Consolidated Financial Results for the Six Months Ended June 20, 2014
[Japanese GAAP]

June 26, 2014

Name of registrant: Milbon Co., Ltd. Tokyo Stock Exchange, First Section
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Scheduled filing date for quarterly report: July 25, 2014:
Scheduled starting date of dividend payments: August 8, 2014
Preparation of supplementary materials on the quarterly results: Yes
Holding of an explanatory meeting on the quarterly results: Yes (For institutional investors and analysts)

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

1. Consolidated financial results for the six months ended June 20, 2014 (December 21, 2013- June 20, 2014)

(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, 2014	12,173	6.5	2,144	(2.3)	1,981	(4.0)	1,190	(6.4)
Six month ended June 20, 2013	11,433	8.4	2,195	11.7	2,063	13.3	1,271	18.9

(Note) Comprehensive income Six months ended June 20, 2014 : 1,308 million yen [(26.7)%] Six months ended June 20, 2013: 1,784 million yen [62.3%]

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended June 20, 2014	72.68	-
Six month ended June 20, 2013	76.89	-

(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
	Million yen	Million yen	%
As of June 20, 2014	27,226	22,963	84.3
As of December 20, 2013	26,321	22,149	84.1

(Reference) Equity As of June 20, 2014: 22,963 million yen As of December 20, 2013: 22,149 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, 2013	-	33.00	-	35.00	68.00
Year ending December 20, 2014	-	34.00			
Year ending December 20, 2014 (forecast)			-	34.00	68.00

(Note) Changes to latest dividends forecast: None

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
Year ending December 20, 2014	25,200	5.8	4,500	4.6	4,215	3.8	2,600	3.3	158.74

(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, 2014	16,558,617 shares	Year ended December 20, 2013	16,558,617 shares
2) Number of treasury stock at the end of the period	Six months ended June 20, 2014	183,938 shares	Year ended December 20, 2013	179,953 shares
3) Average number of shares during the period (cumulative)	Six months ended June 20, 2014	16,375,467 shares	Six months ended June 20, 2013	16,535,858 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.

*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.

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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, 2014, our nation's economy was on a moderate recovery trend, as corporate earnings improved and personal consumption picked up, as a result of the foreign exchange rate stabilizing at a weakening yen. Nevertheless, uncertainty over the future continued to prevail due to increasing concerns about the decelerating economies of the emerging nations, in addition to the backlash from the last-minute demand preceding the consumption tax hike in April in Japan. In the beauty industry, the future remains unpredictable with some experiencing a slowdown in customer traffic following the increase in consumption tax.

Under such circumstances, the Milbon Group, fully aware of the importance of enhancing "intangible value" that centers on communication to answer to the values of mature women, has been promoting initiatives intended for salons under the slogan of "Supporting the nurture of salon professionals with human appeal who will take the stage and live up to intrinsic, absolute value." Consolidated net sales during the six month period ended June 20, 2014 increased to 12,173 million yen (up 6.5% year-on-year). This was primarily due to the extremely strong sales of Aujua Aging Care series Immurise line, which was launched in February, and leave-in treatment Deesse's Elujuda Emulsion, which was launched in June, in the hair-care product category. Favorable sales growth of the overseas subsidiaries thanks to the proactive educational activities conducted in the salons and change in distributor strategy was another factor for the increase.

Operating income was to 2,144 million yen (down 2.3% year-on-year); ordinary income was 1,981 million yen (down 4.0% year-on-year); and net income was 1,190 million yen (down 6.4% year-on-year). This is primarily due to the temporary increase in selling, general and administrative expenses during the six month period ended June 20, 2014 attributable to the incurrence of various costs relating to the extension work of the Central Research Institute and the renewal of sales promotion tools, which had been in the plans since the beginning of the fiscal year.

Breakdown of net sales by product category is shown below:

[Breakdown of consolidated net sales by product category] (Unit: million yen)

Product category	Six months ended June 20, 2013		Six months ended June 20, 2014		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Hair care products	5,906	51.6	6,865	56.4	958	16.2
Hair coloring products	4,593	40.2	4,397	36.1	(196)	(4.3)
Permanent wave products	822	7.2	797	6.6	(24)	(2.9)
Others	111	1.0	113	0.9	1	1.6
Total	11,433	100.0	12,173	100.0	739	6.5

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

	Six months ended June 20, 2013		Six months ended June 20, 2014		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Domestic sales	10,632	93.0	10,959	90.0	326	3.1
Overseas sales	800	7.0	1,213	10.0	412	51.5
Total	11,433	100.0	12,173	100.0	739	6.5

(2) Qualitative information on consolidated financial position

1) Assets, liabilities and net assets

Total assets at the end of the six month period ended June 20, 2014 increased by 905 million yen compared to the end of the previous consolidated fiscal year to 27,226 million yen.

