The figures for these Financial Statements are prepared in accordance with the accounting principles based on Japanese law. Accordingly, they do not necessarily match the figures in the Annual Report issued by the Company, which present the same statements in a form that is more familiar to foreign readers through certain reclassifications or summarization of accounts.

Consolidated Settlement of Accounts for the First Quarter of the Fiscal Year Ending March 31, 2014 [Japanese Standards]

Shiseido Company, Limited

Listings: Tokyo Stock Exchange, First Section (Code Number: 4911)
URL: http://group.shiseido.com/
Representative: Shinzo Maeda, Representative Director, Chairman of the Board, President, & CEO
Contact: Hirofumi Takakura, Head of Investor Relations Department
Tel. +81-3-3572-5111

Filing of quarterly financial report: August 8, 2013
Start of cash dividend payments: —
Supplementary quarterly materials prepared: Yes (Supplementary information will be uploaded to the corporate website on Wednesday, July 31, 2013)
Quarterly results information meeting held: Yes (for institutional investors, analysts, etc.)

1. Performance for the First Quarter of the Fiscal Year Ending March 31, 2014 (From April 1–June 30, 2013)

* Amounts under one million yen have been rounded down.

(1) Consolidated Operating Results

(Millions of yen; percentage figures denote year-on-year change)

	Net Sales	Operating Income	Ordinary Income	Net Income
First Quarter Ended June 30, 2013	162,363 [+8.6%]	6,875 [—]	7,560 [—]	2,658 [—]
First Quarter Ended June 30, 2012	149,447 [–5.0%]	–3,021 [—]	–2,736 [—]	–1,274 [—]

Note: Comprehensive income
First quarter ended June 30, 2013: ¥24,311 million [+52.3%]
First quarter ended June 30, 2012: ¥15,958 million [+75.5%]

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
First Quarter Ended June 30, 2013	6.68	6.67
First Quarter Ended June 30, 2012	(3.20)	—

(2) Consolidated Financial Position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio (%)
First Quarter Ended June 30, 2013	716,483	317,281	41.8
Fiscal Year Ended March 31, 2013	715,593	303,153	40.1

[Reference] Equity:
First quarter ended June 30, 2013: ¥299,566 million
Fiscal year ended March 31, 2013: ¥287,069 million

The Company has applied International Accounting Standard No. 19, "Employee Benefits" (amended June 16, 2011), to certain consolidated subsidiaries. This has resulted in a change in recognition of changes in the Company's net defined benefit liabilities and has been applied retrospectively to the consolidated financial statements for fiscal 2012, ended March 31, 2013. For more details, refer to "(3) Changes in Accounting Policies; Changes in Accounting Estimates; Restatements" under "2. Summary (Note) Information" on page 7 of this document.

2. Cash Dividends

	Cash Dividends per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Year-End	Full Year
Fiscal Year Ended March 31, 2013	—	25.00	—	25.00	50.00
Fiscal Year Ending March 31, 2014	—				
Fiscal Year Ending March 31, 2014 (plan)		10.00	—	10.00	20.00

Note: Revision to dividend forecast during period: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2014 (From April 1, 2013–March 31, 2014)

(Millions of yen, percentage figures denote year-on-year change)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
First 2 Quarters Ending September 30, 2013	360,000 [+7.9%]	15,000 [+79.8%]	15,000 [+79.6%]	7,000 [+39.4%]	17.58
Fiscal Year Ending March 31, 2014	727,000 [+7.3%]	39,000 [+49.7%]	39,000 [+37.3%]	20,000 [—]	50.23

Note: Revision to consolidated earnings forecast during period: Yes

4. Note

(1) Significant changes in subsidiaries during period (changes in specific subsidiaries due to change in scope of consolidation): None

(2) Special accounting treatment adopted: None

(3) Changes in accounting policies; changes in accounting estimates; restatements
1) Changes in accounting policies due to amendment of accounting standards: Yes
2) Other changes in accounting policies: None
3) Changes in accounting estimates: None
4) Restatements: None

