

Consolidated Financial Results for the Nine Months Ended September 20, 2012 (Dec. 21, 2011–Sep. 20, 2012) Supplementary Materials



September 28, 2012

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**Fiscal Year 2012 (53rd term)
9 Months Ended September 20, 2012
Operating Results**

Consolidated Operating Results

9 months ended September 20, 2012



(Unit: million yen)

	Amount (9 months cumulative)			Increase (decrease) against previous FY	Year-on-year comparison (%)	Achievement rate (%)
	Previous FY 2011	Target	Current FY 2012			
Net sales	14,900	15,716	16,099	1,199	108.0	102.4
Gross profit	9,980	10,429	11,010	1,030	110.3	105.6
Selling, general and administrative expenses	7,230	7,737	7,890	660	109.1	102.0
Operating income	2,749	2,692	3,119	370	113.5	115.9
Ordinary income	2,561	2,495	2,915	353	113.8	116.8
Net income	1,469	1,400	1,741	271	118.5	124.4

Breakdown of Consolidated Sales by Product Category

9 months ended September 20, 2012



Hair care products (1)

(Unit: million yen)

Previous FY 2011	Target	Current FY 2012	Increase (decrease) against previous FY	Year-on-year comparison	Achievement rate
7,467	8,000	8,007	539	107.2%	100.1%

- ‘Design-based techniques’, improving quality of hair design, was introduced through the new product “Deesse’s Elujuda”, which can provide hair with appropriate flexibility that leads to the ideal hair type. By combining the promotion of the products and seasonal approach of hair coloring products, sales of leave-in treatment was significantly increased.
- New products “Deesse’s Neu Due FreshLuxe” were launched, limited seasonal shampoo and hair treatment line that responds to the anxiety of summer problems such as perspiration and sun exposure. However, the sales of shampoo & treatment products was lower than the target.

New product – “Deesse's Elujuda” **launched on February 1**

Design-based oil that leads to supple, easy-to-move softness on hair

Annual sales target	Sales results	Progress rate
900 million yen	841 million yen	93.5%

New product – “Nigelle Dressia Collection Spray Series” **launched on March 1**

Styling products that can creates softly-swinging hair with feather-like light texture

Annual sales target	Sales results	Progress rate
350 million yen	162 million yen	46.4%



<Deesse's Elujuda>

<Nigelle Dressia Collection Spray Series>

Breakdown of Consolidated Sales by Product Category 9 months ended September 20, 2012



Hair care products (2)

New product – “Deesse's Neu Due FreshLuxe” **launched on April 24**

Shampoo and hair treatment line with well-balanced smooth silky texture and cooling sensation

Annual sales target	Sales results	Progress rate
250 million yen	211 million yen	84.7%

(Unit: million yen)



<Deesse's Neu Due FreshLuxe>

New product – “Nigelle Dressia Collection Form Series” **launched on September 1**

Styling products reactivating perm waves for a relaxed comfortable hold

Annual sales target	Sales results	Progress rate
150 million yen	66 million yen	44.4%



<Nigelle Doressia Collection Form Series>

Breakdown of Consolidated Sales by Product Category

9 months ended September 20, 2012



Hair coloring products

(Unit: million yen)

Previous FY 2011	Target	Current FY 2012	Increase (decrease) against previous FY	Year-on-year comparison	Achievement rate
5,880	6,195	6,615	735	112.5%	106.8%

- “Pearl & Whity line” and “Melly Line” were added to the professional hair color brand “Ordeve”. Through the seasonal promotion that introduces new trend color-line in the different season, sales of permanent and semi-permanent coloring products increased. (year-on-year comparison 116.9%)
- Sales of “Ordeve Beaute”, specialized permanent coloring product for gray hair, launched in last year, have steadily increased. As a result, sales of permanent hair coloring products increased. (year-on-year comparison 109.9%)

New product - Additional color line for “Ordeve” (Pearl & Whity Line) launched on February 1

“Pearl Line”, hair coloring product line that results in elegant, smooth and shiny look on hair.
 “Whity line” results in whitish, transparent shiny look on hair.

Annual sales target	Sales results	Progress rate
750 million yen	624 million yen	83.2%

New product - Additional color line for “Ordeve” (Melly Line) launched on September 1

The soft, deep shine of the Melty line imparts a classical ambience

Annual sales target	Sales results	Progress rate
200 million yen	127 million yen	63.6%



Breakdown of Consolidated Sales by Product Category 9 months ended September 20, 2012



Permanent wave products

(Unit: million yen)

Previous FY 2011	Target	Current FY 2012	Increase (decrease) against previous FY	Year-on-year comparison	Achievement rate
1,360	1,390	1,282	(77)	94.3%	92.2%

- Attractive features of permed hair are introduced through new product “FAIRCHE”, ‘treatment system perm’ that responds to women’s needs in daily life. Activities have been focused to unearth potential customers who will become passionate about permed hair; however, not yet produced the favorable results. Development of educational programs and plans to holding seminars have been conducted to improve sales.

