



Consolidated Financial Results for the Fiscal Year Ended December 20, 2016 [Japanese GAAP]

January 25, 2017

Tokyo Stock Exchange, First Section

Name of registrant: Milbon Co., Ltd.

Code No.: 4919 URL <http://www.milbon.co.jp>

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Scheduled date of annual general meeting of shareholders: March 16, 2017

Scheduled filing date for Securities Report: March 16, 2017

Scheduled starting date of dividend payments: March 17, 2017

Preparation of supplementary materials on the Consolidated Financial Results: Yes

Holding of an explanatory meeting on Consolidated Financial Results: Yes (For institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended December 20, 2016 (December 21, 2015 - December 20, 2016)

(1) Consolidated operating results

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended December 20, 2016	29,134	6.4	5,113	8.2	4,733	6.9	3,069	4.0
Year ended December 20, 2015	27,377	8.5	4,727	6.2	4,427	4.9	2,950	12.6

(Note) Comprehensive income Year ended December 20, 2016: 2,757 million yen [(16.0)%] Year ended December 20, 2015: 3,280 million yen [13.0%]

	Basic earnings per share	Diluted earnings per share	Return on equity (ROE)	Return on assets (ROA)	Operating income ratio
	Yen	Yen	%	%	%
Year ended December 20, 2016	187.47	-	11.4	15.0	17.6
Year ended December 20, 2015	180.20	-	11.7	15.0	17.3

(Reference) Equity in earnings (losses) of affiliates Year ended December 20, 2016: - million yen Year ended December 20, 2015: - 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, 2016	32,444	27,706	85.4	1,692.33
As of December 20, 2015	30,799	26,212	85.1	1,601.02

(Reference) Equity As of December 20, 2016: 27,706 million yen As of December 20, 2015: 26,212 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, 2016	3,355	(4,366)	(1,262)	4,737
Year ended December 20, 2015	3,895	(2,834)	(1,135)	7,086

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	Million yen	%	%
Year ended December 20, 2015	-	35.00	-	39.00	74.00	1,211	41.1	4.8
Year ended December 20, 2016	-	38.00	-	40.00	78.00	1,277	41.6	4.7
Year ending December 20, 2017 (forecast)	-	40.00	-	42.00	82.00		38.9	

3. Consolidated operating forecasts for the fiscal year ending December 20, 2017 (December 21, 2016 - December 20, 2017)

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending December 20, 2017	31,000	6.4	5,300	3.6	4,890	3.3	3,450	12.4	210.73

*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, 2016	16,558,617 shares	As of December 20, 2015	16,558,617 shares
As of December 20, 2016	186,816 shares	As of December 20, 2015	186,242 shares
Year ended December 20, 2016	16,371,984 shares	Year ended December 20, 2015	16,373,127 shares

(Reference) Summary of non-consolidated operating results

Non-consolidated financial results for the fiscal year ended December 20, 2016 (December 21, 2015 - December 20, 2016)

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

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended December 20, 2016	27,558	6.3	4,841	1.1	4,489	(0.1)	2,898	(4.0)
Year ended December 20, 2015	25,934	7.2	4,786	4.8	4,491	3.2	3,020	9.4

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Year ended December 20, 2016	177.05	-	-	-
Year ended December 20, 2015	184.49	-	-	-

(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, 2016	32,750	28,201	28,201	26,550	86.1	1,722.58	1,621.69	
As of December 20, 2015	30,900	26,550	26,550	26,550	85.9	1,621.69	1,621.69	

(Reference) Equity As of December 20, 2016: 28,201 million yen As of December 20, 2015: 26,550 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 was on a moderate recovery trend. Even so, improvements in corporate earnings and capital investment came more or less to a standstill. The economic outlook is also uncertain, due to factors such as the direction that new U.S. President Trump will take, together with the concerns over an economic slowdown in China and other Asian emerging economies. In the beauty industry, business conditions continue to pose challenges due to the adverse impact of demographic trends and other factors.

Amid this environment, the Milbon Group worked with salons toward 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’ and that of the ‘Hanako junior generation’.”

Consolidated net sales during the fiscal year under review increased by 1,757 million yen to 29,134 million yen (up 6.4% year-on-year). In the hair care product category, the increase in net sales was due to the growth of Aujua, the Company’s premium brand, and brisk sales of new products in leave-in hair treatments from the Company’s professional brand. In the hair coloring product category, one of the factors for the increase in net sales was that sales of the hair coloring product line specialized for gray hair launched last year continues to grow steadily. In overseas markets, growth in the East Asia region, including China and South Korea, was also a major contributor.

