

**Consolidated Financial Statements for Second Quarter Ended June 20, 2009**

June 26, 2009

Name of registrant: Milbon Co., Ltd. (First Section of the Tokyo Stock Exchange)  
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 Scheduled filing date for quarterly report: July 24, 2009 Scheduled start date for payment of dividends: August 7, 2009

(Amounts of less than one million yen are rounded off.)

## 1. Consolidated financial results for second quarter ended June 20, 2009 (December 21, 2008 – June 20, 2009)

## (1) Consolidated Operating Results (Accumulative)

(Percentages show year-on-year changes.)

	Net Sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Second quarter ended June 20, 2009	9,389	-	1,692	-	1,627	-	912	-
Second quarter ended June 20, 2008	9,029	1.9	1,783	1.9	1,679	3.5	955	71.6

	Quarterly net income per share	Quarterly diluted earnings per share
	yen	yen
Second quarter ended June 20, 2009	72.83	-
Second quarter ended June 20, 2008	76.21	-

## (2) Consolidated Financial Conditions

	Total Assets	Net assets	Equity ratio (Ratio of equity to total assets)	Net asset per share
	million yen	million yen	%	yen
Second quarter ended June 20, 2009	20,647	16,140	78.2	1,287.85
Year ended December 20, 2008	19,614	15,668	79.9	1,250.17

(Reference) Equity capital Second quarter ended June 20, 2009, 16,140 million yen; fiscal year ended December 20, 2008, 15,668 million yen

## 2. Payment of Dividends

(Record date)	Dividends per share				
	End of 1 <sup>st</sup> quarter	End of 2 <sup>nd</sup> quarter	End of 3 <sup>rd</sup> quarter	End of fiscal year	Annual
	yen	yen	yen	yen	yen
Year ended December 20, 2008	-	26.00	-	29.00	55.00
Year ended December 20, 2009	-	27.00	-	-	-
Year ended December 20, 2009 (forecast)	-	-	-	28.00	55.00

Note: changes to dividends forecast for the current quarter: none

## 3. Consolidated Financial Results Forecast for the Year Ending December 20, 2009 (December 21, 2008 – December 20, 2009)

(Percentages show year-on-year changes)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	million yen
Full year	19,543	4.6	3,984	6.4	3,780	7.6	2,110	4.1	168.35

Note: changes to figures contained in consolidated results forecasts for the current quarter: none

4. Others

- (1) Transfer of significant subsidiaries during the period (Transfer of specific subsidiaries involving changes in the scope of consolidation); None
- (2) Application of simplified accounting methods and accounting methods specific to the preparation of quarterly consolidated financial statements; Yes  
(Note) For details see P.5 “Qualitative information and financial statements: 4. Others”
- (3) Changes in the accounting policies, procedures, and methods of presentation related to the preparation of quarterly consolidated financial statements (changes to be described in the “Summary of Significant Accounting Policies for the Preparation of Quarterly Consolidated Financial Statements”)
  - 1) Changes due to amendment to the accounting standards, etc.; Yes
  - 2) Changes other than those in 1) above; Yes(Note) For details see P.5 “Qualitative information and financial statements: 4. Others”
- (4) Number of shares outstanding (common shares)
  - 1) Number of shares outstanding at term-end (including treasury stock)  
Second quarter ended June 20, 2009, 12,544,408 shares; Year ended December 20, 2008, 12,544,408 shares
  - 2) Number of treasury shares at term-end  
Second quarter ended June 20, 2009, 11,401 shares; Year ended December 20, 2008, 11,380 shares
  - 3) Average number of shares through accounting period (quarterly consolidated accumulative period)  
Second quarter ended June 20, 2009, 12,532,951 shares; Second quarter ended June 20, 2008, 12,533,343 shares

\* Proper use of earnings forecast and other matters

1. Statements about the future such as the earnings forecast shown here are based on information currently held by the Company and on assumptions that the Company considers reasonable. Actual earnings may differ materially from the earnings forecast due to various factors. For matters concerning earnings forecasts and the use of assumptions on which earnings forecasts are premised, refer to the sub-section on P.5 (in Section 3 Qualitative information on the consolidated earnings forecast) concerning qualitative information and financial statements.
2. “Accounting Standard for Quarterly Financial Statements” (ASBJ Statement No.12) and “Implementation Guidance for Accounting Standards for Quarterly Financial Statements” (ASBJ Guideline No.14) have been applied from the current consolidated fiscal year. Moreover, quarterly consolidated financial statements have been prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements”.

