Consolidated Financial Statements for the Fiscal Term Ended December 20, 2010 Summary

January 19, 2011

Name of registrant: Milbon Co., Ltd.
Code No: 4919
Representative: Ryuji Sato, President
Officer in charge: Masahiro Murai, Executive Director

Scheduled date of annual general meeting of shareholders: March 17, 2011
Scheduled filing date for Securities Reports: March 17, 2011

Stock exchange on which the Company's shares are listed:
Tokyo Stock Exchange, First Section
URL http://www.milbon.co.jp

Tel: +81-6-6928-2331

Scheduled starting date of dividend payments: March 18, 2011

(Truncated to the nearest million yen)

1. Results for the consolidated fiscal year ended December 20, 2010 (December 21, 2009 - December 20, 2010)

(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 yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%
1 H ended December 20, 2010	19,749	2.9	3,578	9.2	3,327	7.2	1,831	2.6
1 H ended December 20, 2009	19,189	2.7	3,277	-12.5	3,103	-11.7	1,785	-11.9

	Net income per share	Diluted net income per share	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	%	%	%
1 H ended December 20, 2010	146.14	-	10.7	16.2	18.1
1 H ended December 20, 2009	142.46	-	11.0	15.5	17.1

(Reference) Equity in earnings (losses) of affiliated companies
Fiscal year ended December 20, 2010, None, Fiscal year ended December 20, 2009, None

(2) Financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	(Unit: million yen)	(Unit: million yen)	%	Yen
1 H ended December 20, 2010	20,843	17,699	84.9	1,412.25
1 H ended December 20, 2009	20,353	16,653	81.8	1,328.80

(Reference) Equity capital
Fiscal year ended December 20, 2010, 17,699 million yen, Fiscal year ended December 20, 2009, 16,653 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 yen)	(Unit: million yen)	(Unit: million yen)	(Unit: million yen)
1 H ended December 20, 2010	2,433	-727	-688	2,670
1 H ended December 20, 2009	3,079	-1,680	-725	1,666

2. Payment of Dividends

	Dividends per share					Total dividends (Total)	Dividend payout ratio (Consolidated)	Dividends on equity (Consolidated)
(Record date)	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of fiscal year	Total			
	Yen	Yen	Yen	Yen	Yen	(Unit: million yen)	%	%
1 H ended December 20, 2009	-	27.00	-	28.00	55.00	689	38.6	4.3
1 H ended December 20, 2010	-	27.00	-	33.00	60.00	751	41.1	4.4
1 H ended December 20, 2011 (forecast)	-	30.00	-	30.00	60.00	-	36.5	-

(Note) Breakdown of end-of-period dividend for fiscal year ended December 20, 2010, ordinary dividend 28.00 yen, commemorative dividend 5.00 yen.

3. Consolidated Performance Forecasts for the Next Fiscal Term (December 21, 2010 - December 20, 2011)

(In the case of "Full year", "%" indicates the increase or decrease in comparison with the "Full year" in the previous fiscal year; in the case of "2nd quarter consolidated accumulative period", "%" indicates the increase or decrease against the same quarter in the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	Yen
2nd quarter consolidated accumulative period	9,818	4.1	1,482	-14.1	1,344	-17.0	764	-18.6	55.42
Full year	20,500	3.8	3,780	5.6	3,510	5.5	2,060	12.5	149.43

4. Others

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

New: No companies (Company name:)

Excluded: No companies (Company name:)

(2) Changes in accounting policies and procedures and methods of presentation related to the preparation of consolidated financial statements (changes to be described in Summary of Significant Accounting Policies)

1) Changes due to amendment to accounting standards; Yes

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

(Note) For details, please refer to “Summary of Significant Accounting Policies (Change in Accounting Policies)” on page 18.

(3) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of fiscal year (including treasury shares)
Year ended December 20, 2010, 12,544,408 shares, Year ended December 20, 2009, 12,544,408 shares

2) Number of treasury shares at the end of fiscal year
Year ended December 20, 2010, 11,594 shares, Year ended December 20, 2009, 11,617 shares

(Note) For the number of shares to calculate net income per share (on a consolidated basis), refer to page 43 for “Per Share Data”.

(Reference) Summary of non-consolidated performance

1. Results for the Non-Consolidated fiscal year ended December 20, 2010 (December 21, 2009 - December 20, 2010)

(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 yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%
1 H ended December 20, 2010	19,446	2.6	3,739	11.7	3,513	11.0	2,046	12.0
1 H ended December 20, 2009	18,946	3.4	3,348	-11.6	3,164	-11.5	1,827	-12.1

	Net income per share	Diluted net income per share
	Yen	Yen
1 H ended December 20, 2010	163.27	-
1 H ended December 20, 2009	145.81	-

(2) Non-Consolidated Financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	(Unit: million yen)	(Unit: million yen)	%	Yen
1 H ended December 20, 2010	21,207	18,178	85.7	1,450.51
1 H ended December 20, 2009	20,548	16,891	82.2	1,347.81

(Reference) Equity capital
Fiscal year ended December 20, 2010, 18,178 million yen, Fiscal year ended December 20, 2009, 16,891 million yen

2. Non-Consolidated Performance Forecasts for the Next Fiscal Term (December 21, 2010 - December 20, 2011)

(In the case of “Full year”, “%” indicates the increase or decrease in comparison with the “Full year” in the previous fiscal year; in the case of “2nd quarter consolidated accumulative period”, “%” indicates the increase or decrease against the same quarter in the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	(Unit: million yen)	%	Yen
2nd quarter consolidated accumulative period	9,644	3.3	1,534	-15.7	1,396	-18.7	817	-20.4	59.26
Full year	20,100	3.4	3,870	3.5	3,600	2.5	2,150	5.1	155.95

* <u>Explanation on Appropriate Uses of Earnings Forecasts and Other Special Instructions</u>

(Note concerning the descriptions of the future)

1. 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”.
2. As of December 21, 2010, the company has carried out a stock split at a ratio of 1.1 shares for 1 common stock in the company.

1. Business Results

(1) Analysis of Business Results

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

During the consolidated fiscal year under review, despite a continuation in the trend towards a gentle recovery backed up by economic stimulus measures in Japan and abroad and a recovery in demand in emerging economies, the Japanese economy saw increased uncertainty about future economic conditions in the second half of the year, with fears of deteriorating corporate profits as a result of the rapid strengthening in the yen and a slump in the stock markets. In terms of trends in personal consumption, despite signs of a trend towards a partial rally in consumption brought about by government policies, severe conditions continued as a result of difficult employment conditions and fears about deflation.

In the beauty salon industry, in addition to a decline in customer visits to salons as a result of a lengthening of the visit cycle, it is estimated that the severe situation for the industry remains unchanged as a result of the falling birthrate, the ageing of society and demographic changes.

Under such circumstances, the Milbon Group has worked hard to promote policy activities under a basic policy of supporting “the fostering of professional designers capable of total proposals leading to sales” to encourage hair design creation that can bring about the “desired female image”. Specifically, sales for the Group as a whole increased against the previous fiscal year as a result of positive sales in hair color agents for gray hair and hair care products targeting women (particularly second generation baby-boomers who are the main customers of beauty salons) and with powerful treatment effects capable of relieving concerns over hair associated with aging.

Concerning the company’s three wholly owned subsidiaries, MILBON USA, INC. saw a fall against last year’s sales figures as a result of a decrease in sales of mainstay straight hair treatment LISCIO and hair care treatments used for styling maintenance.

At Milbon Trading (Shanghai) Co., Ltd., contact opportunities with new customers progressed according to plan thanks to the development of sales activities with a focus on top salons in regions with emerging wealthy classes in East China (Shanghai City, Jiangsu Province and Zhejiang Province) and South China (Guangdong Province and Fujian Province). However, results were below the plan, partially as a result of delays in launching new products.

