Consolidated Financial Results for the Three Months Ended March 20, 2015
[Japanese GAAP]

March 27, 2015

Name of registrant: Milbon Co., Ltd. Tokyo Stock Exchange, First Section
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Scheduled filing date for quarterly report: April 27, 2015
Scheduled starting date of dividend payments: -
Preparation of supplementary materials on the quarterly results: Yes
Holding of an explanatory meeting on the quarterly results: None

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

1. Consolidated financial results for the three months ended March 20, 2015 (December 21, 2014 - March 20, 2015)

(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, 2015	6,083	4.9	997	5.7	980	15.3	635	26.9
Three months ended March 20, 2014	5,798	9.6	944	4.6	849	0.6	500	(2.3)

(Note) Comprehensive income Three months ended March 20, 2015: 930 million yen [64.7%] Three months ended March 20, 2014: 565 million yen [(36.0)%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended March 20, 2015	38.79	-
Three months ended March 20, 2014	30.56	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 20, 2015	28,335	24,440	86.3
As of December 20, 2014	28,138	24,104	85.7

(Reference) Equity As of March 20, 2015: 24,440 million yen As of December 20, 2014: 24,104 million yen

2. Payment of dividends

	Annual dividends				
	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, 2014	-	34.00	-	34.00	68.00
Year ending December 20, 2015	-				
Year ending December 20, 2015 (forecast)		34.00	-	34.00	68.00

(Note) Changes to latest dividends forecast: None

3. Consolidated operating forecasts for the fiscal year ending December 20, 2015 (December 21, 2014 - December 20, 2015)

(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, 2015	26,900	6.6	4,661	4.7	4,369	3.6	2,630	0.3	160.62

(Note) Changes to latest performance forecasts: None

*Notes

(1) Significant changes in subsidiaries during the period
(changes in specified subsidiaries resulting in the change 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. : Yes
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 shares)	As of March 20, 2015	16,558,617 shares	As of December 20, 2014	16,558,617 shares
2) Number of treasury shares at the end of the period	As of March 20, 2015	185,078 shares	As of December 20, 2014	184,672 shares
3) Average number of shares during the period (cumulative)	Three months ended March 20, 2015	16,373,819 shares	Three months ended March 20, 2014	16,376,028 shares

*Status of execution of quarterly review of financial statements

As these 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 are 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, 2015, the Japanese economy continued its moderate recovery trend centered in the corporate sector, as both the employment and income environments are improving as a result of the decline in crude oil prices as well as the positive effects of the government's economic policies. In the beauty industry, demographics are having a growing impact on salons, such as the decline in customers due to the decrease in the productive-age population (15 to 64 years old) and difficulty hiring staff because of the drop in the number of beauty school students. Despite this environment, the yearly usage amount by mature women, centered on women in their 40s, is on the rise, and the high employment rate has resulted in a recent rising trend in usage amounts by women in their mid-20s as well.

Amid this environment, the Milbon Group believes that it is important that professionals with expertise respond to the awakening and heightening beauty needs of these two generations of women―those in their 20s and those in their 40s. Efforts are focused on salons with the goal of "raising the level of expertise of professionals and supporting higher productivity in order to respond to women, who continue to shine in society, from those awakening to beauty to those with heightened beauty needs."

Consolidated net sales during the three month period ended March 20, 2015 increased to 6,083 million yen (up 4.9% year-on-year). This was primarily due to steady growth in sales of the system hair care brand Aujua, as well as solid sales of hair care products containing Milbon's original hair repair ingredient CMADK. Favorable sales growth of the overseas subsidiaries thanks to the proactive educational activities conducted in the salons was another factor for the increase.

Operating income was 997 million yen (up 5.7% year-on-year), ordinary income was 980 million yen (up 15.3% year-on-year) and net income was 635 million yen (up 26.9% 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	Three months ended March 20, 2014		Three months ended March 20, 2015		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Hair care products	3,099	53.5	3,537	58.1	437	14.1
Hair coloring products	2,268	39.1	2,172	35.7	(96)	(4.3)
Permanent wave products	379	6.5	331	5.5	(47)	(12.5)
Others	50	0.9	41	0.7	(8)	(17.7)
Total	5,798	100.0	6,083	100.0	284	4.9

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

	Three months ended March 20, 2014		Three months ended March 20, 2015		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Domestic sales	5,203	89.7	5,276	86.7	73	1.4
Overseas sales	594	10.3	806	13.3	211	35.5
Total	5,798	100.0	6,083	100.0	284	4.9

(2) Qualitative information on consolidated financial position

Total assets at the end of the three month period ended March 20, 2015 increased by 196 million yen compared to the end of the previous fiscal year to 28,335 million yen.

Current assets decreased by 726 million yen compared to the end of the previous fiscal year to 13,581 million yen. This was mainly due to the 881 million yen decline in cash and deposits and the 359 million yen decline in notes and accounts receivable - trade, as well as the 396 million yen increase in merchandise and finished goods.

Non-current assets increased by 922 million yen compared to the end of the previous fiscal year to 14,754 million yen. This was due mainly to the 412 million yen increase in land in conjunction with the purchase of land adjacent to the Yumegaoka Plant and an increase of 231 million yen in investment securities attributable to factors such as higher prices of listed stocks.

Current liabilities decreased by 155 million yen compared to the end of the previous fiscal year to 3,714 million yen. This was due mainly to decreases in accounts payable - other and in income taxes payable of 308 million yen and 380 million yen, respectively, and increases in accounts payable - trade and in provision for bonuses by 259 million yen and 241 million yen, respectively.

There were no significant changes in non-current liabilities from the end of the previous fiscal year.