(4) Shares outstanding (common stock) at term-end

1. Number of shares outstanding (including treasury stock)
   First quarter ended June 30, 2013: 400,000,000
   Fiscal year ended March 31, 2013: 400,000,000
2. Number of treasury stock
   First quarter ended June 30, 2013: 1,867,779
   Fiscal year ended March 31, 2013: 1,960,234
3. Average shares outstanding over period (cumulative; consolidated)
   First quarter ended June 30, 2013: 398,098,079
   First quarter ended June 30, 2012: 397,997,682

Implementation status of quarterly review procedures

At the time of disclosure of this report, review procedures for quarterly financial statements pursuant to the Financial Instrument and Exchange Act had not been completed.

Appropriate use of business forecasts; other special items

In this document, statements other than historical facts are forward-looking statements that reflect the Company's plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ from those anticipated in these statements. Please refer to "1. (2) Consolidated Forecasts and Other Forward-Looking Information" on page 6 for information on preconditions underlying the above outlook and other related information.

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1. Analysis of Operating Results

(1) Consolidated Performance

In the first quarter under review (three-month period from April 1 to June 30, 2013), economic sentiment in Japan was characterized by signs of recovery on the back of a correction of the strengthening yen—stemming from financial liberalization aimed at breaking the deflationary cycle—as well as recovery in stock prices and an improved employment situation. The domestic cosmetics market also showed indications of a turnaround. Overseas, the Americas and Asia, including China, continued posting moderate economic growth, but conditions weakened in Europe. Similarly, cosmetics markets in the Americas and Asia enjoyed sustained growth, while growth was negative in Europe. (For overseas subsidiaries, the "first quarter" refers to the period from January 1 to March 31, 2013.)

In this environment, the Shiseido Group adopted a policy of making its strong fields stronger and its big fields bigger, while making profitable fields more profitable. To this end, we concentrated business resources in three areas: Japan, China, and Bare Escentuals, Inc. We also worked to improve profitability by pursuing "meticulous distinction and concentration."

For the quarter, the Shiseido Group posted consolidated net sales of ¥162.4 billion, up 8.6% from the previous corresponding period. The Domestic Cosmetics Business segment reported a 0.4% rise in sales, to ¥75.8 billion, due to several factors. These included healthy performances by ***MAQuillAGE*** *and* ***ELIXIR***—which are core lines in the mid-priced range—as well as increased sales of the global brand ***SHISEIDO*** in the department store channel. In the Global Business segment, sales in China increased thanks to higher year-on-year shipments stemming from a change in the timing of the Chinese New Year. In the Americas, however, despite a solid performance by the makeup brand ***NARS,*** sales of ***bareMinerals*** declined due to stagnation in the retail business and other factors, while sales in Europe languished due to the sluggish economy. In local-currency terms, therefore, the sales increase posted by the Global Business segment was limited to 0.9%. After converting to yen, however, segment sales jumped 17.5%, to ¥84.3 billion.

Operating income amounted to ¥6.9 billion, reflecting several factors. These included a marginal gain stemming from higher net sales, as well as rigorous marketing spending targeting core focal fields. We also pursued comprehensive cost reductions centered on cost structural reforms, and in Japan we reduced personnel expenses, including bonuses and pension costs. Ordinary income totaled ¥7.6 billion, and net income was ¥2.7 billion.

[Consolidated Performance]

(Sales) (Millions of yen)

	First Quarter Ended June 2013	Share of Total (%)	First Quarter Ended June 2012	Share of Total (%)	Year-on-Year Increase/Decrease		
					Amount	% change	% change in local currency terms
Domestic Cosmetics Business	75,834	46.7%	75,509	50.5%	+325	+0.4%	+0.4%
Global Business	84,282	51.9%	71,729	48.0%	+12,552	+17.5%	+0.9%
Others	2,246	1.4%	2,208	1.5%	+38	+1.7%	+1.7%
Sales Total	162,363	100.0%	149,447	100.0%	+12,916	+8.6%	+0.7%
Domestic Sales	82,168	50.6%	82,071	54.9%	+96	+0.1%	+0.0%
Overseas Sales	80,195	49.4%	67,375	45.1%	+12,819	+19.0%	+1.5%

