



Consolidated Financial Statements for Third Quarter Ended September 20, 2011 (Japanese standard)

30-Sep-11

Name of registrant: Milbon Co., Ltd. (First Section of the Tokyo Stock Exchange)
 Code Number: 4919 (URL: <http://www.milbon.co.jp>)
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 Scheduled filing date for quarterly report: October 28, 2011 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

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

1. Consolidated financial results for third quarter ended September 20, 2011 (December 21, 2010 – September 20, 2011)

(1) Consolidated Operating Results (Accumulative)

(Percentages show year on year changes)

	Sales		Operating income		Ordinary income		Quarterly net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Third quarter ended September 20, 2011	14,900	3.9	2,749	-0.8	2,561	-1.5	1,469	-3.5
Third quarter ended September 20, 2010	14,345	1.5	2,770	18.7	2,601	18.2	1,523	28.8

	Quarterly net income per share	Quarterly diluted Quarterly net income per share
	yen	yen
Third quarter ended September 20, 2011	106.65	-
Third quarter ended September 20, 2010	121.59	-

(2) Consolidated Financial Conditions

	Total Assets	Net assets	Equity ratio (Ratio of equity to total assets)	Net assets per share
	million yen	million yen	%	yen
Third quarter ended September 20, 2011	21,586	18,312	84.8	1,328.77
Year ended December 20, 2010	20,843	17,699	84.9	1,412.25

(Reference) Equity capital: Third quarter ended September 20, 2011: 18,312 million yen
 Year ended December 20, 2010: 17,699 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, 2010	-	27.00	-	33.00	60.00
Year ended December 20, 2011	-	30.00	-		
Year ended December 20, 2011 (forecast)				30.00	60.00

Note: Changes to dividends forecast during the current quarter: None
 Breakdown of the term-end dividend for the term ended December 2010: Normal dividend 28.00 yen, Commemorative dividend 5.00 yen

3. Financial Results Forecast for the Year Ending December 20, 2011 (December 21, 2010 – December 20, 2011)

(Percentages show rate of change against previous term)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	20,500	3.8	3,780	5.6	3,510	5.5	2,060	12.5	149.43

Note: Corrections of the results forecast during the current quarter: None

4. Other (For details, please refer to “2. Other information”, p.4 of the Supplementary Materials.)

(1) Transfer of significant subsidiaries during the quarter: None

New - companies (company name) , Excluded - companies (company name)

Note: This means whether or not there were any transfers of specific subsidiaries involving changes in the scope of consolidation during the current quarterly accounting period.

(2) Application of simplified accounting methods and specific accounting methods: Yes

Note: This means whether or not simplified accounting methods or accounting methods specific to the preparation of quarterly consolidated financial statements were applied.

(3) Changes in accounting policies, procedures and methods, etc.

1) Changes due to amendment to the accounting standards, etc.; Yes

2) Changes other than those in 1) above; None

Note: This means whether or not there were any changes in accounting policies, procedures and methods, etc., related to the preparation of the quarterly consolidated financial statements that were described in “Summary of Significant Accounting Policies for the Preparation of Quarterly Consolidated Financial Statements”.

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at term-end (including treasury stock)	3rd quarter ended September 20, 2011	13,798,848 shares	Year ended December 20, 2010	12,544,408 shares
2) Number of treasury shares at term-end	3rd quarter ended September 20, 2011	17,499 shares	Year ended December 20, 2010	11,594 shares
3) Average number of shares through accounting period (quarterly consolidated accumulative period)	3rd quarter ended September 20, 2011	13,782,251 shares	3rd quarter ended September 20, 2010	12,532,839 shares

*Display of the state of implementation of quarterly review procedures

- This quarterly financial statement is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Act and the company has not completed the quarterly financial statement review procedures based on the Financial Instruments and Exchange Act at the time of disclosure of this quarterly financial statement.

*Explanation of the proper use of earnings forecasts and other special notes.

- Statements concerning the future such as the earnings forecasts given in this document are based on information currently in the possession of the Company and on assumptions that the Company considers reasonable. Actual results may differ greatly due to various factors. Please see “1. Qualitative information on the consolidated results for the current quarter, etc. (3) Qualitative information on consolidated earnings forecast” on p.3 of the “Consolidated Financial Statements for the Third Quarter of the Fiscal Term Ended September 20, 2011 - Supplementary Materials” with regard to the assumptions that the forecasts are based on and the use of the forecast.
- The Company carried out a share split at a ratio of 1.1 shares for each common share on December 21, 2010.

