

Consolidated Financial Statements for the Fiscal Term Ended December 20, 2011 (52nd term) - Supplementary Materials



January 18, 2012

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Results for Fiscal Year 2011 (52nd term)

Masahiro Murai, Managing Director

Consolidated Operating Results

(Unit: million yen)

	Amount			Increase (decrease) against previous fiscal year	Comparison with the previous fiscal year	Achievement rate (%)
	Previous fiscal year	Target	Result		%	%
Sales	19,749	20,500	20,526	777	103.9	100.1
Total sales revenues	13,002	13,470	13,620	617	104.7	101.1
Selling, general and administrative expenses	9,423	9,690	9,827	404	104.3	101.4
Operating income	3,578	3,780	3,792	213	106.0	100.3
Ordinary income	3,327	3,510	3,545	218	106.6	101.0
Net income	1,831	2,060	2,304	473	125.8	111.9

Breakdown of Consolidated Sales by Product Category



Hair care products (1)

(Unit: million yen)

Results in previous fiscal year	Target	Results in current term	Increase (decrease) against previous fiscal year	Comparison with the previous fiscal year	Achievement rate
10,135	10,540	10,398	263	102.6%	98.7%

- It is estimated that the market scale of the industry expanded overall because the introduction of salon treatment menus performed well and the number of customers purchasing home care items at beauty salons increased.
- Sales of salon treatment agents including the new product “Deesse’s Linkage-μ (mu)” performed steadily (109.2% compared to the same period of the previous fiscal year). This contributed to increased revenue in the treatment category overall.
- Although the new product “Dressia” performed well, sales of styling agents overall decreased. (95.2% compared to the same period of the previous fiscal year).

New product - Deesse's Neu Due launched February 1

This is a hair care series that provides an improved sensation when running the fingers through the hair and brings out more of the beauty of color hair design.

Sales target	Sales results	Achievement rate
1,210 million yen	1,540 million yen	127.3%



<Deesse's Neu due>

New product - Deesse's Linkage-μ launched February 1

This is a salon treatment system that increases the moisture of every strand of dry hair right to its tip and realizes an impressive sensation when running the fingers through the hair.

Sales target	Sales results	Achievement rate
1,216 million yen	1,237 million yen	101.7%

<Deesse's Linkage-μ (mu)>

Breakdown of Consolidated Sales by Product Category



Hair care products (2)

New product “Fierli” launched April 1

* A hair care series for difficult hair that relaxes strong waves of hair and softens hair for a light touch when running the fingers through the hair.

Sales target	Sales results	Achievement rate
304 million yen	340 million yen	112.0%



<Fierli>

New product “Nigelle Dressia Collection Wax Series” launched September 1

* A wax series that realizes the creation of texture that is not too strongly determined (casual texture)

Sales target	Sales results	Achievement rate
130 million yen	204 million yen	157.2%



<Dressia Wax Collection Series>

New product “Deesse’s Lusse” launched October 1

* A lucent hair cream that gives hair moisture luster and a great feeling finish (“Lucent” means radiant and light)

Sales target	Sales results	Achievement rate
20 million yen	86 million yen	434.4%



<Deesse’s Lusse>

Breakdown of Consolidated Sales by Product Category



Hair coloring products

(Unit: million yen)

Results in previous fiscal year	Target	Results in current term	Increase (decrease) against previous fiscal year	Comparison with the previous fiscal year	Achievement rate
7,278	7,713	7,987	709	109.7%	103.6%

- Sales of fashion colors increased because we received high acclaim in the market for activities combining season color (fashionable colors matched to the seasons) proposals and technical education into a set for beauty salons based on the additional colors for Ordeve (Smoky Line, Sheer Line), our comprehensive range of coloring agents (107.8% compared to the same period of the previous fiscal year).
- Sales of gray color agents increased due to the promotion of the creation of new product-handling salons based on "Ordeve Beaute," gray color agents based on a completely new concept that realize a wide range of color expressions (113.8% compared to the same period of the previous fiscal year).

New product - Additional colors for Ordeve (Smoky Line) launched March 1

* Additional colors of Ordeve (Smoky Line), that realize a soft, misty texture without making people feel a red or yellow color in the hair

Sales target	Sales results	Achievement rate
200 million yen	629 million yen	315.0%

New product "Ordeve Beaute" launched July 1

* New gray color agents that expand the range of salon color proposals with beautiful hues and free texture expression

Sales target	Sales results	Achievement rate
880 million yen	1,061 million yen	120.6%

New product - Additional colors for Ordeve (Sheer Line) launched September 1

* Additional colors for Ordeve that express "a none-too-sweet sweetness" with a veil-like luster that seems transparent

Sales target	Sales results	Achievement rate
100 million yen	199 million yen	199.2%



<Ordeve>



<Ordeve Beaute >

Breakdown of Consolidated Sales by Product Category



Permanent wave products

(Unit: million yen)

Results in previous fiscal year	Target	Results in current term	Increase (decrease) against previous fiscal year	Comparison with the previous fiscal year	Achievement rate
1,998	2,048	1,816	-182	90.9%	88.7%

- It is estimated that the industry as a whole is continuing to decrease in size due to the weakness of perm style needs and straight perm menus in association with changing trends.
- Although we made efforts in straight perm menu proposal activities linked with sales activities for “Fierli,” a hair care series for difficult hair, aiming towards the rainy season, when demand for straight perms is at its highest, it was not possible to arrest the decline in sales of straight perm menus overall (95.0% compared to the same period of the previous fiscal year).



