



# Consolidated Financial Results for the Three Months Ended March 20, 2013

## [Japanese GAAP]

March 29, 2013

Tokyo Stock Exchange, First Section

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  
 Scheduled filing date for quarterly report: April 26, 2013  
 Scheduled starting date of dividend payments: -  
 Preparation of supplementary materials on the quarterly results: Yes  
 Holding of an explanatory meeting on the quarterly results: No

TEL: +81-6-6928-2331

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

### 1. Consolidated financial results for the three months ended March 20, 2013 (December 21, 2012- March 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	%
Three months ended March 20, 2013	5,291	8.9	902	9.3	844	10.9	512	18.5
Three months ended March 20, 2012	4,860	4.9	825	6.0	761	7.1	432	21.2

(Note) Comprehensive income Three months ended March 20, 2013: 882 million yen [75.9%] Three months ended March 20, 2012: 501 million yen [53.9%]

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Three months ended March 20, 2013	37.18	-	-	-
Three months ended March 20, 2012	31.37	-	-	-

### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen	Million yen	Million yen	Million yen	%	%
Three months ended March 20, 2013	23,949	20,782	20,782	20,782	86.8	86.8
Year ended December 20, 2012	23,662	20,367	20,367	20,367	86.1	86.1

(Reference) Equity As of March 20, 2013: 20,782 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
	Yen	Yen	Yen	Yen	Yen
Year ended December 20, 2012	-	32.00	-	34.00	66.00
Year ending December 20, 2013	-				
Year ending December 20, 2013 (forecast)		33.00	-	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	Yen
Six months ending June 20, 2013	11,082	5.1	1,822	(7.3)	1,671	(8.2)	1,011	(5.4)		73.36
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)

Three months ended March 20, 2013	13,798,848 shares	Year ended December 20, 2012	13,798,848 shares
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2) Number of treasury stock at the end of the period

Three months ended March 20, 2013	18,924 shares	Year ended December 20, 2012	18,716 shares
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3) Average number of shares during the period (cumulative)

Three months ended March 20, 2013	13,780,065 shares	Three months ended March 20, 2012	13,781,010 shares
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\*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 three month period ended March 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, customers in their 30's and 40's have come to make up roughly half of the clientele of our partner salons and there has been a marked increase in yearly usage amounts per customer.

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 sales during the three months period ended March 20, 2013 increased by 8.9% compared to the same period of the previous year to 5,291 million yen. 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 "Ordeve Beaute," the product line specialized for gray hair and the fashion hair coloring brand "Ordeve," in the hair coloring product category. Favorable sales growth of the overseas subsidiaries thanks to the proactive educational activities conducted in the salons was another factor of the increase.

Operating income increased by 9.3% compared to the same period of the previous year to 902 million yen; ordinary income increased by 10.9% compared to the same period of the previous year to 844 million yen; and net income increased by 18.5% compared to the same period of the previous year to 512 million yen, 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 First Quarter		Current Consolidated First Quarter		Increase (Decrease) Amount	Year-on-year Change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Hair care products	2,421	49.8	2,671	50.5	250	10.4
Hair coloring products	2,024	41.6	2,230	42.1	206	10.2
Permanent wave products	365	7.5	343	6.5	(22)	(6.0)
Others	50	1.1	45	0.9	(4)	(9.8)
Total	4,860	100.0	5,291	100.0	430	8.9

[Breakdown of net sales into domestic and overseas sales]

(Unit: Million yen)

	Previous Consolidated First Quarter		Current Consolidated First Quarter		Increase (Decrease) Amount	Year-on-year Change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Domestic sales	4,533	93.3	4,914	92.9	381	8.4
Overseas sales	327	6.7	376	7.1	49	15.0
Total	4,860	100.0	5,291	100.0	430	8.9

## (2) Qualitative information on consolidated financial conditions

Total assets at the end of the three month period ended March 20, 2013 increased by 286 million yen compared to the end of the previous consolidated fiscal year to 23,949 million yen.

Current assets increased by 121 million yen compared to the end of the previous consolidated fiscal year to 11,721 million yen. This was due mainly to the increases in cash and deposits and in merchandise and finished goods by 114 million yen and 281 million yen, respectively; as well as the decrease in notes and accounts receivable-trade by 335 million yen.

Noncurrent assets increased by 164 million yen compared to the end of the previous consolidated fiscal year to 12,227 million yen. This was due mainly to the increase of 369 million yen in investment securities associated with the rise in the prices of listed stock.

Current liabilities decreased by 130 million yen compared to the end of the previous consolidated fiscal year to 2,967 million yen. This was due mainly to the decreases in accounts payable-other and in income taxes payable by 454 million yen and 238 million yen, respectively; in addition to the increases in accounts payable-trade and in provision for bonuses by 197 million yen and 210 million yen, respectively.

