

Consolidated Financial Statements for the Second Quarter Ended June 20, 2010 - Supplementary Materials

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■ Market Environment

- Although the Japanese economy showed signs of a gentle recovery under the impact of economic stimulus measures in Japan and overseas, and the recovery of demand in newly-emerging economies, personal consumption trends continued to be uncertain.
- The environment in the professional beauty industry continued to be difficult due to the impact of a decrease in customer visits brought on by a slowing down in the cycle of customer visits to beauty salons and the weakness of spending per customer as well as the declining birthrate and the emerging aging society, and changes in demographic trends.
- New products aiming to relieve the concerns of aging among women, particularly second-generation baby-boomers who have a major impact on the beauty salon industry, have performed well.

Consolidated Operating Results (2nd Quarter, Cumulative)

(Unit: millions of yen)

	Value			Previous year Increase/ decrease	Growth rate %	Achievement rate %
	Previous year	Target	Result			
Sales	9,389	9,695	9,430	41	100.4	97.3
Gross margin on sales	6,070	6,290	6,241	170	102.8	99.2
Sales and general administrative expenses	4,377	4,559	4,515	137	103.1	99.0
Operating income	1,692	1,731	1,725	33	102.0	99.7
Ordinary income	1,627	1,615	1,619	△7	99.5	100.3
Quarterly net income	912	900	938	25	102.8	104.2

Breakdown of Consolidated Sales by Product Category (2nd Quarter, Cumulative)

(Unit: millions of yen)

Product Category	2 nd quarter, previous term		Current 2 nd quarter		Increase/decrease	Growth rate (%)
	Sales	Ratio (%)	Sales	Ratio (%)		
Permanent wave products	1,017	10.8	1,005	10.7	△12	98.8
Hair care products	4,736	50.5	4,826	51.2	89	101.9
Hair coloring products	3,501	37.3	3,465	36.7	△35	99.0
Others	133	1.4	133	1.4	△0	99.8
Total	9,389	100.0	9,430	100.0	41	100.4

■ Consolidated Sales by Product Category

■ Permanent wave products

- Sales of straight perm agents centered on Liscio declined.
- Sales of Prejume CMC Wave were good

■ Hair care products

- Qufra, a styling agent for creating hair designs that help to realize the “desired female image”, is facing an uphill battle.
- Sales of Deesse’s Aprou, a leave-in treatment for women suffering from dry hair and declining bounce as a result of aging, were good, contributed to an increase in overall sales of Hair care products

■ Hair coloring products

- Sales of “Refina” and “Liseinter”, hair color lines for gray hair, were good.
- Sales of “Freave” and “Ordeve”, fashion color lines, declined slightly.

Consolidated Balance Sheet

(Unit: thousands of yen)

Item	Previous consolidated fiscal year <Ended December 20, 2009>	Ratio	2 nd quarter, current consolidated fiscal year < Ended June 20, 2010 >	Ratio	Increase/ decrease
Cash and bank deposits	1,666,170		3,246,979		1,580,809
Trade notes and accounts receivable	2,804,683		2,741,906		△ 62,777
Inventory assets	2,163,697		2,272,091		108,394
Deferred tax assets	244,361		190,411		△ 53,950
Others	117,925		154,551		36,626
Loan loss reserves	△ 9,017		△ 8,751		266
Total current assets	6,987,821	34.3	8,597,188	39.7	1,609,367
Buildings and other structures	3,627,958		3,490,439		△ 137,519
Machinery, equipment and vehicles for transportation	1,306,380		1,135,161		△ 171,219
Land	4,763,766		4,763,766		-
Construction in progress	709,139		726,801		17,662
Others	233,024		269,313		36,289
Total tangible fixed assets	10,640,269	52.3	10,385,483	48.0	△ 254,786
Total intangible fixed assets	318,593	1.6	357,324	1.7	38,731
Investments and other assets	1,307,670		1,282,527		△ 25,143
Long-term loans	61,790		55,000		△ 6,790
Prepaid pension costs	82,425		60,102		△ 22,323
Deferred tax assets	496,112		520,753		24,641
Others	524,366		416,922		△ 107,444
Loan loss reserve	△ 65,160		△ 38,037		27,123
Total investments and other assets	2,407,204	11.8	2,297,268	10.6	△ 109,936
Total fixed assets	13,366,068	65.7	13,040,076	60.3	△ 325,992
Total assets	20,353,890	100%	21,637,264	100%	1,283,374

Item	Previous consolidated fiscal year <Ended December 20, 2009>	Ratio	2 nd quarter, current consolidated fiscal year < Ended June 20, 2010 >	Ratio	Increase/ decrease
Notes and accounts payable	953,356		1,497,653		544,297
Accrued expenses payable	1,370,388		1,441,079		70,691
Corporate taxes payable	571,930		650,667		78,737
Reserve for returned goods	31,720		15,184		△ 16,536
Reserve for bonuses	62,685		62,182		△ 503
Others	256,617		261,513		4,896
Total current liabilities	3,246,698	16.0	3,928,279	18.2	681,581
Long-term accrued expenses payable	312,004		312,004		-
Reserve for loss on guarantees	39,000		39,000		-
Others	102,629		102,682		53
Total fixed liabilities	453,633	2.2	453,686	2.1	53
Total liabilities	3,700,331	18.2	4,381,966	20.3	681,635
Capital stock	2,000,000		2,000,000		-
Capital surplus	199,120		199,120		-
Retained earnings (Inc. current net income)	14,637,996		15,224,904		586,908
Treasury stock	(1,785,483)		(938,019)		380
Total shareholders' equity	16,798,543	82.5	17,385,832	80.4	587,289
Net unrealized gains on other securities	△ 71,571		△ 85,977		△ 14,406
Foreign currency translation adjustments	△ 73,412		△ 44,555		28,857
Total valuation and translation adjustments	△ 144,984	△ 0.7	△ 130,533	△ 0.6	14,451
Total net assets	16,653,559	81.8	17,255,298	79.7	601,739
Total liabilities and net assets	20,353,890	100%	21,637,264	100%	1,283,374

Explanation of Fluctuations in the Consolidated Balance Sheet

Assets

Total assets were 21,600 million yen, an increase of 1,280 million yen in comparison to the end of the previous fiscal year.