Core product <Liscio Glanfe>



<Fierli>, hair care series for difficult hair, launched April 1

Aujua



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 different hair concerns by evolving the hair care that has existed to this point as "hair care technology" with a hair care program just for each individual That is "Aujua."



Results and targets

[Aujua salons]

	Fiscal year 2011	Fiscal year 2012
Product handling salon target	1,020 salons	1,200 salons
Number of contracted salons	828 salons	-
Number of handling outlets	761 salons	-

[Sales]

	Fiscal year 2011	Fiscal year 2012
Sales target	1,113 million yen	1,800 million yen
Sales results	1,324 million yen	-
Achievement rate	119.0%	-

Product composition

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

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

Consolidated Balance Sheet

(Unit: million yen)

Item	Previous consolidated fiscal year <2010.12.20>	Ratio (%)	Current consolidated fiscal year <2011.12.20>	Ratio (%)	Increase/decrease	Item	Previous consolidated fiscal year <2010.12.20>	Ratio (%)	Current consolidated fiscal year <2011.12.20>	Ratio (%)	Increase/decrease
Cash and bank deposits	2,673		5,079		2,406	Accounts payable	467		419		- 47
Trade notes and accounts receivable	2,857		3,031		174	Accrued expenses payable	1,284		1,448		163
Inventory assets	2,222		2,221		- 0	Corporate taxes payable	635		1,016		381
Deferred tax assets	166		203		36	Reserve for returned goods	19		45		26
Others	126		91		- 34	Reserve for bonuses	65		68		2
Allowance for doubtful accounts	- 9		- 11		- 1	Others	253		329		75
Total current assets	8,035	38.6	10,616	47.0	2,580	Total current liabilities	2,725	13.1	3,328	14.7	602
Buildings and other structures	4,210		3,858		- 352	Long-term accrued expenses payable	282		63		- 219
Machinery, equipment and vehicles for transportation	1,074		924		- 150	Allowance for retirement benefits for employees	1		11		10
Land	4,763		4,763		-	Reserve for loss on guarantees	38		37		- 1
Construction in progress	3		12		8	Others	96		93		- 3
Others	248		194		- 54	Total fixed liabilities	418	2.0	205	0.9	- 213
Total tangible fixed assets	10,301	49.4	9,753	43.2	- 548	Total liabilities	3,144	15.1	3,533	15.6	389
Total intangible fixed assets	451	2.2	512	2.2	60	Capital stock	2,000		2,000		-
Investment in securities	1,180		1,017		- 163	Capital surplus	199		199		-
Long-term loans	42		25		- 16	Retained earnings	15,779		17,257		1,477
Prepaid pension costs	10		-		- 10	(Inc. current net income)	(1,831)		(2,304)		- 473
Deferred tax assets	466		430		- 35	Treasury stock	- 38		- 48		- 10
Others	393		266		- 126	Total shareholders' equity	17,940	86.1	19,407	85.9	1,466
Allowance for doubtful accounts	- 37		- 28		8	Net unrealized gains on other securities	- 141		- 206		- 65
Total investments and other assets	2,054	9.9	1,710	7.6	- 343	Foreign currency translation adjustments	- 100		- 141		- 41
Total fixed assets	12,807	61.4	11,976	53.0	- 831	Total accumulative other comprehensive income	- 241	- 1.2	- 348	- 1.5	- 106
Total assets	20,843	100%	22,592	100%	1,749	Total net assets	17,699	84.9	19,059	84.4	1,360
						Total liabilities and net assets	20,843	100%	22,592	100%	1,749

■ Explanation of Fluctuations in the Consolidated Balance Sheet

Assets

Total assets were 22,500 million yen, an increase of 1,749 million yen in comparison to the end of the last period

Current assets

Current assets increased by 2,580 million yen.

- Cash and bank deposits were 2,406 million yen.

This was due mainly to increased income because of increased cash due to operating activities. In addition, the rate of collection of accounts receivable within 1 month was 100%.

Fixed assets

Fixed assets decreased 831 million yen.

Tangible/intangible fixed assets

- Buildings and structures -352 million yen
Decrease due to depreciation
- Machinery, equipment and vehicles for transportation -150 million yen
Decrease due to depreciation

Investments and other assets

- Investment securities -163 million yen
 - Others -126 million yen
- Decrease due mainly to cancellation of insurance reserve funds

Liabilities

Total liabilities increased 389 million yen.

Current Liabilities

Current liabilities increased by 602 million yen.

- Corporate taxes payable 381 million yen
This was due to increased income.

Fixed Liabilities

Fixed assets decreased 213 million yen.

- Long-term accrued expenses payable were -219 million yen
Decrease due to the payment of allowances for retirement benefits for directors

Net Assets

Net assets increased by 1,360 million yen.

- Retained earnings 1,477 million yen
Increase due to income and decrease due to payment of dividends

This fiscal year, we will pay a dividend of 64 yen per share due to an increase of 4 yen per share. We will continue to work as aggressively as possible to return profits to shareholders in the future.