## [Qualitative information and financial statements]

## 1. Qualitative information on consolidated operating results

## (1) Business results for the current consolidated fiscal year under review

Concerning the Japanese economy during the current 2nd quarter consolidated accounting period under review, an uncertain outlook continued, with personal consumption stagnant in response to restrictions on capital expenditure and deteriorating employment and incomes, despite evidence that of a bottoming out in the rapid deterioration in economic conditions and share prices caused by the global financial uncertainty.

Concerning the beauty industry in the interim accounting period under review, it is estimated that the industry as a whole contracted slightly as a result of falling unit prices and a slowing down in the cycle of customer visits to beauty salons caused by the sluggish economy.

Under challenging market conditions, it is estimated that revenues increased slightly in the hair care market, for which market expansion is expected, as a result of continued good performance in home-use hair care products. However, it is estimated that the hair coloring products market contracted slightly as a result of reduced sales of fashion coloring products caused by Japan's falling birth-rate. It is also estimated that the permanent wave products market contracted slightly as a result of falling numbers of visits to salons for permanent wave treatments. Thus, it is estimated that the industry as a whole contracted slightly.

Under these circumstances, the Milbon Group launched three new brands and one additional item during the interim period under review, and these new products have begun to perform well. In particular, with an increasingly mature customer base leading to raised awareness of the need to care for colored hair quality, shampoo and treatment product DEESSE'S NEU, which provides customers with ongoing enjoyment of salon color designs, has played a key role in driving increased sales. With sales expanding well as a result of strengthening in sales capability in the Tokyo metropolitan area, overall sales have increased on the same period in the previous fiscal year.

At Milbon USA, Inc., a wholly-owned subsidiary, new item LISCIO CRYSTAL was launched in January to complement leading straight brand product LISCIO. In hair care products, efforts were made to expand sales, with NIGELLE ER, a shampoo and treatment for frizzy hair, launched in January. However, the impact of the deteriorating United States economy led to a decline in sales on the same period in the previous fiscal year.

Wholly-owned subsidiary Milbon Trading (Shanghai) Co., Ltd. went into business in February at Shanghai as a sales office, and work on developing a customer base is going well.

Despite a difficult environment, consolidated sales for the current 2nd quarter cumulative accounting period under review reached 9,389 million yen, an increase of 359 million yen.

Selling, general and administrative expenses rose to 4,377 million yen as a result of an increase against the same period in the previous fiscal year in sales promotion expenses for new products and personnel expenses.

As a result of the increase in selling, general and administrative expenses, operating income was 1,692 million yen, ordinary income was 1,627 million yen and quarterly net income was 912 million yen.

Breakdown of sales by product category is shown as follows:

## [Breakdown of consolidated sales by product category]

Product Category	2 <sup>nd</sup> Quarter, Previous Term		Current 2 <sup>nd</sup> Quarter		Increase/(decrease) Sales amount (million yen)
	Sales amount (million yen)	Ratio (%)	Sales amount (million yen)	Ratio (%)	
Permanent wave products	1,032	11.5	1,017	10.8	-14
Hair care products	4,245	47.0	4,736	50.5	491
Hair coloring products	3,596	39.8	3,501	37.3	-94
Others	155	1.7	133	1.4	-21
Total	9,029	100.0	9,389	100.0	359

## (Permanent wave products)

While sales have stopped falling in the permanent wave products market, there has been a decline in the frequency of permanent wave salon visits as a result of the sluggish economy, and it is estimated that the market contracted slightly for the industry as a whole.

