



Consolidated Financial Statements for the Fiscal Term Ended December 20, 2011

January 18, 2012

Name of registrant: Milbon Co., Ltd.
 Code No.: 4919 URL <http://www.milbon.co.jp>
 Representative: Ryuji Sato, President
 Officer in charge: Masahiro Murai, Executive Director
 Scheduled date of annual general meeting of shareholders: March 16, 2012
 Scheduled filing date for Securities Reports: March 16, 2012
 Preparation of supplementary materials on the quarterly results: Yes
 Briefing on the settlement of accounts: Yes (for institutional investors, analysts, etc.)

First Section of the Tokyo Stock Exchange

TEL: +81-6-6928-2331

Scheduled starting date of dividend payments: March 19, 2012

(Truncated to the nearest million yen)

1. Results for the consolidated fiscal year ended December 20, 2011 (December 21, 2010 - December 20, 2011)

(1) Financial results

(Percentages indicate increases or decreases in comparison with figures recorded during the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Unit: million	%	Unit: million	%	Unit: million	%	Unit: million	%
Term ended December 2011	20,526	3.9	3,792	6.0	3,545	6.6	2,304	25.8
Term ended December 2010	19,749	2.9	3,578	9.2	3,327	7.2	1,831	2.6

(Note) Comprehensive income Term ended December 2011 2,198 million yen (26.7%) Term ended December 2010 1,735 million yen (—%)

	Net income per share	Diluted net income per share of common stock	Ratio of net income to shareholders' equity	Ratio of the ordinary income to the total assets	Ratio of the operating income to the net sales
	Yen	Yen	%	%	%
Term ended December 2011	167.24	-	12.5	16.3	18.5
Term ended December 2010	146.14	-	10.7	16.2	18.1

(Reference) Equity in earnings (losses) of affiliated companies Term ended December 2011 None Term ended December 2010 None

(2) Financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	Unit: million	Unit: million	%	Yen
Term ended December 2011	22,592	19,059	84.4	1,383.02
Term ended December 2010	20,843	17,699	84.9	1,412.25

(Reference) Shareholder equity Term ended December 2011 19,059 million yen Term ended December 2010 17,699 million yen

(3) Cash flow (on a consolidated basis)

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Outstanding balance of cash and cash equivalents at the current term end date
	Unit: million	Unit: million	Unit: million	Unit: million
Term ended December 2011	3,157	101	-836	5,076
Term ended December 2010	2,433	-727	-688	2,670

2. Payment of Dividends

	Annual dividend					Total dividends (Total)	Dividend payout ratio (Consolidated)	Dividends on equity (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of fiscal year	Total			
Term ended December 2010	-	27.00	-	33.00	60.00	751	41.1	4.4
Term ended December 2011	-	30.00	-	34.00	64.00	882	38.3	4.8
Term ended December 2012 (forecast)	-	32.00	-	32.00	64.00		43.0	

3. Consolidated Performance Forecasts for the Next Fiscal Term (December 21, 2011 - December 20, 2012)

(In case of "Full year," percentages indicate increases or decreases in comparison with "Full year" in the previous fiscal year; in the case of "2nd quarter consolidated accumulative period," percentages indicate increases or decreases against the same quarter in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Unit: million	%	Unit: million	%	Unit: million	%	Unit: million	%	Yen
2nd quarter consolidated accumulative period	10,297	5.2	1,681	-3.8	1,542	-5.0	914	1.3	66.32
Full year	21,470	4.6	3,880	2.3	3,610	1.8	2,050	-11.1	148.74

4. Others

(1) Changes in important subsidiaries during the fiscal year (changes in specified subsidiaries accompanied by changes in the scope of consolidation) : None

(2) Changes in accounting policies, procedures and methods, etc. of presentation

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

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

(3) Number of shares outstanding (common shares)

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

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

3) Average number of shares during the term

Term ended December 2011	13,798,848 shares	Term ended December 2010	12,544,408 shares
Term ended December 2011	17,728 shares	Term ended December 2010	11,594 shares
Term ended December 2011	13,782,010 shares	Term ended December 2010	12,532,827 shares

(Reference) Summary of non-consolidated performance

1. Results for the Non-Consolidated fiscal year ended December 20, 2011 (December 21, 2010 - December 20, 2011)

(1) Non-Consolidated Financial results

(Percentages indicate increases or decreases in comparison with figures recorded during the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Unit: million	%	Unit: million	%	Unit: million	%	Unit: million	%
Term ended December 2011	20,218	4.0	3,875	3.7	3,623	3.1	2,374	16.1
Term ended December 2010	19,446	2.6	3,739	11.7	3,513	11.0	2,046	12.0

	Net income per share	Diluted net income per share of common stock
	Yen	Yen
Term ended December 2011	172.31	-
Term ended December 2010	163.27	-

(2) Non-Consolidated Financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	Unit: million	Unit: million	%	Yen
Term ended December 2011	23,116	19,650	85.0	1,425.90
Term ended December 2010	21,207	18,178	85.7	1,450.51

(Reference) Shareholder equity Term ended December 2011 19,650 million yen Term ended December 2010 18,178 million yen

2. Non-Consolidated Performance Forecasts for the Next Fiscal Term (December 21, 2011 - December 20, 2012)

(In case of "Full year," percentages indicate increases or decreases in comparison with "Full year" in the previous fiscal year; in the case of "2nd quarter consolidated accumulative period," percentages indicate increases or decreases against the same quarter in the previous fiscal year.)

	Net sales		Ordinary income		Net income		Net income per share
	Unit: million	%	Unit: million	%	Unit: million	%	Yen
2nd quarter consolidated accumulative period	10,099	4.0	1,582	-6.0	954	0.6	69.24
Full year	21,030	4.0	3,660	1.0	2,100	-11.6	152.37

* Presentation of the state of implementation of audit 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 conducted quarterly financial statement review procedures based on the Financial Instruments and Exchange Act.

* Explanation on Appropriate Uses of Earnings Forecasts and Other Special Instructions

The descriptions of the future such as earnings forecasts shown in this material are based on the information currently available and a certain assumption judged as reasonable, and actual performances may differ substantially due to various factors. For notes on the use of the assumed preconditions for earnings forecasts, refer to page 3 for "(1) Analysis of Business Results, 1 Business Results."

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1. Business Result

(1) Analysis of business result

1) Business results for the current consolidated fiscal year under review

During the fiscal year under review, production and exports slumped in Japan under the impact of the Great East Japan Earthquake that struck in March last year and the subsequent shortages of electric power. Soon after, business conditions began a mild recovery with the resumption of supply chain operations. However, the sharp appreciation of the Japanese yen from summer onwards, caused by the financial anxiety in Europe and concerns over a slowdown in the American economy, slowed the recovery resulting in a unclear future outlook.

In the beauty salon industry, the stagnant economy combined with the decline in the population of the age groups seeking salon services, resulted in a decline in the total number of customers and less frequent visits to salons. The severe situation for the industry remained unchanged.

Under such circumstances, the Milbon Group proposed hair salons to improve their human resource training system that would produce professionals with better communication and technical skills, and improved knowledge of our products and services to meet the ever-changing needs of women. As a result, we were able to exceed our sales target, including for all the new products released during the current term.

The company's overseas subsidiary, MILBON USA, INC., saw sales increase in comparison to the same period of the previous fiscal year. Educational activities including salon treatment services helped to record a positive operating income for the first time in five terms. Milbon Korea Co., Ltd., was able to increase its recognition in the South Korean market as a result of continuing educational support and various seminars offered to salons. Sales grew significantly over the previous term and operating income was in the black after two years since operations began. At Milbon Trading (Shanghai) Co., Ltd., sales grew significantly over the previous term and we were also able to achieve our targets as a result of focused activities at top salons in East and South China.

Although the economic environment was not favorable, the consolidated sales during the first quarter period under review increased by 777 million yen to 20,526 million yen (an increase of 3.9% in comparison to the same period last year). Sales and administrative expenses increased by 4.3% over the previous term to 9,827 million yen as a result of increased sales promotion costs for new products and labor costs exceeding those of the previous term.

Operating income increased by 213 million yen to 3,792 million yen (increase of 6.0% over the previous term), ordinary income increased by 218 million yen to 3,545 million yen (increase of 6.6% over the previous year), and current term net income increased by 473 million yen to 2,304 million yen (an increase of 25.8% over the previous year) because the company received insurance proceeds that were posted as extraordinary income.

Breakdown of sales by product category is shown below:

[Breakdown of consolidated sales by product category]

Product Category	Previous consolidated fiscal year		Current consolidated fiscal year		Increase/ (decrease)
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Amount (million yen)
Hair care products	10,135	51.3	10,398	50.7	263
Hair coloring products	7,278	36.9	7,987	38.9	709
Permanent wave products	1,998	10.1	1,816	8.8	- 182
Others	337	1.7	323	1.6	- 14
Total	19,749	100.0	20,526	100.0	777

[Hair care products]

The competition between the mass products and the salon-only products continued to be severe. In addition to the successful introduction of in-salon treatment services to repair damaged hair, the number of customers purchasing home care items to follow up salon procedures increased. It seems that the size of market in the professional beauty industry is expanding.

Under such circumstances, the Milbon Group saw sales of new products perform steadily, including “Deesse’s Neu due” and “Deesse’s Linkage-μ (mu),” launched in February, “Fierli,” launched in April, a hair care product for textured hair, and the “Nigelle Dressia Collection Wax Series,” launched in September, a new series of styling products. Furthermore, “Aujua,” fully launched in the previous term, also performed steadily, resulting in sales of hair care products exceeding their previous term.

[Hair coloring products]

The sales of professional hair color products remained flat in the industry due to intensifying competition against home color products. Under such circumstances, the Milbon Group increased sales of permanent/semi-permanent color products significantly. This was due to a successful launch of new additional colors in March and September in the Ordeve line (smoky and sheer lines) that offer fashionable colors based on the season. In addition, the new permanent/semi permanent color offerings in the “Ordeve Beaute” line for gray hair, launched in July and helped increase sales in this category. This product’s ability to express a wide range of colors for matured women proved to be a successful in maintaining steady sales. Overall sales of hair coloring products exceeded those for the previous term.

[Permanent wave products]

The sales of permanent wave products in the industry as a whole continued to decrease due to changes in fashion trend. The needs for permanent wave and hair straightening services have been slowing down.

Under such circumstances, the Milbon Group made efforts in promoting hair straightening services in conjunction with new hair care products for textured hair, “Fierli” launched in April. However, the sales decline in hair straightening products continued resulting in overall sales decline in permanent wave products comparing to those from the previous term.

[Others]

There are no particular items.

2) Prospect for next fiscal year

In regard to the economic environment in Japan, despite signs of a partial recovery, the difficult situation is expected to continue in the future due to a possible downward swing in business conditions affected by the European debt crisis.

In the beauty salon industry, it is also anticipated that the difficult conditions will continue as a result of the shrinking size of the population who seek beauty services and less frequent visits to salons due to lack of economic confidence.

Under these circumstances, the Milbon Group will make an effort to help increase spending per visit among loyal high-spending customers as well as the average customer in this diversified market. We will join together as a group domestically and internationally to educate salon professionals “to serve the diversified needs that will promote a higher annual spending at beauty salons. We will open a Kyoto sales office in Japan, a Beijing office in China and a representative office in Hong Kong to expand support services in these regions.

Furthermore, the Milbon Group will start a new business that will distribute authentic organic products to hair salons in February. In preparation for an expanded business operation in Asia, four of our employees will be sent to Thailand, Vietnam, Singapore, Malaysia and Turkey to research the market starting in March. In addition, a project to open a factory in Thailand has begun with the goal to be in operation by 2014.

With these efforts, the company expects to achieve consolidated sales of 21,470 million yen (a 4.6% increase over the current term), consolidated operating income of 3,880 million yen (a 2.3% increase over the current term), consolidated ordinary income of 3,610 million yen (a 1.8% increase over the current term) and consolidated current net income of 2,050 million yen (an 11.1% decrease from the current term).

(2) Analysis of the financial position

1) Assets, liabilities and net assets

Total assets at the end of the consolidated fiscal year increased by 1,749 million yen to 22,592 million yen compared to the end of the previous consolidated fiscal year.

Current assets expanded 2,580 million yen to 10,616 million yen compared to the end of the previous consolidated fiscal year. The major variable factor was an increase of 2,406 million yen in cash and deposits.

Fixed assets decreased by 831 million yen to 11,976 million yen compared to the end of the previous consolidated fiscal year. Major variable factors were a decrease of 548 million yen in tangible fixed assets in association with the posting of depreciation expenses and a decrease of 163 million yen in investment securities in association with decreases in the market values of listed shares.

Current liabilities increased 602 million yen to 3,328 million yen compared to the end of the previous consolidated fiscal year. The major variable factor was an increase of 381 million yen in corporate taxes payable.

Fixed liabilities decreased by 213 million yen to 205 million yen compared to the end of the previous consolidated fiscal year. The major variable factor was a decrease of 219 million yen in long-term accrued expenses payable.

Net assets increased 1,360 million yen to 19,059 million yen compared to the end of the previous consolidated fiscal year. Major variable factors were an increase of 1,477 million yen in retained earnings and a decrease of 65 million yen in the valuation difference of other securities.

As a result, the company's equity ratio changed from 84.9% at the end of the previous consolidated fiscal year to 84.4%. Net assets per share based on total outstanding shares as of the end of the accounting period increased from 1,412.25 yen per share at the end of the previous consolidated fiscal year to 1,383.02 yen per share.

2) Cash flows

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the current consolidated fiscal year increased 2,405 million yen to 5,076 million yen compared to funds at the end of the previous consolidated fiscal year as a result of using funds acquired in operating activities for the payment of income taxes and the payment of dividends.

(Cash Flows from Operating Activities)

Funds obtained from operating activities were 3,157 million yen. This was mainly the result of 3,947 million yen recorded in income before income taxes and minority interests, depreciation costs of 1,014 million yen and the payment of corporate and other taxes of 1,234 million yen.

(Cash Flows from Investment Activities)

Funds obtained from investment activities were 101 million yen. This was mainly the result of expenditures on the acquisition of tangible fixed assets of 305 million yen, expenditures on the acquisition of intangible fixed assets of 213 million yen, and income from the cancellation of insurance reserve funds of 601 million yen.

(Cash Flows from Financing Activities)

Funds used as a result of financing activities were 836 million yen. This was mainly the result of dividend payments for shareholders of 825 million yen.

(Reference) Cash flow related indicators

	Term ended December 2007	Term ended December 2008	Term ended December 2009	Term ended December 2010	Term ended December 2011
Equity ratio	78.1	79.9	81.8	84.9	84.4
Equity ratio based on the market value	179.5	154.0	125.6	131.4	146.03
Interest bearing debts to cash flows ratio	15.1	4.7	2.8	3.3	2.6
Interest coverage ratio	381.8	1,303.1	3,282.8	-	-

(Notes) Equity ratio: equity/total assets

Equity ratio based on the market value: market value of stock/total assets

Interest bearing debts to cash flows ratio: interest bearing debts/cash flows

Interest coverage ratio: cash flows/interest payments

* Each indicator is calculated based on the consolidated financial figures.

* Market capitalization is calculated based on the formula: year-end closing stock price x year-end number of outstanding shares (after excluding treasury stock)

* Operating cash flow is used to calculate the figures above.

* Interest bearing debt includes all of those debts posted on the consolidated balance sheet for which interest is paid. Also, the amount of paid interest reported in the Consolidated Statement of Cash Flow is used with regard to the amount of interest paid.

(3) Basic policy on profit sharing and dividends for the current and next fiscal years

The Milbon Group positions the returning of income to shareholders as an important management responsibility and makes it a basic policy to pay by results of business performance while strengthening its business structure to retain earnings internally for future improvement in earning capacity. In addition, the Group pays dividends twice every fiscal year by rule, with interim dividends determined at Board of Directors' meetings and year-end dividends at shareholders' meetings.