New product – “FAIRCHE” launched on June 1

A ‘treatment system perm’ that delivers a soft sensation, is pleasant to the touch, with simple upkeep.

Annual sales target	Sales results	Progress rate
220 million yen	58 million yen	26.3%



Results and Targets

[Aujua salons]

	Fiscal year 2011	Fiscal year 2012 (Q3 end)
Product handling salon target	1,020 salons	1,200 salons (yearly target)
Number of contracted salons	828 salons	1,061 salons
Number of handling outlets	761 salons	1,003 salons

[Sales]

	Fiscal year 2011	Fiscal year 2012 (Q3 end)
Annual sales target	1,113 million yen	1,800 million yen
Cumulative sales target	-	1,208 million yen
Sales results	1,324 million yen	1,183 million yen
Achievement rate	119.0%	97.9%

As a result of in-depth promotion of hair care programs, such as suggesting new hair care for a new hair style as season change or other programs to care damaged hair from sun exposure, sales have steadily increased.

Brand concept

A hair care brand that nurtures the beauty of Japanese women's hair born from the climate, culture and hair characteristics of Japan

What is Aujua?

A hair care series that responds to every individual's hair concerns by creating and evolving a hair care program just for one individual. That is "Aujua."



Product composition

A wide-ranging line-up that fits the hair texture of each customer

- 3 series
 - Hair care series
 - Scalp care series
 - Climatic care series
- 10 lines
- 68 items

Consolidated Balance Sheet



(Unit: million yen)

Item	Previous consolidated fiscal year <2011.12.20>	Ratio (%)	Current consolidated Q3-end <2012.9.20>	Ratio (%)	Increase (decrease)	Item	Previous consolidated fiscal year <2011.12.20>	Ratio (%)	Current consolidated Q3-end <2012.9.20>	Ratio (%)	Increase (decrease)
Cash and deposits	5,079		5,191		112	Accounts payable-trade	419		617		197
Notes and accounts receivable-trade	3,031		2,781		(249)	Accounts payable-other	1,448		1,062		(385)
Inventories	2,221		2,335		113	Income taxes payable	1,016		442		(574)
Deferred tax assets	203		252		48	Provision for returned goods	45		15		(29)
Others	91		126		34	Provision for bonuses	68		291		222
Allowance for doubtful accounts	(11)		(62)		(51)	Others	329		337		8
Total current assets	10,616	47.0	10,624	46.5	8	Total current liabilities	3,328	14.7	2,766	12.1	(561)
Buildings and structures	3,858		3,792		(66)	Provision for retirement benefits	11		38		27
Machinery, equipment and vehicles	924		914		(9)	Provision for loss on guarantees	37		-		(37)
Land	-		-		-	Long-term accrued expenses	63		63		-
Construction in progress	4,763		4,763		-	Others	93		89		(3)
Others	12		110		98	Total noncurrent liabilities	205	0.9	191	0.8	(13)
	194		179		(14)	Total liabilities	3,533	15.6	2,957	12.9	(575)
Total property, plant and equipment	9,753	43.2	9,761	42.7	7	Capital stock	2,000		2,000		-
						Capital surplus	199		199		-
Total intangible assets	512	2.2	523	2.3	11	Retained earnings	17,257		18,089		831
Investment securities	1,017		1,020		3	Treasury stock	(48)		(50)		(2)
Long-term loan receivables	25		22		(3)	Total shareholders' equity	19,407	85.9	20,237	88.5	829
Deferred tax assets	430		462		31	Valuation difference on available-for-sale securities	(206)		(204)		2
Others	266		523		256	Foreign currency translation adjustments	(141)		(128)		13
Allowance for doubtful accounts	(28)		(74)		(46)	Total accumulative other comprehensive income	(348)	(1.5)	(332)	(1.5)	15
Total investments and other assets	1,710	7.6	1,953	8.5	242	Total net assets	19,059	84.4	19,905	87.1	845
						Total liabilities and net assets	22,592	100%	22,862	100%	270
Total noncurrent assets	11,976	53.0	12,237	53.5	261						
Total assets	22,592	100%	22,862	100%	270						

■ Explanation of Fluctuations in the Consolidated Balance Sheet



Assets

Total assets were 22,862 million yen, an increase of 270 million yen in comparison to the end of previous fiscal year.

Current assets

Current assets increased by 8 million yen.

