Consolidated Financial Results for the Six Months Ended June 20, 2015
[Japanese GAAP]

July 1, 2015

Name of registrant: Milbon Co., Ltd. Tokyo Stock Exchange, First Section
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Scheduled filing date for quarterly report: July 31, 2015 Scheduled starting date of dividend payments: August 7, 2015
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, 2015 (December 21, 2014 - June 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	%
Six months ended June 20, 2015	13,074	7.4	2,370	10.5	2,270	14.6	1,444	21.4
Six months ended June 20, 2014	12,173	6.5	2,144	(2.3)	1,981	(4.0)	1,190	(6.4)

(Note) Comprehensive income Six months ended June 20, 2015: 1,950 million yen [49.1%] Six months ended June 20, 2014: 1,308 million yen [(26.7)%]

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended June 20, 2015	88.21	-
Six months ended June 20, 2014	72.68	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 20, 2015	30,049	25,458	84.7
As of December 20, 2014	28,138	24,104	85.7

(Reference) Equity As of June 20, 2015: 25,458 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	-	35.00			
Year ending December 20, 2015 (forecast)			-	35.00	70.00

(Note) Changes to latest dividends forecast: Yes

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 June 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 June 20, 2015	185,494 shares	As of December 20, 2014	184,672 shares
3) Average number of shares during the period (cumulative)	Six months ended June 20, 2015	16,373,548 shares	Six months ended June 20, 2014	16,375,467 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 six month period ended June 20, 2015, the Japanese economy continued its moderate recovery trend, including a recovery in domestic investment activity supported by the improvement in corporate earnings, as well as signs of a pickup in personal consumption against a backdrop of improving household income and a stronger employment situation. In the beauty industry, despite the fact that demographics are making it tough for salons to bring in customers and hire new staff, it appears that consumers are no longer refraining from purchasing, as evidenced by the pickup in the cycle of customer visits following the consumption tax rate hike in April 2014.

Amid this environment, the Milbon Group believes that it is important to respond to the needs of women in their 40s, the core customers of salons, as well as women in their mid-20s, whose understanding of beauty is beginning to change. Efforts are being 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 six month period ended June 20, 2015 increased to 13,074 million yen (up 7.4% year-on-year). In the hair care product category, this increase 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 keratin restoring ingredient CMADK, including jemile fran, a new hair care brand launched in May which enlightens working women in their 20s about hair care. In the hair coloring product category, Ordeve crystal, the hair coloring product line specialized for gray hair which launched in June and allows women with long hair to beautifully color their hair, was received well by the market and sales got off to a solid start. 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 2,370 million yen (up 10.5% year-on-year), ordinary income was 2,270 million yen (up 14.6% year-on-year) and net income was 1,444 million yen (up 21.4% 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	Six months ended June 20, 2014		Six months ended June 20, 2015		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Hair care products	6,865	56.4	7,655	58.6	790	11.5
Hair coloring products	4,397	36.1	4,606	35.2	209	4.8
Permanent wave products	797	6.6	718	5.5	(79)	(9.9)
Others	113	0.9	94	0.7	(18)	(16.5)
Total	12,173	100.0	13,074	100.0	901	7.4

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

	Six months ended June 20, 2014		Six months ended June 20, 2015		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Domestic sales	10,959	90.0	11,441	87.5	482	4.4
Overseas sales	1,213	10.0	1,633	12.5	419	34.6
Total	12,173	100.0	13,074	100.0	901	7.4

(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, 2015 increased by 1,910 million yen compared to the end of the previous fiscal year to 30,049 million yen.

Current assets increased by 727 million yen compared to the end of the previous fiscal year to 15,034 million yen. This was mainly due to the 2,999 million yen increase in securities (jointly managed designated money trusts, etc.), the 570 million yen increase in merchandise and finished goods, and the 2,957 million yen decline in cash and deposits.

Non-current assets increased by 1,182 million yen compared to the end of the previous fiscal year to 15,014 million yen. This was due mainly to the 413 million yen increase in land in conjunction with the purchase of land adjacent to the Yumegaoka Plant and an increase of 539 million yen in investment securities attributable to factors such as higher prices of listed stocks.

Current liabilities increased by 399 million yen compared to the end of the previous fiscal year to 4,268 million yen. This was due mainly to increases in accounts payable - trade and accounts payable - other by 275 million yen and 233 million yen, respectively.