Milbon Group tried to strengthen sales of straight permanent wave products by launching LISCIO KNOTEUR SH in March to complement LISCIO KNOTEUR, a new straight permanent wave product that provides a soft feel and shiny look introduced in April last year. However, this was unable to compensate for the reduction in sales of permanent wave products, meaning that the permanent wave products sector as a whole contracted in comparison to the same period in the previous fiscal year.

**(Hair care products)**

Competition in both high-end hair care products for home use in the general market and professional use products has become increasingly tough. However, it is estimated that the shampoo and treatment market expanded as a result of increased promotion of salon treatment menus that restore customers' hair quality in line with the levels of damage leading on to better promotion of segmented home use hair care products, which are closely linked to salon treatment menus. It is estimated that the styling products market saw little movement, with an increase in customers using treatments that do not wash out at the same time as seeking a natural style and feel. As a result, it is estimated that the hair care products sector as a whole expanded slightly.

Under these circumstances, in February Milbon Group launched hair care product DEESSE'S NEU, which provides customers with ongoing enjoyment of salon color designs. By providing new treatments that focus on weekly concentrated care to be given at the same time as shampoo and treatments, and by carrying out high-added value promotions, sales of the product have increased steadily at beauty salons. PREJUME LUVIENTO, which supports professional styling techniques, was introduced in May, helping the hair care products sector as a whole expand considerably in comparison with the same period in the previous fiscal year.

**(Hair coloring products)**

Despite the expansion in the market for fashionable gray hair coloring products aimed at second-generation baby boomers, it is estimated that the hair coloring market as a whole contracted slightly due to a reduction in the fashion coloring product market caused by the falling birth-rate.

Under these circumstances, the Milbon Group worked hard to strengthen the gray hair coloring market, launching acid coloring product FARGLAN in April, but these efforts were not enough to offset the fall in fashion coloring products, meaning that results for the hair coloring sector as a whole fell in comparison to the same period in the previous fiscal year.

**(Others)**

There are no particular items to present.

**2. Qualitative information on consolidated financial conditions****(1) Assets, liabilities and net assets**

Total assets at the end of the 2nd quarter consolidated fiscal period increased by 1,033 million yen to 20,647 million yen compared to the end of the previous consolidated fiscal year.

Current assets increased by 791 million yen compared to the end of the previous consolidated fiscal year to 7,268 million yen. The major variable factors were increases of 559 million yen in cash and cash equivalents and 138 million yen in product inventories.

Fixed assets increased by 241 million yen in comparison to the end of the previous consolidated fiscal year to 13,379 million yen. The major variable factors were an increase of 769 million yen in acquisition of assets, including advance payment of part of the expansion costs for the Tokyo Branch, and a decrease of 525 million yen in recorded depreciation costs.

Current liabilities increased 563 million yen in comparison to the end of the previous consolidated fiscal year to 3,857 million yen. The major variable factors were increases of 294 million yen in notes and accounts payable and 225 million yen in accrued expenses payable.

Fixed liabilities decreased 2 million yen in comparison with the end of the previous consolidated fiscal year to 649 million yen. There were no major changes.

Net assets increased 472 million yen in comparison with the end of the previous consolidated fiscal year to 16,140 million yen. This was caused by major variable factors such as a decrease of 36 million yen in net unrealized gains on other securities caused by falling stock prices, and a decrease of 30 million yen in foreign currency translation adjustments, despite an increase of 538 million yen in retained earnings.

As a result, the company's equity ratio fell to 78.2% from 79.9% at the end of the previous consolidated fiscal year. Net assets per share based on total outstanding shares as of the end of the accounting period rose to 1,287.85 yen per share, compared to 1,250.17 yen per share at the end of the previous fiscal consolidated year.

**(2) Cash flows**

Cash and cash equivalents (hereinafter referred to as "Funds") at the end of the 2nd quarter consolidated fiscal period increased 591 million yen compared to the Funds at the end of the previous consolidated fiscal year as a result of the use of Funds acquired through operating activities being used in the acquisition of tangible fixed assets and the payment of dividends, etc.; this resulted in the balance of Funds at the end of the 2nd quarter consolidated fiscal period increasing to 1,602 million yen.