Operating income was 5,113 million yen (up 8.2% year-on-year), ordinary income was 4,733 million yen (up 6.9% year-on-year), and profit attributable to owners of parent was 3,069 million yen (up 4.0% 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	16,195	59.1	17,711	60.8	1,516	9.4
Hair coloring products	9,506	34.7	9,892	34.0	386	4.1
Permanent wave products	1,410	5.2	1,260	4.3	(150)	(10.7)
Others	264	1.0	270	0.9	5	2.2
Total	27,377	100.0	29,134	100.0	1,757	6.4

[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	23,880	87.2	25,287	86.8	1,406	5.9
Overseas sales	3,496	12.8	3,847	13.2	350	10.0
Total	27,377	100.0	29,134	100.0	1,757	6.4

2) Outlook for fiscal 2017

Japan's economic outlook is uncertain due to factors including the economic slowdown in China and other Asian emerging economies and the direction that new U.S. President Trump will take. In the beauty industry, business conditions continue to pose challenges due to the adverse impact of demographic trends.

Amid this environment, the Milbon Group will work with salons premised on the goal of "supporting 'the development of lifelong hair designers' to create lifelong customers by understanding their generational perspectives and values, with the aim of improving productivity through consumption that spreads across generations." We will also stay on a growth track through measures including the full-scale rollout of premium brand "milbon" in the global market.

As a result of these efforts, the Company anticipates net sales of 31,000 million yen (up 6.4% year-on-year), operating income of 5,300 million yen (up 3.6% year-on-year), ordinary income of 4,890 million yen (up 3.3% year-on-year), and profit attributable to owners of parent of 3,450 million yen (up 12.4% year-on-year) on a consolidated basis for the next fiscal year.

(2) Analysis of financial position

1) Assets, liabilities and net assets

Total assets at the end of the fiscal year ended December 20, 2016 increased by 1,644 million yen compared to the end of the previous fiscal year to 32,444 million yen.

Current assets decreased by 1,213 million yen compared to the end of the previous fiscal year to 13,411 million yen. This was mainly due to the 1,500 million yen decrease in securities (jointly managed designated money trusts, etc.), the 888 million yen decrease in cash and deposits, the 545 million yen increase in merchandise and finished goods and the 380 million yen increase in notes and accounts receivable - trade.

Non-current assets increased by 2,858 million yen compared to the end of the previous fiscal year to 19,032 million yen. This was due mainly to the 2,399 million yen increase in property, plant and equipment associated with the extension work of the Yumegaoka Plant and the 391 million yen increase in intangible assets.

Current liabilities increased by 234 million yen compared to the end of the previous fiscal year to 4,591 million yen. This was due mainly to the 445 million yen increase in accounts payable - other.

Non-current liabilities decreased by 83 million yen compared to the end of the previous fiscal year to 146 million yen.

Net assets increased by 1,493 million yen compared to the end of the previous fiscal year to 27,706 million yen. This was due mainly to the 1,808 million yen increase in retained earnings and the 268 million yen decrease in foreign currency translation adjustment.

As a result, the equity ratio changed from 85.1% at the end of the previous fiscal year to 85.4%. Net assets per share based on the total outstanding shares as of the end of the period under review increased from 1,601.02 yen per share at the end of the previous fiscal year to 1,692.32 yen per share.

2) Cash flows

Cash and cash equivalents (hereinafter "net cash") at the end of the current fiscal year decreased by 2,349 million yen compared to the end of the previous fiscal year to 4,737 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 3,355 million yen. This was mainly the result of posting 4,426 million yen in profit before income taxes, depreciation of 1,083 million yen, 1,510 million yen in income taxes paid, the 710 million yen increase in inventories and the 402 million yen increase in notes and accounts receivable - trade.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 4,366 million yen. This was mainly due to the purchase of property, plant and equipment of 3,748 million yen and the purchase of intangible assets of 520 million yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 1,262 million yen. This was mainly due to the cash dividends paid to shareholders of 1,259 million yen.

(Reference) Cash flow-related indicators

	Year ended December 20, 2012	Year ended December 20, 2013	Year ended December 20, 2014	Year ended December 20, 2015	Year ended December 20, 2016
Equity ratio (%)	86.1	84.1	85.7	85.1	85.4
Equity ratio based on market value (%)	163.8	243.3	183.0	264.2	223.3
Interest-bearing debt to cash flows ratio (%)	2.7	2.3	3.0	2.1	2.4

(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 40 yen per share. As a result, the total annual dividend per share will amount to 78 yen per share, which includes the interim dividend of 38 yen per share that has already been paid.