For the current consolidated fiscal year, we have decided to pay an interim dividend of 30 yen per share, and a year-end dividend of 34 yen per share (annual dividend of 64 yen per share) after consideration of our financial situation and income level. For the next fiscal year, we plan to pay an annual dividend of 64 yen per share, equal to the value determined for the current consolidated fiscal year.

We will allocate retained earnings to areas including investment in plant and equipment and research and development in order to expand medium to long-term operations, and intend to make efforts towards the strengthening of our business structure.

(4) Risk on business

Risks that could potentially affect the business performance, stock price, and financial position of the Milbon Group are summarized below.

These were brought to an attention by the Company itself at the end of the consolidated fiscal year in review. The Company is aware of the possibility of these risks, prepares to prevent such risks and will minimize the damages if such risks should arise.

1) In regards to new product launch and returned products

The Milbon Group launches new products and additional items to the market every year. Old products become unsellable due to product changeovers and face discontinuation. When the sales of new products exceed the expectation, the changeover could happen too quickly to result in the disposal of old products.

2) Information security

The Milbon Group has taken various measures to protect information assets such as customer and confidential information. However, if information is stolen due to unforeseeable unauthorized access, it could have a critical damage on the Group's business performance and financial position.

2. Corporate Group Performance

Name	Location	Capital stock	Main line of business	Ratio of voting rights owned (%)	Related information
(Consolidated subsidiaries)					
MILBON USA,INC.	USA New York State	USD 2 million	Sales of hair cosmetics	100.0	Sells Milbon hair cosmetics in the United States
Milbon Trading (Shanghai) Co., Ltd.	China Shanghai City	JPY 430 million	Sales of hair cosmetics	100.0	Sells Milbon hair cosmetics in China. Three directors hold concurrent posts at the company.
Milbon Korea Co., Ltd.	South Korea Seoul City	KRW 3,000 million	Sales of hair cosmetics	100.0	Sells Milbon hair cosmetics in South Korea. Two directors hold concurrent posts at the company.

(Note) All companies fall under the category of “specified subsidiary.”

We have omitted the disclosure of the company’s “Business Activities Diagram (Business Contents),” because there have been no significant changes since the “Business Activities Diagram (Business Contents)” contained in the most recent asset securities report (submitted on March 17, 2011).

3. Management Policy

(1) Basic management policies

Information on basic management policies is omitted as there have been no significant changes in the contents disclosed in the Summary of Consolidated Financial Statements for the Fiscal Term ended December 20, 2006 (disclosed on January 19, 2007).

The relevant Summary of Consolidated Financial Statements is available at the following URLs.

(Website of the company)

URL <http://www.milbon.co.jp>

(Website of the Tokyo Stock Exchange (for listed companies))

URL <http://www.tse.or.jp/listing/compsearch/index.html>

(2) Medium to long-term company management strategy and targeted management indices

The Milbon Group has a global vision in its medium-term 5-year business framework (fiscal year 2010 to 2014): “Milbon will create a global field in order to realize the dreams of hair designers through human resource cultivation and education and aims to become a Japanese (Japan’s first) global No.1 professional manufacturer.” The Milbon Group will aim to achieve consolidated sales of 25 billion yen and an overseas sales ratio of 10.5% in the final fiscal year of this framework (fiscal year 2014).

By area, the Milbon in Japan sustains its No.1 position in the market as a foundation of its globalization strategy. The Milbon in the North America is a symbol of globalization and establishes itself with a focus on field activities. The Milbon in Asia holds a critical importance for the group’s global growth and creates profitable business structure in the Asian market. Europe is the goal of globalization and the Milbon Group will create opportunities to enter the market. The Milbon Group will aim to expand its potential for global growth through restructuring current organization to adjust to globalization, global human resource development and business and production expansion to new market in the world.

(3) Future tasks

- 1) Improve the quality of sales and educational activities by strengthening managers’ strategic abilities and re-educations sales personnel to further evolve the field person strategy.
- 2) Strengthen product development system, TAC (Target Authority Customer), by being the first to catch the newest trend and reflect the idea on a new product.
- 3) Establish an efficient multi-product, flexible volume production system and promote subcontract production in other areas to avoid disaster risk at the production bases concentrated in Mie Prefecture.
- 4) Reduce losses from disposal of obsolete inventories and improve inventory turnover ratios by total optimization of the supply chain and improving the accuracy of production planning.
- 5) Promote the global human resource development and its system, foster executives with management sense and train specialists in each field.

4. Consolidated Financial Statements

(1) Consolidated balance sheet

(Unit: thousand yen)

	Previous consolidated fiscal year (December 20, 2010)	Current consolidated fiscal year (December 20, 2011)
Assets		
Current assets		
Cash and bank deposits	2,673,044	5,079,642
Trade notes and accounts receivable	2,857,374	3,031,626
Merchandise and products	1,638,450	1,678,930
Semi-finished products	20,370	16,428
Raw materials and stocks	563,184	526,193
Deferred tax assets	166,841	203,837
Others	126,378	91,566
Allowance for doubtful accounts	-9,963	-11,616
Total current assets	8,035,681	10,616,608
Fixed assets		
Tangible fixed assets		
Buildings and other structures	7,324,730	7,320,438
Accumulated depreciation	-3,113,945	-3,461,952
Buildings and other structures(net)	4,210,785	3,858,485
Machinery, equipment and vehicles for transportation	3,992,293	4,107,016
Accumulated depreciation	-2,917,759	-3,182,584
Machinery, equipment and vehicles for transportation (net)	1,074,533	924,432
Land	4,763,766	4,763,766
Construction in progress	3,634	12,244
Others	1,737,958	1,831,212
Accumulated depreciation	-1,489,188	-1,636,739
Others (net)	248,769	194,473
Total tangible fixed assets	10,301,488	9,753,401
Intangible fixed assets	451,968	512,138
Investments and other assets		
Investment in securities	1,180,555	1,017,033
Prepaid pension costs	10,461	-
Deferred tax assets	466,016	430,616
Others	435,100	291,9661
Allowance for doubtful accounts	-37,730	-28,772
Total investments and other assets	2,054,403	1,710,540
Total fixed assets	12,807,860	11,976,079
Total assets	20,843,541	22,592,688

(Unit: thousand yen)

	Previous consolidated fiscal year (December 20, 2010)	Current consolidated fiscal year (December 20, 2011)
Liabilities		
Current Liabilities		
Accounts payable	467,309	419,740
Accrued expenses payable	1,284,549	1,448,203
Corporate taxes payable	635,475	1,016,927
Reserve for returned goods	19,075	45,735
Reserve for bonuses	65,453	68,354
Others	253,509	329,065
Total current liabilities	2,725,372	3,328,026
Fixed Liabilities		
Reserve for retirement benefits	1,138	11,612
Reserve for loss on guarantees	38,400	37,200
Others	379,135	156,276
Total fixed liabilities	418,673	205,088
Total liabilities	3,144,046	3,533,115
Net Assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	199,120	199,120
Retained earnings	15,779,971	17,257,339
Treasury stock	-38,254	-48,652
Total shareholders' equity	17,940,836	19,407,806
Cumulative other comprehensive income		
Net unrealized gains on other securities	-141,280	-206,624
Foreign currency translation adjustments	-100,061	-141,609
Total cumulative other comprehensive income	-241,341	-348,233
Total net assets	17,699,495	19,059,573
Total liabilities and net assets	20,843,541	22,592,688

(2) Consolidated statement of earnings and consolidated statement of comprehensive income

First quarter consolidated statement of earnings

(Unit: thousand yen)

	Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)
Sales	19,749,606	20,526,742
Cost of sales	6,746,943	6,906,735
Total sales revenues	13,002,663	13,620,006
Selling, General and Administrative Expenses	*1, *2 9,423,732	*1, *2 9,827,881
Operating income	3,578,930	3,792,125
Non-operating Income		
Interest income	1,359	1,103
Dividends income	31,883	34,194
Gain on sale of investment securities	1,287	-
Rent from company housing	42,658	52,637
Gain on cancellation of insurance	26,579	7,813
Others	19,910	11,367
Total non-operating income	123,678	107,117
Non-operating Expenses		
Sales discount	331,552	342,744
Others	44,024	10,661
Total non-operating expenses	375,546	353,405
Ordinary income	3,327,062	3,545,837
Extraordinary Profit		
Received insurance proceeds	-	498,102
Gain on sale of fixed assets	*3 91	-
Gain on sale of investment securities	-	1,555
Release of allowance for doubtful accounts	2,197	7,391
Reversal of reserve for loss on guarantees	600	1,200
Total extraordinary profits	2,889	508,250
Extraordinary Loss		
Loss on sale of fixed assets	*4 79	-
Loss from the sale/disposition of fixed assets	*5 103,768	*5 5,269
Loss on revaluation of investments in securities	-	73,123
Release of allowance for doubtful accounts	2,459	-
Value of impact associated with the application of the "Accounting Standard for Asset Retirement Obligations"	-	28,320
Others	14,862	-
Total extraordinary losses	121,169	106,713
Quarterly net income before income taxes and minority interests	3,208,783	3,947,374
Income taxes-Current	1,222,686	1,626,085
Income taxes-Deferred	154,542	16,359
Total corporate and other taxes	1,377,228	1,642,445
Current term net income before minority interests	-	2,304,928
Net income	1,831,554	2,304,928

Consolidated statement of comprehensive income

(Unit: thousand yen)

	Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)
Current term net income before minority interests	-	2,304,928
Other comprehensive income		
Net unrealized gains on other securities	-	-65,344
Foreign currency translation adjustments	-	-41,547
Total other comprehensive income	-	* ₂ -106,891
Comprehensive income	-	* ₁ 2,198,037
(Breakdown)		
Comprehensive income related to parent company shareholders	-	2,198,037
Comprehensive income related to minority shareholders	-	-

(3) Consolidated statement of changes in shareholders' equity

(Unit: thousand yen)

	Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)
Shareholders' equity		
Capital stock		
Balance at end of previous term	2,000,000	2,000,000
Current term change		
Total current term change	-	-
Balance at end of current term	2,000,000	2,000,000
Capital surplus		
Balance at end of previous term	199,120	199,120
Current term change		
Total current term change	-	-
Balance at end of current term	199,120	199,120
Retained earnings		
Balance at end of previous term	14,637,996	15,779,971
Current term change		
Dividend of retained earnings	-689,305	-827,030
Current term net income	1,831,554	2,304,928
Disposal of treasury stock	-273	-529
Total current term change	1,141,975	1,477,367
Balance at end of current term	15,779,971	17,257,339
Treasury stock		
Balance at end of previous term	-38,572	-38,254
Current term change		
Acquisition of treasury stock	-470	-12,710
Disposal of treasury stock	788	2,312
Total current term change	317	-10,398
Balance at end of current term	-38,254	-48,652
Total shareholders' equity		
Balance at end of previous term	16,798,543	17,940,836
Current term change		
Dividend of retained earnings	-689,305	-827,030
Current term net income	1,831,554	2,304,928
Acquisition of treasury stock	-470	-12,710
Disposal of treasury stock	514	1,782
Total current term change	1,142,292	1,466,969
Balance at end of current term	17,940,836	19,407,806

(Unit: thousand yen)

	Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)
Cumulative other comprehensive income		
Net unrealized gains on other securities		
Balance at end of previous term	-71,571	-141,280
Current term change		
Current term change in items other than shareholders' equity (net)	-69,708	-65,344
Total current term change	-69,708	-65,344
Balance at end of current term	-141,280	-206,624
Foreign currency translation adjustments		
Balance at end of previous term	-73,412	-100,061
Current term change		
Current term change in items other than shareholders' equity (net)	-26,648	-41,547
Total current term change	-26,648	-41,547
Balance at end of current term	-100,061	-141,609
Total cumulative other comprehensive income		
Balance at end of previous term	-144,984	-241,341
Current term change		
Current term change in items other than shareholders' equity (net)	-96,356	-106,891
Total current term change	-96,356	-106,891
Balance at end of current term	-241,341	-348,233
Total net assets		
Balance at end of previous term	16,653,559	17,699,495
Current term change		
Dividend of retained earnings	-689,305	-827,030
Current term net income	1,831,554	2,304,928
Acquisition of treasury stock	-470	-12,710
Disposal of treasury stock	514	1,782
Current term change in items other than shareholders' equity (net)	-96,356	-106,891
Total current term change	1,045,935	1,360,078
Balance at end of current term	17,699,495	19,059,573

(4) Quarterly consolidated statement of cash flows

(Unit: thousand yen)

	Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)
Cash flow from operating activities		
Quarterly net income before income taxes and minority interests	3,208,783	3,947,374
Depreciation and amortization expense	1,010,245	1,014,887
Increase (decrease) in allowance for doubtful accounts	-24,566	-5,488
Increase (decrease) in the provision for bonuses	2,933	3,079
Increase (decrease) in provision for returned product adjustment	-12,645	-26,660
Change (decrease) in value of the reserve for loss on guarantees	-600	-1,200
Change in reserve for retirement benefits	1,185	10,848
Decrease (increase) in the prepaid pension cost	71,963	10,461
Interest and dividends received	-33,242	-35,297
Received insurance proceeds	-	-498,102
Foreign exchange loss (gain)	2,230	4,891
Loss (gain) on sale of investment securities	-357	-1,555
Loss (gain) on valuation of investment securities	7,332	73,123
Profit or loss on sale of fixed assets	-12	-
Loss from the sale/disposition of fixed assets	21,869	5,269
Value of impact associated with the application of the "Accounting Standard for Asset Retirement Obligations"	-	28,320
Decrease (increase) in accounts receivable – trade	-53,473	-176,206
Decrease (increase) in inventories	-66,363	-19,870
Increase (decrease) in accounts payable related to procurement transactions	-475,357	-41,654
Others	95,726	260,371
Subtotal	3,755,650	4,605,911
Interest and dividends received	33,579	35,550
Payment of retirement benefits for directors	-194,441	-248,854
Payment of corporate and other taxes	-1,161,129	-1,234,683
Cash flow from operating activities	2,433,659	3,157,924
Cash flow from investing activities		
Collection due to sale of investment securities	2,765	9,208
Payment due to the acquisition of tangible fixed assets	-613,718	-305,345
Collection due to tangible fixed assets	3,846	-
Payment due to the acquisition of intangible fixed assets	-262,305	-213,698
Payment due to loans	-6,390	-5,670
Collection of the loan payment	23,537	20,046
Payment due to deposit of fixed term deposits	-2,597	-1,211
Payment due to the placement of guarantee money	-66,769	-19,540
Collection of guarantee money	87,127	22,447
Payment into insurance reserve fund	-6,701	-2,762
Cancellation withdrawal from insurance reserve fund	116,422	601,373
Others	-3,009	-3,801
Cash flow from investing activities	-727,791	101,045

(Unit: thousand yen)

	Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)
Cash flow from financing activities		
Net decrease (increase) in treasury stocks	44	-10,928
Payment of dividends	-688,199	-825,874
Cash flow from financing activities	-688,154	-836,803
Effect of exchange rate fluctuations on cash and cash equivalents	-13,333	-16,361
Increase (decrease) in cash and cash equivalents	1,004,380	2,405,805
Cash and cash equivalents at beginning of period	1,666,170	2,670,550
Cash and cash equivalents at the end of period	* 2,670,550	* 5,076,356