Sales at Milbon Korea Co., Ltd. performed well as a result of a large increase in the number of salons providing contact opportunities for hair coloring and the promotion of the new introduction of hair care products centered on salon treatments as a result of proactive educational support activities provided to local hair designers.

Despite the difficult environment, consolidated sales for the consolidated fiscal year under review increased 560 million yen to 19,749 million yen (a 2.9% increase over the previous year).

Selling, general and administrative expenses increased by 5.4% over the previous year to 9,423 million yen as a result of sales promotion costs for new products and labor costs exceeding those for the previous year.

Operating income increased 9.2% over the previous year to 3,578 million yen, an increase in profits of 301 million yen, ordinary income increased by 223 million yen to 3,327 million yen (an increase of 7.2% over the previous year), and net income increased 46 million yen to 1,831 million yen (an increase of 2.6% over the previous year).

Breakdown of sales by product type is shown as follows:

[Breakdown of sales by product type]

Product type	Previous fiscal year		Current fiscal year		Increase/ (decrease)
	Sales amount (million yen)	Ratio (%)	Sales amount (million yen)	Ratio (%)	Sales amount (million yen)
Permanent wave products	2,025	10.6	1,998	10.1	-27
Hair care products	9,864	51.4	10,135	51.3	270
Hair coloring products	6,969	36.3	7,278	36.9	309
Others	330	1.7	337	1.7	7
Total	19,189	100.0	19,749	100.0	560

(Permanent wave products sector)

It is estimated that the industry as a whole has decreased in size as a result of a fall in the frequency of use of perm products along with changing trends.

Under such circumstances, the Milbon Group has worked hard to support improvements to hair designers’ communication skills and design skills through sales of LISCIO GLANFE, a straight perm agent released in April that helps create a soft, round-feeling silhouette in line with hair qualities, and LIFUME, a perm agent released in June based on a completely new concept of controlling hair volume as it decreases with age. However, sales in the permanent wave products sector overall fell below sales for the previous year.

(Hair care products sector)

With competition between hair care products for the public market and pro-use products sold exclusively to beauty salons becoming increasingly severe, it is estimated that there was a small increase in the industry as a whole as a result of initiatives in hair care products centered on salon treatments for restoring damaged hair.

Under these circumstances, Milbon Group sales in the hair care products sector increased against the previous year as a result of positive sales of DEESES APROU, a leave-in-treatment launched in March for women with concerns over dry hair and reduced bounce associated with aging, and the successful creation of a market for highly effective salon treatments such as INPHENOM, which addresses a variety of customers’ hair concerns.

(Hair coloring products sector)

It is estimated that the industry as a whole decreased as a result of a reduction in customer visits to salons caused by a lengthening in the visit cycle and a prevailing attitude among consumers of needing to maintain living standards and make savings, and compounded by the impact of increased competition from public market products that allow easy hair dyeing at home.

Under these circumstances, the Milbon Group worked hard to increase the attraction of salon coloring by holding Japan-wide seminars with the aim of improving hair designers' hair coloring skills and sales skills, in addition to proposing seasonal colors to customers (trend colors in line with the changing seasons). As a result, sales in the hair coloring market as a whole increased against the previous year thanks to growth in sales of LISEINTER, the existing fashionable gray coloring product, and FARGLAN, which dyes gray hair without placing a burden on damaged hair, in addition to a positive performance by additional colors launched in September for ORDEVE, a comprehensive color agent.

(Others)

There are no particular items to present.

2) Prospect for next fiscal year

In regard to the economic environment in Japan, despite signs of a partial recovery, difficult conditions are expected to continue, with economic disparity arising in a variety of industries.

In the beauty salon industry, with declines in the female population and young working population continuing as a result of the decline in the overall population and working population, the impact of a decline in the total number of salon customers is beginning to appear. However, at the same time, positive signs can also be seen from an expected increase in consumption as a result of an increase in the proportion of women in work overall and an ongoing increase in spend-per-customer and customer return rates.

Under these circumstances, the Milbon Group has worked under a theme of “supporting the creation of systems to foster professional human resources with a deeper understanding of women's inner needs”.

In terms of new products, we have supported improvements to the quality of hair designers' counseling and sales skills through sales activities related to new hair care product DEESSE'S NEU-due and new salon treatment LINKAGE-μ, which are scheduled for release in February, and new hair care treatment FIERLI, scheduled for release in April. At the same time, in preparation for the scheduled March launch of additional colors for ORDEVE, a comprehensive color agent, and new color agent ORDEVE beauté, scheduled for release in July, we have promoted thorough training activities with the aim of increasing the attraction of hair coloring that is befitting of salons.

Moreover, we have supported the construction of personnel training systems (from salon staff entry through to salon debut) via 11 training studios from throughout Japan, a variety of seminars at external locations and internal training sessions.

With these efforts, the company expects to achieve consolidated sales of 20,500 million yen (a 3.8% increase over the current year), consolidated operating income of 3,780 million yen (a 5.6% increase over the current year), consolidated ordinary income of 3,510 million yen (a 5.5% increase over the current year) and consolidated net income of 2,060 million yen (a 12.5% increase over the current year).

(2) Analysis of the Financial Position

1) Assets, liabilities and net assets

Total assets at the end of the current consolidated fiscal year increased 489 million yen to 20,843 million yen compared to the end of the previous consolidated fiscal year.

Current assets expanded 1,047 million yen to 8,035 million yen compared to the end of the previous consolidated fiscal year. The major variable factor was an increase of 1,006 million yen in cash and deposits.

Fixed assets decreased by 558 million yen to 12,807 million yen compared to the end of the previous consolidated fiscal year. The major variable factors were a decrease of 338 million yen in tangible fixed assets due to the recording of depreciation costs and a decrease of 127 million yen in investment securities due to a decrease in the appraisal gain on the market valuation of listed stock.

Current liabilities fell 521 million yen to 2,725 million yen compared to the end of the previous consolidated fiscal year. The major variable factor was a decrease of 486 million yen in accounts and trade notes payable.

Fixed liabilities decreased 34 million yen to 418 million yen compared to the end of the previous consolidated fiscal year.

Net assets increased 1,045 million yen to 17,699 million yen compared to the end of the previous consolidated fiscal year. The major variable factors were an increase of 1,141 million yen in retained earnings and a decrease of 69 million yen in net unrealized gains on other securities as a result of the slump in the stock markets.

As a result, the company’s equity ratio increased from 81.8% at the end of the previous consolidated fiscal year to 84.9%. Net assets per share based on the number of outstanding shares at the end of the term increased from 1,328.80 yen at the end of the previous consolidated fiscal year to 1,412.25 yen.

2) Cash flows

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the current consolidated fiscal year increased 1,004 million yen to 2,670 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 from operating activities were 2,433 million yen. This was mainly the result of 3,208 million yen posted for income before income taxes and minority interests, depreciation costs of 1,010 million yen, a decrease of 475 million yen in purchase liabilities, and 1,161 million yen in income taxes paid.

(Cash Flows from Investing Activities)

Funds used for investing activities were 727 million yen. This was mainly the result of purchase of property and equipment of 613 million yen, expenditures on the acquisition of intangible fixed assets of 262 million yen, and income from the cancellation of insurance reserve funds of 116 million yen.

(Cash Flows from Financing Activities)

Funds used as a result of financing activities were 688 million yen. The funds were mainly appropriated for the payment of 688 million yen in dividends to shareholders.