(Income)

	First Quarter Ended June 2013	Ratio to Net Sales* (%)	First Quarter Ended June 2012	Ratio to Net Sales* (%)	Year-on-Year Increase/Decrease	
					Amount	% change
Domestic Cosmetics Business	7,138	9.4%	1,691	2.2%	+5,446	+322.0%
Global Business	(1,135)	–1.3%	(5,182)	–7.2%	+4,047	—
Others	527	15.3%	448	12.8%	+78	+17.5%
Elimination/Corporate	345	—	20	—	+324	—
Operating Income Total	6,875	4.2%	(3,021)	–2.0%	+9,897	—
Ordinary Income	7,560	4.7%	(2,736)	–1.8%	+10,297	—
Net Income	2,658	1.6%	(1,274)	–0.9%	+3,933	—

*Based on sales, including intra-Group sales between reportable segments.

(2) Consolidated Forecasts and Other Forward-Looking Information

In light of its performance in the first quarter under review, as well as foreign exchange trends and other factors, the Group has revised its consolidated forecasts for the first two quarters (cumulative) ending September 30, 2013, and the fiscal year ending March 31, 2014 (previous forecasts announced on April 26, 2013), as shown in the table below. For the two quarters (cumulative), the forecasts are based on exchange rates of ¥96 per U.S. dollar, ¥126 per euro, and ¥15.5 per Chinese yuan. For the fiscal year, the forecasts are based on exchange rates of ¥90 per U.S. dollar, ¥120 per euro, and ¥14.7 per Chinese yuan.

Consolidated Forecasts for First 2 Quarters (Cumulative) of Fiscal 2013

(April 1–September 30, 2013) (Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (yen)
Previous Forecast (A)	343,000	12,000	12,000	6,000	15.07
Revised Forecast (B)	360,000	15,000	15,000	7,000	17.58
Change (B–A)	17,000	3,000	3,000	1,000	
Percentage Change (%)	5.0%	25.0%	25.0%	16.7%	
[Reference] Result in Previous Corresponding Period First 2 Quarters (Cumulative) of Fiscal 2012	333,631	8,342	8,350	5,020	12.62

Consolidated Forecasts for Fiscal 2013

(April 1, 2013–March 31, 2014) (Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (yen)
Previous Forecast (A)	710,000	38,000	38,000	20,000	50.25
Revised Forecast (B)	727,000	39,000	39,000	20,000	50.23
Change (B–A)	17,000	1,000	1,000	0	
Percentage Change (%)	2.4%	2.6%	2.6%	0.0%	
[Reference] Result in Previous Year Fiscal 2012	677,727	26,045	28,406	(14,685)	(36.90)

2. Summary (Note) Information

(1) Significant Changes in Subsidiaries
Not applicable.

(2) Special Accounting Treatment Adopted
Not applicable.

(3) Changes in Accounting Policies; Changes in Accounting Estimates; Restatements
(Change in accounting policy due to change in accounting standard)

Effective the first quarter under review, the Company has applied International Accounting Standard No. 19, "Employee Benefits" (amended June 16, 2011), to certain consolidated subsidiaries. This has resulted in a change in recognition of changes in the Company's net defined benefit liabilities. The change in accounting policy has been applied retrospectively and is reflected in the consolidated financial statements for the first quarter of fiscal 2012 (three months ended June 30, 2012) and the consolidated financial statements for fiscal 2012 (year ended March 31, 2013).

Compared with figures prior to retrospective application, deferred tax assets and accrued retirement benefits in the previous fiscal year increased by ¥215 million and ¥795 million, respectively, as a result of the change, while retained earnings, adjustment for retirement benefits (cumulative), and minority interests in consolidated subsidiaries declined by ¥42 million, ¥440 million, and ¥96 million, respectively. Because the change had minimal effect on the consolidated statements of income in the first quarter of fiscal 2012, the change is not reflected in the consolidated quarterly statements of income and the consolidated quarterly statements of comprehensive income for that quarter. However, the cumulative effect on net assets at the beginning of fiscal 2012 has been reflected, with the result that retained earnings, adjustment for retirement benefits (cumulative), and minority interests in consolidated subsidiaries declined by ¥42 million, ¥7 million, and ¥43 million, respectively.