- (5) Notes concerning the assumption of the business as a going concern
None

- (6) Summary of significant accounting policies

Item	Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)
1 Application of consolidated accounting rules	Number of consolidated companies: 3 companies Name of the consolidated subsidiary: MILBON USA, INC. Milbon Trading (Shanghai) Co., Ltd. Milbon Korea Co., Ltd.	Number of consolidated companies: 3 companies Name of the consolidated subsidiary: MILBON USA, INC. Milbon Trading (Shanghai) Co., Ltd. Milbon Korea Co., Ltd.
2 Application of the equity method	None	Same as shown on the left
3 Fiscal terms set for consolidated subsidiaries	MILBON USA, INC. and Milbon Korea Co., Ltd. have their fiscal year end on September 30. In preparing these consolidated financial statements, Milbon Co., Ltd. has employed financial statements that Milbon USA Inc. and Milbon Korea Co., Ltd. independently produced as of September 30. The date of settlement at Milbon Trading (Shanghai) Co., Ltd. is December 31. Consolidated financial statements are made using September 30 as a provisional date of settlement. With regard to important transactions that took place in the period from October 1 through December 20, the necessary adjustment has been made to produce the consolidated financial statements.	Same as shown on the left
4 Major accounting standards (1) Basis for valuation of major assets	1) Marketable securities Other securities Securities with fair market value Calculated based on the market value method whereby relevant securities' market prices and other data recorded as of December 20, 2010 are taken into account to respectively determine their fair value for reporting. Resultant valuation differences are expensed into the net assets. The cost of selling such securities is calculated based on the moving average method. Securities without fair market value Calculated based on the cost accounting and moving average methods.	1) Marketable securities Other securities Securities with fair market value Same as shown on the left Securities without fair market value Same as shown on the left

Item	Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)
	<p>2) Inventories</p> <p>Merchandise Calculated mainly based on cost accounting and the first-in, first-out method (Method of book price devaluation based on decreased profitability is used for balance sheet values)</p> <p>Products/semi-finished products Calculated mainly based on cost accounting and the gross average method (Method of book price devaluation based on decreased profitability is used for balance sheet values)</p> <p>Raw materials Calculated mainly based on cost accounting and the gross average method (Method of book price devaluation based on decreased profitability is used for balance sheet values)</p> <p>Stocks Calculated through the last purchase price method (for balance sheet values, the book price devaluation method based on decreased profitability is used).</p>	<p>2) Inventories</p> <p>Merchandise Same as shown on the left</p> <p>Products/semi-finished products Same as shown on the left</p> <p>Raw materials Same as shown on the left</p> <p>Stocks Same as shown on the left</p>

Item	Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)
(2) Method for calculating depreciation and amortization of important assets	<p>1) Tangible fixed assets While Milbon Co., Ltd. applies the declining balance method, the consolidated overseas subsidiary employs the fixed amount deduction method. The useful lives relevant to major assets are considered as indicated.</p> <p style="padding-left: 40px;">Buildings and other structures 31 to 50 years Machinery, equipment and vehicles for transportation: 6 to 8 years</p> <p>2) Intangible fixed assets The fixed amount deduction method is applied. With regard to computer software programs used in the offices, depreciation is calculated based on the assumption that useful years should be from 3 to 5 years and a fixed amount is deducted and depreciated from the relevant purchase prices every year.</p>	<p>1) Tangible fixed assets Same as shown on the left</p> <p>2) Intangible fixed assets Same as shown on the left</p>
(3) Basis for the valuation and allocation of major provisions	<p>1) Allowance for doubtful accounts In preparation for loan loss, Milbon Co., Ltd. and its consolidated overseas subsidiaries estimate the amount likely to be irrecoverable with regard to each loan transaction to secure a provision for this specific purpose. This amount is determined with reference to the Company's historical record (for general bad loans) and through assessment of the possibility of collecting individual debts (for specific doubtful accounts).</p> <p>2) Reserve for bonuses The Company and its consolidated subsidiaries outside Japan post an amount based on estimates to provide for the payment of employees' bonuses (including those for officers in employment).</p> <p>3) Reserve for returned goods Provision for returned merchandise In preparation of losses that may occur in association with the return of merchandise and products, Milbon Co., Ltd. assesses its historical return ratio and other related data to estimate such possible loss in future and allocate a reasonable allowance for the same.</p>	<p>1) Allowance for doubtful accounts Same as shown on the left</p> <p>2) Reserve for bonuses Same as shown on the left</p> <p>3) Reserve for returned goods Same as shown on the left</p>

Item	Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)
	<p>4) Reserve for retirement benefits</p> <p>In preparation for payments of retirement benefits to employees, an appropriate amount is earmarked based on the estimate of retirement liabilities and pension assets at the end of the current term. The simplified method is used for some consolidated subsidiaries.</p> <p>Prior service liabilities are disposed of by the straight-line method over a specified number of years (5 years) within the average remaining employee work period. The difference relative to the liabilities is calculated through the fixed amount deduction method, distributed over a certain period of time (5 years) within the average remaining service years of employees existing at the beginning of the current term, and treated as an expense for each of the following fiscal terms.</p> <p>As the estimated value of pension assets at the end of the current fiscal year at Milbon Co., Ltd. exceeds the estimated amount of liability for retirement benefits after adjustment of liabilities, based on unrecognized past services and unrecognized actuarial gains and losses, the difference is accounted for as prepaid pension expenses.</p> <p>(Change in accounting policy)</p> <p>The company is applying the “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)” (ASBJ Statement No. 19 issued on July 31, 2008) from the current consolidated fiscal year.</p> <p>As the same rate of discount is to be used as that used previously, there will be no impact on the consolidated financial statements for the current consolidated fiscal year.</p> <p>(Additional information)</p> <p>Since January 1, 2011, Milbon Co., Ltd. has transferred part of its defined contribution pension plan and its approved retirement pension plan into a defined-benefit pension plan. Accordingly, the company has applied the “Accounting Standard for Transfer between Retirement Benefit Plans” (ASBJ Guidance No.1).</p> <p>The impact of this change was a decrease of 28,788 thousand yen on operating income, ordinary income and income before income taxes and minority interests, respectively.</p>	<p>4) Reserve for retirement benefits</p> <p>In preparation for payments of retirement benefits to employees, an appropriate amount is earmarked based on the estimate of retirement liabilities and pension assets at the end of the current term. The simplified method is used for some consolidated subsidiaries.</p> <p>Prior service liabilities are disposed of by the straight-line method over a specified number of years (5 years) within the average remaining employee work period.</p> <p>The difference relative to the liabilities is calculated through the fixed amount deduction method, distributed over a certain period of time (5 years) within the average remaining service years of employees existing at the beginning of the current term, and treated as an expense for each of the following fiscal terms.</p>

Item	Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)
	5) Reserve for loss on guarantees The Milbon Group gives individual consideration to the financial circumstances at guaranteed parties and records the amount of expected losses in order to prepare for losses related to debt guarantees.	5) Reserve for loss on guarantees Same as shown on the left
(4) Standard for translating foreign currencies for valuation of major assets and liabilities	Financial loan and borrowing transactions in foreign currencies are translated into Japanese yen at spot exchange rates of the current term end date, and the resultant translation adjustments are reported in the profit and loss statement. Assets and liabilities of the consolidated overseas subsidiary are translated into Japanese yen at spot exchange rates on the specified term end date, while earnings and expenses are converted at the average exchange rate during the term before reporting. Gains and losses resulting from such translations are included in the Provision for adjustment of foreign exchange transactions in the Net assets section of the balance sheet.	Same as shown on the left
(5) Definition of "Cash" in the Consolidated Statement of Cash Flows	-----	"Cash," as used in the Consolidated Cash Flow Statement, refers to cash and cash equivalents, consisting of cash on hand, savings that can be withdrawn at any time, and short-term investments that can be converted into cash with little risk of fluctuation in value and also that will mature within three months of acquisition.
(6) Other important issues related to the production of consolidated financial statements	Treatment of consumption and other taxes The consolidated financial statements are produced on a non-tax inclusion basis.	Same as shown on the left
5 Valuation of assets and liabilities belonging to the consolidated subsidiary	The market evaluation method is applied to all assets and liabilities belonging to the consolidated subsidiary.	-----
6 Definition of "Cash" in the Consolidated Statement of Cash Flows	"Cash," as used in the Consolidated Cash Flow Statement, refers to cash and cash equivalents, consisting of cash on hand, savings that can be withdrawn at any time, and short-term investments that can be converted into cash with little risk of fluctuation in value and also that will mature within three months of acquisition.	-----

(7) Summary of significant accounting policies
(Change in Accounting Policies)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)
-----	<p>(Application of the “Accounting Standard for Asset Retirement Obligations”)</p> <p>The company is applying 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) from the consolidated fiscal year.</p> <p>By doing so, income before income taxes and minority interests has decreased by 32,134 million yen.</p>

(Changes to Display Method)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)
<p>(Consolidated Balance Sheet)</p> <p>“Long-term loans” (42,057 thousand yen in the current consolidated fiscal year), which was published as a separate classification until the previous consolidated fiscal year, has been included in “Others” under investments and other assets as a result of its reduced financial importance.</p> <p>(First Quarter Consolidated Statement of Earnings)</p> <p>“Interest paid” (24 thousand yen in the current consolidated fiscal year), which for a separate classification was given in the previous consolidated fiscal year, has been included under “Others” in non-operating costs as a result of its reduced financial importance.</p>	-----
<p>(Consolidated Statement of Cash Flows)</p> <p>“Interest paid” under cash flows from operating activities has been included under “Others” from the current consolidated fiscal year as a result of its reduced financial importance.</p> <p>“Interest paid” included under “Others” in the current consolidated fiscal year is 24 thousand yen.</p>	<p>(First Quarter Consolidated Statement of Earnings)</p> <p>The company is applying the “Cabinet Order on a Partial Amendment of the Regulation for Terminology, Forms and Preparation of Financial Statements, etc.” (Cabinet Order No.5, March 24, 2009) from the current consolidated fiscal year based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22; December 26, 2008) and is presenting this information in the item “Current term net income before minority interests.”</p> <p>“Loss on revaluation of investments in securities,” which was presented included in “Others” under extraordinary losses the previous consolidated fiscal year, has been presented as a category because its value exceeds 10% of the total value of extraordinary losses in the current consolidated fiscal year. The “Loss on revaluation of investments in securities” at the end of the previous consolidated fiscal year was 7,332 thousand yen.</p>

(Additional Information)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)
<p style="text-align: center;">-----</p>	<p>The company is applying the “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No.25; June 30, 2010) from the current consolidated fiscal year. However, the amounts for the previous consolidated fiscal year for “Cumulative other comprehensive income” and “Total cumulative other comprehensive income” were included in the amounts for “Valuation and translation adjustments” and “Total valuation and translation adjustments.”</p>

(8) Notes to consolidated financial statements
(Consolidated Balance Sheet)

Previous consolidated fiscal year (December 20, 2010)	Current consolidated fiscal year (December 20, 2011)
1 Contingent liabilities Guarantees on liabilities We have implemented a debt guarantee against customers' bank loans payable (three loans of 112,510 thousand yen).	1 Contingent liabilities Guarantees on liabilities We have implemented a debt guarantee against customers' bank loans payable (three loans of 98,496 thousand yen).

(First Quarter Consolidated Statement of Earnings)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)																		
*1 Major items and respective amounts included in the Marketing and General Administrative Expenses are as follows: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Sales promotion expenses</td> <td style="text-align: right;">1,620,546 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Remuneration, salary and other allowances</td> <td style="text-align: right;">2,445,811 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Expensing of the Provision for bonuses</td> <td style="text-align: right;">46,005 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Provision for retirement benefit</td> <td style="text-align: right;">237,114 thousand yen</td> </tr> </table>	Sales promotion expenses	1,620,546 thousand yen	Remuneration, salary and other allowances	2,445,811 thousand yen	Expensing of the Provision for bonuses	46,005 thousand yen	Provision for retirement benefit	237,114 thousand yen	*1 Major items and respective amounts included in the Marketing and General Administrative Expenses are as follows: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Sales promotion expenses</td> <td style="text-align: right;">1,663,665 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Remuneration, salary and other allowances</td> <td style="text-align: right;">2,522,276 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Expensing of the Provision for bonuses</td> <td style="text-align: right;">47,541 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Provision for retirement benefit</td> <td style="text-align: right;">254,856 thousand yen</td> </tr> </table>	Sales promotion expenses	1,663,665 thousand yen	Remuneration, salary and other allowances	2,522,276 thousand yen	Expensing of the Provision for bonuses	47,541 thousand yen	Provision for retirement benefit	254,856 thousand yen		
Sales promotion expenses	1,620,546 thousand yen																		
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Remuneration, salary and other allowances	2,522,276 thousand yen																		
Expensing of the Provision for bonuses	47,541 thousand yen																		
Provision for retirement benefit	254,856 thousand yen																		
*2 Research and development expense included in the General Administrative Expense and Production Expense of the current term <div style="text-align: right;">838,005 thousand yen</div>	*2 Research and development expense included in the General Administrative Expense and Production Expense of the current term <div style="text-align: right;">870,576 thousand yen</div>																		
*3 Breakdown of gains from fixed asset disposal <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Machinery, equipment and vehicles for transportation</td> <td style="text-align: right;">87 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Others</td> <td style="text-align: right;">4 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;"><u>Total</u></td> <td style="text-align: right;"><u>91 thousand yen</u></td> </tr> </table>	Machinery, equipment and vehicles for transportation	87 thousand yen	Others	4 thousand yen	<u>Total</u>	<u>91 thousand yen</u>	-----												
Machinery, equipment and vehicles for transportation	87 thousand yen																		
Others	4 thousand yen																		
<u>Total</u>	<u>91 thousand yen</u>																		
*4 Breakdown of the loss caused by the sale of fixed assets <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Machinery, equipment and vehicles for transportation</td> <td style="text-align: right;">79 thousand yen</td> </tr> </table>	Machinery, equipment and vehicles for transportation	79 thousand yen	-----																
Machinery, equipment and vehicles for transportation	79 thousand yen																		
*5 Breakdown of the loss from the disposition of property or other fixed assets <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Buildings and other structures</td> <td style="text-align: right;">10,495 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Machinery, equipment and vehicles for transportation</td> <td style="text-align: right;">10,240 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Retirement costs related to refurbishment of the Tokyo Branch</td> <td style="text-align: right;">81,899 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Others</td> <td style="text-align: right;">1,132 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;"><u>Total</u></td> <td style="text-align: right;"><u>103,768 thousand yen</u></td> </tr> </table>	Buildings and other structures	10,495 thousand yen	Machinery, equipment and vehicles for transportation	10,240 thousand yen	Retirement costs related to refurbishment of the Tokyo Branch	81,899 thousand yen	Others	1,132 thousand yen	<u>Total</u>	<u>103,768 thousand yen</u>	*5 Breakdown of the loss from the disposition of property or other fixed assets <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Buildings and other structures</td> <td style="text-align: right;">2,139 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Machinery, equipment and vehicles for transportation</td> <td style="text-align: right;">2,834 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Others</td> <td style="text-align: right;">295 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;"><u>Total</u></td> <td style="text-align: right;"><u>5,269 thousand yen</u></td> </tr> </table>	Buildings and other structures	2,139 thousand yen	Machinery, equipment and vehicles for transportation	2,834 thousand yen	Others	295 thousand yen	<u>Total</u>	<u>5,269 thousand yen</u>
Buildings and other structures	10,495 thousand yen																		
Machinery, equipment and vehicles for transportation	10,240 thousand yen																		
Retirement costs related to refurbishment of the Tokyo Branch	81,899 thousand yen																		
Others	1,132 thousand yen																		
<u>Total</u>	<u>103,768 thousand yen</u>																		
Buildings and other structures	2,139 thousand yen																		
Machinery, equipment and vehicles for transportation	2,834 thousand yen																		
Others	295 thousand yen																		
<u>Total</u>	<u>5,269 thousand yen</u>																		

(Consolidated Statement of Comprehensive Income)

Consolidated fiscal year (December 21, 2010 to December 20, 2011)

*1	Comprehensive income during the consolidated fiscal year immediately prior to the current consolidated fiscal year	
	Comprehensive income related to parent company shareholders	1,735,197 thousand yen
	Comprehensive income related to minority shareholders	-
	Total	1,735,197 thousand yen
*2	Other comprehensive income during the consolidated fiscal year immediately prior to the current consolidated fiscal year	
	Net unrealized gains on other securities	-69,708 thousand yen
	Foreign currency translation adjustments	-26,648 thousand yen
	Total	-96,356 thousand yen

(Items Related to the Consolidated Statement of Changes in Shareholders' Equity)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)

1. Items Related to Shares Issued and Outstanding

Class of stock	Previous consolidated fiscal year	Increase	Decrease	End of current consolidated fiscal year
Common stock (number of shares)	12,544,408	-	-	12,544,408

2. Items Related Treasury Stock

Class of stock	Previous consolidated fiscal year	Increase	Decrease	End of current consolidated fiscal year
Common stock (number of shares)	11,617	215	238	11,594

(Reason for change)

- The increase is attributed to the purchase of fractional shares upon requests for purchases from shareholders.
- The decrease is attributed to the sale of fractional shares upon request for repurchases from shareholders.