Current assets

Current assets increased 1,609 million yen.

- Cash and bank deposits 1,580 million yen This was due to cash flows from operating activities, mainly increases in income and accounts payable.
- Inventory assets 108 million yen This was mainly because of increases in raw materials due to increases in production volumes.

Fixed assets

Fixed assets decreased 325 million yen.

Tangible/ intangible fixed assets

- Buildings and structures - 137 million yen This decreased due to amortization
 - Machinery, equipment and vehicles for transportation - 171 million yen This decreased due to amortization
- Investments and other assets
- Others - 107 million yen This was mainly a decrease in insurance reserve funds.

Liabilities

Total liabilities increased 681 million yen.

Current liabilities

Current liabilities increased 681 million yen.

- Notes and accounts payable 544 million yen This was because Milbon made payments by cash aimed at a compression of total assets in December, the month of final settlement.

Fixed liabilities

There was no change in fixed liabilities.

Net assets

Net assets increased 601 million yen.

- Retained earnings 586 million yen This involved an increase due to income and a decrease due to dividends.

Consolidated Profit and Loss Statement (2nd Quarter, Cumulative)

(Unit: thousands of yen)

		2 nd Quarter, Cumulative									
		Results for fiscal year 2009	Ratio	Target for fiscal year 2010	Ratio	Results for fiscal year 2010	Ratio	Growth rate	Achievement rate	Increase/ decrease against previous fiscal year	Increase/ decrease against target
Product category totals	Permanent wave products	1,017,737	10.8	1,017,000	10.5	1,005,491	10.7	98.8	98.9	△ 12,246	△ 11,509
	Hair care products	4,736,679	50.5	4,940,000	51.0	4,826,536	51.2	101.9	97.7	89,857	△ 113,464
	Hair coloring products	3,501,479	37.3	3,617,000	37.3	3,465,616	36.7	99.0	95.8	△ 35,863	△ 151,384
	Others	133,477	1.4	121,000	1.2	133,247	1.4	99.8	110.1	△ 230	12,247
	Net sales	9,389,374	100%	9,695,000	100%	9,430,892	100%	100.4	97.3	41,518	△ 264,108
	Cost of products/ merchandise sold	3,319,174	35.4	3,405,000	35.1	3,189,703	33.8	96.1	93.7	△ 129,471	△ 215,297
	Total sales revenues	6,070,200	64.6	6,290,000	64.9	6,241,189	66.2	102.8	99.2	170,989	△ 48,811
Selling, general and administrative expenses	Labor costs	1,366,408	14.6	1,448,210	14.9	1,432,456	15.2	104.8	98.9	66,048	△ 15,754
	Travel costs/ transportation costs	239,940	2.6	249,350	2.6	257,416	2.7	107.3	103.2	17,476	8,066
	Sales/ advertising/ marketing costs*	1,003,108	10.7	954,780	9.8	978,678	10.4	97.6	102.5	△ 24,430	23,898
	Depreciation costs	166,051	1.8	158,400	1.6	160,492	1.7	96.7	101.3	△ 5,559	2,092
	Others	1,602,195	17.1	1,748,260	18.0	1,686,260	17.9	105.2	96.5	84,065	△ 62,000
	Total	4,377,704	46.6	4,559,000	47.0	4,515,305	47.9	103.1	99.0	137,601	△ 43,695
	Operating income	1,692,496	18.0	1,731,000	17.9	1,725,883	18.3	102.0	99.7	33,387	△ 5,117
Non-operating	Income	89,168	0.9	50,200	0.5	67,862	0.7	76.1	135.2	△ 21,306	17,662
	Costs	154,308	1.6	166,200	1.7	173,756	1.8	112.6	104.5	19,448	7,556
	Ordinary income	1,627,356	17.3	1,615,000	16.7	1,619,990	17.2	99.5	100.3	△ 7,366	4,990
Extraordinary	Income	15,887	0.2	-	-	3,497	0.0	22.0	-	△ 12,390	3,497
	Loss	44,876	0.5	10,000	0.1	13,568	0.1	30.2	135.7	△ 31,308	3,568
	Net income before taxes and other adjustments	1,598,367	17.0	1,605,000	16.6	1,609,918	17.1	100.7	100.3	11,551	4,918
	Corporate, inhabitant and enterprise taxes	715,729	7.6	659,000	6.8	631,348	6.7	98.0	95.3	△ 84,381	△ 27,652
	Adjustment for difference of tax allocation between financial accounting and tax accounting	△ 30,104	△ 0.3	46,000	0.5	40,549	0.4			70,653	△ 5,451
	Quarterly net income	912,741	9.7	900,000	9.3	938,019	9.9	102.8	104.2	25,278	38,019

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

Comparison of the Consolidated Statement of Earnings with the Previous Fiscal Year and Plans

Comparison with the previous fiscal year

1. Sales were 9,430 million yen, an increase of 41 million yen in comparison to the previous fiscal year. The comparison by product category is as follows.

Permanent wave products	- 12 million yen
Hair care products	89 million yen
Hair coloring products	- 35 million yen
Others	0 million yen

2. Total revenues were 6,240 million yen, an increase of 170 million yen in comparison to the previous year. In addition, the gross profit margin was 66.2%, 1.6 points higher than the previous year. The breakdown of that increase is as follows.