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1. Qualitative information on the consolidated results for the current quarter, etc.

(1) Qualitative information on consolidated operating results

During the consolidated cumulative period to the end of the third quarter, the Japanese economy went through difficult conditions, including suffering a nationwide stagnation in production and a stalling in exports due to the impact of the Great East Japan Earthquake, which occurred on March 11, and a slump in personal consumption, etc. Business conditions subsequently turned to recovery due to the rapid re-establishment of the supply chain and the easing of the mood of restraint, but due also to factors such as the slowdown of the global economy and the progress of yen appreciation, etc., there was a strong sense of uncertainty over the future.

It is estimated that the severe business environment continued in the beauty industry too because of the decline in the number of customers due to the extension of the cycle of customer visits, which still shows no sign of recovery, and the downturn in the customer mindset that has arisen out of lifestyle protection awareness and budget-mindedness.

In such conditions, the Milbon Group supported the beauty techniques of hair designers and made efforts towards proposal activities for hair care products centered on salon treatments and pro-specific salon colors as practical items that will raise the quality of salon menus, including a pleasant feeling of running the fingers through the hair and beauty of texture, etc.

With regard to our overseas subsidiaries, uniquely Japanese salon treatment menus and new straight perm menus focused on a sense of luster have attracted attention in America where they are totally new categories in the industry. In the Chinese market, Japanese hair styles have become popular among Chinese women, who are sensitive to trends, and the sense of expectation felt towards Japanese beauty techniques and products has heightened. Furthermore, in the South Korean market too, the number of inquiries for educational support activities from good quality/ large salons in the region has increased rapidly against the backdrop of a hair color boom.

Although the company was in a difficult environment, consolidated sales during the cumulative third quarter consolidated period under review increased 555 million yen to 14,900 million yen (an increase of 3.9% in comparison to the same period last year).

Marketing and administrative expenses finished at 7,230 million yen (an increase of 6.8% in comparison to the same period last year) as a result of new product sales promotion costs and labor costs exceeding those for the previous term.

Operating income finished at 2,749 million yen (a decrease of 0.8% in comparison to the same period last year) due to the increase in marketing and administrative expenses, and ordinary income finished at 2,561 million yen (a decrease of 1.5% in comparison to the same period last year). In addition, quarterly net income finished at 1,469 million yen (a decrease of 3.5% in comparison to the same period last year) because the company posted a loss of revaluation of investments in securities and a loss on asset retirement obligations, etc., under extraordinary losses.

Breakdown of sales by product category is shown as follows:
[Breakdown of consolidated sales by product category]

Product Category	Previous 3rd quarter consolidated cumulative fiscal period		3rd quarter consolidated cumulative fiscal period under review		Increase/ Sales amount (million yen)
	Sales amount (million yen)	Ratio (%)	Sales amount (million yen)	Ratio (%)	
Hair care products	7,309	51.0	7,467	50.1	158
Hair coloring products	5,314	37.0	5,880	39.5	565
Permanent wave products	1,514	10.6	1,360	9.1	-153
Others	206	1.4	191	1.3	-15
Total	14,345	100.0	14,900	100.0	555

(Hair care products)

In an environment where competition among hair care products for the public market and the pro-use market of specialist products for beauty salons continues to be severe, the industry overall is estimated to have grown slightly on account of positive efforts towards hair care, centered on salon treatment menus that repair hair damage.

In these circumstances, the Company group saw sales of hair care products perform steadily, centered on DEESSE'S NEU DUE and DEESSE'S LINKAGE-μ (mu), which was launched in February, and FIERLI, a hair care range for difficult hair that tempers strong waves and controls hair gently for a light sensation when the fingers are passed through the hair, which was launched in April.

In addition, because the market's evaluation of the Nigelle Dressia Collection Wax Series, new styling agents that realize casual texture creation, which were launched in September is heightening, although gradually, sales of hair care products exceeded sales for the same period of the previous fiscal year.

(Hair coloring products)

Because of the increased impact of the desire of consumers to maintain their current standards of living and lessen expenses, the competition with home color products that allow users to dye their hair casually at home intensified further and the size of the industry overall is estimated to have decreased slightly.

In these circumstances, the Company group saw overall sales of fashion color agents increase significantly because proposal activities for seasonal colors aimed at customers (fashion colors matched to the seasons) based on the additional colors for ORDEVE (Smoky Line & Sheer Line) launched in March and September have been evaluated highly in the market.