**(Cash Flows from Operating Activities)**

Funds from operating activities were 1,925 million yen. This was mainly the result of 1,598 million yen recorded in quarterly net income before tax and income adjustments, 525 million yen in depreciation expenses, an increase of 401 million yen in accounts payable related to procurement transactions, and payment of corporate and other taxes of 690 million yen.

**(Cash Flows from Investing Activities)**

Funds used for investing activities were 933 million yen. This consisted mainly of 831 million yen in expenditure for the acquisition of tangible fixed assets, including the advance payment of part of the expansion costs for the Tokyo Branch.

**(Cash Flows from Financing Activities)**

Funds used as the result of financing activities were 380 million yen. The Funds mainly consisted of 362 million yen of dividend payment to shareholders.

**3. Qualitative information on consolidated earnings forecast**

Despite expectations for a partial recovery in the domestic economic environment, it is forecast that a challenging business environment will continue for the foreseeable future, including slowing personal consumption caused by deteriorating employment and income conditions. However, an expansion in sales is forecast, driven largely by the growth market of home-use hair care products.

Along with expanded sales of DEESSE'S NEU, which was launched in February, shampoo and treatment product INPHENOM DAILY CARE is to be launched in July as a home-use version of salon treatment product INPHENOM, an internal repair product, and expanded sales in the hair care products segment are forecast.

The release of a new concept permanent wave product to support designer cut techniques is planned for the autumn, and the company will work hard to expand sales of FARGLAN, an acid color product launched in April, and LISEINTER, our leading fashionable gray hair coloring brand. Overall sales are forecast to move towards to the plan.

**4. Others**

(1) Transfer of significant subsidiaries during the period (Transfer of specific subsidiaries involving changes in the scope of consolidation); None

(2) Application of simplified accounting methods and accounting methods specific to the preparation of quarterly consolidated financial statements

**1) Simplified accounting methods**

(Valuation methods for inventories)

The calculation of inventories at the end of the 2nd quarter consolidated fiscal period is calculated by omitting a physical inspection and using a rational method of calculation based upon the physical inspection amount for the end of the previous consolidated fiscal year.

(Calculation methods for depreciation expenses for fixed assets)

Fixed assets using a fixed percentage depreciation method are calculated by dividing the amount of depreciation expenses for the consolidated fiscal year proportionally between the respective accounting periods.

**2) Accounting methods specific to the preparation of quarterly financial statements**

None

(3) Changes in the accounting policies, procedures and methods of presentation related to the preparation of quarterly consolidated financial statements

**1) Application of "Accounting Standard for Quarterly Financial Statements"**

From this consolidated fiscal year "Accounting Standard for Quarterly Financial Statements" (Accounting Standards Board of Japan (ASBJ) Statement No.12; March 14, 2007) and "Implementation Guidance for Accounting Standard for Quarterly Financial Statements" (ASBJ Guidance No. 14; March 14, 2007) are to be applied. Moreover, quarterly consolidated financial statements are prepared in accordance with the "Regulation for Quarterly Consolidated Financial Statements".

2) Application of “Accounting Standard for Measurement of Inventories”

In the past, ordinary inventory assets held with the intention to sell were in most cases calculated using cost accounting methods based on the gross average method; however, along with the application of “Accounting Standard for Measurement of Inventories” (ASBJ Statement No.9; July 5, 2006), from the 1st quarter consolidated fiscal period under review, in most cases these are to be calculated using cost accounting methods based on the gross average method (with the balance sheet amount calculated by writing down book value based on declining profitability).

The impact on profits or losses of the above will be negligible.

3) Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

From the 1st quarter consolidated fiscal period under review, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Issues Task Force No.18; May 17, 2006) shall be applied, and necessary revisions have been made in terms of consolidated accounting.

The impact on profits or losses of the above will be negligible.