Reduction of costs due to integration of production site etc.	1.0 points
Decrease in inventory asset disposal losses/ valuation losses	0.4 points
Decrease in return adjustment reserve provisions	0.2 points
Raw material cost reduction effects	0.2 points
<u>Sales product mix</u>	<u>- 0.2 points</u>
Balance	1.6 points

3. Total selling, general and administrative expenses were 4,510 million yen, an increase of 137 million yen in comparison to the previous fiscal year. The main factors in this increase were as follows.

Labor costs	66 million yen	This was due to an increase in personnel.
Milbon Korea	45 million yen	The cumulative figures for the 2 nd quarter increased overall due to the establishment of Milbon Korea in July last year.

4. Ordinary income was 1,610 million yen, a decrease of 7 million yen in comparison to the previous fiscal year. The main factors in this were the end of firm establishment promotion funds and a decrease in non-operating income.

5. Current net income was 938 million yen, an increase of 25 million yen in comparison to the previous fiscal year.

Comparison with targets

1. Sales were 9,430 million yen, a decrease of 264 million yen in comparison with the target. Comparisons by product category are as follows.

Permanent wave products	- 11 million yen
Hair care products	- 113 million yen
Hair coloring products	- 151 million yen
Others	12 million yen

2. Total revenues were 6,240 million yen, a decrease of 48 million yen in comparison to the target. In addition, the gross profit margin was 66.2%, 1.3 points higher than the target. The breakdown of that increase is as follows.

Decrease in manufacturing costs due to production base integration, etc.	0.8 points
Decrease in inventory asset disposal losses/ valuation losses	0.1 points
Decrease in return adjustment reserve provisions	0.2 points
Raw material cost reduction effects	0.2 points
Manufacturing adjustment due to non-achievement of sales	- 0.4 points
<u>Sales product mix</u>	<u>0.4 points</u>
Balance	1.3 points

3. Total selling, general and administrative expenses were 4,510 million yen, a decrease of 43 million yen in comparison to the target. The main factor in this increase was being able to control costs within budgets at all subsidiaries.

Labor costs	-15 million yen	This was due to a decrease in variable wages.
Others	- 62 million yen	This was mainly due to R&D expenses, which decreased 23 million yen. This was because R&D was delayed to the 3rd quarter and onwards.

4. Ordinary income was 1,610 million yen, an increase of 4 million yen in comparison to the target.

5. Current net income was 938 million yen, an increase of 38 million yen in comparison to the target.

Consolidated Cash Flows (2nd Quarter, Cumulative)

(Unit: millions of yen)

	2 nd quarter, previous term	Current 2 nd quarter	Increase/ decrease
Balance of cash and cash equivalents at the start of the period	1,010	1,666	656
Cash flows from operating activities	1,925	2,045	120
Cash flows from investment activities	△ 933	△ 128	805
(Acquisition of tangible fixed assets)	(△ 831)	(△ 145)	686
Cash flows from financial activities	△ 380	△ 350	30
Foreign currency translation adjustments	△ 19	12	31
Net increase in cash and cash equivalents	591	1,579	988
Balance of cash and cash equivalents at the end of the period	1,602	3,245	1,643

Trends in Consolidated Facility Investment and Depreciation Costs

(Unit: millions of yen)

Category	Fiscal year 2006	Fiscal year 2007	Fiscal year 2008	Fiscal year 2009	January to June, 2010	Plan for fiscal year 2010
Buildings	1,505,456	67,867	143,672	188,474	11,084	1,128,360
Structures	26,014	565	-	16,870	9,490	33,690
Machinery and equipment	600,286	272,887	507,476	214,698	26,467	113,020
Automobiles and transportation equipment	4,610	7,697	3,026	6,678	1,501	1,600
Tools, equipment, furniture and fixtures	116,239	114,390	225,594	176,375	99,749	182,720
Land	1,145,977	-	414,059	-	-	-
Construction in progress	904	43,082	△ 7,423	686,471	17,649	△ 721,580
Software	84,003	100,167	96,913	154,098	66,535	312,790
Software development in progress	-	-	-	-	22,064	-
Others	-	-	-	1,000	-	-
Total investment	3,483,491	606,659	1,383,319	1,444,667	254,541	1,050,600
Depreciation costs	870,342	967,407	1,021,444	1,116,759	457,712	1,026,300

Consolidated Profit and Loss Statement (2nd Quarter)

(Unit: millions of yen)