3. Items Related to Dividends

(1) Amount of dividends paid

Resolution	Class of stock	Total dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
March 18, 2010 General meeting of shareholders	Common stock	350,918	28	December 20, 2009	March 19, 2010
June 25, 2010 Board of Directors' meeting	Common stock	338,387	27	June 20, 2010	August 6, 2010

(2) Dividends whose record date belongs to the current consolidated fiscal year and whose effective date belongs to the subsequent consolidated fiscal year

Resolution	Class of stock	Source of dividends	Total dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
March 17, 2011 General meeting of shareholders	Common stock	Retained earnings	413,582	33	December 20, 2010	March 18, 2011

Current consolidated fiscal year (December 21, 2010 to December 20, 2011)

1. Items Related to Shares Issued and Outstanding

Class of stock	Previous consolidated fiscal year	Increase	Decrease	End of current consolidated fiscal year
Common stock (number of shares)	12,544,408	1,254,440	-	13,798,848

(Reason for change)

The number of shares increased due to the implementation of a share split at a ratio of 1.1 shares for each common share on December 21, 2010.

2. Items Related Treasury Stock

Class of stock	Previous consolidated fiscal year	Increase	Decrease	End of current consolidated fiscal year
Common stock (number of shares)	11,594	6,951	817	17,728

(Reason for change)

1. The increase was due to an increase of 5,792 shares due to requests for the purchase of fractional shares and an increase of 1,159 shares due to a share split.
2. The decrease is attributed to the sale of fractional shares upon request for repurchases from shareholders.

3. Items Related to Dividends

(1) Amount of dividends paid

Resolution	Class of stock	Total dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
March 17, 2011 General meeting of shareholders	Common stock	413,582	33	December 20, 2010	March 18, 2011
June 28, 2011 Board of Directors' meeting	Common stock	413,448	30	June 20, 2011	August 5, 2011

(2) Dividends whose record date belongs to the current consolidated fiscal year and whose effective date belongs to the subsequent consolidated fiscal year

Resolution	Class of stock	Source of dividends	Total dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
March 16, 2012 General meeting of shareholders	Common stock	Retained earnings	468,558	34	December 20, 2011	March 19, 2012

(Items Related to Consolidated Statements of Cash Flows)

Previous consolidated fiscal year (December 21, 2009) (December 20, 2010)	Current consolidated fiscal year (December 21, 2010) (December 20, 2011)
* Relation between the balance of cash and cash equivalents at the end of the consolidated fiscal year and account titles stated in the consolidated balance sheets	* Relation between the balance of cash and cash equivalents at the end of the consolidated fiscal year and account titles stated in the consolidated balance sheets
Cash and bank deposits 2,673,044 thousand yen	Cash and bank deposits 5,079,642 thousand yen
Fixed term deposits with deposit terms exceeding three months -2,493 thousand yen	Fixed term deposits with deposit terms exceeding three months -3,286 thousand yen
Cash and cash equivalents 2,670,550 thousand yen	Cash and cash equivalents 5,076,356 thousand yen

(Related to Lease Transactions)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)				Current consolidated fiscal year (December 21, 2010 - December 20, 2011)			
1 Finance lease transactions that do not transfer rights of ownership where the start date of the lease transaction was prior to the start of the first fiscal year of application of the accounting standard for lease transactions (Borrower)				1 Finance lease transactions that do not transfer rights of ownership where the start date of the lease transaction was prior to the start of the first fiscal year of application of the accounting standard for lease transactions (Borrower)			
(1) Purchase price equivalent, accumulated depreciation equivalent and the term-end outstanding balance equivalent of leased items are as follows:				(1) Purchase price equivalent, accumulated depreciation equivalent and the term-end outstanding balance equivalent of leased items are as follows:			
	Purchase price equivalent (thousand yen)	Accumulated depreciation equivalent (thousand yen)	Term-end outstanding balance equivalent (thousand yen)		Purchase price equivalent (thousand yen)	Accumulated depreciation equivalent (thousand yen)	Term-end outstanding balance equivalent (thousand yen)
Others (Tools, equipment, furniture and fixtures)	139,625	77,797	61,827	Others (Tools, equipment, furniture and fixtures)	111,687	68,099	43,588
Total	139,625	77,797	61,827	Total	111,687	68,099	43,588
(Note) The purchase price equivalent refers to the total amount of lease payments throughout the period of each lease, including the amount representing interest, since the total amount of future lease payments is not significant in relation to the total value of tangible fixed assets as of the current term end date.				(Note) The purchase price equivalent refers to the total amount of lease payments throughout the period of each lease, including the amount representing interest, since the total amount of future lease payments is not significant in relation to the total value of tangible fixed assets as of the current term end date.			
(2) Future minimum lease payments equivalent				(2) Future minimum lease payments equivalent			
Due within one year 18,239 thousand yen				Due within one year 15,955 thousand yen			
Due after one year 43,588 thousand yen				Due after one year 27,632 thousand yen			
Total 61,827 thousand yen				Total 43,588 thousand yen			
(Note) The minimum amount of payments to be made in future is determined as of the current term end date and reported as the total amount of future minimum lease payments, including the amount representing interest, since the amount of future minimum lease payments is not significant in relation to the total value of tangible fixed assets as of the current term end date.				(Note) The minimum amount of payments to be made in future is determined as of the current term end date and reported as the total amount of future minimum lease payments, including the amount representing interest, since the amount of future minimum lease payments is not significant in relation to the total value of tangible fixed assets as of the current term end date.			
(3) Lease expense and depreciation expense equivalent				(3) Lease expense and depreciation expense equivalent			
Lease expense 21,543 thousand yen				Lease expense 15,955 thousand yen			
Depreciation expense equivalent 21,543 thousand yen				Depreciation expense equivalent 15,955 thousand yen			
(4) Method of calculating the depreciation expense equivalent With regard to each item of leased property, plant and equipment, a depreciation expense equivalent is calculated based on the fixed amount deduction method, in which the period of each lease contract is deemed as the useful or serviceable years of the relevant leased item and the value of such leased item is supposed to be depreciated and reduced to nil at the end of the contract.				(4) Method of calculating the depreciation expense equivalent With regard to each item of leased property, plant and equipment, a depreciation expense equivalent is calculated based on the fixed amount deduction method, in which the period of each lease contract is deemed as the useful or serviceable years of the relevant leased item and the value of such leased item is supposed to be depreciated and reduced to nil at the end of the contract.			
2 Operating lease transactions (Borrower)				2 Operating lease transactions (Borrower)			
Prepaid lease charges related to irrevocable leases among operating lease transactions.				Prepaid lease charges related to irrevocable leases among operating lease transactions.			
Due within one year 38,499 thousand yen				Due within one year 35,307 thousand yen			
Due after one year 100,666 thousand yen				Due after one year 58,771 thousand yen			
Total 139,166 thousand yen				Total 94,078 thousand yen			

(Related to Financial Instruments)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)

(Additional information)

The company is applying the “Accounting Standard for Financial Instruments” (ASBJ Statement No.10; March 10, 2008) and the “Guidance on Accounting Standard for Financial Instruments” (ASBJ Guidance No.19; March 10, 2008) from the consolidated fiscal period under review.

1. Items on the state of financial instruments

(1) Policy on the approach to financial instruments

In principle, the Milbon Group carries out financial management limited to very safe financial instruments aimed at the maintenance of assets.

In addition, the policy of the group with regard to derivative transactions is to not engage in speculative transactions. The Milbon Group did not carry out any derivative transactions during the current consolidated fiscal period.

(2) Details of financial instruments, their risk and risk management systems

Trade notes and accounts receivable, which are operating receivables, are exposed to the credit risk of the customer. The company carries out settlement date management and balance management for each business partner with regard to this risk.

Shares, which are investments in securities, are mainly shares in companies with which the company has a business relationship, and are exposed to the risk of changes in market value. The company obtains and manages the current prices and financial state of issued shares, etc., regularly and reports the regularly obtained current prices to meetings of the Board of Directors with regard to this risk.

Virtually all accounts payable, which are operating payables, have a deadline for payment of no more than one month.

(3) Supplementary explanation with regard to items on the current price, etc., of financial instruments

Apart from values based on market prices, the current prices of financial instruments include values calculated rationally in cases where there is no market price. Because the calculation of these values incorporates variable factors, the values may fluctuate due to the adoption of different preconditions, etc.

2. Items on the current prices, etc., of financial instruments

The values posted on the consolidated balance sheet, current prices and the differences between those values as of December 20, 2010 are as shown below. Items for which obtaining the current value is recognized to be very difficult are not included in the following table (please refer to (Note 2)).

	Value posted on the consolidated balance sheet (thousand yen)	Current value (thousand yen)	Difference (thousand yen)
(1) Cash and bank deposits	2,673,044	2,673,044	-
(2) Trade notes and accounts receivable	2,857,374	2,857,374	-
(3) Investment in securities			
Other securities	1,164,305	1,164,305	-
Total assets	6,694,724	6,694,724	-
(1) Accounts payable	467,309	467,309	-
(2) Accrued expenses payable	1,284,549	1,284,549	-
(3) Corporate taxes payable	635,475	635,475	-
Total liabilities	2,387,334	2,387,334	-

(Note 1) Items on the method for calculation of the current prices of financial instruments and marketable securities

Assets

(1) Cash and bank deposits and (2) Trade notes and accounts receivable

Because these are settled in the short-term and their current values are virtually the same as their book values, they are calculated based on the book values in question.

(3) Investment in securities

The current values of investments in securities are calculated based on their stock exchange prices. In addition, please refer to the notes under (Marketable securities related) with regard to special items on marketable securities for each purpose of ownership.

Liabilities

(1) Accounts payable, (2) Accrued expenses payable and (3) Corporate taxes payable

Because these are settled in the short-term and their current values are virtually the same as their book values, they are calculated based on the book values in question.

(Note 2) Financial instruments for which obtaining the current value is recognized to be very difficult

Category	Value posted on the consolidated balance sheet (thousand yen)
Other securities	
Unlisted shares	16,250

Because these have no market price and it is recognized that obtaining the current value is very difficult, they are not included under "(3) Investment in securities."

(Note 3) Value of monetary claims and financial instruments with an expiry date scheduled for redemption after the date of consolidated settlement

The period of redemption of all cash and bank deposits and trade notes and accounts receivable is no more than one year.

Current consolidated fiscal year (December 21, 2010 to December 20, 2011)

1. Items on the state of financial instruments

(1) Policy on the approach to financial instruments

In principle, the Milbon Group carries out financial management limited to very safe financial instruments aimed at the maintenance of assets.

In addition, the policy of the group with regard to derivative transactions is to not engage in speculative transactions. The Milbon Group did not carry out any derivative transactions during the current consolidated fiscal period.

(2) Details of financial instruments, their risk and risk management systems

Trade notes and accounts receivable, which are operating receivables, are exposed to the credit risk of the customer. The company carries out settlement date management and balance management for each business partner with regard to this risk.

Shares, which are investments in securities, are mainly shares in companies with which the company has a business relationship, and are exposed to the risk of changes in market value. The company obtains and manages the current prices and financial state of issued shares, etc., regularly and reports the regularly obtained current prices to meetings of the Board of Directors with regard to this risk.

Virtually all accounts payable, which are operating payables, have a deadline for payment of no more than one month.

(3) Supplementary explanation with regard to items on the current price, etc., of financial instruments

Apart from values based on market prices, the current prices of financial instruments include values calculated rationally in cases where there is no market price. Because the calculation of these values incorporates variable factors, the values may fluctuate due to the adoption of different preconditions, etc.

2. Items on the Current Prices, etc., of Financial Instruments

The values posted on the consolidated balance sheet, current prices and the differences between those values as of December 20, 2011 are as shown below. Items for which obtaining the current value is recognized to be very difficult are not included in the following table (please refer to (Note 2)).

	Value posted on the consolidated balance sheet (thousand yen)	Current value (thousand yen)	Difference (thousand yen)
(1) Cash and bank deposits	5,079,642	5,079,642	-
(2) Trade notes and accounts receivable	3,031,626	3,031,626	-
(3) Investment in securities			
Other securities	1,000,783	1,000,783	-
Total assets	9,112,053	9,112,053	-
(1) Accounts payable	419,740	419,740	-
(2) Accrued expenses payable	1,448,203	1,448,203	-
(3) Corporate taxes payable	1,016,927	1,016,927	-
Total liabilities	2,884,870	2,884,870	-

(Note 1) Items on the method for calculation of the current prices of financial instruments and marketable securities

Assets

(1) Cash and bank deposits and (2) Trade notes and accounts receivable

Because these are settled in the short-term and their current values are virtually the same as their book values, they are calculated based on the book values in question.

(3) Investment in securities

The current values of investments in securities are calculated based on their stock exchange prices. In addition, please refer to the notes under (Marketable securities related) with regard to special items on marketable securities for each purpose of ownership.

Liabilities

(1) Accounts payable, (2) Accrued expenses payable and (3) Corporate taxes payable

Because these are settled in the short-term and their current values are virtually the same as their book values, they are calculated based on the book values in question.

(Note 2) Financial instruments for which obtaining the current value is recognized to be very difficult

Category	Value posted on the consolidated balance sheet (thousand yen)
Other securities	
Unlisted shares	16,250

Because these have no market price and it is recognized that obtaining the current value is very difficult, they are not included under "(3) Investment in securities."

(Note 3) Value of monetary claims and financial instruments with an expiry date scheduled for redemption after the date of consolidated settlement

The period of redemption of all cash and bank deposits and trade notes and accounts receivable is no more than one year.

(Related to Marketable Securities)

As of the end of the previous consolidated fiscal year (As of December 20, 2010)

1 Other securities with marketable value

	Type	Value posted on the consolidated balance sheet (thousand yen)	Value booked on the Consolidated Balance Sheet (thousand yen)	Difference (thousand yen)
Items whose booked values exceed their respective acquisition prices	(1) Equity securities	283,856	267,996	15,859
	(2) Bonds	-	-	-
	(3) Others	-	-	-
	Subtotal	283,856	267,996	15,859
Items whose booked values do not exceed their respective acquisition prices	(1) Equity securities	880,449	1,140,688	-260,238
	(2) Bonds	-	-	-
	(3) Others	-	-	-
	Subtotal	880,449	1,140,688	-260,238
Total		1,164,305	1,408,685	-244,379

(Note) Because unlisted shares (value posted on the consolidated balance sheet: 16,250 thousand yen) have no market price and it is recognized that obtaining their current value is very difficult, they are not included in the above table "Other securities with marketable value".

2 Other marketable securities sold during the current consolidated fiscal year (December 21, 2010 - December 20, 2011)

Type	Sold price (Unit: thousand yen)	Total amount of profit resulting from the sale (Unit: thousand yen)	Total amount of loss caused by the sale (Unit: thousand yen)
(1) Equity securities	3,320	1,287	930
(2) Bonds	-	-	-
(3) Others	-	-	-
Total	3,320	1,287	930

3. Marketable securities that underwent impairment loss processing

The company carried out impairment loss processing with a value of 7,332 thousand yen with regard to other marketable securities during the current consolidated fiscal year.

In impairment accounting procedures for marketable securities, the company employs impairment accounting procedures on all securities where the market value of an individual security drops in value by 50% or more in comparison to its individual acquisition price. In the case of securities that fall in price by at least 30% and less than 50%, the company determines the necessity for impairment accounting procedures after judging the possibility of price recovery on an individual basis.