In addition, sales of hair coloring products exceeded sales for the same period of the previous fiscal year because overall sales of grey color agents continued to perform steadily through the promotion of new charm creation for adult women based on ORDEVE BEAUTE, a new grey color agent launched in July that expresses a wide range of colors.

(Permanent wave products)

It is estimated that the industry overall contracted slightly due to a decrease in perm style needs and straight perm menus associated with changes in trends.

In these circumstances, the Company group saw sales of permanent wave products fall below sales for the same period of the previous fiscal year because it was not possible to stave off the decline in overall sales of straight perm menus even though it made efforts in straight perm menu proposal activities linked to sales activities for FIERLI, the hair care product for difficult hair launched in April.

(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 3rd quarter consolidated fiscal period increased by 743 million yen to 21,586 million yen compared to the end of the previous consolidated fiscal year.

Current assets increased 1,156 million yen to 9,192 million yen compared to the end of the previous consolidated fiscal year. Major variable factors were increases of 856 million yen in cash and bank deposits and 323 million yen in goods and products respectively.

Fixed assets decreased by 413 million yen to 12,394 million yen compared to the end of the previous consolidated fiscal year. Major variable factors were a decrease of 397 million yen in property and equipment in association with the posting of depreciation and amortization expenses, and a decrease of 104 million yen in investment securities in association with decreases in the market values of listed shares.

Current liabilities increased 127 million yen to 2,853 million yen compared to the end of the previous consolidated fiscal year. Major variable factors were increases of 104 million yen in accounts payable and 214 million yen in reserve for bonuses, and a decrease of 337 million yen in accrued expenses payable.

There was no great variation in mixed liabilities compared to the end of the previous consolidated fiscal year.

Net assets increased 612 million yen to 18,312 million yen compared to the end of the previous consolidated fiscal year. The major variable factor was an increase of 642 million yen in retained earnings.

As a result, the company's equity ratio changed from 84.9% at the end of the previous consolidated fiscal year to 84.8%. Net assets per share based on total outstanding shares at the end of the fiscal year decreased from 1,412.25 yen per share at the end of the previous consolidated fiscal year to 1,328.77 yen per share.

2) Cash flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the 3rd quarter consolidated fiscal period increased 855 million yen compared to the end of the previous consolidated fiscal year to stand at 3,525 million yen at the end of the 3rd quarter consolidated fiscal period as a result of using funds acquired in operating activities for the payment of corporate taxes, etc., due to tax payments, and the payment of dividends, etc.

Cash flows during the 3rd quarter consolidated cumulative fiscal period and the factors determining them were as follows.

(Cash Flows from Operating Activities)

Funds obtained from operating activities were 2,110 million yen. This was mainly the result of 2,461 million yen recorded in quarterly net income before income taxes and minority interests, depreciation and amortization expenses of 745 million yen and the payment of corporate and other taxes of 1,237 million yen.

(Cash Flows from Investing Activities)

Funds used for investing activities were 420 million yen. The funds were mainly used for the purchase of property and equipment worth 267 million yen and payments due to the acquisition of intangible fixed assets worth 182 million yen.

(Cash Flows from Financing Activities)

Funds used as a result of financing activities were 832 million yen. This was mainly the result of dividend payments for shareholders of 822 million yen.

(3) Qualitative information on financial results forecasts

There is no change in the full year forecast from the previous forecast (announced January 19, 2011).

2. Other information

(1) Overview of transfers of significant subsidiaries

None

(2) Overview of simplified accounting methods and specific accounting methods

1) Overview of transfers of significant subsidiaries

(Valuation methods for inventories)

The calculation of inventories at the end of the 3rd quarter consolidated fiscal period is calculated by omitting a physical inspection and using a rational method of calculation based upon the physically inspected amounts 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) Overview of changes in accounting policies, procedures and methods, etc.

The company has applied the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No.18; March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No.21; March 31, 2008) due to the application of said standard, etc., from the 1st quarter consolidated fiscal period. By doing so, income before income taxes and minority interests has decreased by 31 million yen.

