



## Consolidated Financial Results for the Six Months Ended June 20, 2013

### [Japanese GAAP]

June 26, 2013

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 filing date for quarterly report: July 26, 2013  
 Preparation of supplementary materials on the quarterly results: Yes  
 Holding of an explanatory meeting on the quarterly results: Yes (For institutional investors and analysts)

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Scheduled starting date of dividend payments: August 9, 2013

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

#### 1. Consolidated financial results for the six months ended June 20, 2013 (December 21, 2012- June 20, 2013)

(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 | %    |
| Six months ended June 20, 2013 | 11,433      | 8.4 | 2,195            | 11.7 | 2,063           | 13.3 | 1,271       | 18.9 |
| Six months ended June 20, 2012 | 10,548      | 7.8 | 1,965            | 12.4 | 1,820           | 12.2 | 1,069       | 18.6 |

(Note) Comprehensive income Six months ended June 20, 2013: 1,784 million yen [62.3%] Six months ended June 20, 2012: 1,099 million yen [23.9%]

|                                | Net income per share |     | Diluted net income per share |     |
|--------------------------------|----------------------|-----|------------------------------|-----|
|                                | Yen                  | Yen | Yen                          | Yen |
| Six months ended June 20, 2013 | 92.27                | -   | -                            | -   |
| Six months ended June 20, 2012 | 77.59                | -   | -                            | -   |

#### (2) Consolidated financial position

|                                | Total assets |             | Net assets  |             | Equity ratio |      |
|--------------------------------|--------------|-------------|-------------|-------------|--------------|------|
|                                | Million yen  | Million yen | Million yen | Million yen | %            | %    |
| Six months ended June 20, 2013 | 25,624       | 21,683      | 21,683      | 21,683      | 84.6         | 84.6 |
| Year ended December 20, 2012   | 23,662       | 20,367      | 20,367      | 20,367      | 86.1         | 86.1 |

(Reference) Equity As of June 20, 2013: 21,683 million yen As of December 20, 2012: 20,367 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, 2012             | -                  | 32.00              | -                  | 34.00              | 66.00 |
| Year ending December 20, 2013            | -                  | 33.00              | -                  | -                  | -     |
| Year ending December 20, 2013 (forecast) | -                  | -                  | -                  | 33.00              | 66.00 |

Note: Changes to latest dividends forecast: None

#### 3. Consolidated operating forecasts for the fiscal year ending December 20, 2013 (December 21, 2012 - December 20, 2013)

(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, 2013 | 23,100      | 5.5 | 4,250            | 6.6 | 3,960           | 6.0 | 2,440       | 14.6 | 177.06               |

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)

|                                |                   |                              |                   |
|--------------------------------|-------------------|------------------------------|-------------------|
| Six months ended June 20, 2013 | 13,798,848 shares | Year ended December 20, 2012 | 13,798,848 shares |
|--------------------------------|-------------------|------------------------------|-------------------|

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

|                                |               |                              |               |
|--------------------------------|---------------|------------------------------|---------------|
| Six months ended June 20, 2013 | 19,250 shares | Year ended December 20, 2012 | 18,716 shares |
|--------------------------------|---------------|------------------------------|---------------|

3) Average number of shares during the period (cumulative)

|                                |                   |                                |                   |
|--------------------------------|-------------------|--------------------------------|-------------------|
| Six months ended June 20, 2013 | 13,779,882 shares | Six months ended June 20, 2012 | 13,780,783 shares |
|--------------------------------|-------------------|--------------------------------|-------------------|

\*Status of execution of quarterly review of financial statements

As these consolidated financial statements are not subject to the review of the quarterly financial statements pursuant to the Financial Instruments and Exchange Act, procedures for said review 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 six month period ended June 20, 2013, promising signs of recovery became evident as the yen grew weaker and stock prices rose in anticipation of the effects of the economic measures and fiscal policies taken by the new administration. However, the nation's economy remained in a state of uncertainty over its future due to the European debt crisis and the decelerating economies of the emerging nations. In the beauty industry, amid the harsh business climate, there has been a growing awareness of beauty among women in their 30's to 50's, and there has been a marked increase in yearly usage amounts per customers in their 30's and 40's who use our partner salons.

