Consolidated Financial Results for the Fiscal Year Ended December 20, 2013 [Japanese GAAP]

January 22, 2014

Name of registrant: Milbon Co., Ltd. Tokyo Stock Exchange, First Section
Code No.: 4919 URL http://www.milbon.co.jp
Representative: Ryuji Sato, President and CEO
Inquiries: Masahiro Murai, Managing Director TEL: +81-6-6928-2331
Scheduled date of annual general meeting of shareholders: March 18, 2014
Scheduled filing date for Securities Report: March 18, 2014:
Scheduled starting date of dividend payments: March 19, 2014
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, 2013 (December 21, 2012- December 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	%
Year ended December 20, 2013	23,829	8.9	4,302	7.9	4,059	8.7	2,516	18.2
Year ended December 20, 2012	21,887	6.6	3,986	5.1	3,735	5.3	2,128	(7.7)

(Note) Comprehensive income Year ended December 20, 2013: 3,170 million yen [42.9%] Year ended December 20, 2012: 2,219 million yen [1.0%]

	Net income per share	Diluted net income per share	Return on equity (ROE)	Return on assets (ROA)	Operating income ratio
	Yen	Yen	%	%	%
Year ended December 20, 2013	152.85	-	11.8	16.2	18.1
Year ended December 20, 2012	128.70	-	10.8	16.2	18.2

(Reference) Equity in earnings (losses) of affiliates Year ended December 20, 2013: -- million yen Year ended December 20, 2012: -- million yen

(Note) The Company conducted a 1.2 for 1 stock split of its common stock effective December 21, 2013. Consequently, the net income per share calculated and retrospectively adjusted assuming that the stock split was conducted at the beginning of the previous consolidated fiscal year is presented.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 20, 2013	26,321	22,149	84.1	1,352.34
As of December 20, 2012	23,662	20,367	86.1	1,231.68

(Reference) Equity As of December 20, 2013: 22,149 million yen As of December 20, 2012: 20,367 million yen

(Note) The Company conducted a 1.2 for 1 stock split of its common stock effective December 21, 2013. Consequently, the net assets per share calculated and retrospectively adjusted assuming that the stock split was conducted at the beginning of the previous consolidated fiscal year are presented.

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Year ended December 20, 2013	3,511	(1,198)	(1,387)	6,610
Year ended December 20, 2012	2,977	(1,506)	(910)	5,633

2. Payment of dividends

	Annual dividend					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, 2012	-	32.00	-	34.00	66.00	909	42.7	4.6
Year ended December 20, 2013	-	33.00	-	35.00	68.00	932	37.1	4.4
Year ending December 20, 2014(forecast)	-	34.00	-	34.00	68.00		42.8	

(Note) The Company conducted a 1.2 for 1 stock split of its common stock effective December 21, 2013. The dividends for the year ended December 20, 2012 and the year ended December 20, 2013 presented here are the amounts of actual dividends prior to the stock split.

3. Consolidated operating forecasts for the fiscal year ending December 20, 2014 (December 21, 2013 - December 20, 2014)

(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
Six months ending June 20, 2014	12,070	5.6	1,734	(21.0)	1,589	(23.0)	973	(23.5)	59.41
Year ending December 20, 2014	25,200	5.8	4,500	4.6	4,215	3.8	2,600	3.3	158.74

*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) 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

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury stock)	Year ended December 20, 2013	16,558,617 shares	Year ended December 20, 2012	16,558,617 shares
2) Number of treasury stock at the end of the period	Year ended December 20, 2013	179,953 shares	Year ended December 20, 2012	22,459 shares
3) Average number of shares during the period	Year ended December 20, 2013	16,462,012 shares	Year ended December 20, 2012	16,536,642 shares

(Note) The Company conducted a 1.2 for 1 stock split of its common stock effective December 21, 2013. Consequently, the number of shares issued at the end of the period, the number of treasury stock at the end of the period, and the average number of shares during the period calculated and retrospectively adjusted assuming that the stock split was conducted at the beginning of the previous consolidated fiscal year are presented.