Consolidated Statement of Earnings

(Unit: million yen)

		Results in fiscal year 2010	Ratio (%)	Target for fiscal year 2011	Ratio (%)	Results in fiscal year 2011	Ratio (%)	Comparison with the previous fiscal year (%)	Achievement rate (%)	Increase/decrease against previous fiscal year	Increase/decrease against target
Product category totals	Hair care products	10,135	51.3	10,540	51.4	10,398	50.7	102.6	98.7	263	- 141
	Hair coloring products	7,278	36.9	7,713	37.6	7,987	38.9	109.7	103.6	709	274
	Permanent wave products	1,998	10.1	2,048	10.0	1,816	8.8	90.9	88.7	- 182	- 231
	Others	337	1.7	199	1.0	323	1.6	95.8	162.6	- 14	124
	Net sales	19,749	100%	20,500	100%	20,526	100%	103.9	100.1	777	26
Cost of sales		6,746	34.2	7,030	34.3	6,906	33.6	102.4	98.2	159	- 123
Total sales revenues		13,002	65.8	13,470	65.7	13,620	66.4	104.7	101.1	617	150
Selling, general and administrative expenses	Labor costs	2,986	15.1	3,174	15.5	3,116	15.2	104.4	98.2	129	- 58
	Travel costs/transportation costs	560	2.8	502	2.5	565	2.8	100.9	112.5	5	62
	Sales/advertising/marketing costs*	2,078	10.5	2,082	10.2	2,128	10.4	102.4	102.2	50	46
	Depreciation and amortization expense	390	2.0	491	2.4	461	2.2	118.3	93.8	71	- 30
	Others	3,408	17.3	3,438	16.8	3,555	17.3	104.3	103.4	147	117
	Total	9,423	47.7	9,690	47.3	9,827	47.9	104.3	101.4	404	137
Operating income		3,578	18.1	3,780	18.4	3,792	18.5	106.0	100.3	213	12
Non-operating	Income	123	0.6	80	0.4	107	0.5	86.6	133.9	- 16	27
	Costs	375	1.9	350	1.7	353	1.7	94.1	101.0	- 22	3
Ordinary income		3,327	16.8	3,510	17.1	3,545	17.3	106.6	101.0	218	35
Extraordinary	Income	2	0.0	-	-	508	2.5	-	-	505	508
	Loss	121	0.6	30	0.1	106	0.5	88.1	355.7	- 14	76
Quarterly net income before income taxes and minority interests		3,208	16.2	3,480	17.0	3,947	19.2	123.0	113.4	738	467
Income taxes-Current		1,222	6.2	1,501	7.3	1,626	7.9	119.3	115.7	403	125
Income taxes-Deferred		154	0.8	- 81	- 0.4	16	0.1			- 138	97
Net income		1,831	9.3	2,060	10.0	2,304	11.2	125.8	111.9	473	244

* "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 Plans

Comparison with the previous fiscal year

- 1 Sales were 20,500 million yen, an increase of 777 million yen in comparison to the target.
Comparisons by product category are as follows.

Hair care products	263 million yen
Hair coloring products	709 million yen
Permanent wave products	-182 million yen
Others	-14 million yen

- 2 Gross operating profit was 13,600 million yen, an increase of 617 million yen in comparison to last year. In addition, the gross profit margin was 66.4%, 0.6 points higher than the previous year.
The breakdown of that increase is as follows.

Decrease in manufacturing costs due to production improvement activities	0.1 points
Decrease in inventory asset disposal losses/ valuation losses	-0.1 points
Increase in provision of reserve for sales returns	-0.2 points
Raw material cost reduction effects	0.2 points
Sales product mix	0.6 points
Balance	0.6 points

- 3 Selling, general and administrative expenses were 9,820 million yen, an increase of 404 million yen in comparison to last year.
The main factors in this increase were as follows.

Labor costs 129million yen Increase due to promotions and increase in personnel

- 4 Operating income was 3,790 million yen, an increase of 213 million yen in comparison to last year.
- 5 Ordinary income was 3,540 million yen, an increase of 218 million yen in comparison to last year.
- 6 Current net income was 2,300 million yen, an increase of 473 million yen in comparison to the previous fiscal year because we posted received insurance proceeds under extraordinary income.

Comparison with targets

- 1 Sales were 20,500 million yen, an increase of 2.6 million yen in comparison to the target.
Comparisons by product category are as follows.

Hair care products	-141 million yen
Hair coloring products	274 million yen
Permanent wave products	-231 million yen
Others	124 million yen

- 2 Gross operating profit was 13,600 million yen, an increase of 150 million yen in comparison to the target. In addition, the gross profit margin was 66.4%, 0.7 points higher than the target.
The breakdown of that increase is as follows.

Decrease in manufacturing costs due to production improvement activities	0.5 points
Decrease in inventory asset disposal losses/ valuation losses	-0.5 points
Increase in provision of reserve for sales returns	-0.1 points
Raw material cost reduction effects	0.2 points
Sales product mix	0.6 points
Balance	0.7 points

- 3 Selling, general and administrative expenses were 9,820 million yen, an increase of 137 million yen in comparison to last year.
The main factors in this increase were as follows.