Under such circumstances, the Milbon Group has been changing its awareness of mature women who make up its clientele, and being fully aware of the importance of creating new value, has been promoting initiatives intended for salons under the slogan of "Promotion of Age Beauty Innovation, in which professional designers answer to the new values held by mature women."

Consolidated net sales during the six month period ended June 20, 2013 increased to 11,433 million yen (up 8.4% year-on-year). This was primarily due to the strong initial sales of the aging care brand, "Plarmia," and the "Aujua Aging Care series Timesurge line," which were launched in February, in the hair-care product category; and the strong sales of the permanent hair coloring brand "Ordeve," and "Ordeve Beaute," the product line specialized for gray hair in the hair coloring product category. Double-digit growth of sales in China and South Korea thanks to the proactive educational activities conducted in the salons was another factor of the increase.

Operating income increased to 2,195 million yen (up 11.7% year-on-year); ordinary income increased to 2,063 million yen (up 13.3% year-on-year); and net income increased to 1,271 million yen (up 18.9% year-on-year), which was primarily due to the effects of increased revenues.

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 Second Quarter |           | Current Consolidated Second Quarter |           | Increase (Decrease) Amount | Year-on-year Change (%) |
|-------------------------|--------------------------------------|-----------|-------------------------------------|-----------|----------------------------|-------------------------|
|                         | Amount                               | Ratio (%) | Amount                              | Ratio (%) |                            |                         |
| Hair care products      | 5,300                                | 50.3      | 5,906                               | 51.6      | 606                        | 11.4                    |
| Hair coloring products  | 4,266                                | 40.4      | 4,593                               | 40.2      | 326                        | 7.7                     |
| Permanent wave products | 860                                  | 8.2       | 822                                 | 7.2       | (38)                       | (4.5)                   |
| Others                  | 120                                  | 1.1       | 111                                 | 1.0       | (9)                        | (7.8)                   |
| Total                   | 10,548                               | 100.0     | 11,433                              | 100.0     | 885                        | 8.4                     |

[Breakdown of net sales into domestic and overseas sales]

(Unit: Million yen)

|                | Previous Consolidated Second Quarter |           | Current Consolidated Second Quarter |           | Increase (Decrease) Amount | Year-on-year Change (%) |
|----------------|--------------------------------------|-----------|-------------------------------------|-----------|----------------------------|-------------------------|
|                | Amount                               | Ratio (%) | Amount                              | Ratio (%) |                            |                         |
| Domestic sales | 9,873                                | 93.6      | 10,632                              | 93.0      | 759                        | 7.7                     |
| Overseas sales | 675                                  | 6.4       | 800                                 | 7.0       | 125                        | 18.6                    |
| Total          | 10,548                               | 100.0     | 11,433                              | 100.0     | 885                        | 8.4                     |

## (2) Qualitative information on consolidated financial conditions

## 1) Assets, liabilities and net assets

Total assets at the end of the six month period ended June 20, 2013 increased by 1,961 million yen compared to the end of the previous consolidated fiscal year to 25,624 million yen.

Current assets increased by 1,199 million yen compared to the end of the previous consolidated fiscal year to 12,798 million yen. This was due mainly to the increases in cash and deposits, notes and accounts receivable-trade, and merchandise and finished goods by 629 million yen, 160 million yen and 277 million yen, respectively.

Noncurrent assets increased by 762 million yen compared to the end of the previous consolidated fiscal year to 12,825 million yen. This was due mainly to the increase in construction in progress by 577 million yen as a result of advance payments on a portion of the extension work of the Central Research Institute and the increase of 387 million yen in investment securities associated with the rise in the prices of listed stock.