(Reference) Summary of non-consolidated operating results

1. Non-consolidated financial results for the fiscal year ended December 20, 2013 (December 21, 2012- December 20, 2013)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended December 20, 2013	23,180	8.3	4,516	12.5	4,254	13.1	2,545	18.2
Year ended December 20, 2012	21,403	5.9	4,015	3.6	3,761	3.8	2,153	(9.3)

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended December 20, 2013	154.66	-
Year ended December 20, 2012	130.24	-

(Note) The Company conducted a 1.2 for 1 stock split of its common stock effective December 21, 2013. Consequently, the net income per share calculated and retrospectively adjusted assuming that the stock split was conducted at the beginning of the previous fiscal year is presented.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 20, 2013	26,192	22,533	86.0	1,375.78
As of December 20, 2012	24,175	20,969	86.7	1,268.10

(Reference) Equity As of December 20, 2013: 22,533 million yen As of December 20, 2012: 20,969 million yen

(Note) The Company conducted a 1.2 for 1 stock split of its common stock effective December 21, 2013. Consequently, the net assets per share calculated and retrospectively adjusted assuming that the stock split was conducted at the beginning of the previous fiscal year are presented.

2. Non-consolidated operating forecasts for the fiscal year ending December 20, 2014 (December 21, 2013 - December 20, 2014)

(Percentages show year-on-year changes)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending June 20, 2014	11,662	4.8	1,696	(21.1)	1,071	(19.9)	65.43
Year ending December 20, 2014	24,325	4.9	4,330	1.8	2,700	6.1	164.85

*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 conditions (1) Analysis of operating results” on page 2 of the supplementary materials.

Contents of supplementary materials

1. Analysis of operating results and financial conditions 2
(1) Analysis of operating results 2
(2) Analysis of financial conditions 3
(3) Basic policy on the distribution of profit and dividends for the fiscal year under review and the following fiscal year 4
(4) Business and other risks 5
2. Outline of the Milbon Group 5
3. Management policy 6
(1) Basic management policies 6
(2) Target management indices 6
(3) Medium- to long-term management strategies 6
(4) Tasks to be addressed by the Company 6
4. Consolidated Financial Statements 7
(1) Consolidated Balance Sheets 7
(2) Consolidated Statements of Earnings and Consolidated Statements of Comprehensive Income 9
(3) Consolidated Statements of Changes in Shareholders' Equity 11
(4) Consolidated Statements of Cash Flows 13

1. Analysis of operating results and financial conditions

(1) Analysis of operating results

1) Operating results for the consolidated fiscal year under review

During the consolidated fiscal year under review, our nation's economy was on a moderate recovery trend, as the yen grew weaker and stock prices rose as a result of the government's economic measures, while corporate earnings improved and personal consumption also seemed to pick up. Nevertheless, uncertainty over the future continued to prevail due to concerns about the decelerating economies of the emerging nations and other factors. In the beauty industry, amid the harsh business climate precipitated by the effects of the declining population, the low birth rate and the aging society, there has been a growing awareness of beauty among women in their 30's to 50's who form the core of the customer base, and there has been a marked increase in yearly usage amounts per customer in their 30's to 50's who use our partner salons.

Under such circumstances, the Milbon Group has been changing 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."

As a result of directly addressing the concerns of mature women over their hair and scalp, and concentrating its efforts on providing products and services that focus on aging care, the Group was able to achieve our targets for both consolidated net sales and multiple-step income, and reach record highs in both.

Consolidated net sales during the consolidated fiscal year under review increased by 1,942 million yen to 23,829 million yen (up 8.9% year-on-year). This was primarily due to the strong sales of the aging care brand, Plarmia, which were launched in February and September, and the premium hair care brand, Aujua, 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.