For the following fiscal year, we plan to pay an annual dividend of 82 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.

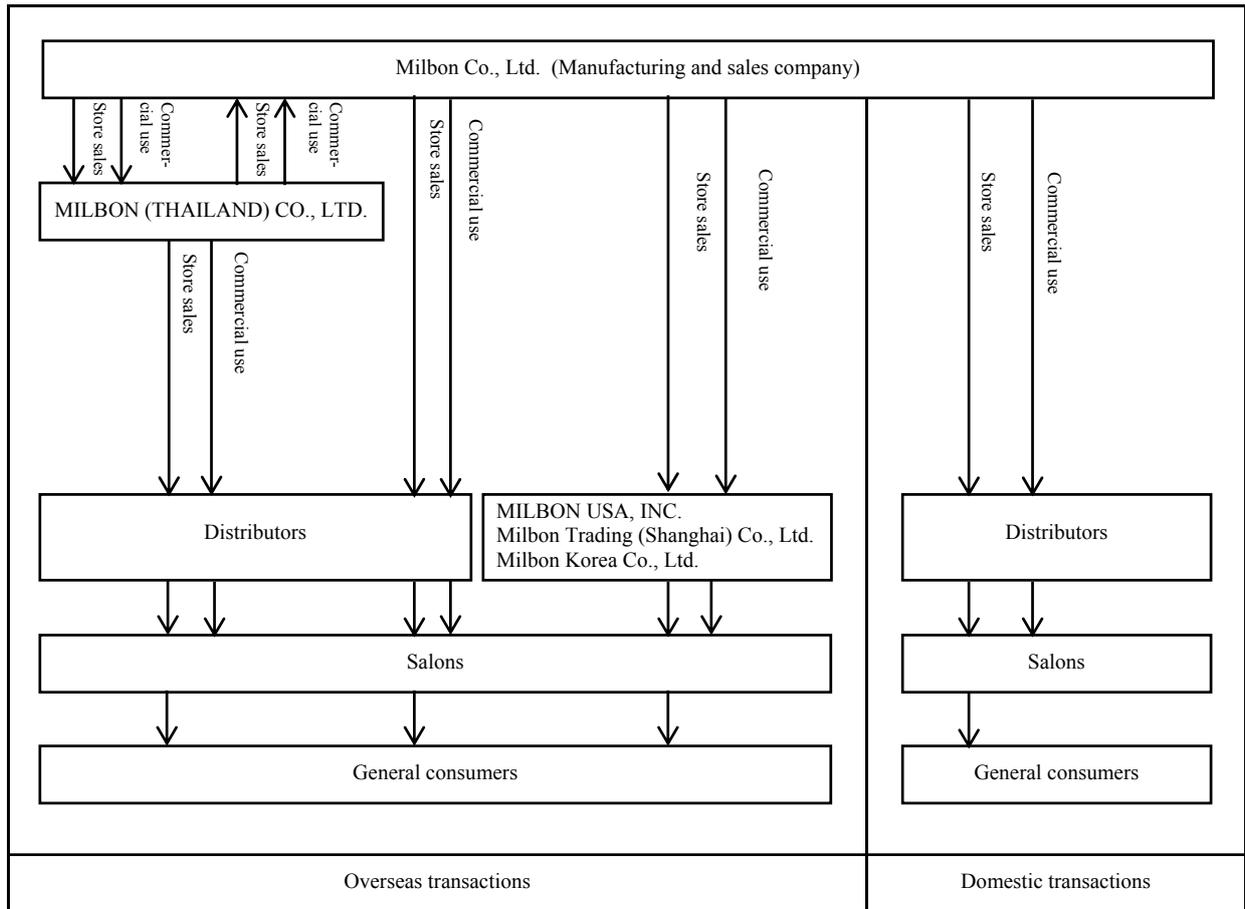
2. Outline of the Milbon Group

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.
(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.