As of the end of the current consolidated fiscal year (December 20, 2011)

1 Other securities with marketable value

	Type	Value posted on the consolidated balance sheet (thousand yen)	Value booked on the Consolidated Balance Sheet (thousand yen)	Difference (thousand yen)
Items whose booked values exceed their respective acquisition prices	(1) Equity securities	307,310	267,996	39,313
	(2) Bonds	-	-	-
	(3) Others	-	-	-
	Subtotal	307,310	267,996	39,313
Items whose booked values do not exceed their respective acquisition prices	(1) Equity securities	693,473	1,126,258	-432,784
	(2) Bonds	-	-	-
	(3) Others	-	-	-
	Subtotal	693,473	1,126,258	-432,784
Total		1,000,783	1,394,255	-393,471

(Note) Unlisted equity securities (value of 16,250 thousand yen on the Consolidated Balance Sheet) are not included under "Other securities" above because it has been judged to be extremely difficult to identify market value without a stock market price.

2 Other marketable securities sold during the current consolidated fiscal year (December 21, 2010 - December 20, 2011)

Type	Sold price (Unit: thousand yen)	Total amount of profit resulting from the sale (Unit: thousand yen)	Total amount of loss caused by the sale (Unit: thousand yen)
(1) Equity securities	8,653	1,555	-
(2) Bonds	-	-	-
(3) Others	-	-	-
Total	8,653	1,555	-

3. Marketable securities that underwent impairment loss processing

The company carried out impairment loss processing with a value of 73,123 thousand yen with regard to other marketable securities during the current consolidated fiscal year.

In impairment accounting procedures for marketable securities, the company employs impairment accounting procedures on all securities where the market value of an individual security drops in value by 50% or more in comparison to its individual acquisition price. In the case of securities that fall in price by at least 30% and less than 50%, the company determines the necessity for impairment accounting procedures after judging the possibility of price recovery on an individual basis.

(Related to Derivative Transactions)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)

This item is non-applicable as the Milbon Group makes use of no derivatives trading whatsoever.

Consolidated fiscal year (December 21, 2010 - December 20, 2011)

This item is non-applicable as the Milbon Group makes use of no derivatives trading whatsoever.

(Related to the Provision for Retirement Benefits)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)

1 Outline of the Retirement Plan Adopted by Milbon

The Company provides an approved retirement pension plan and a defined contribution pension plan, and also a cooperative welfare pension fund (in which companies involved in the same business have established a welfare pension fund), because their frameworks are considered effective to assure employees of defined-benefit pensions. In addition, some consolidated subsidiaries have adopted a retirement lump-sum grant system as a defined benefit system.

The company has applied the “Accounting for Transfers among Retirement Benefit Plans” (ASBJ Implementation Guidance No.1) since January 2011 in association with the transfer of part of the defined contribution pension plan and the approved retirement pension plan to a defined-benefit corporate pension plan.

The matters related to the multiemployer system under which the required contributions are treated as a retirement benefit expense are as follows.

(1) Matters related to the reserve situation of the system overall (March 31, 2010)

Value of pension assets	31,247,387 thousand yen
Value of benefit liabilities in pension finance calculations	43,178,840 thousand yen
Difference	-11,931,452 thousand yen

(2) Company’s proportion of benefit liabilities against the system overall

(From December 1, 2009 to November 30, 2010)

6.9%

(3) Supplementary explanation

The main factors in the difference shown in (1) above are the balance of past service liabilities of 14,540,959 thousand yen and the insufficient funds carried over of 2,609,506 thousand yen in the pension finance calculations.

The depreciation method for past service liabilities used in this system is the annuity repayment method for a period of 19 years and 0 months, and the company has processed 70,505 thousand yen as a special item in the consolidated financial statements for this term.

In addition, the proportion shown in (2) above is not the same as the company’s actual burden ratio.

2 Items related to retirement liabilities

	Current consolidated fiscal year (December 20, 2010)
(1) Retirement benefit liabilities	-1,146,505 thousand yen
(2) Pension assets	866,997
(3) Non-funded retirement liabilities (1) + (2)	-279,508
(4) Calculation differences due to unknown factors	173,675
(5) Retirement liabilities that existed before revision of Milbon’s retirement plans and have not yet been realized and expensed (Reduction of the retirement liabilities)	115,155
(6) Net value posted on the Consolidated Balance Sheet (3) + (4) + (5)	9,322
(7) Advanced pension payment	10,461
(8) Provision for retirement benefit (6) - (7)	-1,138

(Note) Some subsidiaries have adopted a simplified method in the calculation of retirement benefit liabilities.

3 The components of retirement benefit expenses were as follows:

	Current consolidated fiscal year (December 21, 2009 - December 20, 2010)
(1) Service cost	68,492 thousand yen
(2) Interest cost	19,238
(3) Expected return on plan assets	-21,042
(4) Discrepancies with calculation that are expensed	38,216
(5) Amortization of prior service cost	28,788
(6) Subtotal (1) + (2) + (3) + (4) + (5)	133,694
(7) Contribution of the multi-employer welfare pension fund plans	149,524
(8) Contribution to the defined contribution pension plan	56,659
Total	339,879

(Note) The retirement benefit costs of consolidated subsidiaries that have adopted the simplified method of calculation are posted under "Service cost."

4 Issues related to the basic conditions for calculating retirement liabilities and other related values

	Current consolidated fiscal year (December 20, 2010)
(1) Discount ratio	2.0%
(2) Expected investment profit ratio	2.5%
(3) Method of distributing the estimated amount of retirement benefit over a certain period of time	Fixed amount distribution over the specified period of time
(4) Number of years designated to expense retirement liabilities existing before revision of Milbon's retirement plans	5 years
(5) Number of years designated to process discrepancies with calculations as an expense	5 years
	(An appropriate amount is earmarked based on the estimation of retirement liabilities and pension assets. The difference relative to the liabilities is calculated based on the fixed amount deduction method, distributed over a certain period of time (five years) within the average remaining service years of employees existing at the beginning of the current term, and expensed in each of the following fiscal terms.)

Consolidated fiscal year (December 21, 2010 to December 20, 2011)

1 Outline of the Retirement Plan Adopted by Milbon

The Company provides an approved retirement pension plan and a defined contribution pension plan, and also a cooperative welfare pension fund (in which companies involved in the same business have established a welfare pension fund), because their frameworks are considered effective to assure employees of defined-benefit pensions. In addition, some consolidated subsidiaries have adopted a retirement lump-sum grant system as a defined benefit system.

The matters related to the multiemployer system under which the required contributions are treated as a retirement benefit expense are as follows.

(1) Matters related to the reserve situation of the system overall (March 31, 2011)

Value of pension assets	30,821,595 thousand yen
Value of benefit liabilities in pension finance calculations	43,519,497 thousand yen
Difference	-12,697,901 thousand yen

(2) Company's proportion of benefit liabilities against the system overall

(From December 1, 2010 to November 30, 2011)

7.0%

(3) Supplementary explanation

The main factors in the difference shown in (1) above are the balance of past service liabilities of 14,194,260 thousand yen and the insufficient funds carried over of 1,496,358 thousand yen in the pension finance calculations.

The depreciation method for past service liabilities used in this system is the annuity repayment method for a period of 18 years and 0 months, and the company has processed 72,023 thousand yen as a special item in the consolidated financial statements for this term.

In addition, the proportion shown in (2) above is not the same as the company's actual burden ratio.

2 Items related to retirement liabilities

	Previous consolidated fiscal year (December 20, 2011)
(1) Retirement benefit liabilities	-1,206,795 thousand yen
(2) Pension assets	901,037
(3) Non-funded retirement liabilities (1) + (2)	-305,758
(4) Calculation differences due to unknown factors	207,778
(5) Retirement liabilities that existed before revision of Milbon's retirement plans and have not yet been realized and expensed (Reduction of the retirement liabilities)	86,366
(6) Net value posted on the Consolidated Balance Sheet (3) + (4) + (5)	-11,612
(7) Advanced pension payment	-
(8) Provision for retirement benefit (6) - (7)	-11,612

(Note) Some subsidiaries have adopted a simplified method in the calculation of retirement benefit liabilities.

3 The components of retirement benefit expenses were as follows:

	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)
(1) Service cost	87,063 thousand yen
(2) Interest cost	22,907
(3) Expected return on plan assets	-21,674
(4) Discrepancies with calculation that are expensed	56,862
(5) Amortization of prior service cost	28,788
(6) Subtotal (1) + (2) + (3) + (4) + (5)	173,947
(7) Contribution of the multi-employer welfare pension fund plans	154,826
(8) Contribution to the defined contribution pension plan	37,012
Total	365,785

(Note) The retirement benefit costs of consolidated subsidiaries that have adopted the simplified method of calculation are posted under "Service cost."

4 Issues related to the basic conditions for calculating retirement liabilities and other related values

	Current consolidated fiscal year (December 20, 2011)
(1) Discount ratio	2.0%
(2) Expected investment profit ratio	2.5%
(3) Method of distributing the estimated amount of retirement benefit over a certain period of time	Fixed amount distribution over the specified period of time
(4) Number of years designated to expense retirement liabilities existing before revision of Milbon's retirement plans	5 years
(5) Number of years designated to process discrepancies with calculations as an expense	5 years
	(An appropriate amount is earmarked based on the estimation of retirement liabilities and pension assets. The difference relative to the liabilities is calculated based on the fixed amount deduction method, distributed over a certain period of time (five years) within the average remaining service years of employees existing at the beginning of the current term, and expensed in each of the following fiscal terms.)

(Related to Stock Options)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)

None

Consolidated fiscal year (December 21, 2010 - December 20, 2011)

None

(Related to Tax Effect Accounting)

Previous consolidated fiscal year (December 20, 2010)	Current consolidated fiscal year (December 20, 2011)
1. Significant components contributing to deferred tax assets and liabilities <div style="text-align: right;">(Unit: thousand yen)</div>	1. Significant components contributing to deferred tax assets and liabilities <div style="text-align: right;">(Unit: thousand yen)</div>
Deferred tax assets (current)	Deferred tax assets (current)
Allowance for doubtful accounts 4,025	Allowance for doubtful accounts 4,519
Reserve for returned goods 7,706	Reserve for returned goods 18,477
Reserve for bonuses 26,198	Reserve for bonuses 26,878
Losses on revaluation of inventory assets 12,914	Losses on revaluation of inventory assets 6,383
Accrued enterprise and business facility taxes 55,371	Accrued enterprise and business facility taxes 83,040
Accrued social insurance contribution 23,347	Accrued social insurance contribution 27,115
Retirement benefits for officers 11,956	Unrealized profit, inventories 33,992
Unrealized profit, inventories 22,373	Others 8,530
Others 5,245	Subtotal of deferred tax assets (current) 208,938
Subtotal of deferred tax assets (current) 169,139	Valuation reserve -5,101
Valuation reserve -2,298	Total of deferred tax assets (current) 203,837
Total of deferred tax assets (current) 166,841	
Deferred tax assets (fixed)	Deferred tax assets (fixed)
Depreciation and amortization expense 247,468	Depreciation and amortization expense 252,357
Allowance for doubtful accounts 10,935	Retirement costs for asset retirement obligations 11,407
Reserve for loss on guarantees 15,513	Allowance for doubtful accounts 8,354
Loss on revaluation of investments in securities 3,043	Reserve for retirement benefits 3,565
Retirement benefits for officers 114,092	Reserve for loss on guarantees 13,206
Net unrealized gains on other securities 95,767	Loss on revaluation of investments in securities 26,020
Others 58,877	Retirement benefits for officers 22,418
Subtotal of deferred tax assets (fixed) 545,698	Net unrealized gains on other securities 113,723
Valuation reserve -75,455	Others 59,995
Total of deferred tax assets (fixed) 470,242	Subtotal of deferred tax assets (fixed) 511,047
	Valuation reserve -80,430
	Total of deferred tax assets (fixed) 430,616
Deferred tax liabilities (fixed)	
Prepaid pension costs -4,226	
Total deferred tax liabilities (fixed) -4,226	
Net deferred tax liabilities 632,857	
The net value of deferred tax assets is included in sections of the Consolidated Balance Sheet as indicated below. <div style="text-align: right;">(Unit: thousand yen)</div>	
Current assets: Deferred tax assets 166,841	
Fixed assets: Deferred tax assets 466,016	

Previous consolidated fiscal year (December 20, 2010)	Previous consolidated fiscal year (December 20, 2011)																
<p>2. Breakdown in major items leading to significant income tax differences between the statutory tax rate and income tax rate after application of tax effect accounting</p> <p style="text-align: right;">(Unit: %)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Statutory tax rate (adjusted)</td> <td style="text-align: right;">40.4</td> </tr> <tr> <td>Entertainment and other expenses not qualifying for deduction permanently</td> <td style="text-align: right;">1.4</td> </tr> <tr> <td>Per capita residents' tax</td> <td style="text-align: right;">0.6</td> </tr> <tr> <td>Tax credit for research and development</td> <td style="text-align: right;">-2.5</td> </tr> <tr> <td>Increase (decrease) in valuation allowance</td> <td style="text-align: right;">1.8</td> </tr> <tr> <td>Difference with effective income tax rate at overseas subsidiaries</td> <td style="text-align: right;">0.9</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">0.3</td> </tr> <tr> <td style="border-top: 1px solid black;">Income tax rate after application of tax effect accounting</td> <td style="text-align: right; border-top: 1px solid black;">42.9</td> </tr> </table> <p style="text-align: center;">—</p>	Statutory tax rate (adjusted)	40.4	Entertainment and other expenses not qualifying for deduction permanently	1.4	Per capita residents' tax	0.6	Tax credit for research and development	-2.5	Increase (decrease) in valuation allowance	1.8	Difference with effective income tax rate at overseas subsidiaries	0.9	Others	0.3	Income tax rate after application of tax effect accounting	42.9	<p>2. Breakdown in major items leading to significant income tax differences between the statutory tax rate and income tax rate after application of tax effect accounting.</p> <p>We have omitted disclosure in relation to the above items because the difference between the statutory tax rate and application of the effective income tax rate was 5% or less than the statutory tax rate.</p> <p>3. Amendment of the amount of deferred tax assets and deferred tax liabilities based on changes in the corporate income tax rate and other tax rates</p> <p>“The Law to Revise Income Tax, etc., in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure” (Law No.114, 2011) and the “The Law on Extraordinary Measures to Secure the Financial Resources Required to Implement Measures for Recovery from the Great East Japan Earthquake” (Law No.117, 2011) were promulgated in December 2, 2011, and the corporate tax rate will change from the consolidated fiscal year starting from April 1, 2012.</p> <p>In association with this, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities will change from 40.4% to 38.4% with regard to the temporary differences whose resolution is expected during the consolidated fiscal year starting from December 21, 2012. In addition, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities will change to 35.5% with regard to the temporary differences whose resolution is expected during the consolidated fiscal year starting from December 21, 2015.</p> <p>Due to these changes, the amount of deferred tax assets (the amount after deducting the amount of deferred tax liabilities) will decrease 59,437 thousand yen, income taxes-deferred (credit) posted in costs for the current consolidated fiscal year will decrease 43,740 thousand yen, and net unrealized gains on other securities (credit) will decrease 15,697 thousand yen.</p>
Statutory tax rate (adjusted)	40.4																
Entertainment and other expenses not qualifying for deduction permanently	1.4																
Per capita residents' tax	0.6																
Tax credit for research and development	-2.5																
Increase (decrease) in valuation allowance	1.8																
Difference with effective income tax rate at overseas subsidiaries	0.9																
Others	0.3																
Income tax rate after application of tax effect accounting	42.9																

(Related to Business Combinations)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)

None

Consolidated fiscal year (December 21, 2010 - December 20, 2011)

None

(Related to Asset Retirement Obligations)

Current consolidated fiscal year (December 20, 2011)

Asset retirement obligations posted on the balance sheet

(1) Overview of the asset retirement obligations in question

The company recognizes the liabilities related to the restoration of real estate to its original state upon withdrawal from real estate based on real estate lease contracts for business offices, etc., as asset retirement obligations.