3. Major Items Related to Ongoing Concern
Not applicable.

(Reference) Overseas Sales

(Millions of yen)

	1st Quarter Ended June 2013	Share of Net Sales	1st Quarter Ended June 2012	Share of Net Sales	Year-on-Year Increase/Decrease		
					Amount	% change	% change in local currency terms
Americas	25,466	15.7%	22,189	14.8%	+3,276	+14.8%	–1.5%
Europe	21,572	13.3%	19,075	12.8%	+2,496	+13.1%	–3.5%
Asia/Oceania	33,156	20.4%	26,110	17.5%	+7,046	+27.0%	+7.7%
Overseas Sales	80,195	49.4%	67,375	45.1%	+12,819	+19.0%	+1.5%

4. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 2013	First Quarter Ended June 2013
ASSETS		
Current Assets:		
Cash and Time Deposits	59,330	61,587
Notes and Accounts Receivable	118,232	102,829
Short-Term Investments in Securities	31,933	30,331
Inventories	84,552	91,188
Deferred Tax Assets	24,943	23,414
Other Current Assets	14,712	15,166
Less: Allowance for Doubtful Accounts	(1,023)	(1,047)
Total Current Assets	332,681	323,469
Fixed Assets:		
Property, Plant and Equipment:		
Buildings and Structures	158,731	161,171
Less: Accumulated Depreciation	(102,689)	(104,646)
Buildings and Structures (net of depreciation)	56,042	56,524
Machinery, Equipment and Vehicles	84,597	85,843
Less: Accumulated Depreciation	(73,018)	(74,175)
Machinery, Equipment and Vehicles (net of depreciation)	11,579	11,668
Fixtures and Fittings	64,078	67,077
Less: Accumulated Depreciation	(44,130)	(46,826)
Fixtures and Fittings (net of depreciation)	19,948	20,251
Land	31,833	32,062
Lease Assets	7,517	7,545
Less: Accumulated Depreciation	(4,211)	(4,265)
Lease Assets (net)	3,306	3,280
Construction in Progress	5,095	5,997
Total Property, Plant and Equipment	127,805	129,786
Intangible Assets:		
Goodwill	57,127	60,700
Lease Assets	534	676
Trademarks	45,246	48,990
Other Intangible Assets	47,784	49,128
Total Intangible Assets	150,692	159,496
Investments and Other Assets:		
Investments in Securities	30,510	31,401
Prepaid Pension Expenses	17,155	16,674
Long-Term Prepaid Expenses	10,087	9,916
Deferred Tax Assets	20,589	21,189
Other Investments	26,121	24,626
Less: Allowance for Doubtful Accounts	(49)	(78)
Total Investments and Other Assets	104,413	103,730
Total Fixed Assets	382,912	393,013
Total Assets	715,593	716,483

(Millions of yen)