(Reference) Cash flow related indicators

	1 H ended December 20, 2006	1 H ended December 20, 2007	1 H ended December 20, 2008	1 H ended December 20, 2009	1 H ended December 20, 2010
Equity ratio (%)	76.5	78.1	79.9	81.8	84.9
Equity ratio based on the market value (%)	240.6	179.5	154.0	125.6	131.4
Interest bearing debts to cash flows ratio (%)	30.2	15.1	4.7	2.8	3.3
Interest coverage ratio (x)	453.3	381.8	1,303.1	3,282.8	-

(Notes) Equity ratio: the ratio of equity to the total assets

Equity ratio based on the market value: the ratio of the total value of stocks calculated based on their market value (excluding treasury stocks) to the total assets

Interest bearing debts to cash flows ratio (%): interest bearing debts/cash flow

Interest coverage ratio: cash flow/interest payment

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

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

* The operating cash flow is used for calculating the above figures.

* Interest bearing debt includes all debts reported on the Consolidated Balance Sheet, on which interest is paid. The interest payment amount is based on the amount of paid interest reported in the Consolidated Statement of Cash Flow.

(3) Basic Policy on Profit Sharing and Dividends for the Current and Next Fiscal Years

The Milbon Group positions the returning of profits to shareholders as an important management issue and makes it a basic policy to pay by results based on business performance while enhancing its business structure by investing retained earnings to improve earnings momentum in the future.

In addition, interim dividends are determined at Board of Directors' meetings and year-end dividends at shareholders' meetings. The Group also makes it a basic policy to pay dividends twice every fiscal year.

For the current consolidated fiscal year, we have decided to pay an interim dividend of 27 yen per share, and a year-end dividend of 33 yen per share (28 yen per share combined with a commemorative dividend of 5 yen per share for the 50th anniversary) (annual dividend of 60 yen per share) following overall consideration of our financial situation and profit levels. For the next fiscal year, we plan to pay an annual dividend of 60 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 to enhance our business structure.

(4) Risk on Business

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

Future risks outlined in this section are judged by the Company as of December 20, 2007. Based on awareness of these risks, the Group endeavors to prevent risks, hedge risks, and respond appropriately to minimize the impact if such events do arise.

1) Releasing new products and receiving returned products

The Milbon Group introduces new products and additional items to the market. Following gradual product changeovers, sales of old items declined and old product lines are discontinued. If new products are swiftly accepted onto the market beyond our expectation, we would be unable to adjust the inventories of products and materials, which would result in unexpected losses on disposal.

2) Information security

The Group has taken various measures to protect information assets, including customers' personal information and confidential information. However, unforeseeable events, such as the leakage of information due to unauthorized access, could have an adverse material effect on the Group's business performance and financial position.

2. Corporate Group Performance

Name	Location	Capital	Main line of business	Ratio of voting rights owned (%)	Related information
(Consolidated subsidiaries) MILBON USA, INC.	New York State, USA	USD 2 million	Sale of hair cosmetics	100.0	Sells Milbon hair cosmetics in the United States.
Milbon Trading (Shanghai) Co., Ltd.	Shanghai City, China	JPY 430 million	Sale of hair cosmetics	100.0	Sells Milbon hair cosmetics in China. Three directors hold concurrent posts at the company.
Milbon Korea Co., Ltd.	Seoul, South Korea	KRW 3,000 million	Sale 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 recent asset securities report (submitted on March 18, 2010).

3. Management Policy

(1) Basic Management Policies

Information on basic management policies is not disclosed as no significant changes are seen from 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)
http://www.milbon.co.jp
(Website of the Tokyo Stock Exchange (for listed companies))
http://www.tse.or.jp/listing/compsearch/index.html

(2) Target Values of Management Indices

Information concerning the target values of management indices is not disclosed because there are no significant changes from the contents disclosed in the Summary of Consolidated Financial Statements for the Fiscal Term ended December 20, 2006 (disclosed on January 19, 2007).

(3) Med- to Long-Term Management Strategies

With the aim of realizing the dreams of hair designers and beauty salons and an affluent beauty industry, the Company has set the theme of its mid- to long-term management strategies as the “creation of a new beauty market” leading to improved individual productivity for staff at beauty salons, and considers that raising the level of the overall beauty industry will contribute to the expansion of the business of the Milbon Group companies. With these goals in mind, the Milton Group is promoting a “revolution in salon sales” from its new salon treatment menu and “hair coloring technology improvements” in high-end gray hair coloring, and supporting beauty salons to attract public customers.

1) Revolution in salon sales

We shall establish a salon sales business through the development of system hair care that supports home care through salon treatment and attracts public customers to salon hair care.

2) Hair coloring technology improvements

We shall promote salon coloring value creation by improving hair coloring technology, including foil work and ONEMAKE, targeting the gray hair coloring market, in which second generation baby boomers are to play an increasingly important role, and by attracting home coloring customers to salons.

3) International market strategy

   We shall develop our experience in the field of beauty technology and the marketing know-how we have successfully built up in Japan in line with the culture and customs of each region.

   a) North American market

      We shall improve the product lineup, including hair care products and hair coloring products, with a focus on the hair-straightening permanent product brand LISCIO, develop our sales network and encourage the setting up of new bases in the west coast area of North America.

   b) Chinese market

      We shall promote hair care and hair coloring education activities, with a focus on coastal areas centered on Shanghai, and contribute to the development of the beauty industry.

   c) Other Asian markets

      We shall contribute to the development of the beauty industry by carrying out promotions with a focus on hair coloring in line with the characteristics or each region and centered on Taiwan, South Korea and Hong Kong.

(4) Future Tasks

1) In marketing systems, enhance the strategic characteristics of managers, retrain field persons, enhance their expertise, and improve the qualities of marketing activities and educational assistance at hair salons to further evolve the field person strategy.
2) In product development, further improve the Target Authority Customer (TAC) development system, with which to catch up with any change that may occur in hair design trends, and incorporate such ideas into the product development process.
3) Promote the establishment of an efficient production system that is flexible enough to manufacture a wide variety of products at different volumes, and the subcontract production elsewhere in order to avoid disaster risk at production bases concentrated in Mie Prefecture.
4) In terms of our logistics system, we shall develop a salon delivery system as a way of carrying out detailed information gathering with the aim of revolutionizing salon sales.
5) Strengthen human resource development activities to train and secure a certain number of staff members eligible for international business and reinforce international marketing support operations toward promoting international business strategies.

4. Consolidated Financial Statements

(a) Consolidated Balance Sheet

(Unit: thousand yen)

	Previous Consolidated Fiscal year-End (As of December 20, 2009)	Current Consolidated Fiscal year-End (As of December 20, 2010)
Assets		
Current assets		
Cash and bank deposits	1,666,170	2,673,044
Trade notes and accounts receivable	*2 2,804,683	2,857,374
Merchandise and products	1,646,427	1,638,450
Semi-finished products	17,417	20,370
Raw and packaging materials	499,852	563,184
Deferred tax assets	244,361	166,841
Others	117,925	126,378
Loan loss reserves	-9,017	-9,963
Total current assets	6,987,821	8,035,681
Fixed assets		
Tangible fixed assets		
Buildings and other structures	6,426,207	7,324,730
Accumulated depreciation	-2,798,249	-3,113,945
Buildings and other structures (net)	3,627,958	4,210,785
Machinery, equipment and vehicles for transportation	4,000,325	3,992,293
Accumulated depreciation	-2,693,944	-2,917,759
Machinery, equipment and vehicles for transportation (net)	1,306,380	1,074,533
Land	4,763,766	4,763,766
Construction in progress	709,139	3,634
Others	1,568,785	1,737,958
Accumulated depreciation	-1,335,761	-1,489,188
Others (net amount)	233,024	248,769
Total tangible fixed assets	10,640,269	10,301,488
Intangible fixed assets	318,593	451,968
Investments and other assets		
Investment in securities	1,307,670	1,180,555
Long-term loans	61,790	42,057
Prepaid pension costs	82,425	10,461
Deferred tax assets	496,112	466,016
Others	524,366	393,042
Loan loss reserves	-65,160	-37,730
Total investments and other assets	2,407,204	2,054,403
Total fixed assets	13,366,068	12,807,860
Total assets	20,353,890	20,843,541

