



Consolidated Financial Results for the Nine Months Ended September 20, 2012

[Japanese GAAP]

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 Scheduled filing date for quarterly report: October 26, 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

September 28, 2012
 Tokyo Stock Exchange, First Section

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

1. Consolidated financial results for the nine months ended September 20, 2012 (December 21, 2011- September 20, 2012)

(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 | % |
| Nine months ended September 20, 2012 | 16,099 | 8.0 | 3,119 | 13.5 | 2,915 | 13.8 | 1,741 | 18.5 |
| Nine months ended September 20, 2011 | 14,900 | 3.9 | 2,749 | (0.8) | 2,561 | (1.5) | 1,469 | (3.5) |

(Note) Comprehensive income Nine months ended September 20, 2012: 1,757 million yen [21.2%] Nine months ended September 20, 2011: 1,450 million yen [—%]

| | Net income per share | | Diluted net income per share | |
|--------------------------------------|----------------------|-----|------------------------------|-----|
| | Yen | Yen | Yen | Yen |
| Nine months ended September 20, 2012 | 126.37 | - | - | - |
| Nine months ended September 20, 2011 | 106.65 | - | - | - |

(2) Consolidated financial position

| | Total assets | | Net assets | | Equity ratio | |
|--------------------------|--------------|-------------|-------------|-------------|--------------|------|
| | Million yen | Million yen | Million yen | Million yen | % | % |
| As of September 20, 2012 | 22,862 | 19,905 | 19,905 | 19,059 | 87.1 | 84.4 |
| As of December 20, 2011 | 22,592 | 19,059 | 19,059 | 19,059 | 84.4 | 84.4 |

(Reference) Equity As of September 20, 2012: 19,905 million yen As of 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 |
| Year ended December 20, 2011 | - | 30.00 | - | 34.00 | 64.00 |
| Year ending December 20, 2012 | - | 32.00 | - | - | - |
| Year ending December 20, 2012 (forecast) | - | - | - | 32.00 | 64.00 |

(Note) Changes to latest dividends forecast: None

3. Consolidated operating forecasts for the year ending December 20, 2012 (December 21, 2011 - December 20, 2012)

(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 | Yen |
| Year ending December 20, 2012 | 21,470 | 4.6 | 3,880 | 2.3 | 3,610 | 1.8 | 2,050 | (11.1) | 148.74 | 148.74 |

(Note) Changes to latest operating forecasts: None

*Notes

(1) Significant changes in subsidiaries during the period

(changes in specific subsidiaries accompanied by changes in the scope of consolidation) : Yes

New: 1 company (Company name: MILBON (THAILAND) CO., LTD.)

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 stock) | Nine months ended September 20, 2012 | 13,798,848 shares | Year ended December 20, 2011 | 13,798,848 shares |
| 2) Number of treasury stock at the end of the period | Nine months ended September 20, 2012 | 18,580 shares | Year ended December 20, 2011 | 17,728 shares |
| 3) Average number of shares during the period (cumulative) | Nine months ended September 20, 2012 | 13,780,648 shares | Nine months ended September 20, 2011 | 13,782,251 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 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 financial results for the current period

(1) Qualitative information on consolidated operating results

During the nine month period ended September 20, 2012, the nation's economy continued to be mired in uncertainty, in spite of the recovery trend backed mainly by public investment associated with the disaster recovery, due in part to the deterioration of Japan-China relations, in addition to the slowdown of the U.S. and European economies and the consistently strong yen. The climate in the beauty industry also remained harsh.

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

Consolidated net sales during the nine month period ended September 20, 2012 increased by 8.0% compared to the same period of the previous consolidated fiscal year to 16,099 million yen. This was primarily due to expanded sales of permanent and semi-permanent hair coloring products; "Ordeve Beaute," product line specialized for gray hair and "Pearl and Whity Line," additional color lines for hair coloring brand "Ordeve." The strong sales of DEESSE'S Elujuda, leave-in treatment which was launched in February also contributed to the sales increase. Favorable sales growth of the overseas subsidiaries results from the proactive educational activities conducted in the salons was another factor of the increase.

Operating income stood at 3,119 million yen (up 13.5% year-on-year), which was primarily due to the effects of increased revenues and the improvements in the cost-to-sales ratio. As a result, ordinary income also increased by 13.8% year-on-year to 2,915 million yen. And net income increased to 1,741 million yen (up 18.5% year-on-year).

