade	(23,464)	184,220
Other, net	111,121	1,710
Subtotal	4,415,445	5,277,137
Interest and dividend income received	55,028	56,025
Income taxes paid	(1,703,691)	(1,437,434)
Net cash provided by (used in) operating activities	2,766,782	3,895,728
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,059,512)	(2,517,265)
Proceeds from sales of property, plant and equipment	1,047	1,403
Purchase of intangible assets	(136,176)	(96,293)
Payments of loans receivable	(4,130)	(4,200)
Collection of loans receivable	17,074	9,081
Payments into time deposits	(9,097)	(93,924)
Proceeds from withdrawal of time deposits	8,117	-
Purchase of investment securities	-	(100,558)
Payments for guarantee deposits	(104,333)	(65,831)
Proceeds from collection of guarantee deposits	8,932	35,778
Purchase of insurance funds	(1,409)	(49,572)
Proceeds from cancellation of insurance funds	51,529	51,766
Other, net	(8,411)	(4,864)
Net cash provided by (used in) investing activities	(1,236,370)	(2,834,480)
Cash flows from financing activities		
Net decrease (increase) in treasury shares	(18,591)	(6,290)
Cash dividends paid	(1,033,494)	(1,129,170)
Net cash provided by (used in) financing activities	(1,052,085)	(1,135,461)
Effect of exchange rate change on cash and cash equivalents	58,346	14,118
Net increase (decrease) in cash and cash equivalents	536,671	(60,094)
Cash and cash equivalents at beginning of period	6,610,371	7,147,043
Cash and cash equivalents at end of period	7,147,043	7,086,948