



## Consolidated Financial Statements for the Three Months Ended March 20, 2012

March 30, 2012

Tokyo Stock Exchange, First Section

Name of registrant: Milbon Co., Ltd.  
 Code No.: 4919 URL <http://www.milbon.co.jp>  
 Representative: Ryuji Sato, President and CEO  
 Officer in charge: Masahiro Murai, Managing Director  
 Scheduled filing date for quarterly report: April 27, 2012  
 Scheduled date for commencement of dividend payments: -  
 Preparation of supplementary materials on the quarterly results: Yes  
 Holding of an explanatory meeting on the quarterly results: No

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

### 1. Consolidated financial results for the three months ended March 20, 2012 (December 21, 2011- March 20, 2012)

|                                   | Net sales   |     | Operating income |     | Ordinary income |     | Net income  |      |
|-----------------------------------|-------------|-----|------------------|-----|-----------------|-----|-------------|------|
|                                   | Million yen | %   | Million yen      | %   | Million yen     | %   | Million yen | %    |
| Three months ended March 20, 2012 | 4,860       | 4.9 | 825              | 6.0 | 761             | 7.1 | 432         | 21.2 |
| Three months ended March 20, 2011 | 4,632       | 6.3 | 778              | 9.6 | 711             | 9.7 | 356         | 1.8  |

(Note) Comprehensive income Three months ended March 20, 2012: 501 million yen [53.9%] Three months ended March 20, 2011: 326 million yen [—%]

|                                   | Net income per share | Diluted net income per share of common stock |
|-----------------------------------|----------------------|--|
|                                   | Yen                  | Yen  |
| Three months ended March 20, 2012 | 31.37                | -  |
| Three months ended March 20, 2011 | 25.87                | -  |

### (2) Consolidated financial position

|                                   | Total assets | Net assets  | Equity ratio |
|-----------------------------------|--------------|-------------|--------------|
|                                   | Million yen  | Million yen | %            |
| Three months ended March 20, 2012 | 22,021       | 19,092      | 86.7         |
| Year ended December 20, 2011      | 22,592       | 19,059      | 84.4         |

(Reference) Shareholders' equity Three months ended March 20, 2012: 19,092 million yen Year ended December 20, 2011: 19,059 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, 2011             | -                  | 30.00              | -                  | 34.00              | 64.00 |
| Year ending December 20, 2012            | -                  |                    |                    |                    |       |
| Year ending December 20, 2012 (forecast) | -                  | 32.00              | -                  | 32.00              | 64.00 |

Note: Changes to latest dividends forecast: None

### 3. Consolidated Performance Forecasts for the Year Ending December 20, 2012 (December 21, 2011 - December 20, 2012)

("Year ending December 20, 2012" percentages indicate increases or decreases against the previous fiscal year; "Six months ending June 20, 2012" percentages indicate increases or decreases against the same period in the previous fiscal year.)

|                                 | 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, 2012 | 10,297      | 5.2 | 1,681            | (3.8) | 1,542           | (5.0) | 914         | 1.3    | 66.32                |
| Year ending December 20, 2012   | 21,470      | 4.6 | 3,880            | 2.3   | 3,610           | 1.8   | 2,050       | (11.1) | 148.74               |

Note: Changes to latest performance forecasts: None

4. Others

(1) Changes to significant subsidiaries during the quarter under review

(changes in specific subsidiaries accompanied by changes in the scope of consolidation) : None

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements methods: No

(3) Changes in the accounting policies, changes in accounting estimates and corrections of prior period errors

1) Changes in the accounting policies due to amendment to the accounting standards, etc. : None

2) Changes in the accounting policies other than those in 1) above : None

3) Changes in accounting estimates : None

4) Corrections of prior period errors : None

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of fiscal year (including treasury shares)

|                                   |                   |                           |                   |
|-----------------------------------|-------------------|---------------------------|-------------------|
| Three months ended March 20, 2012 | 13,798,848 shares | Year ended March 20, 2011 | 13,798,848 shares |
|-----------------------------------|-------------------|---------------------------|-------------------|

2) Number of treasury shares at the end of fiscal year

|                                   |               |                           |               |
|-----------------------------------|---------------|---------------------------|---------------|
| Three months ended March 20, 2012 | 17,962 shares | Year ended March 20, 2011 | 17,728 shares |
|-----------------------------------|---------------|---------------------------|---------------|

3) Average number of shares during the period (cumulative)

|                                   |                   |                                   |                   |
|-----------------------------------|-------------------|-----------------------------------|-------------------|
| Three months ended March 20, 2012 | 13,781,010 shares | Three months ended March 20, 2011 | 13,783,573 shares |
|-----------------------------------|-------------------|-----------------------------------|-------------------|

\*Status of execution of quarterly review of financial statements

As these consolidated 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 were not completed at the time of disclosure of this report.