- Cash and deposits 112 million yen Cash increase from operating activities mainly by increase of operating income
- Notes and accounts receivable-trade -249 million yen Decreased due to seasonal variation in sales
- Inventories 113 million yen Due to the increase in inventories of new products

Noncurrent assets

Noncurrent assets increased by 261 million yen.

Tangible and intangible assets

- Construction in progress 98 million yen Increased due to deposit on purchased land in overseas subsidiary (Milbon Thailand)

Liabilities

Total liabilities decreased by 575 million yen.

Current Liabilities

Current liabilities decreased by 561 million yen.

- Accounts payable-trade 197 million yen Due to the increase of purchase
- Accounts payable-other -385 million yen Decreased due mainly to payment of rebate
- Income taxes payable -574 million yen Decreased due to payments of corporate income taxes
- Provisions for bonuses 222 million yen Increased due to bonuses for 2nd half

Noncurrent Liabilities

No significant changes in noncurrent liabilities.

Net Assets

Net assets increased by 845 million yen.

- Retained earnings 831 million yen Due to increase of net income and decrease by payment of dividends.

Consolidated Statement of Earnings

9 months ended September 20, 2012



(Unit: million yen)

		9 months ended September 20, 2012 (January – September)									
		Results in fiscal year 2011	Ratio (%)	Target for fiscal year 2012	Ratio (%)	Results in fiscal year 2012	Ratio (%)	Year-on-year comparison (%)	Achievement rate (%)	Increase (decrease) against previous FY	Increase (decrease) against target
Product category totals	Hair care products	7,467	50.1	8,000	50.9	8,007	49.7	107.2	100.1	539	6
	Hair coloring products	5,880	39.5	6,195	39.4	6,615	41.1	112.5	106.8	735	419
	Permanent wave products	1,360	9.1	1,390	8.8	1,282	8.0	94.3	92.2	(77)	(107)
	Others	191	1.3	129	0.8	193	1.2	101.2	150.3	2	64
Net sales		14,900	100%	15,716	100%	16,099	100%	108.0	102.4	1,199	383
Cost of sales		4,920	33.0	5,287	33.6	5,088	31.6	103.4	96.3	168	(198)
Gross profit		9,980	67.0	10,429	66.4	11,010	68.4	110.3	105.6	1,030	581
Selling, general and administrative expenses	Labor costs	2,259	15.2	2,487	15.8	2,535	15.7	112.2	101.9	276	48
	Travel/transportation costs	405	2.7	443	2.8	441	2.7	109.0	99.5	36	(2)
	Sales/advertising/marketing costs*	1,529	10.3	1,651	10.5	1,781	11.1	116.5	107.9	251	129
	Depreciation and amortization expenses	342	2.3	338	2.2	328	2.0	95.9	97.1	(13)	(9)
	Others	2,694	18.1	2,816	17.9	2,804	17.4	104.1	99.6	109	(11)
	Total	7,230	48.5	7,737	49.2	7,890	49.0	109.1	102.0	660	153
Operating income		2,749	18.5	2,692	17.1	3,119	19.4	113.5	115.9	370	427
Non-operating	Income	79	0.5	69	0.4	75	0.5	95.3	108.8	(3)	6
	Expenses	266	1.8	266	1.7	280	1.7	105.1	105.2	13	13
Ordinary income		2,561	17.2	2,495	15.9	2,915	18.1	113.8	116.8	353	420
Extraordinary	Profits	3	0.0	-	-	-	-	-	-	(3)	-
	Losses	103	0.7	160	1.0	15	0.1	14.7	9.6	(88)	(144)
Income before income taxes and minority interests		2,461	16.5	2,335	14.9	2,899	18.0	117.8	124.2	438	564
Income taxes-Current		1,163	7.8	966	6.2	1,240	7.7	116.8	123.9	77	273
Income taxes-Deferred		(171)	(1.2)	(31)	(0.2)	(81)	(0.5)			89	(50)
Net income		1,469	9.9	1,400	8.9	1,741	10.8	118.5	124.4	271	341

* "Sales/advertising/marketing costs" shows the total of sales promotion costs, advertising costs and market development costs.

■ Comparison of the Consolidated Statement of Earnings with the Previous Fiscal Year and Targets



Comparison with the previous fiscal year

- 1 Sales was 16,099 million yen, an increase of 1,199 million yen in comparison to the same period the previous year.

Comparisons by product category are as follows:

Hair care products	539 million yen
Hair coloring products	735 million yen
Permanent wave products	- 77 million yen
Others	2 million yen

- 2 Gross profit was 11,010 million yen, an increase of 1,030 million yen in comparison to the same period last year. Gross profit margin was 68.4%, a 1.4 points increase from the previous year.