(Unit: thousand yen)

	Previous Consolidated Fiscal year-End (As of December 20, 2009)	Current Consolidated Fiscal year-End (As of December 20, 2010)
Liabilities		
Current Liabilities		
Notes and accounts payable	*2 953,356	-
Accounts payable	-	467,309
Accrued expenses payable	1,370,388	1,284,549
Corporate taxes payable	571,930	635,475
Reserve for returned goods	31,720	19,075
Reserve for bonuses	62,685	65,453
Others	256,617	253,509
Total current liabilities	3,246,698	2,725,372
Fixed Liabilities		
Reserve for retirement benefits	-	1,138
Reserve for loss on guarantees	39,000	38,400
Others	414,633	379,135
Total fixed liabilities	453,633	418,673
Total liabilities	3,700,331	3,144,046
Net Assets		
Shareholders’ equity		
Capital stock	2,000,000	2,000,000
Capital surplus	199,120	199,120
Retained earnings	14,637,996	15,779,971
Treasury stock	-38,572	-38,254
Total shareholders’ equity	16,798,543	17,940,836
Valuation and translation adjustments		
Net unrealized gains on other securities	-71,571	-141,280
Foreign currency translation adjustments	-73,412	-100,061
Total valuation and translation adjustments	-144,984	-241,341
Total net assets	16,653,559	17,699,495
Total liabilities and net assets	20,353,890	20,843,541

(b) Consolidated Statement of Earnings

(Unit: thousand yen)

	Previous Consolidated Fiscal year-End (December 21, 2008 – December 20, 2009)	Current Consolidated Fiscal year-End (December 21, 2009 – December 20, 2010)
Sales	19,189,467	19,749,606
Cost of Sales	6,974,723	6,746,943
Total sales revenues	12,214,744	13,002,663
Selling, General and Administrative Expenses	*1, *2 8,937,002	*1, *2 9,423,732
Operating income	3,277,741	3,578,930
Non-operating Income		
Interest income	2,583	1,359
Dividends income	23,866	31,883
Profit from sale of investment securities	-	1,287
Rent from company housing	33,612	42,658
Bounty for corporate location	27,520	-
Profit on surrender of insurance	24,810	26,579
Co-sponsor fee	13,410	-
Others	19,602	19,910
Total non-operating income	145,406	123,678
Non-operating Expenses		
Interest expense	956	-
Sales discount	318,379	331,522
Others	306	44,024
Total non-operating expenses	319,642	375,546
Ordinary income	3,103,505	3,327,062
Extraordinary Profit		
Gain on sale of fixed assets	*3 887	*3 91
Release of loan loss reserves	15,000	2,197
Reversal of reserve for guarantee losses	-	600
Total extraordinary profits	15,887	2,889
Extraordinary Loss		
Loss on sale of fixed assets	*4 606	*4 79
Loss on retirement of fixed assets	*5 84,503	*5 103,768
Provision for allowance for doubtful debt	27,972	2,459
Factory transfer costs	21,760	-
Others	-	14,862
Total extraordinary losses	134,843	121,169
Income before income taxes and minority interests	2,984,549	3,208,783
Income taxes-Current	1,243,124	1,222,686
Income taxes-Deferred	-44,058	154,542
Total corporate and other taxes	1,199,065	1,377,228
Net income	1,785,483	1,831,554

(c) Consolidated Statement of Changes in Shareholders' Equity

(Unit: thousand yen)

	Previous Consolidated Fiscal year-End (December 21, 2008 – December 20, 2009)	Current Consolidated Fiscal year-End (December 21, 2009 – December 20, 2010)
Shareholders' equity		
Capital		
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	199,233	199,120
Current term change		
Disposal of treasury stock	-113	-
Total current term change	-113	-
Balance at end of current term	199,120	199,120
Retained earnings		
Balance at end of previous term	13,565,448	14,637,996
Change in association with changes in the accounting procedures of overseas subsidiaries	-10,648	-
Current term change		
Dividend of retained earnings	-701,849	-689,305
Current term net profit	1,785,483	1,831,554
Disposal of treasury stock	-437	-273
Total current term change	1,083,196	1,141,975
Balance at end of current term	14,637,996	15,779,971
Treasury stock		
Balance at end of previous term	-38,545	-38,572
Current term change		
Acquisition of treasury stock	-1,404	-470
Disposal of treasury stock	1,378	788
Total current term change	-26	317
Balance at end of current term	-38,572	-38,254
Total shareholders' equity		
Balance at end of previous term	15,726,135	16,798,543
Change in association with changes in the accounting procedures of overseas subsidiaries	-10,648	-
Current term change		
Dividend of retained earnings	-701,849	-689,305
Current term net profit	1,785,483	1,831,554
Acquisition of treasury stock	-1,404	-470
Disposal of treasury stock	827	514
Total current term change	1,083,056	1,142,292
Balance at end of current term	16,798,543	17,940,836

(Unit: thousand yen)

	Previous Consolidated Fiscal year-End (December 21, 2008 – December 20, 2009)	Current Consolidated Fiscal year-End (December 21, 2009 – December 20, 2010)
Valuation and translation adjustments		
Valuation difference, other securities		
Balance at end of previous term	-48,601	-71,571
Current term change		
Current term change in items other than shareholders' equity (net)	-22,969	-69,708
Total current term change	-22,969	-69,708
Balance at end of current term	-71,571	-141,280
Adjustments on foreign currency translation		
Balance at end of previous term	-9,176	-73,412
Current term change		
Current term change in items other than shareholders' equity (net)	-64,236	-26,648
Total current term change	-64,236	-26,648
Balance at end of current term	-73,412	-100,061
Total valuation and translation adjustments		
Balance at end of previous term	-57,778	-144,984
Current term change		
Current term change in items other than shareholders' equity (net)	-87,206	-96,356
Total current term change	-87,206	-96,356
Balance at end of current term	-144,984	-241,341
Total net assets		
Balance at end of previous term	15,668,357	16,653,559
Change in association with changes in the accounting procedures of overseas subsidiaries	-10,648	-
Current term change		
Dividend of retained earnings	-701,849	-689,305
Current term net profit	1,785,483	1,831,554
Acquisition of treasury stock	-1,404	-470
Disposal of treasury stock	827	514
Current term change in items other than shareholders' equity (net)	-87,206	-96,356
Total current term change	995,850	1,045,935
Balance at end of current term	16,653,559	17,699,495