Selling, general and administrative expenses increased by 9.4% over the previous year to 11,872 million yen, as a result of sales promotion expenses of new products and personnel expenses exceeding the previous year levels. Operating income increased by 316 million yen to 4,302 million yen (up 7.9% year-on-year), ordinary income also increased by 324 million yen to 4,059 million yen (up 8.7% year-on-year) and net income increased by 387 million yen to 2,516 million yen (up 18.2% year-on-year).

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 Fiscal Year		Current Consolidated Fiscal Year		Increase (Decrease) Amount	Percentage Change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Hair care products	11,069	50.6	12,616	52.9	1,547	14.0
Hair coloring products	8,820	40.3	9,288	39.0	467	5.3
Permanent wave products	1,678	7.7	1,623	6.8	(55)	(3.3)
Others	318	1.4	301	1.3	(17)	(5.4)
Total	21,887	100.0	23,829	100.0	1,942	8.9

[Breakdown of net sales into domestic and overseas sales] (Unit: Million yen)

	Previous Consolidated Fiscal Year		Current Consolidated Fiscal Year		Increase (Decrease) Amount	Percentage Change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Domestic sales	20,482	93.6	21,946	92.1	1,463	7.1
Overseas sales	1,404	6.4	1,882	7.9	478	34.1
Total	21,887	100.0	23,829	100.0	1,942	8.9

2) Outlook for fiscal 2014

In terms of the domestic economic environment, while a moderate recovery trend prevails due to the penetration of the effects of the government's economic measures, the last-minute demand and pullbacks in consumer spending accompanying the consumption tax hike in April are expected to have a complex effect, and uncertainty about the future will continue to persist. In the beauty industry, despite the progressive decrease in the productive-age population (15 to 64 years old), the low birth rate and the aging society, there has been a growing trend among mature women to aggressively invest in what they perceive to be of intrinsically superior value, and consequently an increase in yearly usage amounts per customer is expected, particularly spending per customer of women mainly in their 40's, as well as women in their 30's and 50's who use our partner salons.

Under these circumstances, the Milbon Group, fully aware of the importance of enhancing "intangible value" based on communication that will answer to the values of mature women, will promote initiatives geared toward the salons under the slogan of "supporting the creation of persons and the creation of appeal as professionals that will create intrinsic and absolute value on the salon stage."

The full-fledged, nationwide campaign to market organic products, which commenced in fiscal 2013, is expected to further contribute to capturing new customers for the salons through the addition of new products.

In terms of global expansion, our Thai plant, which will become the base for supplying products overseas, will commence full operations and promptly answer to the demands of each country. Marketing operations in Thailand, Malaysia and Vietnam, which commenced in fiscal 2013, will expand their product lineup. Additionally, we will commence trial marketing in Indonesia, in addition to dispatching employees to Brazil to begin a field survey of the area.

As a result of these efforts, the Company expects consolidated net sales of 25,200 million yen (up 5.8% year-on-year), consolidated operating income of 4,500 million yen (up 4.6% year-on-year), consolidated ordinary income of 4,215 million yen (up 3.8% year-on-year), and consolidated net income of 2,600 million yen (up 3.3% year-on-year).

(2) Analysis of financial conditions

1) Assets, liabilities and net assets

Total assets at the end of the current consolidated fiscal year increased by 2,659 million yen compared to the end of the previous consolidated fiscal year to 26,321 million yen.

Current assets increased by 1,338 million yen compared to the end of the previous consolidated fiscal year to 12,938 million. This was mainly due to the increase in cash and deposits by 779 million yen.

Noncurrent assets increased by 1,320 million yen compared to the end of the previous consolidated fiscal year to 13,383 million yen. This was mainly due to increase in construction in progress by 749 million yen and the increase in investment securities by 630 million yen.

Current liabilities increased by 872 million yen compared to the end of the previous consolidated fiscal year to 3,970 million yen. This was mainly due to the increase in accounts payable-other by 355 million yen and the increase in income taxes payable by 297 million yen.

Noncurrent liabilities increased by 4 million yen from the end of the previous consolidated fiscal year to 201 million yen.