The breakdown of the increase is as follows:

Decrease in loss on inventory disposal/valuation	0.4 points
Decrease in provision for sales returns	0.3 points
Raw material cost reduction effects	0.2 points
<u>Sales product mix</u>	<u>0.5 points</u>
Balance	1.4 points

- 3 Selling, general and administrative expenses were 7,890 million yen, an increase of 660 million yen in comparison to the same period last year.

The main factors in the increase were as follows.

Labor costs 276 million yen Increased due to change of personnel system.

Selling/advertising/marketing expenses
251 million yen Due to the increase of promotional expense for new products.

- 4 Operating income was 3,119 million yen, an increase of 370 million yen in comparison with the same period last year.

Comparison with targets

- 1 Sales was 16,099 million yen, 383 million yen higher than the target. Comparisons by product category are as follows:

Hair care products	6 million yen
Hair coloring products	419 million yen
Permanent wave products	-107 million yen
Others	64 million yen

- 2 Gross profit was 11,010 million yen, 581 million yen higher than the target. The gross profit margin was 68.4%, 2.0 points higher than the target.

The breakdown of the increase is as follows:

Decrease in provision for sales returns	0.3 points
Raw material cost reduction effects	0.3 points
Decrease in manufacturing costs due to production improvement activities	0.3 points
Cut-off issue on manufacturing expenses	0.4 points
Sales product mix	0.6 points
<u>Others</u>	<u>0.1 points</u>
Balance	2.0 points

- 3 Selling, general and administrative expenses were 7,890 million yen, 153 million yen higher than the target. It has been stayed within the budget.

The main factor in the increase was as follows.

Selling/advertising/marketing expenses
129 million yen Due to the increase of promotional expense for new products.

- 4 Operating income was 3,119 million yen, 427 million yen higher than the target. Main factors of this profit were the increased revenue and improvement of cost-to-sales ratio.

5. Extraordinary loss was 15 million yen, 144 million yen lower than the target. This was due to expected date to dispose one of the buildings was changed to the next quarter.

Consolidated Statement of Earnings

3 months from July 21, 2012 to September 20, 2012



(Unit: million yen)

		3 months ended September 20, 2012 (July – September)									
		Results in fiscal year 2011	Ratio (%)	Target for fiscal year 2012	Ratio (%)	Results in fiscal year 2012	Ratio (%)	Year-on-year comparison (%)	Achievement rate (%)	Increase (decrease) against previous FY	Increase (decrease) against target
Product category totals	Hair care products	2,484	48.6	2,827	52.2	2,706	48.8	108.9	95.7	222	(120)
	Hair coloring products	2,124	41.5	2,048	37.8	2,348	42.3	110.6	114.7	224	300
	Permanent wave products	435	8.5	490	9.0	422	7.6	96.9	86.1	(13)	(68)
	Others	68	1.3	53	1.0	73	1.3	106.0	136.6	4	19
Net sales		5,113	100%	5,419	100%	5,550	100%	108.5	102.4	437	131
Cost of sales		1,691	33.1	1,827	33.7	1,752	31.6	103.6	95.9	60	(74)
Gross profit		3,422	66.9	3,592	66.3	3,798	68.4	111.0	105.7	376	206
Selling, general and administrative expenses	Labor costs	759	14.8	854	15.8	888	16.0	117.1	104.0	129	34
	Travel/transportation costs	155	3.0	154	2.8	152	2.7	97.9	98.8	(3)	(1)
	Sales/advertising/marketing costs*	498	9.8	518	9.6	540	9.7	108.3	104.2	41	21
	Depreciation and amortization expenses	117	2.3	116	2.1	112	2.0	96.4	96.9	(4)	(3)
	Others	890	17.4	937	17.3	949	17.1	106.7	101.3	59	12
	Total	2,420	47.3	2,581	47.6	2,643	47.6	109.2	102.4	223	62
Operating income		1,001	19.6	1,011	18.7	1,154	20.8	115.3	114.2	153	143
Non-operating	Income	35	0.7	34	0.6	37	0.7	105.7	108.7	2	2
	Expenses	97	1.9	92	1.7	97	1.8	99.6	105.4	0	5
Ordinary income		939	18.4	953	17.6	1,094	19.7	116.5	114.9	155	141
Extraordinary	Profits	0	0.0	-	-	-	-	-	-	0	-
	Losses	3	0.1	160	3.0	0	0.0	27.6	0.6	(2)	(159)
Income before income taxes and minority interests		936	18.3	793	14.6	1,093	19.7	116.8	137.9	157	300
Income taxes-Current		464	9.1	380	7.0	494	8.9	114.5	137.3	29	114
Income taxes-Deferred		(96)	(1.9)	(73)	(1.4)	(72)	(1.3)			23	0
Net income		567	11.1	486	9.0	672	12.1	118.4	138.3	104	186

* "Sales/advertising/marketing costs" shows the total of sales promotion costs, advertising costs and market development costs.