		2 nd Quarter									
		Results for fiscal year 2009	Ratio	Target for fiscal year 2010	Ratio	Results for fiscal year 2010	Ratio	Growth rate	Achievement rate	Increase/ decrease against previous fiscal year	Increase/ decrease against target
Product category totals	Permanent wave products	571,537	11.1	689,000	13.3	588,793	11.6	103.0	85.5	17,256	△ 100,207
	Hair care products	2,572,201	50.1	2,547,000	49.0	2,574,629	50.8	100.1	101.1	2,428	27,629
	Hair coloring products	1,918,051	37.4	1,893,000	36.4	1,830,209	36.1	95.4	96.7	△ 87,842	△ 62,791
	Others	70,288	1.4	68,000	1.3	77,421	1.5	110.1	113.9	7,133	9,421
	Net sales	5,132,079	100%	5,197,000	100%	5,071,055	100%	98.8	97.6	△ 61,024	△ 125,945
Cost of products/ merchandise sold		1,876,219	36.6	1,841,000	35.4	1,739,362	34.3	92.7	94.5	△ 136,857	△ 101,638
Total sales revenues		3,255,860	63.4	3,356,000	64.6	3,331,692	65.7	102.3	99.3	75,832	△ 24,308
Selling, general and administrative expenses	Labor costs	697,958	13.6	732,790	14.1	735,181	14.5	105.3	100.3	37,223	2,391
	Travel costs/ transportation costs	127,764	2.5	124,470	2.4	136,970	2.7	107.2	110.0	9,206	12,500
	Sales/ advertising/ marketing costs*	527,049	10.3	468,480	9.0	516,008	10.2	97.9	110.1	△ 11,041	47,528
	Depreciation costs	84,084	1.6	81,270	1.6	80,664	1.6	95.9	99.3	△ 3,420	△ 606
	Others	798,517	15.6	875,990	16.9	847,441	16.7	106.1	96.7	48,924	△ 28,549
Total		2,235,374	43.6	2,283,000	43.9	2,316,266	45.7	103.6	101.5	80,892	33,266
Operating income		1,020,485	19.9	1,073,000	20.6	1,015,425	20.0	99.5	94.6	△ 5,060	△ 57,575
Non-operating	Income	44,969	0.9	37,800	0.7	53,047	1.0	118.0	140.3	8,078	15,247
	Costs	78,947	1.5	85,800	1.7	97,222	1.9	123.1	113.3	18,275	11,422
Ordinary income		986,507	19.2	1,025,000	19.7	971,251	19.2	98.5	94.8	△ 15,256	△ 53,749
Extraordinary	Income	887	0.0	-	-	△ 526	△ 0.0	△ 59.3	-	△ 1,413	△ 526
	Loss	44,129	0.9	-	-	13,309	0.3	30.2	-	△ 30,820	13,309
Net income before taxes and other adjustments		943,265	18.4	1,025,000	19.7	957,414	18.9	101.5	93.4	14,149	△ 67,586
Corporate, inhabitant and enterprise taxes		377,117	7.3	421,000	8.1	371,259	7.3	93.1	83.0	△ 5,858	△ 49,741
Adjustment for difference of tax allocation between financial accounting and tax accounting		19,949	0.4	24,000	0.5	△ 1,689	△ 0.0			△ 21,638	△ 25,689
Quarterly net income		546,198	10.6	580,000	11.2	587,844	11.6	107.6	101.4	41,646	7,844

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

State of Progress of Non-Consolidated New Product Sales [1]

List of new product sales results (Qufra, Aprou, Melenate, Granfe, Lifume)

Cumulative annual sales target	Sales results (January to June)	Progress rate	Sales composition ratio
2,000 million yen	761.58 million yen	38.1%	7.7%

New product “Qufra” launched February 2

* Styling products for different female images to design the woman you want to become.

Cumulative annual sales target	Sales results (January to June)	Progress rate
714 million yen	170.88 million yen	23.9%



New product “Deesse’s Aprou” launched March 2

* Moisturizing emulsion for hair for use from mid-30s onwards (leave-in treatment)

Annual sales target	Sales results (March to June)	Progress rate
500 million yen	348.74 million yen	69.7%



New product “Melenate” launched March 2

*Hand care agent that protects the beauty therapist’s hands (hand cream)

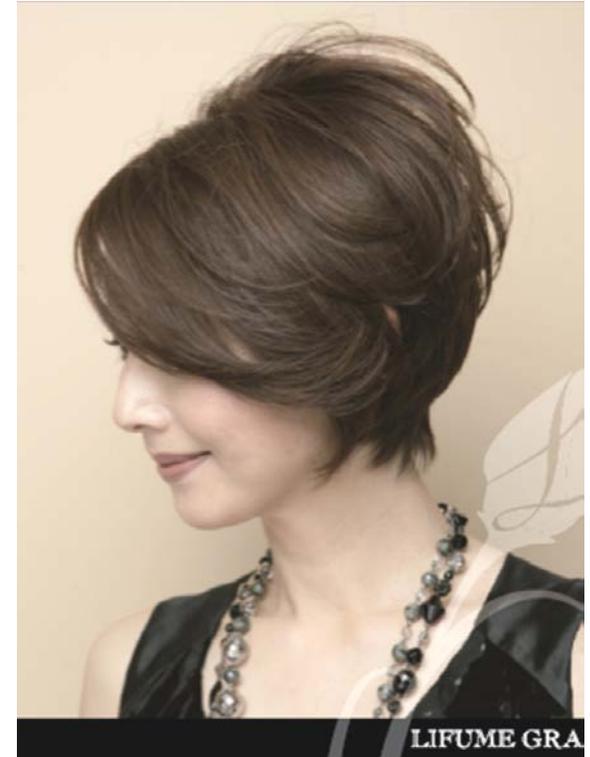
Annual sales target	Sales results (March to June)	Progress rate
50 million yen	9.66 million yen	19.3%

State of Progress of Non-Consolidated New Product Sales [2]

New product “Liscio Granfe” **launched April 1**

*Straight perm agent that realizes a soft, round-feeling silhouette in accordance with the quality of the hair

Cumulative annual sales target	Sales results (April to June)	Progress rate
636 million yen	191.98 million yen	30.2%



New product “Lifume” **launched June 1**

* Cut support system that gives lift to the top of the hair and brightens the silhouette (a perm agent used at the same time as cutting, based on a completely new concept)

Cumulative annual sales target	Sales results for six months	Progress rate
100 million yen	40.32 million yen	40.3%



Brightness is insufficient with cutting alone.



Lifume is used just in the areas required.



The top of the hair is airy for a young-looking image.