3. Quarterly Financial Statements

(1) Third Quarter Balance Sheet

(Unit: thousand yen)

	End of the 3rd quarter consolidated fiscal period under review (September 20, 2011)	Condensed consolidated balance sheet for previous consolidated fiscal year (December 20, 2010)
Assets		
Current assets		
Cash and bank deposits	3,529,673	2,673,044
Trade notes and accounts receivable	2,690,205	2,857,374
Goods and products	1,961,991	1,638,450
Work in progress	20,609	20,370
Raw materials and inventory goods	593,452	563,184
Others	406,771	293,220
Allowance for doubtful accounts	-10,530	-9,963
Total current assets	9,192,172	8,035,681
Fixed assets		
Property and equipment		
Buildings and other structures (net amount)	3,945,215	4,210,785
Machinery, equipment and vehicles for transportation (net amount)	952,918	1,074,533
Land	4,763,766	4,763,766
Construction in progress	9,619	3,634
Others (net amount)	232,186	248,769
Total tangible fixed assets	9,903,705	10,301,488
Intangible fixed assets	506,057	451,968
Investments and other assets		
Investment in securities	1,076,078	1,180,555
Others	945,522	911,578
Allowance for doubtful accounts	-36,803	-37,730
Total investments and other assets	1,984,796	2,054,403
Total fixed assets	12,394,560	12,807,860
Total assets	21,586,732	20,843,541
Liabilities		
Current Liabilities		
Accounts payable	571,500	467,309
Accrued expenses payable	946,562	1,284,549
Corporate taxes payable	556,494	635,475
Reserve for returned goods	41,824	19,075
Reserve for bonuses	280,085	65,453
Others	456,621	253,509
Total current liabilities	2,853,090	2,725,372
Fixed Liabilities		
Allowance for retirement benefits for employees	8,110	1,138
Reserve for loss on guarantees	37,200	38,400
Others	376,026	379,135
Total fixed liabilities	421,337	418,673
Total liabilities	3,274,427	3,144,046

(Unit: thousand yen)

	End of the 3rd quarter consolidated fiscal period under review (September 20, 2011)	Condensed consolidated balance sheet for previous consolidated fiscal year (December 20, 2010)
Net Assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	199,120	199,120
Retained earnings	16,422,234	15,779,971
Treasury stock	-48,095	-38,254
Total shareholders' equity	18,573,259	17,940,836
Valuation and translation adjustments		
Net unrealized gains on other securities	-157,365	-141,280
Foreign currency translation adjustments	-103,588	-100,061
Total valuation and translation adjustments	-260,953	-241,341
Total net assets	18,312,305	17,699,495
Total liabilities and net assets	21,586,732	20,843,541

(2) Third Quarter Consolidated Statement of Earnings
[3rd quarter consolidated cumulative fiscal period]

(Unit: thousand yen)

	Previous 3rd quarter consolidated cumulative fiscal period (December 21, 2009 – September 20, 2010)	3rd quarter consolidated cumulative fiscal period under review (December 21, 2010 – September 20, 2011)
Sales	14,345,031	14,900,317
Cost of sales	4,803,155	4,920,050
Total sales revenues	9,541,875	9,980,267
Marketing and Administrative Expenses	6,771,603	7,230,861
Operating income	2,770,272	2,749,405
Non-operating Income		
Interest income	1,041	846
Dividends income	21,669	23,889
Gain on sale of investment securities	1,287	-
Rent from company housing	30,992	38,909
Gain on surrender of insurance	26,579	7,813
Others	15,009	7,564
Total non-operating income	96,580	79,024
Non-operating Expenses		
Sales discount	249,376	254,786
Others	15,780	11,680
Total non-operating expenses	265,156	266,466
Ordinary income	2,601,696	2,561,964
Extraordinary Profit		
Gain on disposal of fixed assets	91	-
Gain on sale of investment securities	-	1,555
Release of allowance for doubtful accounts	4,384	610
Reversal of reserve for loss on guarantees	-	1,200
Total extraordinary profits	4,475	3,366
Extraordinary Loss		
Loss on disposal of fixed assets	79	-
Loss on retirement of fixed assets	16,502	5,129
Loss on revaluation of investments in securities	8,272	70,390
Value of impact associated with the application of the “Accounting Standard for Asset Retirement Obligations”	-	28,320
Total extraordinary losses	24,854	103,840
Quarterly net income before income taxes and minority interests	2,581,318	2,461,489
Income taxes-Current	1,072,239	1,163,098
Income taxes-Deferred	-14,762	-171,433
Total corporate and other taxes	1,057,476	991,665
Quarterly net income before minority interests	-	1,469,824
Quarterly net income	1,523,841	1,469,824

[3rd quarter consolidated fiscal period]

(Unit: thousand yen)