■ Trends in Consolidated Facility Investment and Depreciation Costs



(Unit: million yen)

Category	2008	2009	2010	2011	2012 Jan. ~ Sep.	Plan for FY 2012
Buildings	143	188	921	12	183	210
Structures	-	16	36	3	0	0
Machinery and equipment	507	214	160	176	203	294
Automobiles and transportation equipment	3	6	1	2	1	2
Tools, equipment, furniture and fixtures	225	176	195	117	87	164
Land	414	-	-	-	-	100
Construction in progress	(7)	686	(637)	8	92	527
Software	96	154	260	207	119	190
Software development in progress	-	-	2	(2)	19	-
Others	-	1	0	2	0	-
Total investments	1,383	1,444	940	528	708	1,490
Depreciation and amortization expenses	1,021	1,116	1,010	1,011	696	994

Milbon Co., Ltd. Non-Consolidated Trends in the Proportions of New Products and R&D Costs in Total Sales



(Unit: million yen)

	Hair care	Hair coloring	Permanent wave	Others	Total	New product ratio	R&D costs	R&D cost - to-sales ratio	Comments
2008	1,897	996	678	—	3,572	18.4%	667	3.6%	Deesse's Linkage HY Liscio Knoteur Liseinter Inphenom Prejume Drop/Prejume Milk 2 color support products
2009	2,323	507	270	—	3,100	15.4%	766	4.0%	Deesse's Neu/Aujua Liscio Knoteur Farglan/Prejume Luvento Prejume CMC Wave Inphenom Daily Care Color remover/Ajit Control
2010	1,664	178	504	16	2,364	11.5%	838	4.3%	Qufra/Melenate Deesse's Aprou Liscio Glanfe Aujua Lifume Additional colors for Ordeve
2011	3,494	1,890	2	—	5,388	25.1%	870	4.3%	Deesse's Neu due Deesse's Linkage-μ (mu) Additional colors for Ordeve Fierli/Dressia Ordeve Beaute (grey) Deesse's Lusse Aujua Aging Spa
2012 Jan.~Sep.	1,335	751	58	—	2,144	12.8%	704	4.5%	Deesse's Elujuda Additional colors for Ordeve Nigelle Dressia Collection (Spray, Foam) Deesse's Nue Due Fresh Luxe
2012 Target	1,840	950	220	—	3,010	13.5%	897	4.3%	Fairche Luvento Up Style Collection Aujua – 3 items

Milbon Co., Ltd. Non-Consolidated Trends in Market Related Data, Milbon Salons and Field Persons

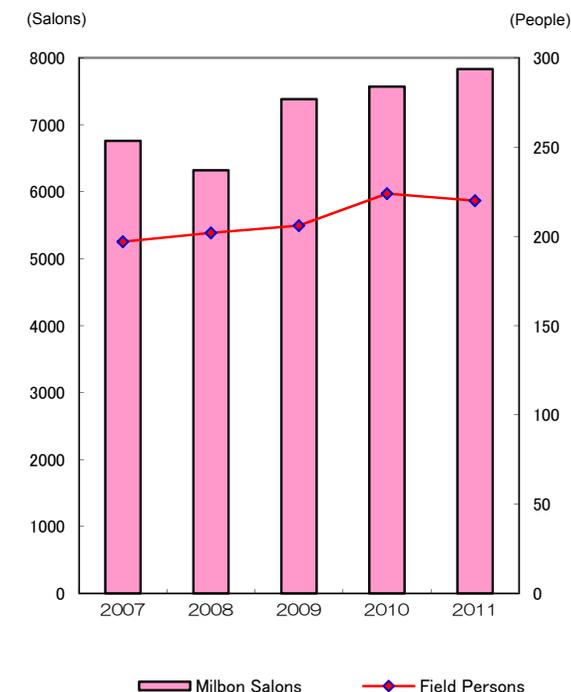


	2007	2008	2009	2010	2011	2012	Comments
Number of beauty salons (salons)	219,573	221,394	223,645	223,286	-	-	Ministry of Health, Labor and Welfare Public Health Administration Report Number of beauty salon facilities/number of employees (year-end)
Number of hair designers and assistants (people)	435,275	443,944	453,371	457,116	-	-	
Beauty customer population (thousands of people)	40,519	40,119	39,720	39,812	39,640	39,362 (As of Apr.1)	Statistics Bureau, Ministry of Internal Affairs and Communications; population statistics as of October 1 each year Population statistics for females aged 15 to 64