Current assets increased by 649 million yen compared to the end of the previous consolidated fiscal year to 13,587 million yen. This was due mainly to the increase in notes and accounts receivable-trade and in merchandise and finished goods by 427 million yen and 616 million yen, respectively; as well as the decrease in cash and deposits by 646 million yen.

Noncurrent assets increased by 255 million yen compared to the end of the previous consolidated fiscal year to 13,639 million yen. This was due primarily to the increase by 645 million yen attributable to capital expenditure including the extension of the Central Research Institute and a decrease by 477 million yen attributable to the posting of depreciation and amortization.

Current liabilities increased by 131 million yen compared to the end of the previous consolidated fiscal year to 4,101 million yen. This was due mainly to the increase in accounts payable-trade by 314 million yen; in addition to the decrease in income taxes payable by 148 million yen.

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

Net assets increased by 814 million yen compared to the end of the previous consolidated fiscal year to 22,963 million yen. This was due mainly to the 712 million yen increase in retained earnings.

As a result, equity ratio changed from the 84.1% at the end of the previous consolidated fiscal year to 84.3%. Net assets per share based on total outstanding shares as of the end of the current consolidated fiscal year increased from 1,352.34 yen per share at the end of the previous consolidated fiscal year to 1,402.40 yen per share.

2) Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the six month period ended June 20, 2014 decreased by 647 million yen compared to the end of the previous consolidated fiscal year to 5,962 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 694 million yen. This was mainly the result of posting 1,963 million yen in income before taxes and minority interests, depreciation and amortization of 479 million yen, the 424 million yen increase in notes and accounts receivable-trade, the 755 million yen increase in inventories and 925 million yen in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 878 million yen. This was mainly due to the purchase of property, plant and equipment of 791 million yen and the purchase of intangible assets of 86 million yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 493 million yen. This was mainly due to the cash dividends paid to shareholders of 477 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 22, 2014.

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

None

(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, 2013)	Current Consolidated Second Quarter (As of June 20, 2014)
Assets		
Current assets		
Cash and deposits	6,845,649	6,198,782
Notes and accounts receivable-trade	3,110,419	3,538,045
Merchandise and finished goods	1,987,133	2,603,931
Work in process	21,957	31,103
Raw materials and supplies	607,585	754,827
Other	420,934	521,896
Allowance for doubtful accounts	(55,548)	(61,248)
Total current assets	12,938,131	13,587,338
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,655,029	4,326,676
Machinery, equipment and vehicles, net	902,286	1,052,492
Land	4,867,542	4,869,544
Construction in progress	835,253	57,478
Other, net	155,945	297,904
Total property, plant and equipment	10,416,058	10,604,096
Intangible assets	481,762	468,109
Investments and other assets		
Investment securities	1,767,519	1,857,292
Other	767,402	759,171
Allowance for doubtful accounts	(49,141)	(49,141)
Total investments and other assets	2,485,780	2,567,321
Total noncurrent assets	13,383,601	13,639,527
Total assets	26,321,732	27,226,866
Liabilities		
Current liabilities		
Accounts payable-trade	501,379	815,919
Accounts payable-other	1,914,806	1,875,015
Income taxes payable	945,236	796,328
Provision for sales returns	26,590	25,061
Provision for bonuses	83,995	83,274
Other	498,640	506,055
Total current liabilities	3,970,648	4,101,655
Noncurrent liabilities		
Provision for retirement benefits	55,564	16,498
Other	146,076	144,862
Total noncurrent liabilities	201,641	161,361
Total liabilities	4,172,289	4,263,017

(Thousand yen)

	Previous Consolidated Fiscal Year (As of December 20, 2013)	Current Consolidated Second Quarter (As of June 20, 2014)
Net assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	199,183	199,461
Retained earnings	20,069,024	20,781,411
Treasury stock	(516,646)	(532,958)
Total shareholders' equity	21,751,561	22,447,913
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	277,439	335,342
Foreign currency translation adjustment	120,442	180,592
Total accumulated other comprehensive income	397,881	515,935
Total net assets	22,149,443	22,963,849
Total liabilities and net assets	26,321,732	27,226,866

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

Quarterly Consolidated Statements of Earnings

Quarterly Consolidated Six Months Ended June 20, 2013 and 2014

(Thousand yen)