Breakdown of net sales by product category is shown below:

[Breakdown of consolidated net sales by product category]

| Product Category | Previous Consolidated Third Quarter | | Current Consolidated Third Quarter | | Increase (Decrease) |
|-------------------------|-------------------------------------|-----------|------------------------------------|-----------|----------------------|
| | Amount (Million yen) | Ratio (%) | Amount (Million yen) | Ratio (%) | Amount (Million yen) |
| Hair care products | 7,467 | 50.1 | 8,007 | 49.7 | 539 |
| Hair coloring products | 5,880 | 39.5 | 6,615 | 41.1 | 735 |
| Permanent wave products | 1,360 | 9.1 | 1,282 | 8.0 | (77) |
| Others | 191 | 1.3 | 193 | 1.2 | 2 |
| Total | 14,900 | 100.0 | 16,099 | 100.0 | 1,199 |

(2) Qualitative information on consolidated financial conditions

Total assets at the end of the third quarter ended September 20, 2012 increased by 270 million yen compared to the end of the previous consolidated fiscal year to 22,862 million yen.

Current assets increased by 8 million yen compared to the end of the previous consolidated fiscal year to 10,624 million yen. This was due mainly to the increases in cash and deposits and in merchandise and finished goods by 112 million yen and 77 million yen, respectively; as well as the decrease in notes and accounts receivable-trade by 249 million yen.

Noncurrent assets increased by 261 million yen compared to the end of the previous consolidated fiscal year to 12,237 million yen.

Current liabilities decreased by 561 million yen compared to the end of the previous consolidated fiscal year to 2,766 million yen. This was due mainly to the decreases in accounts payable-other and income taxes payable by 385 million yen and 574 million yen, respectively; as well as increases in accounts payable-trade and provision for bonuses by 197 million yen and 222 million yen, respectively.

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

Net assets increased by 845 million yen compared to the end of the previous consolidated fiscal year to 19,905 million yen. This was due mainly to the increase of 831 million yen in retained earnings.

As a result, equity ratio changed from 84.4% at the end of the previous consolidated fiscal year to 87.1%. 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 1,444.47 yen per share.

(3) Qualitative information on consolidated operating forecasts

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

2. Summary information (Notes)

(1) Significant changes in subsidiaries during the period

Starting from the second quarter ended June 20, 2012 the newly-established MILBON (THAILAND) CO., LTD. has been included in the scope of consolidation.

(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

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)

Starting from the second quarter ended June 20, 2012 the Milbon Co., Ltd. (the "Company"), in conjunction with revision of the Corporate Tax Law, has applied the depreciation method pursuant to the revised Corporate Tax Law to property, plant and equipment acquired on and after April 1, 2012.

The effects of this change on the profit and loss of the nine month period ended September 20, 2012 are minimal.

(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 first quarter 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 (As of December 20, 2011) | Current Consolidated Third Quarter (As of September 20, 2012) |
|--|--|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,079,642 | 5,191,952 |
| Notes and accounts receivable – trade | 3,031,626 | 2,781,736 |
| Merchandise and finished goods | 1,678,930 | 1,755,947 |
| Work in process | 16,428 | 29,705 |
| Raw materials and supplies | 526,193 | 549,732 |
| Other | 295,403 | 378,911 |
| Allowance for doubtful accounts | (11,616) | (62,998) |
| Total current assets | 10,616,608 | 10,624,987 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 3,858,485 | 3,792,278 |
| Machinery, equipment and vehicles, net | 924,432 | 914,935 |
| Land | 4,763,766 | 4,763,766 |
| Construction in progress | 12,244 | 110,593 |
| Other, net | 194,473 | 179,577 |
| Total property, plant and equipment | 9,753,401 | 9,761,152 |
| Intangible assets | 512,138 | 523,445 |
| Investments and other assets | | |
| Investment securities | 1,017,033 | 1,020,463 |
| Other | 722,278 | 1,007,691 |
| Allowance for doubtful accounts | (28,772) | (74,962) |
| Total investments and other assets | 1,710,540 | 1,953,192 |
| Total noncurrent assets | 11,976,079 | 12,237,789 |
| Total assets | 22,592,688 | 22,862,776 |