Instead of posting liabilities for asset retirement obligations, the company uses the method of estimating rationally the amount that it discerns it will not be able ultimately to recover from the deposit related to a real estate lease contract and posting the part of that amount belonging to the current term under costs.

(2) Method for calculation of the amount for asset retirement obligations in question

The company estimates the period of expected use and calculates the amount for asset retirement obligations.

(3) Changes in the overall value of the asset retirement obligations in question during the current consolidated fiscal year

The amount the company discerned it will not be able ultimately to recover from deposits at the start of the current consolidated fiscal year is 76,287 thousand yen. In addition, there was no change in the overall value of asset retirement obligations during the current term.

(Related to Rental Properties and Other Real Estate)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)

None

Consolidated fiscal year (December 21, 2010 - December 20, 2011)

None

(Segment Information)

(Information by Business Segment)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)

The Milbon Group is engaged in the production and distribution of hair-care products and other related merchandise, all of which are deemed to belong to the same business segment. Since the Group is not involved in any other business segment, no corresponding data is available.

(Information on Business According to Geographic Areas of Operation)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)

Given the fact that the domestic sales and assets of the Milbon Group account for more than 90% of both the total sales arising from all business segments involving Milbon and the total relevant assets, information on business according to geographic areas of operation is not disclosed herein.

(Overseas Sales)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)

Overseas sales information is not disclosed because the amount of overseas sales was less than 10% of consolidated sales.

(Segment Information)

Consolidated fiscal year (December 21, 2010 - December 20, 2011)

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

(Related Information)

Consolidated fiscal year (December 21, 2010 - December 20, 2011)

1. Information on each product and service

(Unit: thousand yen)

	Hair care products	Hair coloring products	Permanent wave products	Others	Total
Sales to external customers	10,398,894	7,987,817	1,816,451	323,578	20,526,742

2. Information by region

(1) Net sales

Regional information is omitted because external sales to customers in Japan exceed 90% of sales in the consolidated statement of earnings.

(2) Tangible fixed assets

Regional information is omitted because the amount for tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the consolidated balance sheet.

3. Information on major customers

Information on major customers is not included because of sales to external customers, there are no customers who occupy 10% or more of the amount of sales in the consolidated statement of earnings.

(Information on fixed asset impairment losses for each reporting segment)

Consolidated fiscal year (December 21, 2010 - December 20, 2011)

None

(Information on the amortization and non-amortized balance of goodwill for each reporting segment)

Consolidated fiscal year (December 21, 2010 - December 20, 2011)

None

(Information on gains on negative goodwill for each reporting segment)

Consolidated fiscal year (December 21, 2010 - December 20, 2011)

None

(Additional information)

The company is applying 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) from the consolidated fiscal year.

(Information on Affiliated Business Entities)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)

None

Consolidated fiscal year (December 21, 2010 - December 20, 2011)

None

(Per Share Data)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)		Current consolidated fiscal year (December 21, 2010 - December 20, 2011)	
Net asset value per share	1,412.25 yen	Net asset value per share	1,383.02 yen
Net income per share	146.14 yen	Net income per share	167.24 yen
Diluted net income per share of common stock is not shown, because there are no diluted shares.		Diluted net income per share of common stock is not shown, because there are no diluted shares.	

(Note) Basic data for calculating net income per share is as follows:

	Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)
Net income (Unit: thousand yen)	1,831,554	2,304,928
Amount not vested in ordinary shareholders (Unit: thousand yen)	-	-
Net income related to common stocks (Unit: thousand yen)	1,831,554	2,304,928
Average number of outstanding shares of common stocks during the term (Unit: share)	12,532,827	13,782,010

(Significant Subsequent Events)

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)	Current consolidated fiscal year (December 21, 2010 - December 20, 2011)								
<p>(Stock Split)</p> <p>At a Board of Directors meeting held on November 26, 2010, a resolution was passed to carry out a stock split as of December 21, 2010, at a ratio of 1.1 shares for 1 common share as part of the Company's efforts to return profits to shareholders and in order improve the liquidity of Company shares.</p> <p>(1) Increase in number of shares as a result of stock split Common stock: 1,254,440 shares</p> <p>(2) Methods of split A stock split will be carried out at a ratio of 1.1 shares for 1 common share for all shares held by shareholders listed in the shareholders register and list of substantial shareholders as of December 20, 2010. However, odd shares below one share arising as a result of the split will be sold or purchased in a single transaction, with the proceeds of such procedure to be distributed to shareholders with odd shares in accordance with the amount of odd shares they hold.</p> <p>Per share data for the previous consolidated fiscal year on the assumption that the above stock split had been carried out at the beginning of the previous consolidated fiscal year, and per share data for the current consolidated fiscal year on the assumption that the above stock split had been carried out at the beginning of the current term, are as follows.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Previous consolidated fiscal year</th> <th style="text-align: left;">Current consolidated fiscal year</th> </tr> </thead> <tbody> <tr> <td>Net asset value per share 1,208.00 yen</td> <td>Net asset value per share 1,283.86 yen</td> </tr> <tr> <td>Net income per share 129.51 yen</td> <td>Net income per share 132.86 yen</td> </tr> <tr> <td>Diluted net income per share Net income per share Not shown because there are no diluted shares.</td> <td>Diluted net income per share Net income per share Not shown because there are no diluted shares.</td> </tr> </tbody> </table>	Previous consolidated fiscal year	Current consolidated fiscal year	Net asset value per share 1,208.00 yen	Net asset value per share 1,283.86 yen	Net income per share 129.51 yen	Net income per share 132.86 yen	Diluted net income per share Net income per share Not shown because there are no diluted shares.	Diluted net income per share Net income per share Not shown because there are no diluted shares.	—
Previous consolidated fiscal year	Current consolidated fiscal year								
Net asset value per share 1,208.00 yen	Net asset value per share 1,283.86 yen								
Net income per share 129.51 yen	Net income per share 132.86 yen								
Diluted net income per share Net income per share Not shown because there are no diluted shares.	Diluted net income per share Net income per share Not shown because there are no diluted shares.								

5. Individual Financial Statements

(1) Balance sheet

(Unit: thousand yen)

	Previous Term (December 20, 2010)	Current Term (December 20, 2011)
Assets		
Current assets		
Cash and bank deposits	2,344,171	4,888,021
Trade notes receivable	653,056	666,560
Accounts receivable	*1 2,225,899	*1 2,434,194
Merchandise and products	1,489,270	1,458,740
Semi-finished products	20,370	16,428
Raw materials and stocks	557,374	520,621
Prepaid costs	30,325	32,963
Deferred tax assets	144,532	169,985
Short term loans	5,989	5,735
Others	*1 51,343	*1 36,892
Allowance for doubtful accounts	-10,124	-10,905
Total current assets	7,512,209	10,219,237
Fixed assets		
Tangible fixed assets		
Buildings	6,888,168	6,896,447
Accumulated depreciation	-2,843,286	-3,179,231
Buildings (net)	4,044,882	3,717,216
Structures	333,260	329,484
Accumulated depreciation	-206,287	-218,441
Structures (net)	126,973	111,043
Machinery and equipment	3,946,812	4,060,212
Accumulated depreciation	-2,878,359	-3,140,961
Machinery and equipment (net)	1,068,452	919,251
Automobiles and transport equipment	44,046	45,530
Accumulated depreciation	-39,113	-41,113
Automobiles and transport equipment (net)	4,932	4,416
Tools, equipment, furniture and fixtures	1,691,148	1,787,342
Accumulated depreciation	-1,456,091	-1,601,529
Tools, equipment, furniture and fixtures (net)	235,057	185,813
Land	4,763,766	4,763,766
Construction in progress	3,634	12,244
Total tangible fixed assets	10,247,698	9,713,751
Intangible fixed assets		
Trademarks	1,308	3,495
Software	433,690	494,152
Telephone subscription rights	8,718	8,718
Right of use of water supply facilities	1,936	1,732
Others	2,100	-
Total intangible fixed assets	447,754	508,100

(Unit: thousand yen)

	Previous Term (December 20, 2010)	Current Term (December 20, 2011)
Investments and other assets		
Investment in securities	1,180,555	1,017,033
Shares in related companies	616,369	616,369
Investments in related companies	430,000	430,000
Bankruptcy/rehabilitation liabilities, etc.	2,459	2,459
Long-term loans to employees	7,073	5,919
Long-term prepaid costs	6,968	16,683
Prepaid pension costs	10,461	-
Enrolment fees	21,850	21,850
Guarantee money paid	169,914	139,013
Insurance reserve fund	100,432	7,738
Deferred tax assets	466,016	430,616
Allowance for doubtful accounts	-12,584	-12,584
Total investments and other assets	2,999,516	2,675,099
Total fixed assets	13,694,970	12,896,951
Total assets	21,207,179	23,116,189
Liabilities		
Current Liabilities		
Accounts payable	467,142	419,596
Accrued expenses payable	1,280,705	1,441,724
Accrued liabilities	70,458	74,515
Corporate taxes payable	635,475	1,016,927
Accrued consumption taxes, etc.	-	102,242
Advance payments received	1,770	3,225
Deposits	78,574	94,558
Reserve for returned goods	19,075	45,735
Reserve for bonuses	64,280	66,530
Others	8,128	8,837
Total current liabilities	2,625,609	3,273,892
Fixed Liabilities		
Reserve for retirement benefits	-	8,688
Reserve for loss on guarantees	38,400	37,200
Long-term guarantee deposits received	81,779	82,800
Long-term accrued expenses payable	282,408	63,150
Total fixed liabilities	402,587	191,838
Total liabilities	3,028,197	3,465,731

(Unit: thousand yen)

	Previous Term (December 20, 2010)	Current Term (December 20, 2011)
Net Assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus		
Capital reserve	199,120	199,120
Total capital surplus	199,120	199,120
Retained earnings		
Earned surplus reserve	300,880	300,880
Other retained earnings		
Other reserves	3,500,000	3,500,000
Retained earnings forwarded	12,358,516	13,905,734
Total retained earnings	16,159,396	17,706,614
Treasury stock	-38,254	-48,652
Total shareholders' equity	18,320,261	19,857,081
Valuation and translation adjustments		
Net unrealized gains on other securities	-141,280	-206,624
Total valuation and translation adjustments	-141,280	-206,624
Total net assets	18,178,981	19,650,457
Total liabilities and net assets	21,207,179	23,116,189

(2) Statement of earnings

(Unit: thousand yen)

	Previous Term (December 21, 2009 - December 20, 2010)	Current Term (December 21, 2010 - December 20, 2011)
Sales		
Products	19,176,679	19,951,213
Merchandise	270,275	267,098
Total sales	19,446,955	20,218,312
Cost of sales		
Beginning inventory of products	1,463,178	1,386,021
Cost of products manufactured	6,997,675	7,241,775
Total	8,460,854	8,627,796
Product and other account transfers	* ₁ 509,029	* ₁ 541,823
Product term-end inventories	1,386,021	1,352,947
Cost of products sold	6,565,802	6,733,025
Beginning inventory of merchandise	66,995	103,248
Merchandise purchased	404,015	345,847
Total	471,010	449,096
Merchandise and other account transfers	* ₂ 150,785	* ₂ 122,560
Ending inventory of merchandise	103,248	105,792
Cost of merchandise sold	216,976	220,742
Release of allowance for returns	31,720	19,075
Provision of allowance for returns	19,075	45,735
Total cost of sales	6,770,134	6,980,429
Total sales revenues	12,676,820	13,237,883
Selling, General and Administrative Expenses		
Sales promotion expenses	1,599,917	1,632,737
Transportation	542,236	583,604
Advertising	212,112	207,114
Compensation and salary allowances	2,287,450	2,354,612
Release of allowance for doubtful accounts	-	780
Expensing of the provision for bonuses	43,606	45,611
Provision for retirement benefit	235,428	252,225
Travel and transport expenses	532,790	539,416
Depreciation and amortization expense	370,109	446,662
Rent expenses	623,838	600,824
Research and development	* ₃ 838,005	* ₃ 870,576
Others	1,652,196	1,827,790
Total Selling, General and Administrative Expenses	8,937,691	9,361,956
Operating income	3,739,129	3,875,926

(Unit: thousand yen)

	Previous Term (December 21, 2009 - December 20, 2010)	Current Term (December 21, 2010 - December 20, 2011)
Non-operating Income		
Interest income	507	489
Dividends income	31,883	34,194
Gain on sale of investment securities	1,287	-
Rent from company housing	42,658	52,637
Gain on cancellation of insurance	26,579	7,813
Miscellaneous revenue	11,852	11,102
Total non-operating income	114,769	106,237
Non-operating Expenses		
Sales discount	331,522	342,744
Miscellaneous losses	9,177	15,990
Total non-operating expenses	340,699	358,734
Ordinary Income	3,513,199	3,623,429
Extraordinary Profit		
Received insurance proceeds	-	498,102
Loss on sale of fixed assets	*4 91	-
Gain on sale of investment securities	-	1,555
Release of allowance for doubtful accounts	2,334	-
Reversal of reserve for loss on guarantees	600	1,200
Total extraordinary profits	3,026	500,858
Extraordinary Loss		
Loss on sale of fixed assets	*5 79	-
Loss from the disposition of fixed assets	*6 103,768	*6 5,269
Loss on revaluation of investments in securities	-	73,123
Release of allowance for doubtful accounts	2,459	-
Value of impact associated with the application of the “Accounting Standard for Asset Retirement Obligations”	-	28,320
Others	14,862	-
Total extraordinary losses	121,169	106,713
Net income before tax	3,395,055	4,017,574
Income taxes-Current	1,237,525	1,614,892
Income taxes-Deferred	111,341	27,902
Total corporate and other taxes	1,348,866	1,642,795
Net income	2,046,189	2,374,779

Manufacturing costs

Category	Notes reference no.	Previous Term (December 21, 2009 - December 20, 2010)		Current Term (December 21, 2010 - December 20, 2011)		Difference Amount (thousand yen)
		Amount (thousand yen)	Ratio (%)	Amount (thousand yen)	Ratio (%)	
I Raw and Packaging Materials		4,400,604	62.8	4,498,922	62.1	98,317
II Subcontractor Expenses		1,081,488	15.4	1,241,089	17.1	159,601
III Labor Cost		615,458	8.8	645,113	8.9	29,655
(Including reserve for bonuses)		11,890		11,730		- 160
IV Expense		907,006	13.0	857,898	11.8	- 49,107
(Included depreciation)		509,861		457,040		- 52,820
(Included consumable supplies)		60,029		49,769		- 10,259
(Included rent)		9,503		9,303		- 200
Total expenses for manufacturing of the period		7,004,557	100.0	7,243,024	100.0	238,466
Beginning inventory of semi-finished products		17,417		20,370		2,953
Total		7,021,974		7,263,394		241,419
Expenses transferred to other accounts	*1	3,929		5,191		1,262
Ending inventory of semi-finished products		20,370		16,428		- 3,941
Cost of products manufactured		6,997,675		7,241,775		244,099

Previous Term (December 21, 2009 - December 20, 2010)	Current Term (December 21, 2010 - December 20, 2011)
*1. Transfer to other accounts is as shown below: (Unit: thousand yen)	*1. Transfer to other accounts is as shown below: (Unit: thousand yen)
Research and development 3,488	Research and development 4,957
Others 440	Others 233
Total 3,929	Total 5,191
2. Cost accounting method: Sequential cost system	2. Cost accounting method: Same as shown on the left

(3) Statement of changes in shareholders' equity

(Unit: thousand yen)