(d) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Previous Consolidated Fiscal year-End (December 21, 2008 – December 20, 2009)	Current Consolidated Fiscal year-End (December 21, 2009 – December 20, 2010)
Cash flows from operating activities		
Income before income taxes and minority interests	2,984,549	3,208,783
Depreciation and amortization expense	1,116,759	1,010,245
Decrease in allowance for doubtful accounts	19,804	-24,566
Increase (decrease) in the provision for bonuses	643	2,933
Increase (decrease) in provision for returned product adjustment	4,343	-12,645
Increase (decrease) in reserve for guarantee losses	-	-600
Increase (decrease) in reserve for retirement benefits	-	1,185
Decrease (increase) in the prepaid pension cost	56,437	71,963
Interest and dividends received	-26,450	-33,242
Interest paid	956	-
Foreign exchange loss (gain)	-2,756	2,230
Increase (decrease) in profit from sale of investment securities	-	-357
Loss (gain) on revaluation of investments in securities	-	7,332
Gain (loss) on sales of fixed assets	-280	-12
Loss from the sale/disposition of fixed assets	84,503	21,869
Decrease (increase) in accounts receivable – trade	-21,909	-53,473
Decrease (increase) in inventories	164,147	-66,363
Increase (decrease) in accounts payable related to procurement transactions	42,344	-475,357
Others	16,001	95,726
Subtotal	4,439,096	3,755,650
Interest and dividends received	26,975	33,579
Interest paid	-938	-
Payment of retirement benefits to directors	-	-194,441
Payment of corporate and other taxes	-1,385,749	-1,161,129
Cash flows from operating activities	3,079,384	2,433,659
Cash flows from investing activities		
Payment due to the purchase of investment securities	-499,966	-
Sale of investment securities	400,000	2,765
Purchase of property and equipment	-1,473,067	-613,718
Proceeds from sales of property, plant and equipment	2,275	3,846
Payment due to the acquisition of intangible fixed assets	-158,969	-262,305
Payment due to loans	-46,555	-6,390
Collection of the loan payment	52,165	23,537
Expenditure for fixed period deposits	-	-2,597
Income from cancellation of fixed deposits	48,065	-
Payment due to the placement of guarantee money	-61,396	-66,769
Collection of guarantee money	7,818	87,127
Payment into insurance reserve fund	-12,383	-6,701
Cancellation/withdrawal from insurance reserve fund	62,861	116,422
Others	-1,282	-3,009
Cash flows from investing activities	-1,680,435	-727,791

(Unit: thousand yen)

	Previous Consolidated Fiscal year-End (December 21, 2008 – December 20, 2009)	Current Consolidated Fiscal year-End (December 21, 2009 – December 20, 2010)
Cash flows from financing activities		
Payment due to the repayment of long-term borrowing	-23,381	-
Net decrease (increase) in treasury stocks	-577	44
Payment of dividends	-701,201	-688,199
Cash flows from financing activities	-725,159	-688,154
Effect of exchange rate fluctuations on cash and cash equivalents	-18,403	-13,333
Increase (decrease) in cash and cash equivalents	655,386	1,004,380
Cash and cash equivalents at beginning of period	1,010,784	1,666,170
Outstanding balance of cash and cash equivalents at the end of current term	* 1,666,170	* 2,670,550

(e) Notes on the company as an ongoing concern

No corresponding data is available

(f) Summary of Significant Accounting Policies

Subject	Previous Consolidated Fiscal year (December 21, 2008 - December 20, 2009)	Current Consolidated Fiscal year (December 21, 2009 - December 20, 2010)
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. Milbon Korea Co., Ltd. was established in July 2009 and is a consolidated subsidiary.	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	No corresponding data is available.	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

Subject	Previous Consolidated Fiscal year (December 21, 2008 - December 20, 2009)	Current Consolidated Fiscal year (December 21, 2009 - December 20, 2010)
4 Major accounting standards (1) Basis for valuation of major assets	(a) 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, 2009 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. (Additional information) Previously, if the market value of other marketable securities with a fair market value dropped in value by roughly 30% or more in comparison to the acquisition price of the individual stock, or if it was judged that such had happened, price recovery was deemed to be difficult and the company employed impairment accounting procedures. However, in regard to such of these stocks that fall in price by at least 30% and less than 50%, the company has decided to determine the necessity for impairment accounting procedures after judging the possibility of price recovery on an individual basis. This processing method has been changed because recent falls in the prices of individual stocks have occurred more in association with the decline of the stock market overall due to fluctuations in various market factors than because of factors inherent in the stock in question itself and because the company will judge stocks more carefully and rationally in regard to the possibility of price recovery in view of the increased monetary importance of these stocks. Moreover, the impact of this change on profit and loss is minor. Securities without fair market value Calculated based on the cost accounting and moving average methods.	(a) 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 Same as shown on the left

Subject	Previous Consolidated Fiscal year (December 21, 2008 - December 20, 2009)	Current Consolidated Fiscal year (December 21, 2009 - December 20, 2010)
	(b) Inventories 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) 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) 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) Change in accounting policy The company is applying the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9; July 5, 2006) from the current consolidated fiscal year. Moreover, the impact of this change on profit and loss is minor.	(b) Inventories Merchandise Same as shown on the left Products/semi-finished products Same as shown on the left Raw materials Calculated mainly through cost accounting based on the gross average method (for balance sheet values, the book price devaluation method based on decreased profitability is used). Supplies Calculated through the last purchase price method (for balance sheet values, the book price devaluation method based on decreased profitability is used).

Subject	Previous Consolidated Fiscal year (December 21, 2008 - December 20, 2009)	Current Consolidated Fiscal year (December 21, 2009 - December 20, 2010)
(2) Method for calculating depreciation and amortization of important assets	(a) 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. Buildings and other structures: 31 to 50 years Machinery, equipment and vehicles for transportation: 6 to 8 years (Additional Information) In association with the revision of the Corporation Tax Act (Law for the Partial Revision of the Income Tax Act, etc [Law No.23; April 30, 2008]), statutory useful life and asset classifications have been revised. Due to this revision, the useful life of some of the machinery and equipment of the company, which was previously processed mainly with a useful life of 9 years, will be changed to 8 years from the current consolidated fiscal year on. Moreover, due to this change, operating income, ordinary income and income before income taxes and minority interests will each fall by 108,725 thousand yen. (b) 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.	(a) 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. Buildings and other structures: 31 to 50 years Machinery, equipment and vehicles for transportation: 6 to 8 years (b) Intangible fixed assets Same as shown on the left
(3) Basis for the valuation and allocation of major provisions	(a) Provision for bad loans In preparation of loan loss, Milbon Co., Ltd. estimates 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). It is also a basic policy that the consolidated overseas subsidiary also estimates uncollectible amounts relevant to specific loans and allocates a reasonable allowance for the same. (b) Provision 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). (c) 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.	(a) Provision for bad loans 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). (b) Provision for bonuses Same as shown on the left (c) Provision for returned merchandise Same as shown on the left

Subject	Previous Consolidated Fiscal year (December 21, 2008 - December 20, 2009)	Current Consolidated Fiscal year (December 21, 2009 - December 20, 2010)
	(d) Provision for retirement benefits In preparation for payments of retirement benefits to employees, an appropriate amount is earmarked based on the estimates of retirement liabilities and pension assets at the end of the current term. 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. 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.	(d) Provision of retirement benefits 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. 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. 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. (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 consolidated fiscal year. 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. (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.
	(e) Reserves for guarantee losses 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.	(e) Reserves for guarantee losses Same as shown on left

Subject	Previous Consolidated Fiscal year (December 21, 2008 - December 20, 2009)	Current Consolidated Fiscal year (December 21, 2009 - December 20, 2010)
(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) 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.	Same as shown on the left
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.	Same as shown on the left

(g) Summary of Significant Accounting Policies

(Change in Accounting Policies)