	Fiscal Year Ended March 2013	First Quarter Ended June 2013
LIABILITIES		
Current Liabilities:		
Notes and Accounts Payable	43,542	43,686
Short-Term Debt	5,975	11,082
Current Portion of Long-Term Debt	31,685	30,098
Lease Obligations	1,733	1,769
Other Payables	39,627	34,409
Accrued Income Taxes	9,113	6,690
Reserve for Sales Returns	10,609	8,921
Accrued Bonuses for Employees	12,493	5,468
Accrued Bonuses for Directors	268	197
Provision for Liabilities and Charges	386	345
Provision for Structural Reforms	361	342
Deferred Tax Liabilities	8	15
Other Current Liabilities	31,417	30,910
Total Current Liabilities	187,225	173,938
Long-Term Liabilities:		
Bonds	90,000	90,000
Long-Term Debt	53,028	50,564
Lease Obligations	2,245	2,325
Accrued Retirement Benefits	44,151	44,399
Allowance for Losses on Guarantees	350	350
Allowance for Environmental Measures	445	445
Provision for Structural Reforms	1,396	1,396
Deferred Tax Liabilities	28,931	31,222
Other Long-Term Liabilities	4,665	4,558
Total Long-Term Liabilities	225,214	225,262
Total Liabilities	412,439	399,201
NET ASSETS		
Shareholders' Equity:		
Common Stock	64,506	64,506
Capital Surplus	70,258	70,258
Retained Earnings	191,476	184,130
Less: Treasury Stock, at Cost	(3,697)	(3,523)
Total Shareholders' Equity	322,543	315,372
Valuation and Translation Adjustments:		
Unrealized Gains on Available-for-Sale Securities, Net of Taxes	2,799	3,180
Foreign Currency Translation Adjustments	(37,832)	(18,556)
Adjustment for Retirement Benefits (Cumulative)	(440)	(429)
Total Valuation and Translation Adjustments	(35,474)	(15,806)
Stock Acquisition Rights	846	871
Minority Interests in Consolidated Subsidiaries	15,237	16,844
Total Net Assets	303,153	317,281
Total Liabilities and Net Assets	715,593	716,483

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

Consolidated Quarterly Statements of Income
Cumulative for First Quarter

(Millions of yen)

	First Quarter Ended June 2012	First Quarter Ended June 2013
Net Sales	149,447	162,363
Cost of Sales	34,366	37,815
Gross Profit	115,080	124,548
Selling, General and Administrative Expenses	118,102	117,672
Operating Income (Loss)	(3,021)	6,875
Other Income		
Interest Income	188	197
Dividend Income	334	330
Equity in Earnings of Affiliates	8	—
Rental Income	195	202
Subsidy Income	4	1
Foreign Exchange Gain	43	488
Others	221	233
Total Other Income	996	1,454
Other Expenses		
Interest Expense	453	462
Equity in Losses of Affiliates	—	18
Other	257	288
Total Other Expenses	711	769
Ordinary Income (Loss)	(2,736)	7,560
Extraordinary Income		
Gain on Sales of Property, Plant and Equipment	6	6
Gain on Sales of Investments in Securities	19	511
Total Extraordinary Income	25	517
Extraordinary Losses		
Structural Reform Expense	—	*1 326
Loss on Disposal of Property, Plant and Equipment	148	180
Loss on Sales of Investments in Securities	4	4
Loss on Revaluation of Investments in Securities	4	8
Total Extraordinary Losses	157	519
Income (Loss) before Income Taxes	(2,868)	7,558
Income Taxes – Current	1,621	2,808
Income Tax –Deferred	(3,615)	1,364
Total Income Taxes	(1,993)	4,173
Income (Loss) before Minority Interests	(875)	3,385
Minority Interests in Earnings of Consolidated Subsidiaries	399	726
Net Income (Loss)	(1,274)	2,658

Consolidated Statements of Comprehensive Income
Cumulative for First Quarter

(Millions of yen)

	First Quarter Ended June 2012	First Quarter Ended June 2013
Loss before Minority Interests	(875)	3,385
Other Comprehensive Income		
Valuation Difference on Available-for-Sale Securities	(450)	450
Foreign Currency Translation Adjustment	17,260	20,446
Adjustment for Retirement Benefits	—	13
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	23	15
Other Comprehensive Income	16,833	20,925
Comprehensive Income	15,958	24,311
(Breakdown)		
Comprehensive Income Attributable to Owners of Parent	14,579	22,326
Comprehensive Income Attributable to Minority Interests	1,378	1,984

(3) Notes Concerning Consolidated Quarterly Financial Statements

(Note on Assumptions for Going Concern)
Not applicable.

(Consolidated Quarterly Statements of Income)
*1: “Structural Reform Expense” refers to expenses related to “strengthening human resource and personnel cost management,” which is part of one-time expenses pertaining to “structural reforms” (drastic reassessments of organization, infrastructure, and business administration aimed at building a robust business structure). The major portion of this expense was retirement bonuses paid to early retirees.

(Note in the Event of Major Changes in Shareholders’ Equity)
Not applicable.