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

(Unit: thousand of yen)

	Perm products	Hair care products	Color products	Others	Total	New product ratio	Test research costs	Ratio of test research costs	Comments
Fiscal year 2006	-	1,261,647	292,513	-	1,554,161	8.6%	573,471	3.3%	Deesse's Remu Additional colors for the Promatiz brand Nigelle Lafusion wax variation wax variation Deesse's Lifa
Fiscal year 2007	129,446	259,884	3,247,352	-	3,636,683	19.6%	573,268	3.3%	Ordeve Prejume (perm/ floss/ wax)
Fiscal year 2008	678,564	1,897,975	996,019	-	3,572,559	18.4%	667,886	3.6%	Deesse's Linkage HY Liscio Knoteur Liseinter Inphenom Prejume Drop Prejume Milk 2 color support products
Fiscal year 2009	270,214	2,323,359	507,233	-	3,100,806	15.4%	766,493	4.0%	Deesse's Neu/ Aujua Liscio Knoteur Farglan, Prejume Luvient Prejume CMC Wave Inphenom Daily Care Color remover Ajit Control
January to June, 2010	205,262	705,440	-	18,293	928,995	9.4%	432,842	4.6%	Qufra Deesse's Aprou Melenate Liscio Granfe
Fiscal year 2010 target	670,000	1,965,000	100,000	65,000	2,800,000	13.5%	900,000	4.6%	Aujua Lifume Additional colors for Ordeve

State of Progress of Overseas Sales

MILBON USA, INC.

Sales target	Unit	Sales results	Achievement rate	Same period of the previous year	Ratio against previous year
2,160	Thousands of dollars	1,984	91.9%	2,077	95.5%
190,080	Thousands of yen	179,081	94.2%	197,534	90.7%

- Decreases in sales continued for the key Liscio series and related hair care products for maintenance, and the company is threatened with an uphill battle as it is unable to cover these decreases with increased sales of other items.

Milbon Trading (Shanghai) Co., Ltd.

Sales target	Unit	Sales results	Achievement rate	Same period of the previous year	Ratio against previous year
1,729	Thousands of yuan	2,321	134.3%	415	559.2%
24,205	Thousands of yen	30,734	127.0%	5,753	534.2%

- Milbon's area of business is expanding following the addition Fujian Province to Shanghai City and 3 other provinces (Guangdong, Jiangsu, Zhejiang).
- The company has introduced "Liscio Knoteur", its first straight perm product in the permanent wave product sector. The range of proposals in marketing activities has expanded after developing the business just with hair care products and color agents, and the creation of successful salons is progressing.

Milbon Korea Co., Ltd.

Sales target	Unit	Sales results	Achievement rate	Same period of the previous year	Ratio against previous year
680,000	Thousands of won	742,369	109.2%	-	-
54,400	Thousands of yen	56,962	104.7%	-	-

- The company is currently concentrating activity resources on the education of local designers. By focusing in particular on hair color education activities, the number of salons that have introduced Milbon colors has increased significantly. The knock-on effects of educational activities are also strong in regard to the introduction of other items as well.

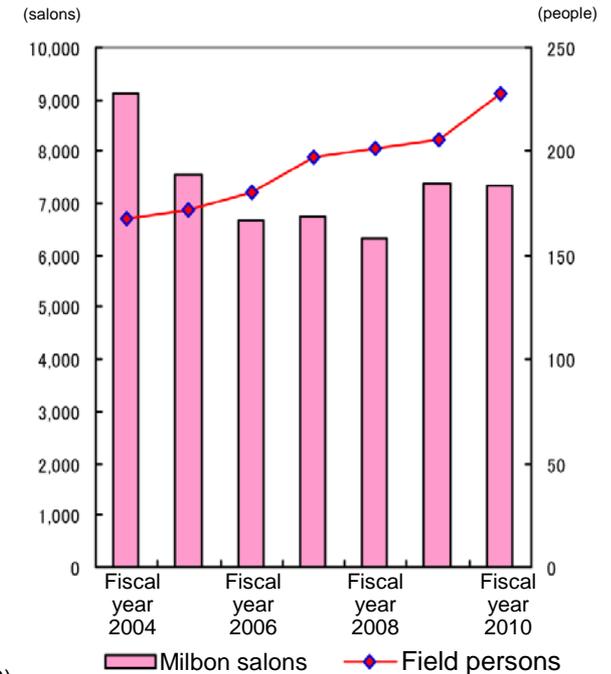
Trends in Milbon Salon and Field Persons and Market Related Data

	Fiscal year 2005	Fiscal year 2006	Fiscal year 2007	Fiscal year 2008	Fiscal year 2009	Comments
Number of beauty salons (salons)	215,719	217,769	219,573	221,394		Ministry of Health, Labor and Welfare (Report on Public Health Administration and Services, End of fiscal year)
Number of beauty therapists (people)	416,707	431,685	435,275	443,944		"
Beauty customer population (thousands of people)	41,646	41,646	40,519	40,119	39,806 (As of December 2009)	Woman age from 15 to 64 , as of Oct. 1
						(Census, Statistics Bureau, Ministry of Internal Affairs and Communications)

Milbon salon trends

(As of May 20)

		Fiscal year 2005	Fiscal year 2006	Fiscal year 2007	Fiscal year 2008	Fiscal year 2009	Fiscal year 2010
Tokyo Branch	Milbon salons (salons)	2,927	2,439	2,404	2,210	2,657	2,625
	Sales per salon (thousands of yen)	1,679	1,937	1,999	2,160	2,170	
Nagoya Branch	Milbon salons (salons)	1,521	1,452	1,505	1,368	1,558	1,619
	Sales per salon (thousands of yen)	1,636	1,711	1,706	1,848	1,559	
Osaka Branch	Milbon salons (salons)	3,125	2,769	2,416	2,312	2,616	2,446
	Sales per salon (thousands of yen)	1,628	1,784	1,908	2,013	2,040	
Fukuoka Branch	Milbon salons (salons)	-----	-----	435	431	552	655
	Sales per salon (thousands of yen)	-----	-----	1,572	1,564	1,538	
Total	Milbon salons (salons)	7,573	6,660	6,760	6,321	7,383	7,345
	Sales per salon (thousands of yen)	1,649	1,824	1,872	1,997	1,947	



Trend in field persons

(As of June 20)

	Fiscal year 2005	Fiscal year 2006	Fiscal year 2007	Fiscal year 2008	Fiscal year 2009	Fiscal year 2010
Field persons (people)	172	180	197	202	206	22 people currently in training
Sales per person (thousands of yen)	96,032	95,689	89,475	90,705	91,971	

* The number of people shown for "field persons" for fiscal year 2010 includes 22 people currently in training.