	Previous Term (December 21, 2009 - December 20, 2010)	Current Term (December 21, 2010 - December 20, 2011)
Shareholders' equity		
Capital stock		
Balance at end of previous term	2,000,000	2,000,000
Current term change		
Total current term change	-	-
Balance at end of current term	2,000,000	2,000,000
Capital surplus		
Capital reserve		
Balance at end of previous term	199,120	199,120
Current term change		
Total current term change	-	-
Balance at end of current term	199,120	199,120
Capital surplus		
Balance at end of previous term	199,120	199,120
Current term change		
Total current term change	-	-
Balance at end of current term	199,120	199,120
Retained earnings		
Earned surplus reserve		
Balance at end of previous term	300,880	300,880
Current term change		
Total current term change	-	-
Balance at end of current term	300,880	300,880
Other retained earnings		
Other reserves		
Balance at end of previous term	3,500,000	3,500,000
Current term change		
Total current term change	-	-
Balance at end of current term	3,500,000	3,500,000
Retained earnings forwarded		
Balance at end of previous term	11,001,906	12,358,516
Current term change		
Dividend of retained earnings	-689,305	-827,030
Net income	2,046,189	2,374,779
Disposal of treasury stock	-273	-529
Total current term change	1,356,609	1,547,218
Balance at end of current term	12,358,516	13,905,734
Total retained earnings		
Balance at end of previous term	14,802,786	16,159,396
Current term change		
Dividend of retained earnings	-689,305	-827,030
Net income	2,046,189	2,374,779
Disposal of treasury stock	-273	-529
Total current term change	1,356,609	1,547,218

(Unit: thousand yen)

	Previous Term (December 21, 2009 - December 20, 2010)	Current Term (December 21, 2010 - December 20, 2011)
Balance at end of current term	16,159,396	17,706,614
Treasury stock		
Balance at end of previous term	-38,572	-38,254
Current term change		
Acquisition of treasury stock	-470	-12,710
Disposal of treasury stock	788	2,312
Total current term change	317	-10,398
Balance at end of current term	-38,254	-48,652
Total shareholders' equity		
Balance at end of previous term	16,963,333	18,320,261
Current term change		
Dividend of retained earnings	-689,305	-827,030
Net income	2,046,189	2,374,779
Acquisition of treasury stock	-470	-12,710
Disposal of treasury stock	514	1,782
Total current term change	1,356,927	1,536,820
Balance at end of current term	18,320,261	19,857,081
Valuation and translation adjustments		
Net unrealized gains on other securities		
Balance at end of previous term	-71,571	-141,280
Current term change		
Current term change in items other than shareholders' equity (net)	-69,708	-65,344
Total current term change	-69,708	-65,344
Balance at end of current term	-141,280	-206,624
Total valuation and translation adjustments		
Balance at end of previous term	-71,571	-141,280
Current term change		
Current term change in items other than shareholders' equity (net)	-69,708	-65,344
Total current term change	-69,708	-65,344
Balance at end of current term	-141,280	-206,624
Total net assets		
Balance at end of previous term	16,891,762	18,178,981
Current term change		
Dividend of retained earnings	-689,305	-827,030
Net income	2,046,189	2,374,779
Acquisition of treasury stock	-470	-12,710
Disposal of treasury stock	514	1,782
Current term change in items other than shareholders' equity (net)	-69,708	-65,344
Total current term change	1,287,219	1,471,475
Balance at end of current term	18,178,981	19,650,457

- (4) Notes concerning the assumption of the business as a going concern
None
- (5) Summary of significant accounting policies

Item	Previous Term (December 21, 2009 - December 20, 2010)	Current Term (December 21, 2010 - December 20, 2011)
1 Evaluation criteria and methods for securities	<p>(1) Stock of subsidiaries Calculated based on the cost accounting and moving average methods.</p> <p>(2) Sundry securities Securities with fair market value Market value method based on the market price as of the last day of the fiscal year (total difference between the estimate and actual price is expensed into the net assets, and cost for selling is calculated based on the moving average method) Securities without fair market value Calculated based on the cost accounting and moving average methods.</p>	<p>(1) Stock of subsidiaries Same as shown on the left</p> <p>(2) Sundry securities Securities with fair market value Same as shown on the left</p> <p>Securities without fair market value Same as shown on the left</p>
2 Inventory valuation and its method	<p>(1) Merchandise Calculated based on cost accounting and the first-in, first-out method (Method of book price devaluation based on decreased profitability is used for balance sheet values)</p> <p>(2) Products and semi-finished products Calculated based on cost accounting and the gross average method (Method of book price devaluation based on decreased profitability is used for balance sheet values)</p> <p>(3) Raw and packaging materials Calculated based on cost accounting and the gross average method (Method of book price devaluation based on decreased profitability is used for balance sheet values)</p> <p>(4) Stock Calculated through the last purchase price method (for balance sheet values, the book price devaluation method based on decreased profitability is used)</p>	<p>(1) Merchandise Same as shown on the left</p> <p>(2) Products and semi-finished products Same as shown on the left</p> <p>(3) Raw and packaging materials Same as shown on the left</p> <p>(4) Stock Same as shown on the left</p>
3 Depreciation methods for fixed assets	<p>(1) Tangible fixed assets Declining balance method Declining balance method is also applied to building (excluding accessory equipment) acquired on April 1, 1998 and thereafter. The useful lives relevant to major assets are considered as indicated. Buildings 31 to 50 years Machinery and equipment 8 years</p> <p>(2) Intangible fixed assets Fixed amount method Fixed amount method is applied to software to be used within the Company based on the in-house durable years (5 years)</p>	<p>(1) Tangible fixed assets Same as shown on the left</p> <p>(2) Intangible fixed assets Same as shown on the left</p>

Item	Previous Term (December 21, 2009 - December 20, 2010)	Current Term (December 21, 2010 - December 20, 2011)
4 Conversion rate of assets and liabilities in foreign currency into yen	Monetary assets and liabilities in foreign currency are translated into yen based on actual exchange rate as of the last day of the fiscal year and transactional exchange gains/(losses) are reflected in earnings.	Same as shown on the left
5 Accounting standards for provision	<p>(1) Provision for bad loans The estimated unrecoverable amount to prepare for losses caused by bad loans is posted based on the historical bad loan rate for general debts and the probability of non-recovery in each case for problem loans.</p> <p>(2) Provision for bonuses An amount is posted based on estimates to provide for the payment of bonuses to employees (including bonuses for employees who are concurrently directors and have duties in an employee capacity)</p> <p>(3) Provision for returned merchandise The estimated loss accompanying future returns of merchandise and products is posted based on past return rates to prepare for the loss.</p>	<p>(1) Provision for bad loans Same as shown on the left</p> <p>(2) Provision for bonuses Same as shown on the left</p> <p>(3) Provision for returned merchandise Same as shown on the left</p>

Item	Previous Term (December 21, 2009 - December 20, 2010)	Current Term (December 21, 2010 - December 20, 2011)
	<p>(4) Provision for retirement benefit In preparation for the payment of retirement benefits to employees, the Company posts an amount at the end of the current fiscal year based on estimated retirement liabilities and pension assets as of the end of the current fiscal year. Prior service liabilities are disposed of by the straight-line method over a specified number of years (5 years) within the average remaining employee work period. Resultant differences are disposed of from the fiscal year following the fiscal year in which they occur in proportionally divided amounts based on the straight-line method over a fixed number of years (5 years) within the average remaining employee work period.</p> <p>As the estimated value of pension assets at the end of the current fiscal year exceeds the estimated amount of liability for retirement benefits after adjustment of liabilities based on unrecognized past services and unrecognized actuarial gains and losses, the difference is accounted for as prepaid pension expenses.</p> <p>(Change in accounting policy) The company is applying the “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)” (ASBJ Statement No. 19 issued on July 31, 2008) from the current term.</p> <p>As the same rate of discount is to be used as that used previously, there will be no impact on the consolidated financial statements for the current term.</p> <p>(Additional information) Since January 1, 2011, Milbon Co., Ltd. has transferred part of its defined contribution pension plan and its approved retirement pension plan into a defined-benefit pension plan. Accordingly, the company has applied the “Accounting Standard for Transfer between Retirement Benefit Plans” (ASBJ Guidance No.1). The impact of this change was a decrease of 28,788 thousand yen on operating income, ordinary income and income before income taxes and minority interests, respectively.</p> <p>(5) Reserve for loss on guarantees In preparation for any possible losses related to guarantees on liabilities, estimated amount of losses to cover is included considering the financial positions of the individual borrowers from banks to which the Company has provided guarantees.</p>	<p>(4) Provision for retirement benefit In preparation for the payment of retirement benefits to employees, the Company posts an amount at the end of the current fiscal year based on estimated retirement liabilities and pension assets as of the end of the current fiscal year. Prior service liabilities are disposed of by the straight-line method over a specified number of years (5 years) within the average remaining employee work period. Resultant differences are disposed of from the fiscal year following the fiscal year in which they occur in proportionally divided amounts based on the straight-line method over a fixed number of years (5 years) within the average remaining employee work period.</p> <p>(5) Reserve for loss on guarantees Same as shown on the left</p>
6 Other significant accounting policies	Treatment of consumption and other taxes The consolidated financial statements are produced on a non-tax inclusion basis.	Treatment of consumption and other taxes Same as shown on the left

(6) Significant changes in accounting policies
(Change in Accounting Policies)

Previous Term (December 21, 2009 - December 20, 2010)	Current Term (December 21, 2010 - December 20, 2011)
—	<p>(Application of the “Accounting Standard for Asset Retirement Obligations”)</p> <p>The company is applying 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) from the Consolidated fiscal year.</p> <p>By doing so, income before income taxes and minority interests has decreased by 32,134 million yen.</p>

(Changes to display method)

Previous Term (December 21, 2009 - December 20, 2010)	Current Term (December 21, 2010 - December 20, 2011)
<p>(Consolidated Profit and Loss Statement)</p> <p>“Interest paid” (24 thousand yen in the current consolidated fiscal year), which for a separate classification was given in the previous consolidated fiscal year, has been included under “Others” in non-operating costs as a result of its reduced financial importance.</p>	<p>(Consolidated Profit and Loss Statement)</p> <p>“Loss on revaluation of investments in securities,” which was presented included in “Others” under extraordinary losses in the previous consolidated fiscal year, has been presented as a category because its value exceeds 10% of the total value of extraordinary losses in the current consolidated fiscal year.</p> <p>The “Loss on revaluation of investments in securities” at the end of the previous consolidated fiscal year was 7,332 thousand yen.</p>

(7) Notes to individual financial statements
(Related to Balance Sheets)

Previous Term (December 20, 2010)	Current Term (December 20, 2011)								
<p>*1 Assets and liabilities in respect of affiliated companies The following items have not been given classification headings, but are included under the various existing headings:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Accounts receivable</td> <td style="text-align: right;">36,789 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Other (current assets)</td> <td style="text-align: right;">9,322 thousand yen</td> </tr> </table> <p>2 Contingent liabilities Guarantees on liabilities We have implemented a debt guarantee against customers’ bank loans payable (three loans of 112,510 thousand yen).</p>	Accounts receivable	36,789 thousand yen	Other (current assets)	9,322 thousand yen	<p>*1 Assets and liabilities in respect of affiliated companies The following items have not been given classification headings, but are included under the various existing headings:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Accounts receivable</td> <td style="text-align: right;">87,378 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Other (current assets)</td> <td style="text-align: right;">12,395 thousand yen</td> </tr> </table> <p>2 Contingent liabilities Guarantees on liabilities We have implemented a debt guarantee against customers’ bank loans payable (three loans of 98,496 thousand yen).</p>	Accounts receivable	87,378 thousand yen	Other (current assets)	12,395 thousand yen
Accounts receivable	36,789 thousand yen								
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(Related to Statement of Earnings)

Previous Term (December 21, 2009 - December 20, 2010)	Current Term (December 21, 2010 - December 20, 2011)																								
<p>*1 Details of the transfer of the cost of products to other accounts are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Sales promotion expenses</td> <td style="text-align: right;">481,157 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Entertainment</td> <td style="text-align: right;">12,305 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Market development</td> <td style="text-align: right;">11,068 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Research and development</td> <td style="text-align: right;">2,371 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;"><u>Others</u></td> <td style="text-align: right;"><u>2,126 thousand yen</u></td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">509,029 thousand yen</td> </tr> </table>	Sales promotion expenses	481,157 thousand yen	Entertainment	12,305 thousand yen	Market development	11,068 thousand yen	Research and development	2,371 thousand yen	<u>Others</u>	<u>2,126 thousand yen</u>	Total	509,029 thousand yen	<p>*1 Details of the transfer of the cost of products to other accounts are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Sales promotion expenses</td> <td style="text-align: right;">508,967 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Entertainment</td> <td style="text-align: right;">12,781 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Market development</td> <td style="text-align: right;">8,157 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Research and development</td> <td style="text-align: right;">1,955 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;"><u>Others</u></td> <td style="text-align: right;"><u>9,962 thousand yen</u></td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">541,823 thousand yen</td> </tr> </table>	Sales promotion expenses	508,967 thousand yen	Entertainment	12,781 thousand yen	Market development	8,157 thousand yen	Research and development	1,955 thousand yen	<u>Others</u>	<u>9,962 thousand yen</u>	Total	541,823 thousand yen
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<p>*2 Details of the transfer of the cost of merchandize to other accounts are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Sales promotion expenses</td> <td style="text-align: right;">150,735 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;"><u>Others</u></td> <td style="text-align: right;"><u>49 thousand yen</u></td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">150,785 thousand yen</td> </tr> </table>	Sales promotion expenses	150,735 thousand yen	<u>Others</u>	<u>49 thousand yen</u>	Total	150,785 thousand yen	<p>*2 Details of the transfer of the cost of merchandize to other accounts are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Sales promotion expenses</td> <td style="text-align: right;">122,518 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;"><u>Others</u></td> <td style="text-align: right;"><u>42 thousand yen</u></td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">122,560 thousand yen</td> </tr> </table>	Sales promotion expenses	122,518 thousand yen	<u>Others</u>	<u>42 thousand yen</u>	Total	122,560 thousand yen												
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<p>*3 Total amount of research and development expenses Research and development expenses included in the general administration and manufacturing expenses of this period.</p> <p style="text-align: right;">838,005 thousand yen</p>	<p>*3 Total amount of research and development expenses Research and development expenses included in the general administration and manufacturing expenses of this period.</p> <p style="text-align: right;">870,576 thousand yen</p>																								
<p>*4 Breakdown of gains from fixed asset disposal</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Machinery and equipment</td> <td style="text-align: right;">87 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Tools, equipment, furniture <u>and fixtures</u></td> <td style="text-align: right;"><u>4 thousand yen</u></td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">91 thousand yen</td> </tr> </table>	Machinery and equipment	87 thousand yen	Tools, equipment, furniture <u>and fixtures</u>	<u>4 thousand yen</u>	Total	91 thousand yen	—																		
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<p>*5 Breakdown of the loss caused by the sale of fixed assets</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Automobiles and transport equipment</td> <td style="text-align: right;">79 thousand yen</td> </tr> </table>	Automobiles and transport equipment	79 thousand yen	———																						
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<p>*6 Breakdown of the loss from the disposition of property or other fixed assets</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Buildings</td> <td style="text-align: right;">8,344 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Structures</td> <td style="text-align: right;">2,151 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Machinery and equipment</td> <td style="text-align: right;">10,240 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Tools, equipment, furniture and fixtures</td> <td style="text-align: right;">1,132 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Retirement costs related to refurbishment of the Tokyo Branch</td> <td style="text-align: right;">81,899 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;"><u>Total</u></td> <td style="text-align: right;"><u>103,768 thousand yen</u></td> </tr> </table>	Buildings	8,344 thousand yen	Structures	2,151 thousand yen	Machinery and equipment	10,240 thousand yen	Tools, equipment, furniture and fixtures	1,132 thousand yen	Retirement costs related to refurbishment of the Tokyo Branch	81,899 thousand yen	<u>Total</u>	<u>103,768 thousand yen</u>	<p>*6 Breakdown of the loss from the disposition of property or other fixed assets</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Buildings</td> <td style="text-align: right;">1,713 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Structures</td> <td style="text-align: right;">426 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Machinery and equipment</td> <td style="text-align: right;">2,784 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Automobiles and transport equipment</td> <td style="text-align: right;">49 thousand yen</td> </tr> <tr> <td style="padding-left: 20px;">Tools, equipment, furniture <u>and fixtures</u></td> <td style="text-align: right;"><u>295 thousand yen</u></td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">5,269 thousand yen</td> </tr> </table>	Buildings	1,713 thousand yen	Structures	426 thousand yen	Machinery and equipment	2,784 thousand yen	Automobiles and transport equipment	49 thousand yen	Tools, equipment, furniture <u>and fixtures</u>	<u>295 thousand yen</u>	Total	5,269 thousand yen
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(Statement of Changes in Shareholders' Equity)

Previous Term (December 21, 2009 - December 20, 2010)

Items Related Treasury Stock

Class of stock	End of previous fiscal year	Increase	Decrease	Current fiscal year
Common stock (Number of shares)	11,617	215	238	11,594

(Reason for change)

1. The increase is attributed to the purchase of fractional shares upon requests for purchases from shareholders.
2. The decrease is attributed to the sale of fractional shares upon request for repurchases from shareholders.