(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—

Milbon. 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, 2015)	Current Fiscal Year (As of December 20, 2016)
Assets		
Current assets		
Cash and deposits	4,912,293	4,023,328
Notes and accounts receivable - trade	3,424,543	3,805,519
Securities	2,500,000	1,000,000
Merchandise and finished goods	2,428,521	2,974,165
Work in process	30,925	36,684
Raw materials and supplies	835,568	883,147
Deferred tax assets	278,166	289,131
Other	263,456	573,252
Allowance for doubtful accounts	(48,570)	(173,901)
Total current assets	14,624,904	13,411,329
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,019,076	11,826,282
Accumulated depreciation	(4,756,405)	(5,031,190)
Buildings and structures, net	4,262,671	6,795,092
Machinery, equipment and vehicles	4,891,566	6,219,285
Accumulated depreciation	(3,771,219)	(3,841,667)
Machinery, equipment and vehicles, net	1,120,346	2,377,617
Land	5,277,410	5,154,087
Construction in progress	1,348,999	21,093
Other	2,191,555	2,161,337
Accumulated depreciation	(1,919,490)	(1,828,094)
Other, net	272,064	333,243
Total property, plant and equipment	12,281,492	14,681,134
Intangible assets	398,357	789,601
Investments and other assets		
Investment securities	2,525,286	2,621,957
Net defined benefit asset	278,650	249,854
Deferred tax assets	5,330	6,667
Other	734,891	737,198
Allowance for doubtful accounts	(49,681)	(53,556)
Total investments and other assets	3,494,477	3,562,121
Total non-current assets	16,174,327	19,032,857
Total assets	30,799,232	32,444,187

(Thousand yen)

	Previous Fiscal Year (As of December 20, 2015)	Current Fiscal Year (As of December 20, 2016)
Liabilities		
Current liabilities		
Accounts payable - trade	684,978	687,193
Accounts payable - other	2,343,762	2,788,818
Income taxes payable	749,005	678,180
Provision for sales returns	18,394	15,198
Provision for bonuses	108,823	137,562
Other	451,599	284,059
Total current liabilities	4,356,565	4,591,012
Non-current liabilities		
Net defined benefit liability	27,425	32,270
Deferred tax liabilities	117,962	30,667
Other	84,745	83,788
Total non-current liabilities	230,133	146,726
Total liabilities	4,586,698	4,737,738
Net assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	199,748	199,946
Retained earnings	23,440,262	25,248,823
Treasury shares	(542,094)	(544,946)
Total shareholders' equity	25,097,916	26,903,823
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	737,221	752,695
Foreign currency translation adjustment	311,451	43,336
Remeasurements of defined benefit plans	65,944	6,592
Total accumulated other comprehensive income	1,114,616	802,624
Total net assets	26,212,533	27,706,448
Total liabilities and net assets	30,799,232	32,444,187

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

(Thousand yen)

	Fiscal Year Ended December 20, 2015 (December 21, 2014 - December 20, 2015)	Fiscal Year Ended December 20, 2016 (December 21, 2015 - December 20, 2016)
Net sales	27,377,173	29,134,631
Cost of sales	8,695,222	9,034,279
Gross profit	18,681,951	20,100,351
Selling, general and administrative expenses	13,954,349	14,986,915
Operating income	4,727,601	5,113,435
Non-operating income		
Interest income	6,098	4,377
Dividend income	50,478	54,452
Company house defrayment income	61,611	59,582
Gain on surrender of insurance	43,962	5,910
Other	27,272	28,226
Total non-operating income	189,422	152,549
Non-operating expenses		
Sales discounts	447,972	472,361
Foreign exchange losses	35,619	59,340
Other	5,910	605
Total non-operating expenses	489,501	532,307
Ordinary income	4,427,523	4,733,678
Extraordinary income		
Gain on sales of non-current assets	1,403	95
Total extraordinary income	1,403	95
Extraordinary losses		
Loss on retirement of non-current assets	13,128	66,238
Impairment loss	-	241,389
Total extraordinary losses	13,128	307,627
Profit before income taxes	4,415,797	4,426,145
Income taxes - current	1,420,048	1,410,348
Income taxes - deferred	45,271	(53,420)
Total income taxes	1,465,319	1,356,928
Profit	2,950,478	3,069,216
Profit attributable to owners of parent	2,950,478	3,069,216

Consolidated Statements of Comprehensive Income

(Thousand yen)

	Fiscal Year Ended December 20, 2015 (December 21, 2014 - December 20, 2015)	Fiscal Year Ended December 20, 2016 (December 21, 2015 - December 20, 2016)
Profit	2,950,478	3,069,216
Other comprehensive income		
Valuation difference on available-for-sale securities	368,701	15,474
Foreign currency translation adjustment	551	(268,114)
Remeasurements of defined benefit plans, net of tax	(39,144)	(59,351)
Total other comprehensive income	330,108	(311,991)
Comprehensive income	3,280,586	2,757,224
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,280,586	2,757,224
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Shareholders' Equity
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)
Profit attributable to owners of parent			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)
Profit attributable to owners of parent					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