Milbon salon trends

(Unit: salons)

	2007	2008	2009	2010	2011	2012 As of Aug. 20
Tokyo Branch	2,404	2,210	2,657	2,784	2,872	2,817
Nagoya Branch	1,505	1,368	1,558	1,643	1,682	1,648
Osaka Branch	2,416	2,312	2,616	2,464	2,682	2,674
Fukuoka Branch	435	431	552	680	596	625
Total	6,760	6,321	7,383	7,571	7,832	7,764



Trend in fieldpersons*

	2007	2008	2009	2010	2011	2012
Field persons (people)	197	202	206	224	220	24 people joined as trainee
Sales per person (thousands of yen)	89,475	90,705	91,971	92,022	97,437	

* The term "fieldperson" means sales people who support the growth of beauty salons.

Milbon Co., Ltd. Non-consolidated Statement of Earnings

9 months ended September 20, 2012



(Unit: million yen)

		9 months ended September 20, 2012 (January ~ September)									
		Results in fiscal year 2011	Ratio (%)	Target for fiscal year 2012	Ratio (%)	Results in fiscal year 2012	Ratio (%)	Year-to-year Comparison (%)	Achievement rate (%)	Increase (decrease) against previous FY	Increase (decrease) against target
Product category totals	Hair care products	7,394	50.1	7,844	51.0	7,857	49.9	106.3	100.2	462	12
	Hair coloring products	5,833	39.5	6,079	39.5	6,480	41.1	111.1	106.6	646	400
	Permanent wave products	1,326	9.0	1,342	8.7	1,228	7.8	92.6	91.5	(97)	(114)
	Others	198	1.3	127	0.8	195	1.2	98.2	153.5	(3)	68
Net sales		14,753	100%	15,393	100%	15,760	100%	106.8	102.4	1,007	367
Cost of sales		5,039	34.2	5,305	34.5	5,131	32.6	101.8	96.7	92	(174)
Gross profit		9,714	65.8	10,088	65.5	10,629	67.4	109.4	105.4	915	541
Selling, general and administrative expenses	Labor costs	2,118	14.4	2,326	15.1	2,364	15.0	111.6	101.6	245	37
	Travel/transportation costs	386	2.6	417	2.7	417	2.6	108.1	100.0	31	0
	Sales/advertising/marketing costs*	1,501	10.2	1,609	10.5	1,726	11.0	115.0	107.3	225	117
	Depreciation and amortization expense	330	2.2	327	2.1	317	2.0	95.9	96.8	(13)	(10)
	Others	2,553	17.3	2,679	17.4	2,668	16.9	104.5	99.6	115	(10)
Total		6,890	46.7	7,361	47.8	7,494	47.6	108.8	101.8	604	133
Operating income		2,823	19.1	2,726	17.7	3,134	19.9	111.0	115.0	311	408
Non-operating	Income	78	0.5	68	0.4	74	0.5	94.5	107.4	(4)	5
	Expenses	269	1.8	266	1.7	279	1.8	103.8	105.1	10	13
Ordinary income		2,632	17.8	2,529	16.4	2,928	18.6	111.3	115.8	296	399
Extraordinary	Profits	3	0.0	-	-	-	-	-	-	(3)	-
	Losses	103	0.7	160	1.0	15	0.1	14.7	9.6	(88)	(144)
Income before income tax		2,531	17.2	2,369	15.4	2,913	18.5	115.1	123.0	381	544
Income taxes-current		1,161	7.9	966	6.3	1,239	7.9	115.2	124.4	78	273
Income taxes-deferred		(151)	(1.0)	(31)	(0.2)	(77)	(0.5)			74	(45)
Net income		1,522	10.3	1,434	9.3	1,750	11.1	115.0	122.1	228	316

* "Sales/ advertising/marketing costs" shows the total of sales promotion costs, advertising costs and market development costs.

Subsidiaries (9 months cumulative)



United States: MILBON USA, INC.

	Unit	Amount (9 months cumulative)			Increase (decrease) against previous FY	Year-on-year comparison (%)	Achievement rate (%)
		Previous FY 2011	Target	Current FY 2012			
Sales	Thousand dollars	3,245	3,550	3,410	164	105.1	96.0
	Million yen	266	266	269	2	100.9	101.2

- Sales of in-salon treatments “Deesse’s Linkage-μ (mu)” and “Inphenom”, which are the core products of growth strategy, and shampoo and hair treatment series “Deesse’s Neu Due” were steadily increased. Limited seasonal products “Deesse’s Neu Due FreshLuxe” was launched in June, and gained greater recognition of product quality of “Neu Due”. As a result, revenue of hair care products has been increased.
- Sales of permanent wave products decreased due to the discontinued product; however, sales of leading product of the straightening perm product “Liscio Crystal” steadily increased, 113% year-on-year comparison.