Net assets increased by 1,782 million yen compared to the end of the previous consolidated fiscal year to 22,149 million yen. This was mainly due to the increase of 1,592 million yen in retained earnings.

As a result, equity ratio changed from 86.1% at the end of the previous consolidated fiscal year to 84.1%. Net assets per share based on total outstanding shares as of the end of the current consolidated fiscal year increased from 1,231.68 yen per share at the end of the previous consolidated fiscal year to 1,352.34 yen per share.

2) Cash flows

Cash and cash equivalents (hereinafter "net cash") at the end of the current consolidated fiscal year increased by 977 million yen compared to the end of the previous consolidated fiscal year to 6,610 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 3,511 million yen. This was mainly the result of posting 4,048 million yen in income before income taxes and minority interests, depreciation and amortization of 882 million yen and 1,350 million yen in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 1,198 million yen. This was mainly due to the purchase of property, plant and equipment of 1,319 million yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 1,387 million yen. This was mainly due to the net increase of 465 million yen in treasury stock and to the cash dividends paid to shareholders of 922 million yen.

(Reference) Cash flow-related indicators

	Year ended December 20, 2009	Year ended December 20, 2010	Year ended December 20, 2011	Year ended December 20, 2012	Year ended December 20, 2013
Equity ratio (%)	81.8	84.9	84.4	86.1	84.1
Equity ratio based on market value (%)	125.6	131.4	146.0	163.8	243.3
Interest-bearing debt to cash flows ratio (%)	2.8	3.3	2.6	2.7	2.3
Interest-coverage ratio (times)	3,282.8	-	-	-	-

(Notes) Equity ratio: Total net assets/total assets

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

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

Interest-coverage ratio: Cash flows/interest payments

* All of the figures in the aforementioned indices were calculated on a consolidated basis.
* 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 stock).
* 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 consolidated 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.

(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. In addition, 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 consolidated fiscal year, upon comprehensively taking into account factors including our financial position and profit levels, we have decided to pay an interim dividend of 33 yen per share, and a year-end dividend of 35 yen per share, for a total annual dividend of 68 yen per share, which represents an increase of 2 yen per share compared to the previous fiscal year. For the following fiscal year, we plan to pay an annual dividend of 68 yen per share. The Company conducted a 1.2 for 1 stock split of its common stock effective December 21, 2013.

Internal reserves are used for capital expenditures required for the medium- to long-term expansion of our business as well as R&D investments, to the end of enhancing our business structure.

(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 consolidated 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 places 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.

2. Outline of the Milbon Group

Name	Location	Capital Stock	Main line of business	Percentage of voting rights held (%)	Relationship with the Company
(Consolidated subsidiaries) 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.
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.
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.
MILBON (THAILAND) CO., LTD.	Bangkok, 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."

We have omitted the disclosure of the Company's "Diagram of Business Activities (Business Details)," as there have been no significant changes since the "Diagram of Business Activities (Business Details)" which was contained in the Company's recent Securities Report (submitted on March 15, 2013).

3. Management policy

(1) Basic management policies

The Milbon Group, under the slogan of “beautiful hair, beautiful people,” has been developing its business that supports a beautiful way of life through hair designers.

“Beautiful hair enriches people’s spirits. Milbon develops its business to contribute to the industry, countries and regions under the belief that people rich in spirit will develop culture, and that a society that values culture will bring about peace.”

(2) Target management indices

The Milbon Group, from the perspective of efficiently utilizing equity and generating growth from every unit of shareholders’ equity, aims to exceed the following indices:

1) ROE (Return On Equity): 15% or more
2) EPS (Earnings Per Share): 150 yen or more

(3) Medium- to long-term management strategies

The Milbon Group, in the “Medium Term 5-Year Business Vision (2010-2014),” which was announced on June 25, 2010, 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.” The Milbon Group aims to achieve consolidated net sales of 25,000 million yen and overseas sales to total sales ratio of 10.5% in 2014, the final year of the 5-year plan.