\*Explanation on the appropriate use of performance forecasts and other special instructions

Performance 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, 2012, there were growing expectations for corporate earnings and the business climate in general to recover in the wake of a weaker yen and rising stock prices. However, the nation's economy remained in a state of uncertainty over its future due to soaring crude oil prices and concerns over the stable supply of electricity. The climate also remained harsh for the beauty industry.

Under such circumstances, the Milbon Group promoted initiatives in order to realize sustainable growth as well as increased revenues and increased profits, under the theme of "Nurturing "personal production capabilities" that meet diverse values and supporting the increase in yearly usage amounts."

Consolidated sales during the three months period ended March 20, 2012 increased by 4.9% compared to the same period of the previous year to 4,860 million yen. This was primarily due to the strong sales of DEESSE'S Eljuda, a leave-in hair-conditioner which was launched in February; the "ORDEVE Professional Hair-color line (with additional colors Pearl and White); and "NIGELLE DRESSIA Spray Series," a hair-styling product launched in March; in addition to the increased sales of the overseas subsidiaries, which was a product of the proactive educational activities conducted on the beauty salons.

Operating income stood at 825 million yen (an increase of 6.0% compared to the same period of the previous year), which was primarily due to the improvements in the cost-to-sales ratio and the effects of increased revenues. As a result, ordinary income also increased by 7.1% compared to the same period of the previous year to 761 million yen. And net income increased to 432 million yen (a 21.2% increase compared to the same period of the previous year), due to the effects of having reported a loss on valuation of investments in securities in the previous fiscal year.

Breakdown of sales by product category is shown below:

[Breakdown of consolidated sales by product category]

| Product Category        | Previous Consolidated First Quarter |           | Current Consolidated First Quarter |           | Increase (Decrease)  |
|-------------------------|-------------------------------------|-----------|------------------------------------|-----------|----------------------|
|                         | Amount (Million yen)                | Ratio (%) | Amount (Million yen)               | Ratio (%) | Amount (Million yen) |
| Hair care products      | 2,332                               | 50.3      | 2,421                              | 49.8      | 88                   |
| Hair coloring products  | 1,843                               | 39.8      | 2,024                              | 41.6      | 180                  |
| Permanent wave products | 403                                 | 8.7       | 365                                | 7.5       | (38)                 |
| Others                  | 53                                  | 1.2       | 50                                 | 1.1       | (3)                  |
| Total                   | 4,632                               | 100.0     | 4,860                              | 100.0     | 228                  |

## (2) Qualitative information on consolidated financial conditions

Total assets at the end of the three month period ended March 20, 2012 decreased by 571 million yen compared to the end of the previous consolidated fiscal year to 22,021 million yen.

Current assets decreased by 818 million yen compared to the end of the previous consolidated fiscal year to 9,798 million yen. This was due mainly to the decreases in cash and bank deposits and in notes and accounts receivable-trade by 702 million yen and 385 million yen, respectively; as well as the increases in merchandise and finished goods and in raw materials and supplies by 153 million yen and 92 million yen, respectively.

Fixed assets increased by 246 million yen compared to the end of the previous consolidated fiscal year to 12,222 million yen. This was due mainly to the increase of 128 million yen in construction in progress, including the advance payments on the new construction of the Kyoto Sales Office and the expansion of the Central Research Institute, in addition to the increase of 88 million yen in investment in securities associated with the rise in the prices of listed stock.

Current liabilities decreased by 614 million yen compared to the end of the previous consolidated fiscal year to 2,713 million yen. This was due mainly to the decreases in income taxes payable and in accounts payable-other by 673 million yen and 331 million yen, respectively; in addition to the increases in reserve for bonuses and in accounts payable-trade by 199 million yen and 174 million yen, respectively.