Previous Consolidated Fiscal year (December 21, 2008 - December 20, 2009)	Current Consolidated Fiscal year (December 21, 2009 - December 20, 2010)
(Accounting standard for lease transactions) The company previously processed finance lease transactions that do not transfer rights of ownership using accounting procedures similar to those for ordinary rental transactions, but is now applying the Accounting Standard for Lease Transactions (ASBJ Statement No. 13 (as issued by the First Subcommittee of the Business Accounting Council on June 17, 1993 and revised on March 30, 2007)), and the Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16 (as issued by the Accounting System Committee at the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised on March 30, 2007)) and will process such lease transactions using accounting procedures similar to those for normal sales transactions. Furthermore, in regard to the method for the depreciation of lease assets related to finance lease transactions that do not transfer rights of ownership, the company is using a straight line method that sets the lease period as the useful life and the residual value to zero. In regard to 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 this change, the company will continue to use accounting procedures similar to those for ordinary rental transactions. There will be no impact on profit and loss due to this change. (Immediate handling related to the accounting procedures of overseas subsidiaries in the preparation of consolidated financial statements) From the current consolidated fiscal year onwards, the company is applying the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Issues Task Force report No. 18, May 17, 2006) and has carried out the required revisions in consolidated settlement. Moreover, the impact of this change on profit and loss is minor.	-

(Changes to display method)

Previous Consolidated Fiscal year (December 21, 2008 - December 20, 2009)	Current Consolidated Fiscal year (December 21, 2009 - December 20, 2010)
(Consolidated profit and loss statement) In association with the application of the Cabinet Office Regulation revising part of the regulations related to financial statements, etc., (Cabinet Office Regulations No. 50, August 7, 2008), those items included as “Inventory assets” in the previous consolidated fiscal year will be included separately in the classifications “Merchandise and products”, “Semi-finished products” and “Raw and packaging materials” from this consolidated fiscal year. Moreover, the values of “Merchandise and products”, Semi-finished products” and “Raw packaging materials” included in “Inventory assets” in the previous consolidated fiscal year were 1,820,528 thousand yen, 26,576 thousand yen and 491,953 thousand yen respectively.	-
-	(Consolidated balance sheet) “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.
-	(Consolidated Statement of Cash Flows) “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. “Interest paid” included under “Others” in the current consolidated fiscal year is 24 thousand yen.

(h) Notes to Consolidated Financial Statements

(Related to the Consolidated Balance Sheet)

Previous Consolidated Fiscal year-End (As of December 20, 2009)	Current Consolidated Fiscal year-End (As of December 20, 2010)
1 Contingent liabilities Guarantees on liabilities We have implemented a debt guarantee against customers' bank loans payable (one loan of 37,839 thousand yen).	1 Contingent liabilities Guarantees on liabilities We have implemented a debt guarantee against customers' bank loans payable (three loans of 112,510 thousand yen).
*2 Handling of trade notes at end of fiscal year The closing date of the current fiscal year was a holiday for financial institutions, but trade notes shall be handled as though settlement was made on the closing date. Trade notes at the closing date of the current fiscal year were as follows. Trade notes receivable: 61,623 thousand yen Trade notes payable: 176,948 thousand yen	-

(Related to the Consolidated Profit and Loss Statement)

Previous Consolidated Fiscal year (December 21, 2008 - December 20, 2009)	Current Consolidated Fiscal year (December 21, 2009 - December 20, 2010)
*1 Major items and respective amounts included in the Marketing and General Administrative Expenses are as follows: (Unit: thousand yen) Sales promotion expenses 1,537,435 Remuneration, salary and other allowances 2,329,199 Provision for allowance for doubtful debt 9,017 Expensing of the Provision for bonuses 41,470 Provision for retirement benefit 217,586	*1 Major items and respective amounts included in the Marketing and General Administrative Expenses are as follows: (Unit: thousand yen) Sales promotion expenses 1,620,546 Remuneration, salary and other allowances 2,445,811 Expensing of the Provision for bonuses 46,005 Provision for retirement benefit 237,114
*2 Research and development expense included in the General Administrative Expense and Production Expense of the current term 766,493 thousand yen	*2 Research and development expense included in the General Administrative Expense and Production Expense of the current term 838,005 thousand yen
*3 Breakdown of gains from fixed asset disposal Machinery, equipment and vehicles for transportation 887 thousand yen	*3 Breakdown of gains from fixed asset disposal (Unit: thousand yen) Machinery, equipment and vehicles for transportation 87 Others 4 Total 91
*4 Breakdown of the loss caused by the sale of fixed assets Machinery, equipment and vehicles for transportation 606 thousand yen	*4 Breakdown of the loss caused by the sale of fixed assets Machinery, equipment and vehicles for transportation 79 thousand yen
*5 Breakdown of the loss from the disposition of property or other fixed assets (Unit: thousand yen) Buildings and other structures 67,179 Machinery, equipment and vehicles for transportation 13,135 Others 4,188 Total 84,503	*5 Breakdown of the loss from the disposition of property or other fixed assets (Unit: thousand yen) Buildings and other structures 10,495 Machinery, equipment and vehicles for transportation 10,240 Retirement costs related to refurbishment of the Tokyo Branch 81,899 Others 1,132 Total 103,768

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

Previous consolidated fiscal year (December 21, 2008 - December 20, 2009)

1. Items Related to Shares Issued and Outstanding

Class of stock	End of 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	End of previous consolidated fiscal year	Increase	Decrease	End of current consolidated fiscal year
Common stock (number of shares)	11,380	648	411	11,617

(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.

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
General meeting of shareholders held on March 18, 2009	Common stock	363,457	29	December 20, 2008	March 19, 2009
Board of Directors' meeting held on June 26, 2009	Common stock	338,391	27	June 20, 2009	August 7, 2009

(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
General meeting of shareholders held on March 18, 2010	Common stock	Retained earnings	350,918	28	December 20, 2009	March 19, 2010

Current Consolidated Fiscal Year (December 21, 2009 - December 20, 2010)

1. Items Related to Shares Issued and Outstanding

Class of stock	End of 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	End of 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)

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.

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
General meeting of shareholders held on March 18, 2010	Common stock	350,918	28	December 20, 2009	March 19, 2010
Board of Directors' meeting held on June 25, 2010	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
General meeting of shareholders held on March 17, 2011	Common stock	Retained earnings	413,582	33	December 20, 2010	March 18, 2011

(Items Related to Consolidated Statements of Cash Flows) (Unit: thousand yen)

Previous Consolidated Fiscal year (December 21, 2008 - December 20, 2009)	Current Consolidated Fiscal year (December 21, 2009 - December 20, 2010)
* 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 deposit 1,666,170 Cash and cash equivalents 1,666,170	* 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 deposit 2,673,044 Fixed term deposits with deposit terms exceeding three months -2,493 Cash and cash equivalents 2,670,550

(Segment Information)

1 Information by Business Segment

Previous consolidated fiscal year (December 21, 2008 - December 20, 2009) and current 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.

2 Information on Business According to Geographic Areas of Operation

Previous consolidated fiscal year (December 21, 2008 - December 20, 2009) and current 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.

3 Overseas Sales

The previous consolidated fiscal year (December 21, 2008 - December 20, 2009) and current consolidated fiscal year (December 21, 2009 - December 20, 2010)

Overseas sales information is not disclosed because the amounts of overseas sales for the year ended December 20, 2009 and 2010 were less than 10% of the consolidated sales.