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

Net assets increased by 415 million yen compared to the end of the previous consolidated fiscal year to 20,782 million yen. This was due mainly to the 238 million yen increase in valuation difference on available-for-sale-securities associated with the rise in the prices of listed stock and the 131 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 86.8%. 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 1,508.21 yen per share.

(3) Qualitative information on consolidated operating forecasts

In terms of the full-year forecast there are no changes to the previous consolidated performance forecasts, which were announced on January 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 (As of December 20, 2012)	Current Consolidated First Quarter (As of March 20, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	6,066,322	6,181,225
Notes and accounts receivable-trade	2,964,933	2,629,596
Merchandise and finished goods	1,775,588	2,057,209
Work in process	18,754	25,232
Raw materials and supplies	522,000	531,541
Other	292,910	349,117
Allowance for doubtful accounts	(40,939)	(52,494)
Total current assets	11,599,570	11,721,428
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,612,333	3,548,155
Machinery, equipment and vehicles, net	887,448	833,267
Land	4,763,766	4,763,766
Construction in progress	85,294	113,699
Other, net	180,588	200,382
Total property, plant and equipment	9,529,431	9,459,271
Intangible assets	526,433	498,523
Investments and other assets		
Investment securities	1,136,817	1,506,497
Other	939,464	829,865
Allowance for doubtful accounts	(69,240)	(66,358)
Total investments and other assets	2,007,041	2,270,004
Total noncurrent assets	12,062,905	12,227,799
Total assets	23,662,476	23,949,228
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	482,028	679,603
Accounts payable-other	1,558,946	1,104,806
Income taxes payable	647,791	408,924
Provision for sales returns	20,978	29,848
Provision for bonuses	71,204	281,698
Other	316,840	462,709
Total current liabilities	3,097,790	2,967,591
Noncurrent liabilities		
Provision for retirement benefits	46,231	48,080
Other	151,128	150,597
Total noncurrent liabilities	197,359	198,677
Total liabilities	3,295,150	3,166,269

(Thousand yen)

	Previous Consolidated Fiscal Year (As of December 20, 2012)	Current Consolidated First Quarter (As of March 20, 2013)
Net assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	199,120	199,120
Retained earnings	18,476,098	18,522,215
Treasury stock	(51,035)	(51,760)
Total shareholders' equity	20,624,182	20,669,574
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(129,363)	109,080
Foreign currency translation adjustment	(127,493)	4,304
Total accumulated other comprehensive income	(256,856)	113,384
Total net assets	20,367,325	20,782,958
Total liabilities and net assets	23,662,476	23,949,228

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

(Thousand yen)

	Three Months Ended March 20, 2012 (December 21, 2011 - March 20, 2012)	Three Months Ended March 20, 2013 (December 21, 2012 - March 20, 2013)
Net sales	4,860,866	5,291,221
Cost of sales	1,503,463	1,680,408
Gross profit	3,357,403	3,610,813
Selling, general and administrative expenses	2,531,642	2,707,982
Operating income	825,761	902,830
Non-operating income		
Interest income	330	3,394
Dividends income	192	192
Foreign exchange gains	7,336	15,649
Company house defrayment income	14,123	14,334
Other	1,799	1,677
Total non-operating income	23,781	35,248
Non-operating expenses		
Sales discounts	87,618	93,115
Other	5	11
Total non-operating expenses	87,623	93,126
Ordinary income	761,918	844,951
Extraordinary loss		
Loss on retirement of noncurrent assets	1,245	-
Provision of allowance for doubtful accounts	11,000	-
Total extraordinary losses	12,245	-
Income before income taxes and minority interests	749,673	844,951
Income taxes-current	334,157	398,008
Income taxes-deferred	(16,775)	(65,403)
Total income taxes	317,381	332,605
Income before minority interests	432,292	512,346
Net income	432,292	512,346

## Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Three Month Periods Ended March 20, 2012 and 2013

(Thousand yen)

	Three Months Ended March 20, 2012 (December 21, 2011 - March 20, 2012)	Three Months Ended March 20, 2013 (December 21, 2012 - March 20, 2013)
Income before minority interests	432,292	512,346
Other comprehensive income		
Valuation difference on available-for-sale securities	57,221	238,443
Foreign currency translation adjustment	12,296	131,797
Total other comprehensive income	69,518	370,240
Comprehensive income	501,810	882,587
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	501,810	882,587
Comprehensive income attributable to minority interests	-	-

(3) Notes regarding going concern assumption

None

(4) Segment information

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

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

None