Travel costs/ transportation costs 62 million yen
Costs were incurred by our response to the earthquake disaster and overseas surveys, etc.
Sales/ advertising/ marketing costs 46 million yen Introduction costs for new products, etc.

- 4 Operating income was 3,790 million yen, an increase of 12 million yen in comparison to last year.
- 5 Ordinary income was 3,540 million yen, an increase of 35 million yen in comparison to the target.
- 6 Current net income was 2,300 million yen, an increase of 244 million yen in comparison to the target because we posted received insurance proceeds under extraordinary income.

Consolidated Cash Flows

(Unit: million yen)

	Previous term	Current term	Increase/ (decrease)	Comments
Balance of cash and cash equivalents at the beginning of the period	1,666	2,670	1,004	
Cash flows from operating activities	2,433	3,157	724	
Cash flows from investment activities	- 727	101	828	Income due to receipt of insurance proceeds Decrease in acquisitions of tangible fixed assets
(Purchase of tangible fixed assets)	(-613)	(- 305)	(308)	There were payments for the refurbishment work on Tokyo Branch in the previous fiscal year.
Cash flows from financial activities	- 688	- 836	- 148	
Foreign currency translation adjustments	- 13	- 16	- 3	
Net increase in cash and cash equivalents	1,004	2,405	1,401	
Balance of cash and cash equivalents at the end of the period	2,670	5,076	2,405	

■ Trends in Consolidated Facility Investment and Depreciation Costs

(Unit: million yen)

Category	2007	2008	2009	2010	2011	Plan for fiscal year 2012
Buildings	67	143	188	921	12	210
Structures	0	-	16	36	3	0
Machinery and equipment	272	507	214	160	176	294
Automobiles and transportation equipment	7	3	6	1	2	2
Tools, equipment, furniture and fixtures	114	225	176	195	117	164
Land	-	414	-	-	-	100
Construction in progress	43	- 7	686	- 637	8	527
Software	100	96	154	260	207	190
Software development in progress	-	-	-	2	- 2	-
Others	-	-	1	0	2	-
Total investment	606	1,383	1,444	940	528	1,490
Depreciation and amortization expense	967	1,021	1,116	1,010	1,011	994

■ Non-Consolidated Trends in the Proportions of New Products and R&D Costs in Total Sales

(Unit: million yen)

	Hair care	Hair dyeing	Perms	Others	Total	New product ratio	R&D costs	R&D cost 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 Results	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
2011 Target	2,930	1,180	10	-	4,120	19.3%	883	4.4%	Fierli/Dressia Ordeve Beaute (grey) Deesse's Lusse Aujua Aging Spa
2012 Target	1,840	950	220	-	3,010	13.5%	897	4.3%	Deesse's Elujuda Additional colors for Ordeve Nigelle Dressia Collection (Spray, Foam) Deesse's Nue Due Fresh Luxe Fairche Luvento Up Style Collection Aujua - 3 items

Trends in Market Related Data, Milbon Salons and Field Persons

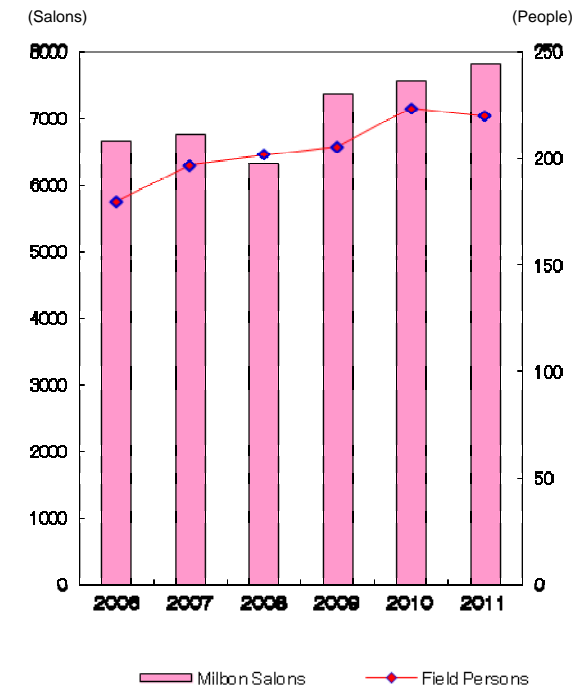


	2006	2007	2008	2009	2010	2011	Comments
Number of beauty salons (salons)	217,769	219,573	221,394	223,645	223,286	-	Ministry of Health, Labor and Welfare Public Health Administration Report Number of beauty salon facilities/number of employees (year-end)
Number of beauty therapists (people)	431,685	435,275	443,944	453,371	457,116	-	
Beauty customer population (thousands of people)	41,646	40,519	40,119	39,720	39,812	*39,733	Statistics Bureau, Ministry of Internal Affairs and Communications; population statistics as of October 1 each year Population statistics for females aged 15 to 64

* Fiscal year 2011 beauty population: Statistics Bureau, Ministry of Internal Affairs and Communications; population statistics as of the 1st of each month (as of July 1)