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

Net assets increased by 1,354 million yen compared to the end of the previous fiscal year to 25,458 million yen. This was due mainly to the increase of 851 million yen in retained earnings and the 348 million yen increase in valuation difference on available-for-sale securities attributable to factors such as higher prices of listed stocks and the 164 million yen increase in foreign currency translation adjustment due to the weakening of the yen.

As a result, the equity ratio changed from 85.7% at the end of the previous fiscal year to 84.7%. 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 1,554.89 yen per share.

2) Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the six month period ended June 20, 2015 decreased by 57 million yen compared to the end of the previous fiscal year to 7,089 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 1,676 million yen. This was mainly the result of posting 2,259 million yen in income before income taxes and minority interests, depreciation of 499 million yen, the 257 million yen increase in notes and accounts payable - trade, the 573 million yen increase in inventories and 756 million yen in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 1,209 million yen. This was mainly due to the purchase of property, plant and equipment of 1,013 million yen and payments into time deposits of 92 million yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 559 million yen. This was mainly due to the cash dividends paid to shareholders of 556 million yen.

(3) Qualitative information on consolidated operating forecasts

In terms of the full-year forecast there are no changes to the previous consolidated operating 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, March 26, 2015), effective from the first quarter ended March 20, 2015, 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 six month period ended June 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 Second Quarter (As of June 20, 2015)
Assets		
Current assets		
Cash and deposits	7,386,867	4,429,005
Notes and accounts receivable - trade	3,427,276	3,406,376
Securities	–	2,999,938
Merchandise and finished goods	2,258,355	2,828,986
Work in process	22,989	20,642
Raw materials and supplies	795,564	855,398
Other	460,762	538,770
Allowance for doubtful accounts	(44,289)	(44,215)
Total current assets	14,307,525	15,034,902
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,270,850	4,382,324
Machinery, equipment and vehicles, net	1,076,672	1,063,692
Land	4,876,552	5,290,424
Construction in progress	58,635	114,131
Other, net	248,178	328,630
Total property, plant and equipment	10,530,889	11,179,202
Intangible assets	448,856	411,725
Investments and other assets		
Investment securities	1,908,728	2,448,705
Net defined benefit asset	257,649	253,499
Other	735,001	770,649
Allowance for doubtful accounts	(49,681)	(49,681)
Total investments and other assets	2,851,698	3,423,172
Total non-current assets	13,831,443	15,014,099
Total assets	28,138,969	30,049,002
Liabilities		
Current liabilities		
Accounts payable - trade	503,378	779,217
Accounts payable - other	1,841,629	2,074,934
Income taxes payable	769,801	795,620
Provision for sales returns	24,436	24,548
Provision for bonuses	89,198	94,855
Other	641,288	499,774
Total current liabilities	3,869,733	4,268,949
Non-current liabilities		
Net defined benefit liability	20,238	27,523
Other	144,883	294,198
Total non-current liabilities	165,121	321,721
Total liabilities	4,034,855	4,590,671

(Thousand yen)

	Previous Fiscal Year (As of December 20, 2014)	Current Second Quarter (As of June 20, 2015)
Net assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	199,599	199,729
Retained earnings	21,655,660	22,507,120
Treasury shares	(535,654)	(538,756)
Total shareholders' equity	23,319,606	24,168,093
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	368,519	716,804
Foreign currency translation adjustment	310,899	475,746
Remeasurements of defined benefit plans	105,089	97,686
Total accumulated other comprehensive income	784,508	1,290,236
Total net assets	24,104,114	25,458,330
Total liabilities and net assets	28,138,969	30,049,002

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

Quarterly Consolidated Statements of Earnings

Six Months Ended June 20, 2014 and 2015

(Thousand yen)