■ Non-Consolidated Operating Results (2nd Quarter, Cumulative)

(Unit: millions of yen)

	Value			Previous year Increase/ decrease	Growth rate %	Achieve ment rate %
	Previous year	Target	Result			
Sales	9,271	9,577	9,333	62	100.7	97.5
Gross margin on sales	5,928	6,156	6,116	187	103.2	99.4
Sales and general administrative expenses	4,190	4,336	4,296	106	102.5	99.1
Operating income	1,738	1,819	1,819	81	104.7	100.0
Ordinary income	1,664	1,704	1,716	52	103.1	100.7
Quarterly net income	944	979	1,026	81	108.6	104.8

Non-Consolidated Balance Sheet

(Unit: thousands of yen)

Item	Previous consolidated fiscal year < Ended December 20, 2009 >	Ratio	2 nd quarter, current consolidated fiscal year < Ended June 20, 2010 >	Ratio	Increase/ decrease	Item	Previous consolidated fiscal year < Ended December 20, 2009 >	Ratio	2 nd quarter, current consolidated fiscal year < Ended June 20, 2010 >	Ratio	Increase/ decrease
Cash and bank deposits	1,275,141		2,948,275		1,673,134	Notes payable	530,562		954,736		424,174
Trade notes	618,989		648,998		30,009	Accounts payable	422,793		542,390		119,597
Accounts receivable	2,264,079		2,166,330		△ 97,749	Accrued expenses payable	1,369,037		1,424,000		54,963
Inventory assets	2,038,299		2,107,094		68,795	Corporate taxes payable	571,930		650,667		78,737
Deferred tax assets	217,900		149,436		△ 68,464	Consumption taxes payable	75,637		60,773		△ 14,864
Short term loan	6,174		5,958		△ 216	Reserve for returned goods	31,720		15,184		△ 16,536
Others	79,131		103,335		24,204	Reserve for bonuses	61,080		60,880		△ 200
Loan loss reserves	△ 9,315		△ 9,045		270	Others	158,278		142,675		△ 15,603
Total current assets	6,490,401	31.6	8,120,383	37.2	1,629,982	Total current liabilities	3,221,040	15.7	3,851,309	17.6	630,269
Buildings	3,442,965		3,306,161		△ 136,804	Reserve for loss on guarantees	39,000		39,000		-
Machinery and equipment	1,297,510		1,126,893		△ 170,617	Guarantee deposits received	84,752		84,301		△ 451
Land	4,763,766		4,763,766		-	Long-term accrued expenses payable	312,004		312,004		-
Construction in progress	721,585		726,396		4,811	Total fixed liabilities	435,756	2.1	435,305	2.0	△ 451
Others	331,242		370,625		39,383	Total liabilities	3,656,797	17.8	4,286,614	19.6	629,817
Total tangible fixed assets	10,557,070	51.4	10,293,844	47.1	△ 263,226	Capital stock	2,000,000		2,000,000		-
Total intangible fixed assets	300,393	1.5	347,399	1.6	47,006	Capital surplus	199,120		199,120		-
Investment securities	1,307,670		1,282,527		△ 25,143	Retained earnings	14,802,786		15,478,330		675,544
Shares in affiliated companies	616,369		616,369		-	(Inc. current net income)	(1,827,372)		(1,026,655)		
Investment in affiliated companies	280,000		280,000		-	Treasury stock	△ 38,572		△ 38,192		380
Long-term loans	9,265		8,497		△ 768	Total shareholders' equity	16,963,333	82.6	17,639,258	80.8	675,925
Prepaid pension costs	82,425		60,102		△ 22,323	Net unrealized gains on other securities	△ 71,571		△ 85,977		△ 14,406
Deferred tax assets	456,737		485,804		29,067	Total valuation and translation adjustments	△ 71,571	△ 0.3	△ 85,977	△ 0.4	△ 14,406
Others	486,323		355,090		△ 131,233	Total net assets	16,891,762	82.2	17,553,280	80.4	661,518
Loan loss reserve	△ 38,097		△ 10,125		27,972	Total liabilities and net assets	20,548,559	100%	21,839,895	100%	1,291,336
Total investments and other assets	3,200,693	15.6	3,078,266	14.1	△ 122,427						
Total fixed assets	14,058,158	68.4	13,719,511	62.8	△ 338,647						
Total assets	20,548,559	100%	21,839,895	100%	1,291,336						

Non-Consolidated Statement of Earnings (2nd Quarter, Cumulative)

(Unit: thousands of yen)