Current Term (December 21, 2010 - December 20, 2011)

Items Related Treasury Stock

Class of stock	End of previous fiscal year	Increase	Decrease	Current fiscal year
Common stock (Number of shares)	11,594	6,951	817	17,728

(Reason for change)

1. The increase was due to an increase of 5,792 shares due to requests for the purchase of fractional shares and an increase of 1,159 shares due to a share split.
2. The decrease is attributed to the sale of fractional shares upon request for repurchases from shareholders.

(Related to Lease Transactions)

Previous Term (December 21, 2009 - December 20, 2010)				Current Term (December 21, 2010 - December 20, 2011)			
1 Finance lease transactions that do not transfer rights of ownership where the start date of the lease transaction was prior to the start of the first fiscal year of application of the accounting standard for lease transactions (Borrower)				1 Finance lease transactions that do not transfer rights of ownership where the start date of the lease transaction was prior to the start of the first fiscal year of application of the accounting standard for lease transactions (Borrower)			
(1) Purchase price equivalent, accumulated depreciation equivalent and the term-end outstanding balance equivalent of leased items are as follows:				(1) Purchase price equivalent, accumulated depreciation equivalent and the term-end outstanding balance equivalent of leased items are as follows:			
	Purchase price equivalent (thousand yen)	Accumulated depreciation equivalent (thousand yen)	Term-end outstanding balance equivalent (thousand yen)		Purchase price equivalent (thousand yen)	Accumulated depreciation equivalent (thousand yen)	Term-end outstanding balance equivalent (thousand yen)
Tools, fixtures and supplies	139,625	77,797	61,827	Tools, fixtures and supplies	111,687	68,099	43,588
Total	139,625	77,797	61,827	Total	111,687	68,099	43,588
(Note) The purchase price equivalent refers to the total amount of lease payments throughout the period of each lease, including the amount representing interest, since the total amount of future lease payments is not significant in relation to the total value of tangible fixed assets as of the current term end date.				(Note) The purchase price equivalent refers to the total amount of lease payments throughout the period of each lease, including the amount representing interest, since the total amount of future lease payments is not significant in relation to the total value of tangible fixed assets as of the current term end date.			
(2) Future minimum lease payments equivalent				(2) Future minimum lease payments equivalent			
Due within one year 18,239 thousand yen				Due within one year 15,955 thousand yen			
Due after one year 43,588 thousand yen				Due after one year 27,632 thousand yen			
Total 61,827 thousand yen				Total 43,588 thousand yen			
(Note) The minimum amount of payments to be made in future is determined as of the current term end date and reported as the total amount of future minimum lease payments, including the amount representing interest, since the amount of future minimum lease payments is not significant in relation to the total value of tangible fixed assets as of the current term end date.				(Note) The minimum amount of payments to be made in future is determined as of the current term end date and reported as the total amount of future minimum lease payments, including the amount representing interest, since the amount of future minimum lease payments is not significant in relation to the total value of tangible fixed assets as of the current term end date.			
(3) Lease expense and depreciation expense equivalent				(3) Lease expense and depreciation expense equivalent			
Lease expense 21,543 thousand yen				Lease expense 15,955 thousand yen			
Depreciation expense equivalent 21,543 thousand yen				Depreciation expense equivalent 15,955 thousand yen			
(4) Method of calculating the depreciation expense equivalent With regard to each item of leased property, plant and equipment, a depreciation expense equivalent is calculated based on the fixed amount deduction method, in which the period of each lease contract is deemed as the useful or serviceable years of the relevant leased item and the value of such leased item is supposed to be depreciated and reduced to nil at the end of the contract.				(4) Method of calculating the depreciation expense equivalent With regard to each item of leased property, plant and equipment, a depreciation expense equivalent is calculated based on the fixed amount deduction method, in which the period of each lease contract is deemed as the useful or serviceable years of the relevant leased item and the value of such leased item is supposed to be depreciated and reduced to nil at the end of the contract.			
2 Operating lease transactions (Borrower)				2 Operating lease transactions (Borrower)			
Prepaid lease charges related to irrevocable leases among operating lease transactions.				Prepaid lease charges related to irrevocable leases among operating lease transactions.			
Due within one year 3,619 thousand yen				Due within one year 2,640 thousand yen			
Due after one year 6,388 thousand yen				Due after one year 3,748 thousand yen			
Total 10,007 thousand yen				Total 6,388 thousand yen			

(Related to Marketable Securities)

Previous Consolidated Fiscal Year (Year ended December 20, 2010)

Shares in subsidiaries and affiliated companies (subsidiary shares valuing 616,369 thousand yen are listed on the Consolidated Balance Sheet) do not have stock market prices and are not included here because it has been judged to be extremely difficult to identify market value.

Current Consolidated Fiscal Year (Year ended December 20, 2011)

Shares in subsidiaries and affiliated companies (subsidiary shares valuing 616,369 thousand yen are listed on the Consolidated Balance Sheet) do not have stock market prices and are not included here because it has been judged to be extremely difficult to identify market value.

(Related to Tax Effect Accounting)

Previous Term (December 20, 2010)	Current Term (December 20, 2011)
Significant components contributing to deferred tax assets and liabilities	Significant components contributing to deferred tax assets and liabilities
(Unit: thousand yen)	(Unit: thousand yen)
Deferred tax assets (current)	Deferred tax assets (current)
Allowance for doubtful accounts	Allowance for doubtful accounts
Reserve for returned goods	Reserve for returned goods
Reserve for bonuses	Reserve for bonuses
Losses on revaluation of inventory assets	Losses on revaluation of inventory assets
Accrued enterprise and business facility taxes	Accrued enterprise and business facility taxes
Accrued social insurance contribution	Accrued social insurance contribution
Retirement benefits for officers	Others
Others	
Total of deferred tax assets (current)	Total of deferred tax assets (current)
Deferred tax assets (fixed)	Deferred tax assets (fixed)
Depreciation and amortization expense	Depreciation and amortization expense
Allowance for doubtful accounts	Allowance for doubtful accounts
Reserve for loss on guarantees	Reserve for retirement benefits
Loss on revaluation of investments in securities	Reserve for loss on guarantees
Retirement benefits for officers	Loss on revaluation of investments in securities
Net unrealized gains on other securities	Retirement benefits for officers
Others	Asset retirement obligations
Total of deferred tax assets (fixed)	Net unrealized gains on other securities
Deferred tax liabilities (fixed)	Others
Prepaid pension costs	Total of deferred tax assets (fixed)
Total deferred tax liabilities (fixed)	
Total deferred tax assets (fixed)	

Previous Term (December 20, 2010)	Current Term (December 20, 2011)
—	<p>2. Amendment of the amount of deferred tax assets and deferred tax liabilities based on changes in the corporate income tax rate and other tax rates</p> <p>“The Law to Revise Income Tax, etc., in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure” (Law No.114, 2011) and the “The Law on Extraordinary Measures to Secure the Financial Resources Required to Implement Measures for Recovery from the Great East Japan Earthquake” (Law No.117, 2011) were promulgated in December 2, 2011, and the corporate tax rate will change from the non-consolidated fiscal year starting from April 1, 2012.</p> <p>In association with this, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities will change from 40.4% to 38.4% with regard to the temporary differences whose resolution is expected during the non-consolidated fiscal year starting from December 21, 2012. In addition, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities will change to 35.5% with regard to the temporary differences whose resolution is expected during the non-consolidated fiscal year starting from December 21, 2015.</p> <p>Due to these changes, the amount of deferred tax assets (the amount after deducting the amount of deferred tax liabilities) will decrease 59,437 thousand yen, income taxes-deferred (credit) posted in costs for the current non-consolidated fiscal year will decrease 43,740 thousand yen, and net unrealized gains on other securities (credit) will decrease 15,697 thousand yen.</p>

(Related to Business Combinations)

Previous Term (December 21, 2009 - December 20, 2010)

None

Current Term (December 21, 2010 - December 20, 2011)

None

(Related to Asset Retirement Obligations)

Current Consolidated Fiscal Year (Year ended December 20, 2011)

Asset retirement obligations posted on the balance sheet

(1) Overview of the asset retirement obligations in question

The company recognizes the liabilities related to the restoration of real estate to its original state upon withdrawal from real estate based on real estate lease contracts for business offices, etc., as asset retirement obligations.

Instead of posting liabilities for asset retirement obligations, the company uses the method of estimating rationally the amount that it discerns it will not be able ultimately to recover from the deposit related to a real estate lease contract and posting the part of that amount belonging to the current term under costs.

(2) Method for calculation of the amount for asset retirement obligations in question

The company estimates the period of expected use and calculates the amount for asset retirement obligations.

(3) Changes in the total value of asset retirement obligations in question during the current non-consolidated fiscal year

The amount the company discerned it will not be able ultimately to recover from deposits at the start of the current non-consolidated fiscal year is 76,287 thousand yen. In addition, there was no change in the overall value of asset retirement obligations during the current term.

(Per Share Data)

Previous Term (December 21, 2009 - December 20, 2010)		Current Term (December 21, 2010 - December 20, 2011)	
Net asset value per share	1,450.51 yen	Net asset value per share	1,425.90 yen
Net income per share	163.27 yen	Net income per share	172.31 yen
Diluted net income per share of common stock is not shown, because there are no diluted shares.		Diluted net income per share of common stock is not shown, because there are no diluted shares.	

(Note) Basic data for calculating net income per share is as follows:

	Previous Term (December 21, 2009 - December 20, 2010)	Current Term (December 21, 2010 - December 20, 2011)
Net income (Unit: thousand yen)	2,046,189	2,374,779
Amount not vested in ordinary shareholders (Unit: thousand yen)	-	-
Net income related to common stocks (Unit: thousand yen)	2,046,189	2,374,779
Average number of outstanding shares of common stocks during the term (Unit: share)	12,532,827	13,782,010

(Significant Subsequent Events)

Previous Term (December 21, 2009 - December 20, 2010)	Current Term (December 21, 2010 - December 20, 2011)								
<p>(Stock Split)</p> <p>At a Board of Directors meeting held on November 26, 2010, a resolution was passed to carry out a stock split as of December 21, 2010, at a ratio of 1.1 shares for 1 common share as part of the Company's efforts to return profits to shareholders and in order improve the liquidity of Company shares.</p> <p>(1) Increase in number of shares as a result of stock split Common stock: 1,254,440 shares</p> <p>(2) Methods of split A stock split will be carried out at a ratio of 1.1 shares for 1 common share for all shares held by shareholders listed in the shareholders register and list of substantial shareholders as of December 20, 2010. However, odd shares below one share arising as a result of the split will be sold or purchased in a single transaction, with the proceeds of such procedure to be distributed to shareholders with odd shares in accordance with the amount of odd shares they hold.</p> <p>Per share data for the previous consolidated fiscal year on the assumption that the above stock split had been carried out at the beginning of the previous term, and per share data for the current term on the assumption that the above stock split had been carried out at the beginning of the current term, are as follows.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Previous Term</th> <th style="text-align: center;">Current Term</th> </tr> </thead> <tbody> <tr> <td>Net asset value per share 1,225.28 yen</td> <td>Net asset value per share 1,318.65 yen</td> </tr> <tr> <td>Net income per share 132.55 yen</td> <td>Net income per share 148.42 yen</td> </tr> <tr> <td>Diluted net income per share of common stock Not shown because there are no diluted shares.</td> <td>Diluted net income per share of common stock Not shown because there are no diluted shares.</td> </tr> </tbody> </table>	Previous Term	Current Term	Net asset value per share 1,225.28 yen	Net asset value per share 1,318.65 yen	Net income per share 132.55 yen	Net income per share 148.42 yen	Diluted net income per share of common stock Not shown because there are no diluted shares.	Diluted net income per share of common stock Not shown because there are no diluted shares.	—
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Diluted net income per share of common stock Not shown because there are no diluted shares.	Diluted net income per share of common stock Not shown because there are no diluted shares.								

6. Others

(1) Appointment of directors

1) Appointment of a representative director

None

2) Other appointments of directors

New director candidates (scheduled date of appointment: March 16, 2012)

Director Yasushi Takeda (Central Research Laboratory)

Director Mitsuru Oshio (Business Development Division/Nagoya Branch Manager)

Director Kazunobu Konoike (Management Strategy Division)

- (2) Others
1) Production

Product type	Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)		Current consolidated fiscal year (December 21, 2010 - December 20, 2011)		Increase (Decrease)	
	Amount (Unit: thousand yen)	Ratio (%)	Amount (Unit: thousand yen)	Ratio (%)	Amount (Unit: thousand yen)	Ratio (%)
Hair care products	12,294,818	53.2	12,255,350	50.1	- 39,468	- 0.3
Hair coloring products	8,332,411	36.1	9,913,648	40.5	1,581,236	19.0
Permanent wave products	2,307,517	10.0	2,118,199	8.7	- 189,317	- 8.2
Others	169,075	0.7	178,368	0.7	9,292	5.5
Total	23,103,822	100.0	24,465,566	100.0	1,361,743	5.9

(Note) The above amounts are calculated based on the sale prices of individual products and do not include applicable consumption tax.

- 2) Purchase and procurement

Product type	Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)		Current consolidated fiscal year (December 21, 2010 - December 20, 2011)		Increase (Decrease)	
	Amount (Unit: thousand yen)	Ratio (%)	Amount (Unit: thousand yen)	Ratio (%)	Amount (Unit: thousand yen)	Ratio (%)
Hair care products	14,323	3.5	12,578	3.6	- 1,745	- 12.2
Hair coloring products	29,022	7.2	35,909	10.4	6,887	23.7
Permanent wave products	1,279	0.3	2,539	0.7	1,260	98.5
Others	359,390	89.0	294,820	85.3	- 64,570	- 18.0
Total	404,015	100.0	345,847	100.0	- 58,168	- 14.4

(Note) The above amounts are calculated based on the sale prices of individual products and do not include applicable consumption tax.

- 3) Receipt of orders

Previous consolidated fiscal year (December 21, 2009 - December 20, 2010) and current consolidated fiscal year (December 21, 2010- December 20, 2011)

Since the Milbon Group undertakes stock production, no corresponding data is available.

- 4) Sales

Product type	Previous consolidated fiscal year (December 21, 2009 - December 20, 2010)		Previous consolidated fiscal year (December 21, 2010 - December 20, 2011)		Increase (Decrease)	
	Amount (Unit: thousand yen)	Ratio (%)	Amount (Unit: thousand yen)	Ratio (%)	Amount (Unit: thousand yen)	Ratio (%)
Hair care products	10,135,088	51.3	10,398,894	50.7	263,806	2.6
Hair coloring products	7,278,391	36.9	7,987,817	38.9	709,426	9.7
Permanent wave products	1,998,492	10.1	1,816,451	8.8	- 182,041	- 9.1
Others	337,633	1.7	323,578	1.6	- 14,055	- 4.2
Total	19,749,606	100.0	20,526,742	100.0	777,135	3.9

(Note) The above amounts are calculated based on the sale prices of individual products and do not include applicable consumption tax.