Milbon salon trends

		2006	2007	2008	2009	2010	2011
Tokyo Branch	Milbon salons (salons)	2,439	2,404	2,210	2,657	2,784	2,872
	Sales per salon (thousands of yen)	1,937	1,999	2,160	2,170	2,254	2,203
Nagoya Branch	Milbon salons (salons)	1,452	1,505	1,368	1,558	1,643	1,682
	Sales per salon (thousands of yen)	1,711	1,706	1,848	1,559	1,858	1,941
Osaka Branch	Milbon salons (salons)	2,769	2,416	2,312	2,616	2,464	2,682
	Sales per salon (thousands of yen)	1,784	1,908	2,013	2,040	2,158	2,145
Fukuoka Branch	Milbon salons (salons)	-----	435	431	552	680	596
	Sales per salon (thousands of yen)	-----	1,572	1,564	1,538	1,671	1,912
Total	Milbon salons (salons)	6,660	6,760	6,321	7,383	7,571	7,832
	Sales per salon (thousands of yen)	1,824	1,872	1,997	1,947	2,088	2,105



Trend in field persons * The term "field person" means sales people who support the growth of beauty salons.

	2006	2007	2008	2009	2010	2011	2012
Field persons (people)	180	197	202	206	224	220	24 people scheduled to enter the company
Sales per person (thousands of yen)	95,689	89,475	90,705	91,971	92,022	97,437	

Subsidiaries



United States: MILBON USA, INC.

	Unit	Sales Amount			Increase (decrease) against previous fiscal year	Comparison with the previous fiscal year (%)	Achievement rate (%)
		Result in previous fiscal year	Target	Result in current term			
Sales	Thousand dollars	4,177	4,440	4,399	222	105.3	99.1
	Million yen	374	355	356	- 17	95.4	95.4

- Introduction of in-salon treatment service was the focus of educational/sales activity. As a result, sales of such products (Linkage HY, Inphenom) increased, which lead to a sales increase in the entire hair care category.
- Sales of “Deesse’s Nue Due” and “Deesse’s Aprou,” which were launched in June as home care products of Linkage HY, contributed to increased revenue in the hair care category.
- Seminar activities for the straight perm product “Liscio Crystal,” and the sales of “Prejume Wave”, launched in September, contributed to increased revenue in the permanent wave category.
- Operating income returned to positive for the first time in 5 terms.

	Unit	Result in previous fiscal year	Result in current term	Comparison with the previous fiscal year (%)	Number of salons
Hair care products	Thousand dollars	2,886	3,044	105.5	1,041
	Million yen	258	246	95.5	
Hair coloring products	Thousand dollars	221	255	115.1	199
	Million yen	19	20	104.2	
Permanent wave products	Thousand dollars	999	1,039	104.0	776
	Million yen	89	84	94.2	

Established: March 2004
* In operation since July 2004

Number of employees:
13 people
(including FP): 9 people

Number of handling outlets:
1,251 salons
(including target salons):
230 salons

Subsidiaries



South Korea: Milbon Korea Co., Ltd.

	Unit	Sales Amount			Increase (decrease) against previous fiscal year	Comparison with the previous fiscal year (%)	Achievement rate (%)
		Result in previous fiscal year	Target	Result in current term			
Sales	Million won	2,378	3,700	4,643	2,264	195.2	125.5
	Million yen	181	277	340	159	187.7	122.9

- Sales of permanent and semi-permanent hair color brand “Ordeve” increased significantly after well-received educational activities.
- “Deesse’s Linkage-μ (mu),” a salon treatment launched in September, contributed greatly to sales of such products. The sales promotion of a free treatment cart with purchase and the product quality led to active introduction of products not only to existing salons, but also to new salons.
- Continuing education and various types of seminars offered to priority salons (target salons) helped Milbon Korea establish its image 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 salons increased who wanted to switch from other manufacturers.
- Operating income has become positive after 2 years from the start of operations.

	Unit	Result in previous fiscal year	Result in current term	Comparison with the previous fiscal year (%)	Number of salons
Hair care products	Million won	678	1,265	186.7	640
	Million yen	51	92	179.5	
Hair coloring products	Million won	1,601	3,049	190.4	1,587
	Million yen	122	223	183.1	
Permanent wave products	Million won	87	309	352.5	338
	Million yen	6	22	338.9	

Established: July 2009
In operation since December 2009

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

Milbon salon trends (*1)
Fiscal year 2010:
673 salons
Fiscal year 2011:
2,073 salons

*1: This changes to the number of Milbon salons.

Subsidiaries



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

	Unit	Sales Amount			Increase (decrease) against previous fiscal year	Comparison with the previous fiscal year (%)	Achievement rate (%)
		Result in previous fiscal year	Target	Result in current term			
Sales	Thousands of yuan	5,256	9,300	9,899	4,643	188.3	106.5
	Million yen	68	120	122	53	177.5	101.1

- Activities were focused in the metropolitan areas 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.
- Business has begun to expand to North China (Beijing City).
- Japanese hair styles are popular among fashionable Chinese women. Japanese hair styling techniques and products are highly valued by top salons that lead fashion trends in China. Through technical seminars and education, sales of hair color and permanent wave products increased steadily.