Current liabilities increased by 642 million yen compared to the end of the previous consolidated fiscal year to 3,740 million yen. This was due mainly to the increases in accounts payable-trade, accounts payable-other, and income taxes payable by 104 million yen, 215 million yen and 220 million yen, respectively.

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

Net assets increased by 1,316 million yen compared to the end of the previous consolidated fiscal year to 21,683 million yen. This was due mainly to 805 million yen increase in retained earnings, as well as the 249 million yen increase in valuation difference on available-for-sale securities associated with the rise in the prices of listed stock and the 263 million yen increase in foreign currency translation adjustment due to the weakening yen.

As a result, equity ratio changed from 86.1% at the end of the previous consolidated fiscal year to 84.6%. Net assets per share based on total outstanding shares as of the end of the current consolidated fiscal year increased from 1,478.02 yen per share at the end of the previous consolidated fiscal year to 1,573.62 yen per share.

## 2) Cash flows

Cash and cash equivalents (hereinafter "net cash") at the end of the current six month period ended June 20, 2013 increased by 733 million yen compared to the end of the previous consolidated fiscal year to 6,366 million yen, as a result of using the net cash provided by operating activities for the payment of income taxes and the payment of dividends.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 1,798 million yen. This was mainly the result of posting 2,062 million yen in income before income taxes and minority interests, 425 million yen in depreciation and amortization and 627 million yen in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 680 million yen. This was mainly the result of the purchase of property, plant and equipment of 787 million yen and purchase of intangible assets of 82 million yen, as well as proceeds from withdrawal of time deposits of 197 million.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 469 million yen. This was mainly the result of cash dividends paid to shareholders of 467 million yen.

## (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 23, 2013.

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  
No
- (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<br>(As of December 20, 2012) | Current Consolidated Second Quarter<br>(As of June 20, 2013) |
|--|--|--|
| <b>Assets</b>                          |  |  |
| Current assets                         |  |  |
| Cash and deposits                      | 6,066,322  | 6,696,017  |
| Notes and accounts receivable-trade    | 2,964,933  | 3,125,308  |
| Merchandise and finished goods         | 1,775,588  | 2,052,957  |
| Work in process                        | 18,754   | 16,710   |
| Raw materials and supplies             | 522,000  | 531,905  |
| Other                                  | 292,910  | 429,081  |
| Allowance for doubtful accounts        | (40,939)   | (53,115)   |
| Total current assets                   | 11,599,570   | 12,798,865   |
| Noncurrent assets                      |  |  |
| Property, plant and equipment          |  |  |
| Buildings and structures, net          | 3,612,333  | 3,484,435  |
| Machinery, equipment and vehicles, net | 887,448  | 821,830  |
| Land                                   | 4,763,766  | 4,870,879  |
| Construction in progress               | 85,294   | 662,789  |
| Other, net                             | 180,588  | 192,047  |
| Total property, plant and equipment    | 9,529,431  | 10,031,982   |
| Intangible assets                      | 526,433  | 495,579  |
| Investments and other assets           |  |  |
| Investment securities                  | 1,136,817  | 1,523,947  |
| Other                                  | 939,464  | 836,727  |
| Allowance for doubtful accounts        | (69,240)   | (63,007)   |
| Total investments and other assets     | 2,007,041  | 2,297,667  |
| Total noncurrent assets                | 12,062,905   | 12,825,229   |
| Total assets                           | 23,662,476   | 25,624,094   |
| <b>Liabilities</b>                     |  |  |
| Current liabilities                    |  |  |
| Accounts payable-trade                 | 482,028  | 586,360  |
| Accounts payable-other                 | 1,558,946  | 1,774,723  |
| Income taxes payable                   | 647,791  | 868,682  |
| Provision for sales returns            | 20,978   | 33,242   |
| Provision for bonuses                  | 71,204   | 78,149   |
| Other                                  | 316,840  | 399,386  |
| Total current liabilities              | 3,097,790  | 3,740,546  |
| Noncurrent liabilities                 |  |  |
| Provision for retirement benefits      | 46,231   | 50,406   |
| Other                                  | 151,128  | 149,271  |
| Total noncurrent liabilities           | 197,359  | 199,678  |
| Total liabilities                      | 3,295,150  | 3,940,224  |