	Six Months Ended June 20, 2013 (December 21, 2012 - June 20, 2013)	Six Months Ended June 20, 2014 (December 21, 2013 - June 20, 2014)
Net sales	11,433,847	12,173,175
Cost of sales	3,617,568	3,736,266
Gross profit	7,816,279	8,436,908
Selling, general and administrative expenses	5,620,491	6,292,582
Operating income	2,195,787	2,144,326
Non-operating income		
Interest income	5,811	6,717
Dividends income	5,480	6,591
Foreign exchange gains	16,067	-
Company house defrayment income	26,884	22,918
Other	6,604	7,646
Total non-operating income	60,846	43,874
Non-operating expenses		
Sales discounts	193,078	195,440
Foreign exchange losses	-	11,311
Other	56	126
Total non-operating expenses	193,134	206,877
Ordinary income	2,063,499	1,981,322
Extraordinary income		
Gain on sales of noncurrent assets	-	811
Total extraordinary income	-	811
Extraordinary loss		
Loss on retirement of noncurrent assets	1,247	18,928
Total extraordinary losses	1,247	18,928
Income before income taxes and minority interests	2,062,252	1,963,205
Income taxes-current	847,165	775,526
Income taxes-deferred	(56,406)	(2,417)
Total income taxes	790,758	773,108
Income before minority interests	1,271,494	1,190,097
Net income	1,271,494	1,190,097

Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Six Months Ended June 20, 2013 and 2014

(Thousand yen)

	Six Months Ended June 20, 2013 (December 21, 2012 - June 20, 2013)	Six Months Ended June 20, 2014 (December 21, 2013 - June 20, 2014)
Income before minority interests	1,271,494	1,190,097
Other comprehensive income		
Valuation difference on available-for-sale securities	249,698	57,903
Foreign currency translation adjustment	263,399	60,149
Total other comprehensive income	513,097	118,053
Comprehensive income	1,784,592	1,308,150
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,784,592	1,308,150
Comprehensive income attributable to minority interests	-	-

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	Six Months Ended June 20, 2013 (December 21, 2012 - June 20, 2013)	Six Months Ended June 20, 2014 (December 21, 2013 - June 20, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,062,252	1,963,205
Depreciation and amortization	425,444	479,762
Increase (decrease) in allowance for doubtful accounts	3,627	5,395
Increase (decrease) in provision for bonuses	5,973	(1,069)
Increase (decrease) in provision for sales returns	12,264	(1,528)
Increase (decrease) in provision for retirement benefits	2,974	(39,719)
Decrease (increase) in prepaid pension costs	-	(26,414)
Interest and dividends income	(11,291)	(13,308)
Foreign exchange losses (gains)	(5,347)	1,929
Loss (gain) on sales of noncurrent assets	-	(811)
Loss on retirement of noncurrent assets	1,247	18,928
Decrease (increase) in notes and accounts receivable-trade	(153,736)	(424,446)
Decrease (increase) in inventories	(232,144)	(755,727)
Increase (decrease) in notes and accounts payable-trade	69,322	303,486
Other, net	236,352	99,001
Subtotal	2,416,938	1,608,683
Interest and dividends income received	9,182	11,510
Income taxes paid	(627,202)	(925,722)
Net cash provided by (used in) operating activities	1,798,918	694,470
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(787,731)	(791,251)
Proceeds from sales of property, plant and equipment	1,259	1,047
Purchase of intangible assets	(82,769)	(86,988)
Payments of loans receivable	(2,240)	(2,930)
Collection of loans receivable	10,064	9,476
Payments into time deposits	(3,587)	-
Proceeds from withdrawal of time deposits	197,558	-
Payments for guarantee deposits	(12,223)	(7,080)
Proceeds from collection of guarantee deposits	3,334	4,653
Purchase of insurance funds	(790)	(924)
Proceeds from cancellation of insurance funds	-	3,352
Other, net	(3,166)	(7,469)
Net cash provided by (used in) investing activities	(680,290)	(878,113)
Net cash provided by (used in) financing activities		
Net decrease (increase) in treasury stock	(1,836)	(16,033)
Cash dividends paid	(467,916)	(477,374)
Net cash provided by (used in) financing activities	(469,752)	(493,408)
Effect of exchange rate change on cash and cash equivalents	84,139	29,211
Net increase (decrease) in cash and cash equivalents	733,015	(647,839)
Cash and cash equivalents at beginning of period	5,633,298	6,610,371
Cash and cash equivalents at end of period	6,366,313	5,962,531

(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