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

Net assets increased by 32 million yen compared to the end of the previous consolidated fiscal year to 19,092 million yen. This was due mainly to the 57 million yen in net unrealized gains on available-for-sale securities associated with the rise in the prices of listed stock.

As a result, the company's equity ratio changed from 84.4% at the end of the previous consolidated fiscal year to 86.7%. Net assets per share based on total outstanding shares as of the end of the accounting period increased from 1,383.02 yen per share at the end of the previous consolidated fiscal year to 1,385.42 yen per share.

(3) Qualitative information on consolidated earnings forecasts

In terms of the full-year forecast there are no changes to the previous consolidated performance forecasts, which were announced on January 18, 2012.

2. Summary information (Others)

(1) Changes to significant subsidiaries during the period under review

None

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

No

(3) Changes in the accounting policies, changes in accounting estimates and corrections of prior period

None

(4) Additional information

In terms of changes in accounting policies and corrections of errors contained in reports from prior periods that are conducted after the beginning of the three month period ended March 20, 2012 the Company has applied the "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan ("ASBJ") Statement No. 24, December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009).

## 3. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

|   | Previous Consolidated Fiscal Year<br>(As of December 20, 2011) | Current Consolidated First Quarter<br>(As of March 20, 2012) |
|---|--|--|
| <b>Assets</b>   |  |  |
| Current assets  |  |  |
| Cash and bank deposits                                    | 5,079,642  | 4,377,522  |
| Notes and accounts receivable-trade                       | 3,031,626  | 2,645,915  |
| Merchandise and finished goods                            | 1,678,930  | 1,832,858  |
| Work in process   | 16,428   | 24,511   |
| Raw materials and supplies                                | 526,193  | 618,381  |
| Others  | 295,403  | 301,931  |
| Allowance for doubtful accounts                           | (11,616)   | (2,553)  |
| Total current assets                                      | 10,616,608   | 9,798,566  |
| Fixed assets  |  |  |
| Property, plant and equipment                             |  |  |
| Buildings and other structures, net                       | 3,858,485  | 3,782,385  |
| Machinery, equipment and vehicles for transportation, net | 924,432  | 860,816  |
| Land  | 4,763,766  | 4,763,766  |
| Construction in progress                                  | 12,244   | 140,302  |
| Others, net   | 194,473  | 191,471  |
| Total property, plant and equipment                       | 9,753,401  | 9,738,741  |
| Intangible fixed assets                                   | 512,138  | 499,120  |
| Investments and other assets                              |  |  |
| Investment in securities                                  | 1,017,033  | 1,105,749  |
| Others  | 722,278  | 917,797  |
| Allowance for doubtful accounts                           | (28,772)   | (38,562)   |
| Total investments and other assets                        | 1,710,540  | 1,984,985  |
| Total fixed assets  | 11,976,079   | 12,222,846   |
| Total assets  | 22,592,688   | 22,021,413   |

(Thousand yen)

|  | Previous Consolidated Fiscal Year<br>(As of December 20, 2011) | Current Consolidated First Quarter<br>(As of March 20, 2012) |
|--|--|--|
| <b>Liabilities</b>   |  |  |
| Current liabilities  |  |  |
| Accounts payable-trade   | 419,740  | 594,286  |
| Accounts payable-other   | 1,448,203  | 1,116,616  |
| Income taxes payable   | 1,016,927  | 343,214  |
| Reserve for returned goods                                     | 45,735   | 12,394   |
| Reserve for bonuses  | 68,354   | 267,635  |
| Others   | 329,065  | 379,005  |
| Total current liabilities                                      | 3,328,026  | 2,713,152  |
| Fixed liabilities  |  |  |
| Reserve for retirement benefits                                | 11,612   | 22,349   |
| Reserve for loss on guarantees                                 | 37,200   | 37,200   |
| Others   | 156,276  | 156,442  |
| Total fixed liabilities  | 205,088  | 215,992  |
| Total liabilities  | 3,533,115  | 2,929,145  |
| <b>Net assets</b>  |  |  |
| Shareholders' equity   |  |  |
| Capital stock  | 2,000,000  | 2,000,000  |
| Capital surplus  | 199,120  | 199,120  |
| Retained earnings  | 17,257,339   | 17,221,059   |
| Treasury stock   | (48,652)   | (49,196)   |
| Total shareholders' equity                                     | 19,407,806   | 19,370,982   |
| Accumulated other comprehensive income                         |  |  |
| Net unrealized gains (losses) on available-for-sale securities | (206,624)  | (149,402)  |
| Foreign currency translation adjustments                       | (141,609)  | (129,312)  |
| Total accumulated other comprehensive income                   | (348,233)  | (278,715)  |
| Total net assets   | 19,059,573   | 19,092,267   |
| Total liabilities and net assets                               | 22,592,688   | 22,021,413   |