(Thousand yen)

|   | Previous Consolidated Fiscal Year<br>(As of December 20, 2012) | Current Consolidated Second Quarter<br>(As of June 20, 2013) |
|---|--|--|
| Net assets  |  |  |
| Shareholders' equity                                  |  |  |
| Capital stock   | 2,000,000  | 2,000,000  |
| Capital surplus                                       | 199,120  | 199,167  |
| Retained earnings                                     | 18,476,098   | 19,281,380   |
| Treasury stock  | (51,035)   | (52,918)   |
| Total shareholders' equity                            | 20,624,182   | 21,427,628   |
| Accumulated other comprehensive income                |  |  |
| Valuation difference on available-for-sale securities | (129,363)  | 120,335  |
| Foreign currency translation adjustment               | (127,493)  | 135,905  |
| Total accumulated other comprehensive income          | (256,856)  | 256,241  |
| Total net assets                                      | 20,367,325   | 21,683,869   |
| Total liabilities and net assets                      | 23,662,476   | 25,624,094   |

(2) Quarterly Consolidated Statements of Earnings and Consolidated Statements of Comprehensive Income  
 Quarterly Consolidated Statements of Earnings  
 Quarterly Consolidated Six Month Periods Ended June 20, 2012 and 2013

(Thousand yen)

|   | Six Months Ended<br>June 20, 2012<br>(December 21, 2011 -<br>June 20, 2012) | Six Months Ended<br>June 20, 2013<br>(December 21, 2012 -<br>June 20, 2013) |
|---|---|---|
| Net sales   | 10,548,825  | 11,433,847  |
| Cost of sales                                     | 3,336,514   | 3,617,568   |
| Gross profit                                      | 7,212,311   | 7,816,279   |
| Selling, general and administrative expenses      | 5,247,155   | 5,620,491   |
| Operating income                                  | 1,965,155   | 2,195,787   |
| Non-operating income                              |   |   |
| Interest income                                   | 627   | 5,811   |
| Dividends income                                  | 5,044   | 5,480   |
| Foreign exchange gains                            | -   | 16,067  |
| Company house defrayment income                   | 28,797  | 26,884  |
| Other   | 3,662   | 6,604   |
| Total non-operating income                        | 38,131  | 60,846  |
| Non-operating expenses                            |   |   |
| Sales discounts                                   | 180,585   | 193,078   |
| Other   | 2,204   | 56  |
| Total non-operating expenses                      | 182,790   | 193,134   |
| Ordinary income                                   | 1,820,496   | 2,063,499   |
| Extraordinary loss                                |   |   |
| Loss on retirement of noncurrent assets           | 1,705   | 1,247   |
| Provision of allowance for doubtful accounts      | 12,647  | -   |
| Total extraordinary losses                        | 14,352  | 1,247   |
| Income before income taxes and minority interests | 1,806,143   | 2,062,252   |
| Income taxes-current                              | 745,853   | 847,165   |
| Income taxes-deferred                             | (8,970)   | (56,406)  |
| Total income taxes                                | 736,883   | 790,758   |
| Income before minority interests                  | 1,069,260   | 1,271,494   |
| Net income  | 1,069,260   | 1,271,494   |

## Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Six Month Periods Ended June 20, 2012 and 2013