Net assets increased by 336 million yen compared to the end of the previous fiscal year to 24,440 million yen. This was due mainly to the 152 million yen increase in foreign currency translation adjustment due to the weakening of the yen and the 149 million yen increase in valuation difference on available-for-sale securities attributable to factors such as higher prices of listed stocks.

As a result, the equity ratio changed from 85.7% at the end of the previous fiscal year to 86.3%. Net assets per share based on the total outstanding shares as of the end of the period under review increased from 1,472.10 yen per share at the end of the previous fiscal year to 1,492.68 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 21, 2015.

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 accounting policies, changes in accounting estimates and retrospective restatements

(Changes in accounting policies)

(Application of the Accounting Standard for Retirement Benefits, etc.)

Regarding the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012), effective from the current first quarter, the Company has applied the provisions of the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of Guidance on Accounting Standard for Retirement Benefits, reviewed its calculation method for retirement benefit obligations and current service costs, and changed its method of attributing expected benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Company has changed the method for determining the discount rate from a method based on a period approximate to the expected average remaining working lives of employees to a method that uses a single weighted average discount rate reflecting the estimated timing and amount of benefit payments.

Application of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, and the effect of the revision to the calculation method for retirement benefit obligations and current service costs has been added to or deducted from retained earnings as of December 21, 2014.

As a result, as of December 21, 2014, net defined benefit asset decreased by 55,973 thousand yen and retained earnings decreased by 36,103 thousand yen. The effect of the revision on operating income, ordinary income and income before income taxes and minority interests for the three month period ended March 20, 2015 is immaterial.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	Previous Fiscal Year (As of December 20, 2014)	Current First Quarter (As of March 20, 2015)
Assets		
Current assets		
Cash and deposits	7,386,867	6,505,820
Notes and accounts receivable - trade	3,427,276	3,067,435
Merchandise and finished goods	2,258,355	2,681,407
Work in process	22,989	28,182
Raw materials and supplies	795,564	850,717
Other	460,762	491,467
Allowance for doubtful accounts	(44,289)	(43,613)
Total current assets	14,307,525	13,581,417
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,270,850	4,385,075
Machinery, equipment and vehicles, net	1,076,672	1,104,279
Land	4,876,552	5,289,089
Construction in progress	58,635	157,299
Other, net	248,178	324,730
Total property, plant and equipment	10,530,889	11,260,474
Intangible assets	448,856	412,947
Investments and other assets		
Investment securities	1,908,728	2,139,970
Net defined benefit asset	257,649	227,062
Other	735,001	763,429
Allowance for doubtful accounts	(49,681)	(49,681)
Total investments and other assets	2,851,698	3,080,779
Total non-current assets	13,831,443	14,754,202
Total assets	28,138,969	28,335,619
Liabilities		
Current liabilities		
Accounts payable - trade	503,378	763,205
Accounts payable - other	1,841,629	1,533,030
Income taxes payable	769,801	389,581
Provision for sales returns	24,436	21,302
Provision for bonuses	89,198	330,690
Other	641,288	676,342
Total current liabilities	3,869,733	3,714,153
Non-current liabilities		
Net defined benefit liability	20,238	24,916
Other	144,883	156,177
Total non-current liabilities	165,121	181,093
Total liabilities	4,034,855	3,895,246

(Thousand yen)

	Previous Fiscal Year (As of December 20, 2014)	Current First Quarter (As of March 20, 2015)
Net assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	199,599	199,604
Retained earnings	21,655,660	21,698,026
Treasury shares	(535,654)	(537,041)
Total shareholders' equity	23,319,606	23,360,589
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	368,519	517,669
Foreign currency translation adjustment	310,899	463,102
Remeasurements of defined benefit plans	105,089	99,010
Total accumulated other comprehensive income	784,508	1,079,782
Total net assets	24,104,114	24,440,372
Total liabilities and net assets	28,138,969	28,335,619

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

Quarterly Consolidated Statements of Earnings

Three Months Ended March 20, 2014 and 2015

(Thousand yen)

	Three Months Ended March 20, 2014 (December 21, 2013 - March 20, 2014)	Three Months Ended March 20, 2015 (December 21, 2014 - March 20, 2015)
Net sales	5,798,236	6,083,009
Cost of sales	1,771,578	1,800,879
Gross profit	4,026,658	4,282,129
Selling, general and administrative expenses	3,082,504	3,284,564
Operating income	944,154	997,565
Non-operating income		
Interest income	4,633	1,600
Dividend income	192	192
Foreign exchange gains	-	25,995
Company house defrayment income	10,682	14,326
Gain on surrender of insurance	-	44,056
Other	1,964	2,783
Total non-operating income	17,471	88,954
Non-operating expenses		
Sales discounts	95,744	104,834
Other	16,025	1,429
Total non-operating expenses	111,770	106,263
Ordinary income	849,856	980,256
Extraordinary losses		
Loss on retirement of non-current assets	12,236	449
Total extraordinary losses	12,236	449
Income before income taxes and minority interests	837,620	979,807
Income taxes - current	354,941	377,092
Income taxes - deferred	(17,787)	(32,467)
Total income taxes	337,154	344,625
Income before minority interests	500,465	635,182
Net income	500,465	635,182

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended March 20, 2014 and 2015

(Thousand yen)

	Three Months Ended March 20, 2014 (December 21, 2013 - March 20, 2014)	Three Months Ended March 20, 2015 (December 21, 2014 - March 20, 2015)
Income before minority interests	500,465	635,182
Other comprehensive income		
Valuation difference on available-for-sale securities	(25,345)	149,150
Foreign currency translation adjustment	89,964	152,202
Remeasurements of defined benefit plans, net of tax	-	(6,078)
Total other comprehensive income	64,618	295,274
Comprehensive income	565,084	930,457
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	565,084	930,457
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