		Cumulative 2 nd quarter (January to June)									
		Results for fiscal year 2009	Ratio	Target for fiscal year 2010	Ratio	Results for fiscal year 2010	Ratio	Growth rate	Achievement rate	Increase/ decrease against previous fiscal year	Increase/ decrease against target
Product category totals	Permanent wave products	986,008	10.7	992,490	10.4	988,800	10.6	100.3	99.6	2,792	△ 3,690
	Hair care products	4,648,057	50.1	4,857,690	50.7	4,754,097	50.9	102.3	97.9	106,040	△ 103,593
	Hair coloring products	3,505,266	37.8	3,607,360	37.7	3,457,627	37.1	98.6	95.8	△ 47,639	△ 149,733
	Others	131,910	1.4	119,940	1.2	133,106	1.4	100.9	111.0	1,196	13,166
Net sales		9,271,242	100%	9,577,480	100%	9,333,632	100%	100.7	97.5	62,390	△ 243,848
Cost of products/merchandise sold		3,342,306	36.1	3,421,435	35.7	3,217,074	34.5	96.3	94.0	△ 125,232	△ 204,361
Total sales revenues		5,928,936	63.9	6,156,045	64.3	6,116,558	65.5	103.2	99.4	187,622	△ 39,487
Selling, general and administrative expenses	Labor costs	1,295,098	14.0	1,358,170	14.2	1,341,097	14.4	103.6	98.7	45,999	△ 17,073
	Travel costs/transportation costs	233,595	2.5	231,620	2.4	244,758	2.6	104.8	105.7	11,163	13,138
	Sales/ advertising/ marketing costs*	989,722	10.7	939,720	9.8	964,548	10.3	97.5	102.6	△ 25,174	24,828
	Depreciation costs	151,628	1.6	147,010	1.5	150,453	1.6	99.2	102.3	△ 1,175	3,443
	Others	1,520,386	16.4	1,659,620	17.3	1,595,880	17.1	105.0	96.2	75,494	△ 63,740
	Total	4,190,430	45.2	4,336,140	45.3	4,296,738	46.0	102.5	99.1	106,308	△ 39,402
Operating income		1,738,505	18.8	1,819,905	19.0	1,819,820	19.5	104.7	100.0	81,315	△ 85
Non-operating	Income	80,143	0.9	50,180	0.5	58,199	0.6	72.6	116.0	△ 21,944	8,019
	Costs	154,048	1.7	165,400	1.7	161,380	1.7	104.8	97.6	7,332	△ 4,020
Ordinary income		1,664,601	18.0	1,704,685	17.8	1,716,638	18.4	103.1	100.7	52,037	11,953
Extraordinary	Income	15,887	0.2	-	-	3,500	0.0	22.0	-	△ 12,387	3,500
	Loss	44,876	0.5	10,000	0.1	13,568	0.1	30.2	135.7	△ 31,308	3,568
Net income before taxes and other adjustments		1,635,612	17.6	1,694,685	17.7	1,706,570	18.3	104.3	100.7	70,958	11,885
Corporate, inhabitant and enterprise taxes		715,397	7.7	658,500	6.9	630,753	6.8	98.4	95.1	△ 84,644	△ 27,747
Adjustment for difference of tax allocation between financial accounting and tax accounting		△ 24,722	△ 0.3	56,485	0.6	49,161	0.5			73,883	△ 7,324
Quarterly net income		944,937	10.2	979,700	10.2	1,026,655	11.0	108.6	104.8	81,718	46,955

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

Non-Consolidated Trends in Consolidated Facility Investment and Depreciation Costs

(Unit: thousands of yen)

Category	Fiscal year 2006	Fiscal year 2007	Fiscal year 2008	Fiscal year 2009	January to June, 2010	Plan for fiscal year 2010
Buildings	1,504,249	66,803	137,686	180,052	11,084	1,128,360
Structures	26,014	565	-	16,870	9,490	33,690
Machinery and equipment	600,286	272,887	507,476	214,698	26,467	113,020
Automobiles and transportation equipment	4,610	7,697	3,026	6,678	-	-
Tools, equipment, furniture and fixtures	115,006	112,758	221,627	160,694	95,670	176,270
Land	1,145,977	-	414,059	-	-	-
Construction in progress	-	43,995	△ 11,722	689,312	18,221	△ 721,580
Software	83,573	98,394	95,987	148,570	65,748	312,630
Software development in progress	-	-	-	-	22,064	-
Others	-	-	-	1,000	-	-
Total investment	3,479,716	603,102	1,368,142	1,417,877	248,746	1,042,390
Depreciation costs	840,737	937,855	997,560	1,089,951	447,673	1,003,080

Results Briefing for the 2nd Quarter of the 51st Term of Business

1. The state of the beauty industry and the footing of the company
2. The medium-term business vision of the Milbon Group
< 2010 to 2014 >

Ryuji Sato, President and Representative Director

■ The State of the Beauty Industry and the Footing of the Company

■ The state of the company's footing
in the beauty industry (in Japan)

■ The state of the Milbon Group's footing

■ The Medium-Term Business Vision of the Milbon Group [1]

■ Global vision

- Milbon aims to create a global field in order to realize the dreams of hair designers through the development and education of human resources and become the (first) Japanese No.1 professional global manufacturer.

Milbon will focus on beauty technology that leads to customer creation and create markets centered on Asia and based on Japan.

Milbon will refine the beauty product technology born from its strong, Japanese-developed, elaborate and subtle capabilities in beauty technology and spirit of hospitable service, and educational support activities respectful of designers in accordance with local situations to contribute to beauty culture in each region.

■ The Medium-Term Business Vision of the Milbon Group [2]

■ Group medium-term targets (2010 to 2014)

- Milbon will aim to create growth paths overseas from strengthening of its foundations in Japan to achieve an overseas sales growth ratio of 10%.

Domestic sales: Milbon will aim for a 25% share of the domestic market by realizing its medium-term business vision.

Overseas sales: Milbon will aim for overseas sales of 2,600 million yen (overseas sales ratio of 10%) by the acceleration of its growth paths in Asian markets.