	Unit	Previous FY 2011	Current FY 2012	Year-on-year comparison (%)
Hair care products	Thousand dollars	2,240	2,442	109.0
	Million yen	184	192	104.7
Hair coloring products	Thousand dollars	192	188	97.5
	Million yen	15	14	93.7
Permanent wave products	Thousand dollars	767	739	96.3
	Million yen	63	58	92.5

Established: March 2004
 * In operation since July 2004

Number of employees:
 15 people
 (including FP): 11 people

Number of Milbon salon:
 2011/4Q 1,251 salons
 2012/3Q 1,402 salons

Subsidiaries (9 months cumulative)



South Korea: Milbon Korea Co., Ltd.

	Unit	Amount (9 months cumulative)			Increase (decrease) against previous FY	Year-on-year comparison (%)	Achievement rate (%)
		Previous FY 2011	Target	Current FY 2012			
Sales	Million won	3,362	4,677	4,782	1,420	142.3	102.3
	Million yen	246	304	329	82	133.5	108.4

- Sales of permanent and semi-permanent hair color brand “Ordeve” and its specialized product for gray-hair “Ordeve Beaute” increased significantly after well-received educational activities.
- Leave-in treatment “Deesse’s Elujuda” was launched in May, and its debut project increased the number of handling outlets. Promoting the new product together with the educational activities of coloring technique helped customer to understand the product features, and as a result, number of sales increased.
- Continuing education and various types of seminars offered to priority salons (target salons) helped Milbon Korea establish its images as high quality, high value, total hair products company. As the company increased its name recognition in the South Korean market, it also acquired trust from increasing number of local hair designers. Business inquiries from large, high-end salon have been increased who wanted to switch from other manufacturers.

	Unit	Previous FY 2011	Current FY 2012	Year-on-year comparison (%)
Hair care products	Million won	909	1,292	142.2
	Million yen	66	89	133.5
Hair coloring products	Million won	2,226	3,199	143.7
	Million yen	163	220	134.9
Permanent wave products	Million won	213	273	127.9
	Million yen	15	18	120.1

Established: July 2009
In operation since December 2009

Number of employees:
16 people
(including FP): 13 people

Number of Milbon salon:
2011/4Q: 2,017 salons
2012/3Q: 2,644 salons

Subsidiaries (9 months cumulative)



China: Milbon Trading (Shanghai) Co., Ltd.

	Unit	Amount (9 months cumulative)			Increase (decrease) against previous FY	Year-on-year comparison (%)	Achievement rate (%)
		Previous FY 2011	Target	Current FY 2012			
Sales	Thousands of yuan	6,999	8,726	10,500	3,500	150.0	120.3
	Million yen	87	104	131	43	150.5	125.3

- Activities were focused in the metropolitan area with high per capita GDP in east China (Shanghai City, Jiangsu Province and Zhejiang Province) and South China (Guangdong Province and Fujian Province). By providing education in business management, staff awareness and technical improvements to top salons with wealthy clients, the company differentiated itself from competitors.
- Japanese hair styles are popular among fashionable Chinese women. Chinese top salons that lead fashion trends highly appreciate hair styles created by Japanese hair designer, Japanese hair styling techniques and products.
- Beijing branch has newly established on July 9th 2012 in order to expand business to north central China market.

	Unit	Previous FY 2011	Current FY 2012	Year-on-year comparison (%)
Hair care products	Thousands of yuan	2,926	4,646	158.8
	Million yen	36	58	159.3
Hair coloring products	Thousands of yuan	3,538	4,946	139.8
	Million yen	44	61	140.2
Permanent wave products	Thousands of yuan	535	907	169.5
	Million yen	6	11	170.0

Established: November 2007
In operation since February 2009

Number of employees:
16 people
(including FP): 12 people

Number of Milbon salon:
2011/4Q : 378 salons
2012/3Q : 479 salons

■ Reference Materials

1. Hair Cosmetic Shipping Statistics (Milbon Co., Ltd.)
2. Hair Cosmetic Shipping Statistics

Reference Materials Hair Cosmetic Shipping Statistics (Milbon Co., Ltd)

(Unit: million yen)