(2) Quarterly Consolidated Statements of Earnings and Consolidated Statements of Comprehensive Income  
 Quarterly Consolidated Statements of Earnings  
 Quarterly Consolidated Three Month Periods Ended March 20, 2011 and 2012

(Thousand yen)

|  | Three Months Ended<br>March 20, 2011<br>(December 21, 2010 -<br>March 20, 2011) | Three Months Ended<br>March 20, 2012<br>(December 21, 2011 -<br>March 20, 2012) |
|--|---|---|
| Sales  | 4,632,671   | 4,860,866   |
| Cost of sales  | 1,512,091   | 1,503,463   |
| Gross profit   | 3,120,579   | 3,357,403   |
| Selling, general and administrative expenses                                   | 2,341,812   | 2,531,642   |
| Operating income   | 778,767   | 825,761   |
| Non-operating income   |   |   |
| Interest income  | 271   | 330   |
| Dividends income   | 192   | 192   |
| Foreign exchange gains   | 1,149   | 7,336   |
| Rent from company housing  | 12,429  | 14,123  |
| Others   | 1,714   | 1,799   |
| Total non-operating income   | 15,757  | 23,781  |
| Non-operating expenses   |   |   |
| Sales discount   | 82,883  | 87,618  |
| Others   | 85  | 5   |
| Total non-operating expenses   | 82,968  | 87,623  |
| Ordinary income  | 711,556   | 761,918   |
| Extraordinary profit   |   |   |
| Gain on sale of investment securities  | 837   | -   |
| Reversal of allowance for doubtful accounts                                    | 1,201   | -   |
| Reversal of reserve for loss on guarantees                                     | 900   | -   |
| Total extraordinary profits  | 2,938   | -   |
| Extraordinary loss   |   |   |
| Loss on retirement of fixed assets   | 3,375   | 1,245   |
| Loss on valuation of investments in securities                                 | 65,290  | -   |
| Provision of allowance for doubtful accounts                                   | -   | 11,000  |
| Effects of application of accounting standard for asset retirement obligations | 28,320  | -   |
| Total extraordinary losses   | 96,986  | 12,245  |
| Income before income taxes and minority interests                              | 617,508   | 749,673   |
| Income taxes-current   | 344,724   | 334,157   |
| Income taxes-deferred  | (83,864)  | (16,775)  |
| Total income taxes   | 260,860   | 317,381   |
| Income before minority interests   | 356,648   | 432,292   |
| Net income   | 356,648   | 432,292   |



## Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Three Month Periods Ended March 20, 2011 and 2012

(Thousand yen)

|  | Three Months Ended<br>March 20, 2011<br>(December 21, 2010 -<br>March 20, 2011) | Three Months Ended<br>March 20, 2012<br>(December 21, 2011 -<br>March 20, 2012) |
|--|---|---|
| Income before minority interests                                 | 356,648   | 432,292   |
| Other comprehensive income                                       |   |   |
| Net unrealized gains (losses) on available-for-sale securities   | (17,745)  | 57,221  |
| Foreign currency translation adjustments                         | (12,808)  | 12,296  |
| Total other comprehensive income                                 | (30,554)  | 69,518  |
| Comprehensive income   | 326,093   | 501,810   |
| (Breakdown)  |   |   |
| Comprehensive income attributable to parent company shareholders | 326,093   | 501,810   |
| Comprehensive income attributable to minority interests          | -   | -   |

(3) Notes regarding the 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