In terms of the strategies by areas, we will establish the strong No.1 position in Japan, as it is the foundation for globalization. For North America, as the symbol of globalization, we create the basis for the Group’s existence and the core of all field activities. We will also cultivate Asian markets and establish its profit structure as a cornerstone of the Group’s global growth strategies. We will pursue opportunities to enter the European market, as a source of globalization. As part of our initiatives toward globalization, we will aim for global growth by establishing a global organizational control, fostering global human resources, expanding into new areas and establishing an overseas production framework.

(4) Tasks to be addressed by the Company

1) In the marketing system, establish a program for fostering field persons, including the recruiting of local employees, and enhance the quality of marketing activities and educational assistance at the hair salons, to the end of further evolving our field person (trainer/sales staff) strategy.
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) Promote the establishment of an efficient high-mix variable volume production system, and promote a subcontracted production in areas outside of Mie prefecture, in order to avoid disaster risk as the production facilities are concentrated there.
4) Promote optimization of the supply chain and greater precision of the production plan, to the end of reducing losses from the disposal of inventories and improving inventory turnover.
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. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	Previous Consolidated Fiscal Year (As of December 20, 2012)	Current Consolidated Fiscal Year (As of December 20, 2013)
Assets		
Current assets		
Cash and deposits	6,066,322	6,845,649
Notes and accounts receivable-trade	2,964,933	3,110,419
Merchandise and finished goods	1,775,588	1,987,133
Work in process	18,754	21,957
Raw materials and supplies	522,000	607,585
Deferred tax assets	179,190	269,733
Other	113,719	151,201
Allowance for doubtful accounts	(40,939)	(55,548)
Total current assets	11,599,570	12,938,131
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	7,354,033	7,721,653
Accumulated depreciation	(3,741,699)	(4,066,624)
Buildings and structures, net	3,612,333	3,655,029
Machinery, equipment and vehicles	4,353,063	4,365,291
Accumulated depreciation	(3,465,615)	(3,463,005)
Machinery, equipment and vehicles, net	887,448	902,286
Land	4,763,766	4,867,542
Construction in progress	85,294	835,253
Other	1,767,460	1,828,754
Accumulated depreciation	(1,586,871)	(1,672,808)
Other, net	180,588	155,945
Total property, plant and equipment	9,529,431	10,416,058
Intangible assets	526,433	481,762
Investments and other assets		
Investment securities	1,136,817	1,767,519
Deferred tax assets	397,060	193,433
Other	542,404	573,968
Allowance for doubtful accounts	(69,240)	(49,141)
Total investments and other assets	2,007,041	2,485,780
Total noncurrent assets	12,062,905	13,383,601
Total assets	23,662,476	26,321,732

(Thousand yen)

	Previous Consolidated Fiscal Year (As of December 20, 2012)	Current Consolidated Fiscal Year (As of December 20, 2013)
Liabilities		
Current liabilities		
Accounts payable-trade	482,028	501,379
Accounts payable-other	1,558,946	1,914,806
Income taxes payable	647,791	945,236
Provision for sales returns	20,978	26,590
Provision for bonuses	71,204	83,995
Other	316,840	498,640
Total current liabilities	3,097,790	3,970,648
Noncurrent liabilities		
Provision for retirement benefits	46,231	55,564
Other	151,128	146,076
Total noncurrent liabilities	197,359	201,641
Total liabilities	3,295,150	4,172,289
Net assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	199,120	199,183
Retained earnings	18,476,098	20,069,024
Treasury stock	(51,035)	(516,646)
Total shareholders' equity	20,624,182	21,751,561
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(129,363)	277,439
Foreign currency translation adjustment	(127,493)	120,442
Total accumulated other comprehensive income	(256,856)	397,881
Total net assets	20,367,325	22,149,443
Total liabilities and net assets	23,662,476	26,321,732

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

Consolidated Statements of Earnings

Consolidated Fiscal Year Ended December 20, 2012 and 2013

(Thousand yen)