Related to Lease Transactions

<table>
<tr><th>Previous Consolidated Fiscal year
(December 21, 2008 – December 20, 2009)</th><th>Current Consolidated Fiscal year
(December 21, 2009 - December 20, 2010)</th></tr>
<tr><td>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:
<table>
<tr><th></th><th>Purchase price equivalent (Unit: thousand yen)</th><th>Accumulated depreciation equivalent (Unit: thousand yen)</th><th>Term-end outstanding balance equivalent (Unit: thousand yen)</th></tr>
<tr><td>Others (tools, fixtures and supplies)</td><td>190,133</td><td>102,551</td><td>87,581</td></tr>
<tr><td>Total</td><td>190,133</td><td>102,551</td><td>87,581</td></tr>
</table>
(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.</td>
<td>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:
<table>
<tr><th></th><th>Purchase price equivalent (Unit: thousand yen)</th><th>Accumulated depreciation equivalent (Unit: thousand yen)</th><th>Term-end outstanding balance equivalent (Unit: thousand yen)</th></tr>
<tr><td>Others (tools, fixtures and supplies)</td><td>139,625</td><td>77,797</td><td>61,827</td></tr>
<tr><td>Total</td><td>139,625</td><td>77,797</td><td>61,827</td></tr>
</table>
(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.</td></tr>
<tr><td>(2) Future minimum lease payments equivalent
(Unit: thousand yen)
<table>
<tr><td>Due within one year</td><td>25,753</td></tr>
<tr><td>Due after one year</td><td>61,827</td></tr>
<tr><td>Total</td><td>87,581</td></tr>
</table>
(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.</td>
<td>(2) Future minimum lease payments equivalent
(Unit: thousand yen)
<table>
<tr><td>Due within one year</td><td>18,239</td></tr>
<tr><td>Due after one year</td><td>43,588</td></tr>
<tr><td>Total</td><td>61,827</td></tr>
</table>
(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.</td></tr>
<tr><td>(3) Lease expense and depreciation expense equivalent
<table>
<tr><td>Lease expense</td><td>37,981 thousand yen</td></tr>
<tr><td>Depreciation expense equivalent</td><td>37,981 thousand yen</td></tr>
</table></td>
<td>(3) Lease expense and depreciation expense equivalent
<table>
<tr><td>Lease expense</td><td>21,543 thousand yen</td></tr>
<tr><td>Depreciation expense equivalent</td><td>21,543 thousand yen</td></tr>
</table></td></tr>
<tr><td>(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.</td>
<td>(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.</td></tr>
<tr><td>2 Operating lease transactions
(Borrower)
Prepaid lease charges related to irrevocable leases among operating lease transactions.
(Unit: thousand yen)
<table>
<tr><td>Due within one year</td><td>38,092</td></tr>
<tr><td>Due after one year</td><td>148,102</td></tr>
<tr><td>Total</td><td>186,195</td></tr>
</table></td>
<td>2 Operating lease transactions
(Borrower)
Prepaid lease charges related to irrevocable leases among operating lease transactions.
(Unit: thousand yen)
<table>
<tr><td>Due within one year</td><td>38,499</td></tr>
<tr><td>Due after one year</td><td>100,666</td></tr>
<tr><td>Total</td><td>139,166</td></tr>
</table></td></tr>
</table>

(Information on affiliated business entities)

Previous consolidated fiscal year (December 21, 2008 - December 20, 2009)

No corresponding date is available

(Additional information)

From this consolidated fiscal year, the company is applying the “Accounting Standard for Related Party Disclosures” (ASBJ Statement No. 11, October 17, 2006) and the “Implementation Guidance on the Accounting Standard for Related Party Disclosures” (ASBJ Guidance No. 13, October 17, 2006).

There will be no changes in the scope of companies subject to disclosure due to this change.

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

No corresponding date is available

Related to tax effect accounting

Previous Consolidated Fiscal year-End (As of December 20, 2009)		Current Consolidated Fiscal year-End (As of December 20, 2010)	
1. Significant components contributing to deferred tax assets and liabilities		1. Significant components contributing to deferred tax assets and liabilities	
	(Unit: thousand yen)		(Unit: thousand yen)
Deferred tax assets (current)		Deferred tax assets (current)	
Loan-loss reserves	3,643	Loan-loss reserves	4,025
Reserve for loss on goods unsold	12,814	Reserve for loss on goods unsold	7,706
Reserve for bonus	24,676	Reserve for bonus	26,198
Losses on revaluation of inventory assets	19,971	Losses on revaluation of inventory assets	12,914
Accrued enterprise and business facility taxes	50,361	Accrued enterprise and business facility taxes	55,371
Accrued social insurance contribution	22,084	Accrued social insurance contribution	23,347
Retirement benefits for officers	78,554	Retirement benefits for officers	11,956
Unrealized profit, inventories	18,585	Unrealized profit, inventories	22,373
Others	13,670	Others	5,245
Total of deferred tax assets (current)	244,361	Subtotal of deferred tax assets (current)	169,139
		Valuation reserve	-2,298
		Total of deferred tax assets (current)	166,841
Deferred tax assets (fixed)		Deferred tax assets (fixed)	
Depreciation expenses	227,875	Depreciation expenses	247,468
Loan-loss reserves	18,882	Loan-loss reserves	10,935
Reserve for guarantee losses	15,756	Reserve for guarantee losses	15,513
Loss on compulsory devaluation of investment securities	83,987	Loss on compulsory devaluation of investment securities	3,043
Retirement benefits for officers	126,049	Retirement benefits for officers	114,092
Evaluation difference, other securities	48,515	Evaluation difference, other securities	95,767
Others	8,346	Others	58,877
Total of deferred tax assets (fixed)	529,412	Subtotal of deferred tax assets (fixed)	545,698
		Valuation reserve	-75,455
		Total of deferred tax assets (fixed)	470,242
Deferred tax liabilities (fixed)		Deferred tax liabilities (fixed)	
Prepaid pension cost	-33,299	Prepaid pension cost	-4,226
Total deferred tax liabilities (fixed)	-33,299	Total deferred tax liabilities (fixed)	-4,226
Net deferred tax liabilities	740,473	Net deferred tax liabilities	632,857
The net value of the deferred tax assets is included in sections of the Consolidated Balance Sheet as indicated below.		The net value of the deferred tax assets is included in sections of the Consolidated Balance Sheet as indicated below.	
	(Unit: thousand yen)		(Unit: thousand yen)
Current assets: Deferred tax assets	244,361	Current assets: Deferred tax assets	166,841
Fixed assets: Deferred tax assets	496,112	Fixed assets: Deferred tax assets	466,016

Previous Consolidated Fiscal year-End (As of December 20, 2009)	Current Consolidated Fiscal year-End (As of December 20, 2010)
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 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.	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 (Unit: %) Statutory tax rate 40.4 (Adjustments) 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 financial products)

We have omitted disclosure in relation to the notes on financial products because we considered such disclosure to have little importance to the financial statements.

Related to marketable securities

As of the end of the previous consolidated fiscal year (As of December 20, 2009)

1 Other securities with marketable value

	Type	Acquisition price (Unit: thousand yen)	Value booked on the Consolidated Balance Sheet (Unit: thousand yen)	Difference (Unit: thousand yen)
Items whose booked values exceed their respective acquisition prices	(1) Equity securities	225,385	267,223	41,838
	(2) Bonds	-	-	-
	(3) Others	-	-	-
	Subtotal	225,385	267,223	41,838
Items whose booked values do not exceed their respective acquisition prices	(1) Equity securities	1,186,121	1,024,196	-161,925
	(2) Bonds	-	-	-
	(3) Others	-	-	-
	Subtotal	1,186,121	1,024,196	-161,925
Total		1,411,507	1,291,420	-120,086

(Note) 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.

The value of impairment accounting of other marketable securities with a market price for the current consolidated fiscal year is zero.

2 Other marketable securities sold during the current consolidated fiscal year (December 21, 2008 - December 20, 2009)

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)
400,000	-	-

3 Other securities without fair market value

	Value booked on the Consolidated Balance Sheet (Unit: thousand yen)
Other securities Unlisted equity securities	16,250

(Note) The Company did not record any impairment charges for other securities without fair market value during the current consolidated fiscal year.

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

1 Other marketable securities

	Type	Value booked on the Consolidated Balance Sheet (Unit: thousand yen)	Acquisition price (Unit: thousand yen)	Difference (Unit: 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) 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 securities sold during the current consolidated fiscal year (December 21, 2009 - December 20, 2010)

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 for which impairment accounting procedures were implemented

The company recorded impairment charges of 7,332 thousand yen for other securities with fair market value during the current consolidated fiscal year.