	Unit	Result in previous fiscal year	Result in current term	Comparison with the previous fiscal year (%)	Number of salons
Hair care products	Thousands of yuan	2,619	4,109	156.9	235
	Million yen	34	50	147.8	
Hair coloring products	Thousands of yuan	2,365	4,999	211.3	293
	Million yen	30	61	199.2	
Permanent wave products	Thousands of yuan	270	790	291.9	213
	Million yen	3	9	275.1	

Established: November 2007
In operation since February 2009

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

Number of handling outlets:
378 salons

Milbon Non-consolidated Statement of Earnings

(Unit: million yen)

		Results in fiscal year 2010	Ratio (%)	Target for fiscal year 2011	Ratio (%)	Results in fiscal year 2011	Ratio (%)	Comparison with the previous fiscal year (%)	Achievement rate (%)	Increase/decrease against previous fiscal year	Increase/decrease against target
Product category totals	Hair care products	9,944	51.2	10,334	51.4	10,238	50.6	103.0	99.1	293	- 96
	Hair coloring products	7,221	37.1	7,590	37.8	7,896	39.1	109.3	104.0	674	306
	Permanent wave products	1,945	10.0	1,979	9.8	1,753	8.7	90.1	88.6	- 192	- 225
	Others	335	1.7	196	1.0	330	1.6	98.4	168.2	- 5	133
Net sales		19,446	100%	20,100	100%	20,218	100%	104.0	100.6	771	118
Cost of sales		6,770	34.8	7,030	35.0	6,980	34.5	103.1	99.3	210	- 49
Total sales revenues		12,676	65.2	13,070	65.0	13,237	65.5	104.4	101.3	561	167
Selling, general and administrative expenses	Labor costs	2,801	14.4	2,963	14.7	2,919	14.4	104.2	98.5	118	- 43
	Travel costs/transportation costs	532	2.7	472	2.3	539	2.7	101.2	114.2	6	67
	Sales/advertising/marketing costs*	2,047	10.5	2,036	10.1	2,084	10.3	101.8	102.4	37	48
	Depreciation and amortization expense	370	1.9	475	2.4	446	2.2	120.7	93.9	76	- 29
	Others	3,186	16.4	3,252	16.2	3,371	16.7	105.8	103.7	185	119
	Total	8,937	46.0	9,200	45.8	9,361	46.3	104.7	101.8	424	161
Operating income		3,739	19.2	3,870	19.3	3,875	19.2	103.7	100.2	136	5
Non-operating	Income	114	0.6	80	0.4	106	0.5	92.6	132.8	- 8	26
	Costs	340	1.8	350	1.7	358	1.8	105.3	102.5	18	8
Ordinary income		3,513	18.1	3,600	17.9	3,623	17.9	103.1	100.7	110	23
Extraordinary	Income	3	0.0	-	-	500	2.5	-	-	497	500
	Loss	121	0.6	30	0.1	106	0.5	88.1	355.7	- 14	76
Net income before tax		3,395	17.5	3,570	17.8	4,017	19.9	118.3	112.5	622	447
Income taxes-Current		1,237	6.4	1,500	7.5	1,614	8.0	121.8	115.7	377	114
Income taxes-Deferred		111	0.6	- 80	- 0.4	27	0.1			- 83	107
Net income		2,046	10.5	2,150	10.7	2,374	11.7	116.1	110.5	328	224

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

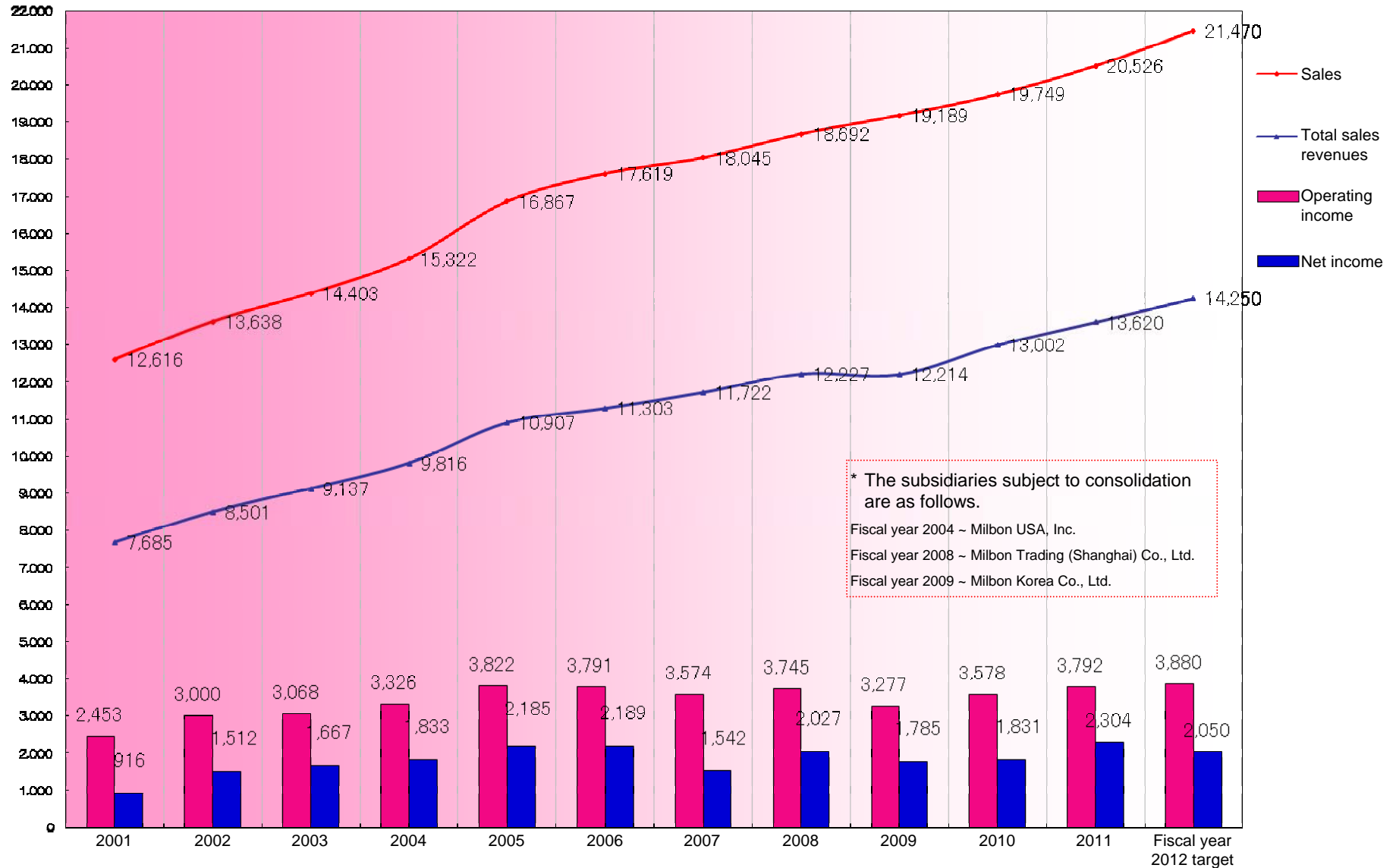
■ Fiscal Year 2012 Consolidated Statement of Earnings Targets (53rd term)