(Thousand yen)

| | Previous Consolidated Fiscal Year (As of December 20, 2011) | Current Consolidated Third Quarter (As of September 20, 2012) |
|---|--|--|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable – trade | 419,740 | 617,558 |
| Accounts payable – other | 1,448,203 | 1,062,466 |
| Income taxes payable | 1,016,927 | 442,130 |
| Provision for sales returns | 45,735 | 15,936 |
| Provision for bonuses | 68,354 | 291,195 |
| Other | 329,065 | 337,086 |
| Total current liabilities | 3,328,026 | 2,766,373 |
| Noncurrent liabilities | | |
| Provision for retirement benefits | 11,612 | 38,817 |
| Provision for loss on guarantees | 37,200 | - |
| Other | 156,276 | 152,361 |
| Total noncurrent liabilities | 205,088 | 191,178 |
| Total liabilities | 3,533,115 | 2,957,551 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 2,000,000 | 2,000,000 |
| Capital surplus | 199,120 | 199,120 |
| Retained earnings | 17,257,339 | 18,089,286 |
| Treasury stock | (48,652) | (50,668) |
| Total shareholders' equity | 19,407,806 | 20,237,737 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (206,624) | (204,411) |
| Foreign currency translation adjustment | (141,609) | (128,100) |
| Total accumulated other comprehensive income | (348,233) | (332,512) |
| Total net assets | 19,059,573 | 19,905,224 |
| Total liabilities and net assets | 22,592,688 | 22,862,776 |

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

Quarterly Consolidated Statements of Earnings

Quarterly Consolidated Nine Month Periods Ended September 20, 2011 and 2012

(Thousand yen)

| | Nine Months Ended September 20, 2011 (December 21, 2010 - September 20, 2011) | Nine Months Ended September 20, 2012 (December 21, 2011 - September 20, 2012) |
|---|--|--|
| Net sales | 14,900,317 | 16,099,562 |
| Cost of sales | 4,920,050 | 5,088,816 |
| Gross profit | 9,980,267 | 11,010,745 |
| Selling, general and administrative expenses | 7,230,861 | 7,890,985 |
| Operating income | 2,749,405 | 3,119,760 |
| Non-operating income | | |
| Interest income | 846 | 1,461 |
| Dividends income | 23,889 | 20,917 |
| Company house defrayment income | 38,909 | 43,578 |
| Insurance cancellation margin of profit | 7,813 | - |
| Other | 7,564 | 9,358 |
| Total non-operating income | 79,024 | 75,316 |
| Non-operating expenses | | |
| Sales discounts | 254,786 | 278,143 |
| Other | 11,680 | 1,862 |
| Total non-operating expenses | 266,466 | 280,005 |
| Ordinary income | 2,561,964 | 2,915,071 |
| Extraordinary income | | |
| Gain on sales of investment securities | 1,555 | - |
| Reversal of allowance for doubtful accounts | 610 | - |
| Reversal of provision for loss on guarantees | 1,200 | - |
| Total extraordinary income | 3,366 | - |
| Extraordinary loss | | |
| Loss on retirement of noncurrent assets | 5,129 | 2,660 |
| Loss on valuation of investment securities | 70,390 | - |
| Provision of allowance for doubtful accounts | - | 12,647 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | 28,320 | - |
| Total extraordinary losses | 103,840 | 15,307 |
| Income before income taxes and minority interests | 2,461,489 | 2,899,763 |
| Income taxes – current | 1,163,098 | 1,240,149 |
| Income taxes – deferred | (171,433) | (81,878) |
| Total income taxes | 991,665 | 1,158,270 |
| Income before minority interests | 1,469,824 | 1,741,492 |
| Net income | 1,469,824 | 1,741,492 |

Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Nine Month Periods Ended September 20, 2011 and 2012

(Thousand yen)

| | Nine Months Ended September 20, 2011 (December 21, 2010 - September 20, 2011) | Nine Months Ended September 20, 2012 (December 21, 2011 - September 20, 2012) |
|---|--|--|
| Income before minority interests | 1,469,824 | 1,741,492 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (16,085) | 2,212 |
| Foreign currency translation adjustments | (3,526) | 13,508 |
| Total other comprehensive income | (19,611) | 15,720 |
| Comprehensive income | 1,450,212 | 1,757,213 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 1,450,212 | 1,757,213 |
| Comprehensive income attributable to minority interests | - | - |

(3) Notes regarding going concern assumption

None

(4) Segment information

The Company omits information on business segments, as it is engaged in the production and distribution of hair-care products and related merchandise, all of which are deemed to belong to a single business segment.

(5) Notes in case of any significant changes in shareholders' equity

None