	Previous 3rd quarter consolidated fiscal period (June 21, 2010 – September 20, 2010)	3rd quarter consolidated fiscal period under review (June 21, 2011 – September 20, 2011)
Sales	4,914,138	5,113,638
Cost of sales	1,613,452	1,691,460
Total sales revenues	3,300,686	3,422,178
Marketing and Administrative Expenses	2,256,298	2,420,607
Operating income	1,044,388	1,001,571
Non-operating Income		
Interest income	369	327
Dividends income	16,689	19,260
Rent from company housing	10,843	13,623
Others	815	1,971
Total non-operating income	28,718	35,181
Non-operating Expenses		
Sales discount	88,887	88,990
Others	2,512	8,592
Total non-operating expenses	91,399	97,582
Ordinary income	981,706	939,170
Extraordinary Profit		
Gain on disposal of fixed assets	4	-
Release of allowance for doubtful accounts	974	430
Total extraordinary profits	978	430
Extraordinary Loss		
Loss on retirement of fixed assets	3,013	156
Loss on revaluation of investments in securities	8,272	3,300
Total extraordinary losses	11,285	3,456
Quarterly net income before income taxes and minority interests	971,399	936,144
Income taxes-Current	440,890	464,766
Income taxes-Deferred	-55,312	-96,596
Total corporate and other taxes	385,578	368,169
Quarterly net income before minority interests	-	567,974
Quarterly net income	585,821	567,974

(3) Quarterly Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Previous 3rd quarter consolidated cumulative fiscal period (December 21, 2009 – September 20, 2010)	3rd quarter consolidated cumulative fiscal period under review (December 21, 2010 – September 20, 2011)
Cash flows from operating activities		
Quarterly net income before income taxes and minority interests	2,581,318	2,461,489
Depreciation and amortization expense	700,501	745,908
Increase (decrease) in allowance for doubtful accounts	-29,212	589
Increase (decrease) in the provision for bonuses	202,180	214,704
Increase (decrease) in provision for returned product adjustment	-17,735	22,749
Change (decrease) in value of the reserve for loss on guarantees	-	-1,200
Change in allowance for retirement benefits for employees	913	6,921
Decrease (increase) in the prepaid pension cost	32,488	10,461
Interest and dividends received	-22,711	-24,736
Foreign exchange loss (gain)	-1,537	490
Loss (gain) on sale of investment securities	-1,287	-1,555
Loss (gain) on valuation of investment securities	8,272	70,390
Profit or loss on disposal of fixed assets	-12	-
Loss on retirement of fixed assets	16,502	5,129
Value of impact associated with the application of the “Accounting Standard for Asset Retirement Obligations”	-	28,320
Decrease (increase) in accounts receivable – trade	369,890	167,182
Decrease (increase) in inventories	-314,970	-355,172
Increase (decrease) in accounts payable related to procurement transactions	-428,901	104,661
Others	-202,832	-103,530
Subtotal	2,892,866	3,352,805
Interest and dividends received	22,982	24,963
Payment of retirement benefits for directors	-194,441	-29,596
Payment of corporate and other taxes	-1,162,144	-1,237,183
Cash flows from operating activities	1,559,263	2,110,990
Cash flows from investing activities		
Sale of investment securities	2,400	9,208
Purchase of property and equipment	-582,608	-267,166
Proceeds from sales of property, plant and equipment	3,846	-
Payment due to the acquisition of intangible fixed assets	-167,256	-182,102
Payment due to loans	-5,490	-3,870
Collection of the loan payment	17,393	14,725
Expenditure due to deposit of fixed term deposits	-1,093	-1,211
Payment due to the placement of guarantee money	-64,963	-15,618
Collection of guarantee money	42,020	19,271
Payment into insurance reserve fund	-3,974	-1,911
Income due to cancellation of insurance reserve fund	116,422	12,081
Others	-2,193	-3,801
Cash flows from investing activities	-645,496	-420,394
Cash flows from financing activities		
Net decrease (increase) in treasury stocks	143	-10,370
Payment of dividends	-684,973	-822,210
Cash flows from financing activities	-684,829	-832,580
Effect of exchange rate fluctuations on cash and cash equivalents	-15	-2,672
Increase (decrease) in cash and cash equivalents	228,921	855,341
Cash and cash equivalents at beginning of period	1,666,170	2,670,550
Cash and cash equivalents at end of current quarter	1,895,092	3,525,892

(4) Notes concerning the assumption of the business as a going concern

None

(5) Segment information

3rd quarter consolidated cumulative fiscal period under review (December 21, 2010 - September 20, 2011)

No statement is included because the Milbon Group has only the one segment of the manufacture and sale of hair products.

(Additional information)

The company has applied the “Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No.17; March 27, 2009) and the “Guidance on Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Guidance No.20; March 21, 2008) since the 1st quarter consolidated fiscal period.

(6) Notes in cases of extreme variation in the amount of shareholders' equity

None