	Fiscal Year Ended December 20, 2012 (December 21, 2011 - December 20, 2012)	Fiscal Year Ended December 20, 2013 (December 21, 2012 - December 20, 2013)
Net sales	21,887,379	23,829,758
Cost of sales	7,053,704	7,654,832
Gross profit	14,833,674	16,174,925
Selling, general and administrative expenses	10,847,413	11,872,215
Operating income	3,986,260	4,302,709
Non-operating income		
Interest income	4,063	15,036
Dividends income	33,555	36,909
Company house defrayment income	57,711	48,031
Foreign exchange gains	12,118	43,292
Other	13,063	16,176
Total non-operating income	120,512	159,447
Non-operating expenses		
Sales discounts	371,176	401,882
Other	230	621
Total non-operating expenses	371,406	402,504
Ordinary income	3,735,366	4,059,652
Extraordinary income		
Gain on sales of noncurrent assets	-	552
Total extraordinary income	-	552
Extraordinary loss		
Loss on retirement of noncurrent assets	138,702	11,404
Provision of allowance for doubtful accounts	12,647	-
Total extraordinary losses	151,349	11,404
Income before income taxes and minority interests	3,584,016	4,048,801
Income taxes-current	1,440,032	1,643,216
Income taxes-deferred	15,679	(110,593)
Total income taxes	1,455,711	1,532,623
Income before minority interests	2,128,304	2,516,177
Net income	2,128,304	2,516,177

Consolidated Statements of Comprehensive Income

Consolidated Fiscal Year Ended December 20, 2012 and 2013

(Thousand yen)

	Fiscal Year Ended December 20, 2012 (December 21, 2011 - December 20, 2012)	Fiscal Year Ended December 20, 2013 (December 21, 2012 - December 20, 2013)
Income before minority interests	2,128,304	2,516,177
Other comprehensive income		
Valuation difference on available-for-sale securities	77,260	406,802
Foreign currency translation adjustment	14,115	247,935
Total other comprehensive income	91,376	654,738
Comprehensive income	2,219,681	3,170,916
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,219,681	3,170,916
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statements of Changes in Shareholders' Equity

(Thousand yen)

	Fiscal Year Ended December 20, 2012 (December 21, 2011- December 20, 2012)	Fiscal Year Ended December 20, 2013 (December 21, 2012 - December 20, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	2,000,000	2,000,000
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	2,000,000	2,000,000
Capital surplus		
Balance at the beginning of current period	199,120	199,120
Changes of items during the period		
Disposal of treasury stock	-	63
Total changes of items during the period	-	63
Balance at the end of current period	199,120	199,183
Retained earnings		
Balance at the beginning of current period	17,257,339	18,476,098
Changes of items during the period		
Dividends from surplus	(909,531)	(923,251)
Net income	2,128,304	2,516,177
Disposal of treasury stock	(14)	-
Total changes of items during the period	1,218,758	1,592,926
Balance at the end of current period	18,476,098	20,069,024
Treasury stock		
Balance at the beginning of current period	(48,652)	(51,035)
Changes of items during the period		
Purchase of treasury stock	(2,481)	(466,492)
Disposal of treasury stock	98	881
Total changes of items during the period	(2,382)	(465,611)
Balance at the end of current period	(51,035)	(516,646)
Total shareholders' equity		
Balance at the beginning of current period	19,407,806	20,624,182
Changes of items during the period		
Dividends from surplus	(909,531)	(923,251)
Net income	2,128,304	2,516,177
Purchase of treasury stock	(2,481)	(466,492)
Disposal of treasury stock	84	944
Total changes of items during the period	1,216,376	1,127,378
Balance at the end of current period	20,624,182	21,751,561

(Thousand yen)