(Unit: million yen)

	Results in fiscal year 2011	Ratio (%)	Fiscal year 2012 target	Ratio (%)	Comparison with the previous fiscal year (%)	Increase/ (decrease)	
Hair care products	10,398	50.7	11,015	51.3	105.9	616	
Hair coloring products	7,987	38.9	8,320	38.8	104.2	332	
Permanent wave products	1,816	8.8	1,850	8.6	101.8	33	
Others	323	1.6	285	1.3	88.1	- 38	
Net sales	20,526	100%	21,470	100%	104.6	943	
Cost of sales	6,906	33.6	7,220	33.6	104.5	313	
Total sales revenues	13,620	66.4	14,250	66.4	104.6	629	
Selling, general and administrative expenses	Labor costs	3,116	15.2	3,420	15.9	109.7	303
	Travel costs/ transportation costs	565	2.8	592	2.8	104.7	26
	Sales/advertising/ marketing costs*	2,128	10.4	2,230	10.4	104.8	101
	Depreciation and amortization expense	461	2.2	457	2.1	99.1	- 4
	Others	3,555	17.3	3,670	17.1	103.2	114
	Total	9,827	47.9	10,370	48.3	105.5	542
Operating income	3,792	18.5	3,880	18.1	102.3	87	
Non-operating Income	107	0.5	90	0.4	84.0	- 17	
Non-operating Expenses	353	1.7	360	1.7	101.9	6	
Ordinary income	3,545	17.3	3,610	16.8	101.8	64	
Extraordinary Profit	508	2.5	-	-	-	- 508	
Extraordinary Loss	106	0.5	160	0.7	149.9	53	
Quarterly net income before income taxes and minority interests	3,947	19.2	3,450	16.1	87.4	- 497	
Income taxes-Current	1,626	7.9	1,386	6.5	85.2	- 240	
Income taxes-Deferred	16	0.1	14	0.1	0.0	- 2	
Net income	2,304	11.2	2,050	9.5	88.9	- 254	

Consolidated Performance

(Unit: million yen)



Efforts in the Fiscal Year 2012 (53rd term)

Ryuji Sato, President and Representative Director

■ Efforts in the Fiscal Year 2012 (53rd term) [1]

■ The domestic market

1. Market environment
2. Points of market policies
3. “Villa Lodola business” - the organic brand

■ Overseas markets

1. United States MILBON USA, INC.
2. China Milbon Trading (Shanghai) Co., Ltd.
3. South Korea Milbon Korea Co., Ltd.
4. Others (Hong Kong/Taiwan)

■ Efforts in the Fiscal Year 2012 (53rd term) [2]

■ Efforts towards globalization

1. Global market development systems

2. Establishment of a plant in Thailand

■ In conclusion,

■ Reference Materials

1. Hair Cosmetic Shipping Statistics (Milbon)
2. Hair Cosmetic Shipping Statistics

Reference Materials [1] Hair Cosmetic Shipping Statistics (Milbon)

(Unit: million yen)