4) Implementation of the “Accounting Standard for Lease Transactions”

Concerning non-transfer-ownership finance lease transactions, in the past these were accounted for using a method similar to that of operating lease transactions; however the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13. (June 17, 1993) (Business Accounting Panel – First Panel) (Revised March 30, 2007)) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16.” (January 18, 1994) (Japanese Institute of Certified Public Accountants – Accounting Systems Committee) (revised March 30, 2007)) have been implemented for all quarterly consolidated financial statements pertaining to accounting years beginning on or after April 1, 2008; accordingly, these accounting standards have been implemented since the 1st quarter consolidated fiscal period under review, with non-transfer-ownership finance lease transactions accounted for in the same way as ordinary sales transactions. Concerning methods of calculating depreciation for the lease assets of non-transfer-ownership finance lease transactions, the lease period is taken as the period of depreciation, and a fixed amount method is utilized with zero residue value.

Concerning non-transfer-ownership finance lease transactions for which the lease starting date preceded the beginning of the first accounting year for implementation, these will continue to be accounted for using methods similar to ordinary operating lease transactions.

The impact on profits or losses of the above will be none.

(4) Additional Information

1) Changes to depreciation method standards for other marketable securities

In the past, for other securities with quoted market prices, in most cases where the fair market value of an individual security fell 30% or more in relation to the acquisition cost, the Company judged the decline to be a “significant decline in value” and employed impairment accounting procedures; however, it was decided that from the 1st quarter consolidated fiscal period under review, in the case of securities falling by 30% or more but by no more than 50% a judgment was to be made as to the possibility of a recovery in the share price and a decision was thereby made as to the need for impairment accounting procedures. This change was made in consideration of the fact that recent falls in individual securities have been the result of a severe fall in the stock markets as a whole due to variation in market causes, rather than a result of causes specific to said securities, and the above change was implemented in order to provide more careful and rational judgments as to the possibility of recovery in the respective share prices.

The impact on profits or losses of the above will be none.

2) Changes in useful lives of tangible fixed assets

Legally prescribed useful lives and assets classification were reviewed in accordance with revisions to the Corporate Tax Law (Law on Partial Revision of the Income Tax Law, April 30, 2008 Law No.23). Accordingly, useful lives for part of the “machinery and equipment” that were previously deemed to be nine years shall be deemed as eight years from the 1st quarter consolidated fiscal period under review.

The impact on profits or losses of the above will be negligible.

5. Quarterly Financial Statements  
 (1) Second Quarter Balance Sheet

(Unit: thousand yen)

	End of 2 <sup>nd</sup> quarter consolidated fiscal period under review (as of June 20, 2009)	Condensed consolidated balance sheet for previous consolidated fiscal year (as of December 20, 2008)
Assets		
Current assets		
Cash and bank deposits	1,622,164	1,063,015
Trade notes and accounts receivable	2,821,787	2,783,802
Merchandise	93,597	83,492
Products	1,875,530	1,737,035
Raw materials	275,792	273,629
In-process	16,194	26,576
Stock	248,017	218,323
Others	315,099	305,465
Loan loss reserves	-	-15,000
Total current assets	7,268,183	6,476,341
Fixed assets		
Tangible fixed assets		
Buildings and other structures (net amount)	3,664,189	3,843,720
Machinery, equipment and vehicles for transportation (net amount)	1,425,977	1,565,127
Land	4,763,766	4,763,766
Construction in progress	487,772	36,532
Others (net amount)	314,669	277,421
Total tangible fixed assets	10,656,375	10,486,568
Intangible fixed assets	265,600	260,522
Investments and other assets		
Investment in securities	1,285,667	1,246,243
Others	1,213,885	1,188,148
Loan loss reserves	-41,779	-43,381
Total investments and other assets	2,457,773	2,391,011
Total fixed assets	13,379,749	13,138,103
Total assets	20,647,933	19,614,445

(Unit: thousand yen)