	Fiscal Year Ended December 20, 2012 (December 21, 2011 - December 20, 2012)	Fiscal Year Ended December 20, 2013 (December 21, 2012 - December 20, 2013)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(206,624)	(129,363)
Changes of items during the period		
Net changes of items other than shareholders' equity	77,260	406,802
Total changes of items during the period	77,260	406,802
Balance at the end of current period	(129,363)	277,439
Foreign currency translation adjustment		
Balance at the beginning of current period	(141,609)	(127,493)
Changes of items during the period		
Net changes of items other than shareholders' equity	14,115	247,935
Total changes of items during the period	14,115	247,935
Balance at the end of current period	(127,493)	120,442
Total accumulated other comprehensive income		
Balance at the beginning of current period	(348,233)	(256,856)
Changes of items during the period		
Net changes of items other than shareholders' equity	91,376	654,738
Total changes of items during the period	91,376	654,738
Balance at the end of current period	(256,856)	397,881
Total net assets		
Balance at the beginning of current period	19,059,573	20,367,325
Changes of items during the period		
Dividends from surplus	(909,531)	(923,251)
Net income	2,128,304	2,516,177
Purchase of treasury stock	(2,481)	(466,492)
Disposal of treasury stock	84	944
Net changes of items other than shareholders' equity	91,376	654,738
Total changes of items during the period	1,307,752	1,782,117
Balance at the end of current period	20,367,325	22,149,443

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	Fiscal Year Ended December 20, 2012 (December 21, 2011 - December 20, 2012)	Fiscal Year Ended December 20, 2013 (December 21, 2012 - December 20, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,584,016	4,048,801
Depreciation and amortization	952,259	882,990
Increase (decrease) in allowance for doubtful accounts	69,497	(8,351)
Increase (decrease) in provision for bonuses	2,823	12,117
Increase (decrease) in provision for sales returns	(24,756)	5,611
Increase (decrease) in provision for loss on guarantees	(37,200)	-
Increase (decrease) in provision for retirement benefits	34,423	7,417
Interest and dividends income	(37,618)	(51,946)
Foreign exchange losses (gains)	(2,208)	5,460
Loss (gain) on sales of noncurrent assets	-	(552)
Loss on retirement of noncurrent assets	138,702	11,404
Decrease (increase) in notes and accounts receivable-trade	67,527	(134,932)
Decrease (increase) in inventories	(86,089)	(228,920)
Increase (decrease) in notes and accounts payable-trade	61,220	(29,381)
Other, net	25,067	289,933
Subtotal	4,747,665	4,809,652
Interest and dividends income received	35,463	52,752
Income taxes paid	(1,805,740)	(1,350,905)
Net cash provided by (used in) operating activities	2,977,387	3,511,499
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(687,773)	(1,319,939)
Proceeds from sales of property, plant and equipment	-	1,859
Purchase of intangible assets	(176,386)	(153,837)
Payments of loans receivable	(10,441)	(4,560)
Collection of loans receivable	18,957	20,647
Payments into time deposits	(424,418)	(230,973)
Proceeds from withdrawal of time deposits	-	514,505
Payments for guarantee deposits	(23,606)	(34,269)
Proceeds from collection of guarantee deposits	3,623	8,248
Purchase of insurance funds	(201,486)	(1,430)
Proceeds from cancellation of insurance funds	-	3,398
Other, net	(5,023)	(2,590)
Net cash provided by (used in) investing activities	(1,506,555)	(1,198,939)
Net cash provided by (used in) financing activities		
Net decrease (increase) in treasury stock	(2,397)	(465,548)
Cash dividends paid	(908,333)	(922,444)
Net cash provided by (used in) financing activities	(910,730)	(1,387,992)

(Thousand yen)

	Fiscal Year Ended December 20, 2012 (December 21, 2011 - December 20, 2012)	Fiscal Year Ended December 20, 2013 (December 21, 2012 - December 20, 2013)
Effect of exchange rate change on cash and cash equivalents	(3,160)	52,506
Net increase (decrease) in cash and cash equivalents	556,942	977,072
Cash and cash equivalents at beginning of period	5,076,356	5,633,298
Cash and cash equivalents at end of period	5,633,298	6,610,371