	Fiscal year 2010 (January - December)	Fiscal year 2011 (January - December)	Comparison with the previous fiscal year	Comments
Shampoo	1,708	1,896	111.0%	Deesse's Neu due Fierli
Rinse	315	273	86.6%	Inphenom
Hair tonic	298	255	85.6%	Deesse's Lifa
Treatment	5,251	5,582	106.3%	Deesse's Neu due Deesse's Linkage-μ (mu)
Hair cream	8	7	89.5%	
Hair conditioner	1,960	1,906	97.2%	Deesse's Arou Nigelle Dressia Collection
Hair spray	993	931	93.8%	Nigelle Lafusion
Hair coloring products	7,659	8,376	109.3%	Ordeve Liseinter, Farglan
Permanent	2,062	1,858	90.1%	Liscio Knoteur/Glanfe Prejume
Others	354	348	98.2%	Iron, notebook
Sales rebates	-1,166	-1,217	104.4%	
Total	19,446	20,218	104.0%	

Reference Materials [2] Hair Cosmetic Shipping Statistics

(Unit: million yen)

		January	February	March	April	May	June	July	August	September	October	November	December	Total (January - October)	Comparison with the previous fiscal year (%)
Shampoo	2010	7,033	6,841	8,792	8,688	8,569	9,248	11,382	9,040	8,372	8,290	9,311	9,533	86,255	102.9
	2011	6,153	8,545	8,097	8,620	8,973	10,055	10,353	9,274	8,989	9,693			88,752	
	Difference	- 880	1,704	- 695	- 68	404	807	- 1,029	234	617	1,403			2,497	
Rinse	2010	2,343	2,024	2,273	2,487	2,488	2,553	2,643	2,698	2,339	2,357	2,346	2,607	24,205	96.0
	2011	1,853	2,239	2,181	2,302	2,486	2,678	2,634	2,230	2,487	2,153			23,243	
	Difference	- 490	215	- 92	- 185	- 2	125	- 9	- 468	148	- 204			- 962	
Hair tonic	2010	1,098	1,346	1,380	1,359	1,339	1,644	1,404	1,427	1,512	1,516	1,574	1,536	14,025	100.5
	2011	1,095	1,296	1,248	1,270	1,311	1,742	1,588	1,637	1,441	1,461			14,089	
	Difference	- 3	- 50	- 132	- 89	- 28	98	184	210	- 71	- 55			64	
Treatment	2010	5,193	5,340	7,827	6,846	6,266	7,158	7,303	6,704	6,855	6,804	7,549	7,712	66,296	98.6
	2011	4,601	6,833	6,098	6,589	6,005	6,555	7,270	7,115	6,980	7,345			65,391	
	Difference	- 592	1,493	- 1,729	- 257	- 261	- 603	- 33	411	125	541			- 905	
Pomade, cheek, hair cream, perfume oils	2010	1,009	1,132	1,180	1,450	1,109	1,402	1,328	1,233	1,441	1,249	1,290	1,411	12,533	99.2
	2011	1,042	1,160	1,240	1,293	1,170	1,258	1,207	1,420	1,377	1,261			12,428	
	Difference	33	28	60	- 157	61	- 144	- 121	187	- 64	12			- 105	
Liquid/foam hair conditioners	2010	1,048	1,981	1,520	1,562	1,159	1,431	1,186	1,573	1,152	1,204	1,212	1,378	13,816	84.9
	2011	874	1,192	1,299	1,300	1,026	1,336	1,102	1,110	1,278	1,208			11,725	
	Difference	- 174	- 789	- 221	- 262	- 133	- 95	- 84	- 463	126	4			- 2,091	
Set lotion	2010	943	697	651	875	773	867	1,170	792	767	804	867	947	8,339	85.2
	2011	696	767	639	686	616	810	840	596	761	696			7,107	
	Difference	- 247	70	- 12	- 189	- 157	- 57	- 330	- 196	- 6	- 108			- 1,232	
Hair spray	2010	1,258	1,607	1,990	1,777	1,659	2,168	1,927	1,769	2,167	1,843	2,098	2,190	18,165	96.5
	2011	1,282	1,532	2,072	1,653	1,656	1,987	1,958	1,762	2,006	1,627			17,535	
	Difference	24	- 75	82	- 124	- 3	- 181	31	- 7	- 161	- 216			- 630	
Hair dyes	2010	5,985	7,591	9,701	9,140	7,346	8,586	8,562	7,819	8,569	7,862	8,158	10,026	81,161	96.6
	2011	5,940	7,538	9,079	8,412	7,345	7,643	7,844	7,684	9,263	7,672			78,420	
	Difference	- 45	- 53	- 622	- 728	- 1	- 943	- 718	- 135	694	- 190			- 2,741	
Other hair cosmetics	2010	1,029	989	1,486	1,231	1,421	1,636	1,470	1,118	1,235	1,102	1,186	1,337	12,717	88.5
	2011	917	874	1,052	1,023	1,176	1,531	1,295	1,096	1,221	1,068			11,253	
	Difference	- 112	- 115	- 434	- 208	- 245	- 105	- 175	- 22	- 14	- 34			- 1,464	
Total hair cosmetic products	2010	26,937	29,547	36,801	35,414	32,128	36,692	38,373	34,172	34,409	33,030	35,591	38,678	337,503	97.8
	2011	24,454	31,976	33,005	33,148	31,764	35,595	36,091	33,924	35,805	34,184			329,946	
	Difference	- 2,483	2,429	- 3,796	- 2,266	- 364	- 1,097	- 2,282	- 248	1,396	1,154			- 7,557	

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.