	End of 2 <sup>nd</sup> quarter consolidated fiscal period under review (as of June 20, 2009)	Condensed consolidated balance sheet for previous consolidated fiscal year (as of December 20, 2008)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and accounts payable	1,373,194	1,078,481
Long-term borrowing to be repaid within one year	5,185	23,381
Accrued expenses payable	1,421,047	1,195,348
Corporate taxes payable	732,727	712,714
Reserve for returned goods	32,745	27,376
Reserve for bonuses	60,310	62,479
Others	232,344	193,815
<b>Total current liabilities</b>	<b>3,857,553</b>	<b>3,293,596</b>
<b>Fixed Liabilities</b>		
Reserve for loss on guarantees	39,000	39,000
Others	610,719	613,491
<b>Total fixed liabilities</b>	<b>649,719</b>	<b>652,491</b>
<b>Total liabilities</b>	<b>4,507,273</b>	<b>3,946,087</b>
<b>Net Assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,000,000	2,000,000
Capital surplus	199,120	199,233
Retained earnings	14,103,645	13,565,448
Treasury stock	-38,082	-38,545
<b>Total shareholders' equity</b>	<b>16,264,683</b>	<b>15,726,135</b>
<b>Valuation and translation adjustments</b>		
Net unrealized gains on other securities	-84,685	-48,601
Foreign currency translation adjustments	-39,337	-9,176
<b>Total valuation and translation adjustments</b>	<b>-124,023</b>	<b>-57,778</b>
<b>Total net assets</b>	<b>16,140,659</b>	<b>15,668,357</b>
<b>Total liabilities and net assets</b>	<b>20,647,933</b>	<b>19,614,445</b>

(2) Second Quarter Consolidated Statement of Earnings  
[2nd quarter consolidated accumulative fiscal period]

	(Unit: thousand yen)
	2 <sup>nd</sup> quarter consolidated accumulative fiscal period under review (December 21, 2008 – June 20, 2009)
Sales	9,389,374
Cost of Products/Merchandise Sold	3,319,174
Total sales revenues	6,070,200
Selling, General and Administrative Expenses	4,377,704
Operating income	1,692,496
Non-operating Income	
Interest income	1,729
Dividends income	1,868
Rent from company housing	16,211
Bounty for corporate location	27,520
Profit on surrender of insurance	24,810
Others	17,027
Total non-operating income	89,168
Non-operating Expenses	
Interest expense	384
Sales discount	153,916
Others	7
Total non-operating expenses	154,308
Ordinary income	1,627,356
Extraordinary Profit	
Gain on sale of fixed assets	887
Release of loan loss reserves	15,000
Total extraordinary profits	15,887
Extraordinary Loss	
Loss on sale of fixed assets	606
Loss on retirement of fixed assets	44,269
Total extraordinary losses	44,876
Net income before taxes and other adjustments	1,598,367
Corporate, inhabitant and enterprise taxes	715,729
Adjustment for difference of tax allocation between financial accounting and tax accounting	-30,104
Total corporate and other taxes	685,625
Quarterly net income	912,741

[2nd quarter consolidated fiscal period]

(Unit: thousand yen)

	2 <sup>nd</sup> quarter consolidated fiscal period under review (March 21, 2009 – June 20, 2009)
Sales	5,132,079
Cost of Products/Merchandise Sold	1,876,219
Total sales revenues	3,255,860
Selling, General and Administrative Expenses	2,235,374
Operating income	1,020,485
Non-operating Income	
Interest income	1,040
Dividends income	1,676
Rent from company housing	8,492
Bounty for corporate location	27,520
Others	6,239
Total non-operating income	44,969
Non-operating Expenses	
Interest expense	22
Sales discount	78,922
Others	3
Total non-operating expenses	78,947
Ordinary income	986,507
Extraordinary Profit	
Gain on sale of fixed assets	887
Total extraordinary profits	887
Extraordinary Loss	
Loss on sale of fixed assets	606
Loss on retirement of fixed assets	43,522
Total extraordinary losses	44,129
Net income before taxes and other adjustments	943,265
Corporate, inhabitant and enterprise taxes	377,117
Adjustment for difference of tax allocation between financial accounting and tax accounting	19,949
Total corporate and other taxes	397,067
Quarterly net income	546,198

## (3) [Quarterly Consolidated Statement of Cash Flows]

(Unit: thousand yen)