(Thousand yen)

|   | Six Months Ended<br>June 20, 2012<br>(December 21, 2011 -<br>June 20, 2012) | Six Months Ended<br>June 20, 2013<br>(December 21, 2012 -<br>June 20, 2013) |
|---|---|---|
| Income before minority interests                          | 1,069,260   | 1,271,494   |
| Other comprehensive income                                |   |   |
| Valuation difference on available-for-sale securities     | (13,155)  | 249,698   |
| Foreign currency translation adjustment                   | 43,202  | 263,399   |
| Total other comprehensive income                          | 30,087  | 513,097   |
| Comprehensive income                                      | 1,099,348   | 1,784,592   |
| Comprehensive income attributable to                      |   |   |
| Comprehensive income attributable to owners of the parent | 1,099,348   | 1,784,592   |
| Comprehensive income attributable to minority interests   | -   | -   |

## (3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

|   | Six Months Ended<br>June 20, 2012<br>(December 21, 2011 -<br>June 20, 2012) | Six Months Ended<br>June 20, 2013<br>(December 21, 2012 -<br>June 20, 2013) |
|---|---|---|
| Net cash provided by (used in) operating activities           |   |   |
| Income before income taxes and minority interests             | 1,806,143   | 2,062,252   |
| Depreciation and amortization                                 | 455,186   | 425,444   |
| Increase (decrease) in allowance for doubtful accounts        | 72,838  | 3,627   |
| Increase (decrease) in provision for bonuses                  | (487)   | 5,973   |
| Increase (decrease) in provision for sales returns            | (32,586)  | 12,264  |
| Increase (decrease) in provision for loss on guarantees       | (37,200)  | -   |
| Increase (decrease) in provision for retirement benefits      | 19,179  | 2,974   |
| Interest and dividends income                                 | (5,671)   | (11,291)  |
| Foreign exchange losses (gains)                               | (5,105)   | (5,347)   |
| Loss on retirement of noncurrent assets                       | 1,705   | 1,247   |
| Decrease (increase) in notes and accounts<br>receivable-trade | 157,056   | (153,736)   |
| Decrease (increase) in inventories                            | (72,435)  | (232,144)   |
| Increase (decrease) in notes and accounts payable-trade       | 91,371  | 69,322  |
| Other, net  | 126,189   | 236,352   |
| Subtotal  | 2,576,184   | 2,416,938   |
| Interest and dividends income received                        | 5,708   | 9,182   |
| Income taxes paid   | (996,851)   | (627,202)   |
| Net cash provided by (used in) operating activities           | 1,585,041   | 1,798,918   |
| Net cash provided by (used in) investing activities           |   |   |
| Purchase of property, plant and equipment                     | (420,773)   | (787,731)   |
| Proceeds from sales of property, plant and equipment          | -   | 1,259   |
| Purchase of intangible assets                                 | (103,582)   | (82,769)  |
| Payments of loans receivable                                  | (1,690)   | (2,240)   |
| Collection of loans receivable                                | 7,160   | 10,064  |
| Payments into time deposits                                   | (615)   | (3,587)   |
| Proceeds from withdrawal of time deposits                     | -   | 197,558   |
| Payments for guarantee deposits                               | (15,417)  | (12,223)  |
| Proceeds from collection of guarantee deposits                | 2,648   | 3,334   |
| Purchase of insurance funds                                   | (200,788)   | (790)   |
| Other, net  | (2,290)   | (3,166)   |
| Net cash provided by (used in) investing activities           | (735,349)   | (680,290)   |
| Net cash provided by (used in) financing activities           |   |   |
| Net decrease (increase) in treasury stock                     | (1,661)   | (1,836)   |
| Cash dividends paid   | (467,748)   | (467,916)   |
| Net cash provided by (used in) financing activities           | (469,410)   | (469,752)   |
| Effect of exchange rate change on cash and cash equivalents   | 22,253  | 84,139  |
| Net increase (decrease) in cash and cash equivalents          | 402,535   | 733,015   |
| Cash and cash equivalents at beginning of period              | 5,076,356   | 5,633,298   |
| Cash and cash equivalents at end of period                    | 5,478,891   | 6,366,313   |

(4) Notes regarding going concern assumption

None

(5) 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.

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

None