(Unit: millions of yen)

	Fiscal year 2010		Fiscal year 2014		Growth rate
	Value	Ratio	Value	Ratio	
J a p a n	18,753	94.4%	22,400	89.6%	119.4%
Taiwan, Hong Kong, others	416	2.1%	558	2.3%	134.1%
America (Milbon USA, Inc.)	414	2.1%	521	2.1%	125.8%
China (Milbon Trading (Shanghai) Co., Ltd.)	101	0.5%	761	3.0%	753.5%
South Korea (Milbon Korea Co., Ltd.)	176	0.9%	760	3.0%	431.8%
S a l e s	19,860	100.0%	25,000	100.0%	125.8%
Operating income	3,620	18.2%	4,877	19.5%	134.7%
Current net income	1,910	9.6%	2,754	11.0%	144.2%

■ The Medium-Term Business Vision of the Milbon Group [3]

■ Global medium-term area visions

1. Japan (**Foundations** of globalization)

2. America (Milbon USA, Inc.) (**Symbol** of globalization)

3. Asia (Global **growth strategy**)
 - (1) China (Milbon Trading (Shanghai) Co., Ltd.)

 - (2) South Korea (Milbon Korea Co., Ltd.)

 - (3) Taiwan

 - (4) Hong Kong

4. Europe (**Source** of globalization)

■ Reference Materials

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

Hair Cosmetic Shipping Statistics (Milbon)

(Unit: thousands of yen)

	Fiscal year 2009 (January to June)	Fiscal year 2010 (January to June)	Growth rate	Comments
Shampoo	771,087	779,907	101.1	Deesse's Neu
Rinse	163,964	154,795	94.4	
Hair tonic	137,265	131,729	96.0	
Treatment	2,719,562	2,461,522	90.5	Linkage HY/ Inphenom/ Deesse's & Aufhe/ Remu/ Estqual
Hair cream	10,016	4,360	43.5	
Hair conditioner	636,764	1,045,115	164.1	Qufra/ Deesse's Arou/ Prejume Wax/ Luvient
Hair spray	484,135	457,929	94.6	
Hair dye	3,717,203	3,667,662	98.7	Ordeve/ Liseinter/ Falgran
Permanent	1,045,302	1,048,238	100.3	Liscio/ Prejume
Others	138,333	140,344	101.5	Furniture and fixtures, etc.
Sales rebates	-552,392	-557,973	101.0	
Total	9,271,242	9,333,632	100.7	

Hair Cosmetic Shipping Statistics

(Unit: millions of yen)

		January	February	March	April	May	June	July	August	September	October	November	December	Total (January to April)	Growth rate (%)
Shampoo	Fiscal year 2009	6,942	7,660	9,168	8,754	8,472	10,403	9,253	8,357	8,830	8,832	8,050	9,807	32,524	96.4%
	Fiscal year 2010	7,033	6,841	8,792	8,688									31,354	
	Difference	91	-819	-376	-66									-1,170	
Rinse	Fiscal year 2009	2,229	2,269	3,075	2,585	2,392	3,009	2,879	2,360	2,683	2,584	2,031	2,561	10,158	89.9%
	Fiscal year 2010	2,343	2,024	2,273	2,487									9,127	
	Difference	114	-245	-802	-98									-1,031	
Hair tonic	Fiscal year 2009	1,155	1,170	1,526	1,397	1,390	1,548	1,694	1,509	1,503	1,381	1,471	1,586	5,248	98.8%
	Fiscal year 2010	1,098	1,346	1,380	1,359									5,183	
	Difference	-57	176	-146	-38									-65	
Hair treatment	Fiscal year 2009	5,037	5,797	6,724	6,410	5,733	7,285	5,844	6,097	6,720	6,592	6,508	7,644	23,968	105.2%
	Fiscal year 2010	5,193	5,340	7,827	6,846									25,206	
	Difference	156	-457	1,103	436									1,238	
Pomade, cheek, hair cream, perfume oils	Fiscal year 2009	1,249	1,260	1,360	1,384	1,144	1,496	1,718	1,384	1,376	1,376	1,257	1,438	5,253	90.8%
	Fiscal year 2010	1,009	1,132	1,180	1,450									4,771	
	Difference	-240	-128	-180	66									-482	
Liquid/ foam hair conditioners	Fiscal year 2009	1,075	1,446	1,520	1,508	1,171	1,341	1,321	1,275	1,270	1,274	1,177	1,479	5,549	110.1%
	Fiscal year 2010	1,048	1,981	1,520	1,562									6,111	
	Difference	-27	535	0	54									562	
Set lotion	Fiscal year 2009	454	532	584	607	537	753	1,434	938	1,371	959	842	1,059	2,177	145.4%
	Fiscal year 2010	943	697	651	875									3,166	
	Difference	489	165	67	268									989	
Hair spray	Fiscal year 2009	1,463	1,661	2,149	2,043	1,884	2,029	2,082	1,984	2,154	1,750	2,146	2,329	7,316	90.7%
	Fiscal year 2010	1,258	1,607	1,990	1,777									6,632	
	Difference	-205	-54	-159	-266									-684	
Hair dyes	Fiscal year 2009	5,660	6,964	9,180	8,901	6,789	7,899	8,395	8,090	9,610	8,617	7,721	10,429	30,705	105.6%
	Fiscal year 2010	5,985	7,591	9,701	9,140									32,417	
	Difference	325	627	521	239									1,712	
Other hair cosmetics	Fiscal year 2009	989	1,090	1,391	1,327	1,212	1,940	1,496	1,142	1,200	1,123	1,173	1,336	4,797	98.7%
	Fiscal year 2010	1,029	989	1,486	1,231									4,735	
	Difference	40	-101	95	-96									-62	
Total hair cosmetic products	Fiscal year 2009	26,253	29,850	36,677	34,916	30,725	37,703	36,117	33,138	36,718	34,489	32,375	39,667	127,696	100.8%
	Fiscal year 2010	26,937	29,547	36,801	35,414									128,699	
	Difference	684	-303	124	498									1,003	

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