	2 <sup>nd</sup> quarter consolidated accumulative fiscal period under review (December 21, 2008 – June 20, 2009)
Cash flows from operating activities	
Quarterly net income before tax and income adjustment	1,598,367
Depreciation and amortization expense	525,172
Increase (decrease) in loan loss reserves	-15,000
Increase (decrease) in the provision for bonuses	-1,882
Increase (decrease) in provision for returned product adjustment	5,368
Decrease (increase) in the prepaid pension cost	28,655
Interest and dividends received	-3,598
Interest paid	384
Foreign exchange loss (gain)	5,619
Gain (loss) on sales of fixed assets	-280
Loss from the sale/disposition of fixed assets	44,269
Decrease (increase) in accounts receivable – trade	-38,446
Decrease (increase) in inventories	-173,483
Increase (decrease) in accounts payable related to procurement transactions	401,608
Others	235,589
Subtotal	2,612,344
Interest and dividends received	3,588
Interest paid	-384
Payment of corporate and other taxes	-690,471
Cash flows from operating activities	1,925,077
Cash flows from investing activities	
Payment due to the purchase of investment securities	-499,966
Sale of investment securities	400,000
Payment due to the acquisition of tangible fixed assets	-831,918
Income from the sale of tangible fixed assets	2,050
Payment due to the acquisition of intangible fixed assets	-79,255
Payment due to loans	-14,300
Collection of the loan payment	38,611
Income from cancellation of fixed deposits	28,933
Payment due to the placement of guarantee money	-35,169
Collection of guarantee money	1,482
Payment into insurance reserve fund	-5,693
Cancellation/withdrawal from insurance reserve fund	62,861
Others	-972
Cash flows from investing activities	-933,336
Cash flows from financing activities	
Payment due to the repayment of long-term borrowing	-18,196
Net decrease (increase) in treasury stocks	-87
Payment of dividends	-362,463
Cash flows from financing activities	-380,747
Effect of exchange rate fluctuations on cash and cash equivalents	-19,257
Increase (decrease) in cash and cash equivalents	591,734
Outstanding balance of cash and cash equivalents at the beginning of current term	1,010,784
Outstanding balance of cash and cash equivalents at end of current quarter	1,602,518

“Accounting Standard for Quarterly Financial Statements” (ASBJ Statement No.12) and “Implementation Guidance for the Accounting Standards for Quarterly Financial Statements” (ASBJ Guideline No.14) have been applied from the current consolidated fiscal year. Moreover, quarterly consolidated financial statements are prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements”.

(4) Notes concerning the assumption of the business as a going concern  
None

(5) Notes in cases of extreme variation in the amount of shareholders' equity  
None

[Reference materials]

Financial statements related to previous quarters

(1) (Condensed) Quarterly Statement of Earnings

Previous 2nd quarter consolidated accumulative fiscal period (December 21, 2007 – June 20, 2008)

Classification	Same quarter consolidated accumulative fiscal period in previous year (December 21, 2007 – June 20, 2008)	
	Amount (thousand yen)	
I Sales		9,029,644
II Cost of Products/Merchandise Sold		3,007,524
Total sales revenues		6,022,119
III Selling, General and Administrative Expenses		4,238,166
Operating income		1,783,953
IV Non-operating Income		
1. Interest income	2,475	
2. Dividends income	1,868	
3. Bounty for corporate location	30,953	
4. Profit on surrender of insurance	26,339	
5. Rent from company housing	14,590	
6. Others	8,038	84,266
V Non-operating Expenses		
1. Interest expense	1,411	
2. Sales discount	153,816	
3. Foreign exchange loss	33,002	
4. Others	8	188,239
Ordinary income		1,679,979
VI Extraordinary Loss		
1. Loss on sale of fixed assets	76	
2. Loss on retirement of fixed assets	4,582	
3. Loss on revaluation of investment in securities	132	4,790
Net income before taxes and other adjustments		1,675,189
Corporate, inhabitant and enterprise taxes	647,176	
Adjustment for difference of tax allocation between financial accounting and tax accounting	72,799	719,976
Quarterly net income		955,213