	Fiscal year 2011 (January - September)	Fiscal year 2012 (January - September)	Year-on-year comparison (%)	Comments
Shampoos	1,349	1,368	101.4	Deesse's Neu due Fierli
Rinses	202	189	94.0	Inphenom
Hair tonics	184	161	87.3	Deesse's Lifa
Treatments	4,109	3,709	90.3	Deesse's Neu due Deesse's Linkage-μ (mu)
Hair creams	5	6	108.7	
Hair conditioners	1,294	2,083	160.9	Deesse's Elujuda Nigelle Dressia Collection
Hair sprays	689	810	117.5	Nigelle Dressia Collection
Hair coloring products	6,186	6,875	111.1	Ordeve Farglan
Permanent wave products	1,405	1,302	92.7	Liscio Knoteur/Glanfe Prejume, Fairche
Others	209	206	98.4	Iron, schedule note
Sales rebates	(883)	(951)	107.7	
Total	14,753	15,760	106.8	

Reference Materials Hair Cosmetic Shipping Statistics



(Unit: million yen)

		January	February	March	April	May	June	July	August	September	October	November	December	Jan. – Jul.	Year-on-year comparison (%)
Shampoos	2011	6,153	8,545	8,097	8,620	8,973	10,055	10,353	9,274	8,989	9,693	9,443	11,352	60,796	95.5%
	2012	6,107	8,054	8,819	8,546	8,543	9,243	8,741						58,053	
	Difference	(46)	(491)	722	(74)	(430)	(812)	(1,612)						(2,743)	
Rinses	2011	1,853	2,239	2,181	2,302	2,486	2,678	2,634	2,230	2,487	2,153	2,500	3,235	16,373	97.0%
	2012	1,825	2,275	2,389	2,492	2,150	2,606	2,150						15,887	
	Difference	(28)	36	208	190	(336)	(72)	(484)						(486)	
Hair tonics	2011	1,095	1,296	1,248	1,270	1,311	1,742	1,588	1,637	1,441	1,461	1,623	1,952	9,550	123.4%
	2012	1,388	1,581	1,640	1,697	1,817	1,870	1,796						11,789	
	Difference	293	285	392	427	506	128	208						2,239	
Treatments	2011	4,601	6,833	6,098	6,589	6,005	6,555	7,270	7,115	6,980	7,345	7,370	8,141	43,951	95.6%
	2012	4,703	6,351	6,348	5,947	6,387	6,832	5,447						42,015	
	Difference	102	(482)	250	(642)	382	277	(1,823)						(1,936)	
Pomade, cheek, hair cream, perfume oils	2011	1,042	1,160	1,240	1,293	1,170	1,258	1,207	1,420	1,377	1,261	1,308	1,407	8,370	100.2%
	2012	911	1,267	1,209	1,245	1,197	1,234	1,325						8,388	
	Difference	(131)	107	(31)	(48)	27	(24)	118						18	
Liquid/foam hair conditioners	2011	874	1,192	1,299	1,300	1,026	1,336	1,102	1,110	1,278	1,208	1,157	1,357	8,129	95.6%
	2012	770	1,098	1,203	1,177	1,188	1,184	1,149						7,769	
	Difference	(104)	(94)	(96)	(123)	162	(152)	47						(360)	
Styling lotions	2011	696	767	639	686	616	810	840	596	761	696	661	777	5,054	112.0%
	2012	587	842	873	888	698	843	931						5,662	
	Difference	(109)	75	234	202	82	33	91						608	
Hair sprays	2011	1,282	1,532	2,072	1,653	1,656	1,987	1,958	1,762	2,006	1,627	2,008	2,172	12,140	102.2%
	2012	1,208	1,686	2,081	1,701	1,759	2,008	1,962						12,405	
	Difference	(74)	154	9	48	103	21	4						265	
Hair coloring products	2011	5,940	7,538	9,079	8,412	7,345	7,643	7,844	7,684	9,263	7,672	8,037	9,512	53,801	102.4%
	2012	5,983	7,611	9,184	8,505	7,749	7,729	8,335						55,096	
	Difference	43	73	105	93	404	86	491						1,295	
Other hair cosmetics	2011	917	874	1,052	1,023	1,176	1,531	1,295	1,096	1,221	1,068	1,177	1,297	7,868	97.3%
	2012	868	871	1,137	1,226	1,141	1,313	1,098						7,654	
	Difference	(49)	(3)	85	203	(35)	(218)	(197)						(214)	
Total hair cosmetic products	2011	24,454	31,976	33,005	33,148	31,764	35,595	36,091	33,924	35,805	34,184	35,285	41,203	226,033	99.4%
	2012	24,348	31,635	34,883	33,424	32,630	34,862	32,934						224,716	
	Difference	(106)	(341)	1,878	276	866	(733)	(3,157)						(1,317)	

Reference material: Monthly report on chemical industry statistics (Research and Statistics Department, Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry)

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.