	Six Months Ended June 20, 2014 (December 21, 2013 - June 20, 2014)	Six Months Ended June 20, 2015 (December 21, 2014 - June 20, 2015)
Net sales	12,173,175	13,074,879
Cost of sales	3,736,266	3,935,993
Gross profit	8,436,908	9,138,886
Selling, general and administrative expenses	6,292,582	6,768,786
Operating income	2,144,326	2,370,100
Non-operating income		
Interest income	6,717	2,531
Dividend income	6,591	6,474
Foreign exchange gains	–	26,463
Company house defrayment income	22,918	29,721
Gain on surrender of insurance	2,753	44,020
Other	4,893	7,140
Total non-operating income	43,874	116,351
Non-operating expenses		
Sales discounts	195,440	214,451
Foreign exchange losses	11,311	–
Other	126	1,442
Total non-operating expenses	206,877	215,894
Ordinary income	1,981,322	2,270,557
Extraordinary income		
Gain on sales of non-current assets	811	–
Total extraordinary income	811	–
Extraordinary losses		
Loss on retirement of non-current assets	18,928	10,887
Total extraordinary losses	18,928	10,887
Income before income taxes and minority interests	1,963,205	2,259,669
Income taxes - current	775,526	779,348
Income taxes - deferred	(2,417)	36,044
Total income taxes	773,108	815,392
Income before minority interests	1,190,097	1,444,277
Net income	1,190,097	1,444,277

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended June 20, 2014 and 2015

(Thousand yen)

	Six Months Ended June 20, 2014 (December 21, 2013 - June 20, 2014)	Six Months Ended June 20, 2015 (December 21, 2014 - June 20, 2015)
Income before minority interests	1,190,097	1,444,277
Other comprehensive income		
Valuation difference on available-for-sale securities	57,903	348,285
Foreign currency translation adjustment	60,149	164,846
Remeasurements of defined benefit plans, net of tax	–	(7,402)
Total other comprehensive income	118,053	505,728
Comprehensive income	1,308,150	1,950,006
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,308,150	1,950,006
Comprehensive income attributable to minority interests	–	–

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	Six Months Ended June 20, 2014 (December 21, 2013 - June 20, 2014)	Six Months Ended June 20, 2015 (December 21, 2014 - June 20, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	1,963,205	2,259,669
Depreciation	479,762	499,914
Increase (decrease) in allowance for doubtful accounts	5,395	(97)
Increase (decrease) in provision for bonuses	(1,069)	4,627
Increase (decrease) in provision for sales returns	(1,528)	112
Increase (decrease) in provision for retirement benefits	(39,719)	–
Decrease (increase) in net defined benefit asset	–	(70,672)
Increase (decrease) in net defined benefit liability	–	6,299
Decrease (increase) in prepaid pension costs	(26,414)	–
Interest and dividend income	(13,308)	(9,006)
Foreign exchange losses (gains)	1,929	(7,467)
Loss (gain) on sales of non-current assets	(811)	–
Loss on retirement of non-current assets	18,928	10,887
Decrease (increase) in notes and accounts receivable - trade	(424,446)	26,335
Decrease (increase) in inventories	(755,727)	(573,640)
Increase (decrease) in notes and accounts payable - trade	303,486	257,608
Other, net	99,001	19,513
Subtotal	1,608,683	2,424,082
Interest and dividend income received	11,510	8,762
Income taxes paid	(925,722)	(756,287)
Net cash provided by (used in) operating activities	694,470	1,676,557
Cash flows from investing activities		
Purchase of property, plant and equipment	(791,251)	(1,013,504)
Proceeds from sales of property, plant and equipment	1,047	–
Purchase of intangible assets	(86,988)	(66,578)
Payments of loans receivable	(2,930)	(1,700)
Collection of loans receivable	9,476	4,467
Payments into time deposits	–	(92,560)
Payments for guarantee deposits	(7,080)	(63,102)
Proceeds from collection of guarantee deposits	4,653	24,902
Purchase of insurance funds	(924)	(49,584)
Proceeds from cancellation of insurance funds	3,352	51,766
Other, net	(7,469)	(3,738)
Net cash provided by (used in) investing activities	(878,113)	(1,209,632)
Cash flows from financing activities		
Net decrease (increase) in treasury shares	(16,033)	(2,972)
Cash dividends paid	(477,374)	(556,032)
Net cash provided by (used in) financing activities	(493,408)	(559,004)
Effect of exchange rate change on cash and cash equivalents	29,211	34,994
Net increase (decrease) in cash and cash equivalents	(647,839)	(57,084)
Cash and cash equivalents at beginning of period	6,610,371	7,147,043
Cash and cash equivalents at end of period	5,962,531	7,089,958

(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