Fiscal Year Ended December 20, 2016 (December 21, 2015 - December 20, 2016)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,000,000	199,748	23,440,262	(542,094)	25,097,916
Cumulative effects of changes in accounting policies					-
Restated balance	2,000,000	199,748	23,440,262	(542,094)	25,097,916
Changes of items during period					
Dividends of surplus			(1,260,656)		(1,260,656)
Profit attributable to owners of parent			3,069,216		3,069,216
Purchase of treasury shares				(3,196)	(3,196)
Disposal of treasury shares		198		344	542
Net changes of items other than shareholders' equity					
Total changes of items during period	-	198	1,808,560	(2,852)	1,805,906
Balance at end of current period	2,000,000	199,946	25,248,823	(544,946)	26,903,823

	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	737,221	311,451	65,944	1,114,616	26,212,533
Cumulative effects of changes in accounting policies					-
Restated balance	737,221	311,451	65,944	1,114,616	26,212,533
Changes of items during period					
Dividends of surplus					(1,260,656)
Profit attributable to owners of parent					3,069,216
Purchase of treasury shares					(3,196)
Disposal of treasury shares					542
Net changes of items other than shareholders' equity	15,474	(268,114)	(59,351)	(311,991)	(311,991)
Total changes of items during period	15,474	(268,114)	(59,351)	(311,991)	1,493,914
Balance at end of current period	752,695	43,336	6,592	802,624	27,706,448

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	Fiscal Year Ended December 20, 2015 (December 21, 2014 - December 20, 2015)	Fiscal Year Ended December 20, 2016 (December 21, 2015 - December 20, 2016)
Cash flows from operating activities		
Profit before income taxes	4,415,797	4,426,145
Depreciation	1,038,954	1,083,053
Impairment loss	–	241,389
Increase (decrease) in allowance for doubtful accounts	4,269	129,589
Increase (decrease) in provision for bonuses	19,829	33,743
Increase (decrease) in provision for sales returns	(6,041)	(3,196)
Decrease (increase) in net defined benefit asset	(142,640)	(58,967)
Increase (decrease) in net defined benefit liability	8,507	7,428
Interest and dividend income	(56,577)	(58,830)
Foreign exchange losses (gains)	19,364	17,141
Loss (gain) on sales of non-current assets	(1,403)	(95)
Loss on retirement of non-current assets	13,128	54,466
Decrease (increase) in notes and accounts receivable - trade	(2,959)	(402,947)
Decrease (increase) in inventories	(219,025)	(710,690)
Increase (decrease) in notes and accounts payable - trade	184,220	47,738
Other, net	1,710	390
Subtotal	5,277,137	4,806,360
Interest and dividend income received	56,025	59,647
Income taxes paid	(1,437,434)	(1,510,759)
Net cash provided by (used in) operating activities	3,895,728	3,355,248
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,517,265)	(3,748,157)
Proceeds from sales of property, plant and equipment	1,403	1,500
Purchase of intangible assets	(96,293)	(520,297)
Payments of loans receivable	(4,200)	(3,000)
Collection of loans receivable	9,081	4,599
Payments into time deposits	(93,924)	(1,348)
Proceeds from withdrawal of time deposits	–	28,620
Purchase of investment securities	(100,558)	(200,000)
Proceeds from redemption of investment securities	–	100,000
Payments for guarantee deposits	(65,831)	(47,798)
Proceeds from collection of guarantee deposits	35,778	15,591
Purchase of insurance funds	(49,572)	(3,314)
Proceeds from cancellation of insurance funds	51,766	12,634
Other, net	(4,864)	(5,836)
Net cash provided by (used in) investing activities	(2,834,480)	(4,366,808)
Cash flows from financing activities		
Net decrease (increase) in treasury shares	(6,290)	(2,654)
Cash dividends paid	(1,129,170)	(1,259,571)
Net cash provided by (used in) financing activities	(1,135,461)	(1,262,225)
Effect of exchange rate change on cash and cash equivalents	14,118	(75,736)
Net increase (decrease) in cash and cash equivalents	(60,094)	(2,349,522)
Cash and cash equivalents at beginning of period	7,147,043	7,086,948
Cash and cash equivalents at end of period	7,086,948	4,737,426