In carrying out impairment accounting procedures, 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, 2008 - December 20, 2009)

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

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.

(Related to the Provision for retirement benefits)

Previous consolidated fiscal year (December 21, 2008 - December 20, 2009)

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.

The matters related to the multiple employer 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, 2009)

Value of pension assets	25,882,397 thousand yen
Value of benefit liabilities in pension finance calculations	46,098,575 thousand yen
Difference	-20,216,177 thousand yen

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

(From December 1, 2008 to November 30, 2009)

6.7%

(3) Supplementary explanation

The main factors in the difference shown in (1) above are the balance of past service liabilities of 9,905,470 thousand yen and the insufficient funds carried over of 10,310,707 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 11 years and 9 months, and the company has processed 68,824 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 (Unit: thousand yen)

	Previous Consolidated Fiscal year-End (As of December 20, 2009)
(1) Retirement benefit liabilities	-961,941
(2) Pension assets	841,692
(3) Non-funded retirement liabilities (1) + (2)	-120,249
(4) Calculation differences due to unknown factors	202,674
(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)	-
(6) Net value posted on the Consolidated Balance Sheet (3) + (4) + (5)	82,425
(7) Advanced pension payment	82,425
(8) Provision for retirement benefit (6) - (7)	-

3 The components of retirement benefit expenses were as follows: (Unit: thousand yen)

	Previous Consolidated Fiscal year (December 21, 2008 - December 20, 2009)
(1) Service cost	63,417
(2) Interest cost	17,588
(3) Expected return on plan assets	-17,959
(4) Discrepancies with calculation that are expensed	42,876
(5) Amortization of prior service cost	8,900
(6) Subtotal (1) + (2) +(3) + (4) + (5)	114,823
(7) Contribution of the multi-employer welfare pension fund plans	146,690
(8) Contribution to the defined contribution pension plan	53,821
Total	315,335

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

	Previous Consolidated Fiscal year-End (As of December 20, 2009)
(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	Five years
(5) Number of years designated to process discrepancies with calculations as an expense	Five 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, 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. Some of the company's consolidated subsidiaries employ a retirement lump sum system as the defined contribution pension plan.

Since January 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).

Details regarding the multi-employer plan, under which required contribution payments are handled as accrued retirement benefit expenses, are as follows:

(1) Items related to reserve status for system as a whole (March 31, 2010)

Amount of pension assets	31,247,387 thousand yen
Amount of accrued liabilities in pension financing calculations	43,178,840 thousand yen
Balance: minus	-11,931,452 thousand yen

(2) Ratio of gross payment assumed by the Milbon Group in system as a whole (December 1, 2009 - 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 a contingent reserve of 2,609,506 thousand yen. 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.

The ratio quoted in (2) above differs from the actual ratio assumed by the company.

2 Items related to retirement liabilities (Unit: thousand yen)

	Previous Consolidated Fiscal year-End (As of December 20, 2010)
(1) Retirement benefit liabilities	-1,146,505
(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) The simplified method is used when calculating retirement benefit liabilities at some consolidated subsidiaries.

3 The components of retirement benefit expenses were as follows: (Unit: thousand yen)

	Previous Consolidated Fiscal year (December 21, 2009 - December 20, 2010)
(1) Service cost	68,492
(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) Retirement benefit expenses at consolidated subsidiaries using the simplified method are included under "Service cost".

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

	Previous Consolidated Fiscal year-End (As of 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	Five years
(5) Number of years designated to process discrepancies with calculations as an expense	Five 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, 2008 - December 20, 2009)

No corresponding data is available.

Consolidated fiscal year (December 21, 2009 - December 20, 2010)

No corresponding data is available.

(Related to Business Combinations)

Previous consolidated fiscal year (December 21, 2008 - December 20, 2009)

No corresponding data is available.

Consolidated fiscal year (December 21, 2009 - December 20, 2010)

No corresponding data is available.

(Related to Rental Properties and Other Real Estate)

Consolidated fiscal year (December 21, 2009 - December 20, 2010)

No corresponding data is available.

(Per Share Data)

Previous Consolidated Fiscal year (December 21, 2008 - December 20, 2009)	Current Consolidated Fiscal year (December 21, 2009 - December 20, 2010)
Net asset value per share 1,328.80 yen Net income per share 142.46 yen Diluted net income per share of common stock is not shown, because there are no diluted shares.	Net asset value per share 1,412.25 yen Net income per share 146.14 yen 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, 2008 - December 20, 2009)	Current Consolidated Fiscal year (December 21, 2009 - December 20, 2010)
Net income (Unit: thousand yen)	1,785,483	1,831,554
Amount not vested in ordinary shareholders (Unit: thousand yen)	-	-
Net income related to common stocks (Unit: thousand yen)	1,785,483	1,831,554
Average number of outstanding shares of common stocks during the term (Unit: share)	12,532,935	12,532,827

(Significant subsequent events)

<table>
<tr><th>Previous consolidated fiscal year
(December 21, 2008 - December 20, 2009)</th><th>Current consolidated fiscal year
(December 21, 2009 - December 20, 2010)</th></tr>
<tr><td>-</td><td>
(Stock Split)
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 stock as part of the Company’s efforts to return profits to the shareholders and in order improve the liquidity of Company shares.

(1) Increase in number of shares as a result of stock split
Common stock: 1,254,440 shares

(2) Methods of split
A stock split will be carried out at a ratio of 1.1 shares for 1 common stock 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 spilt 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.

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.

<table>
<tr><th>Previous Consolidated Fiscal Year</th><th>Current Consolidated Fiscal Year</th></tr>
<tr><td>Net asset value per share
1,208.00 yen
Net income per share
129.51 yen
Diluted net income per share of common stock
Not shown because there are no diluted shares.</td><td>Net asset value per share
1,283.86 yen
Net income per share
132.86 yen
Diluted net income per share of common stock
Not shown because there are no diluted shares.</td></tr>
</table>
</td></tr>
</table>

5. Individual Financial Statements

(a) Balance Sheet

(Unit: thousand yen)

	Previous Term (As of December 20, 2009)	Current Term (As of December 20, 2010)
Assets		
Current Assets		
Cash and cash equivalents	1,275,141	2,344,171
Trade notes receivable	*3 618,989	653,056
Accounts receivable	*1 2,264,079	*1 2,225,899
Merchandise and products	1,530,173	1,489,270
In-process	17,417	20,370
Raw and packaging materials	490,708	557,374
Prepaid expenses	32,474	30,325
Deferred tax asset	217,900	144,532
Short-term loans	6,174	5,989
Others	*1 46,656	*1 51,343
Loan loss reserve	-9,315	-10,124
Total Current assets	6,490,401	7,512,209
Fixed Assets		
Tangible fixed assets		
Buildings	5,998,658	6,888,168
Accumulated depreciation	-2,555,692	-2,843,286
Buildings (net)	3,442,965	4,044,882
Structures	316,812	333,260
Accumulated depreciation	-206,655	-206,287
Structures (net)	110,156	126,973
Machinery and equipment	3,953,279	3,946,812
Cumulative total of depreciation	-2,655,768	-2,878,359
Machinery and equipment (net)	1,297,510	1,068,452
Automotive equipment	47,046	44,046
Accumulated depreciation	-38,175	-39,113
Automobiles and transport equipment (net)	8,870	4,932
Tools and equipment	1,523,120	1,691,148
Accumulated depreciation	-1,310,905	-1,456,091
Tools, implements and fixtures (net)	212,215	235,057
Land	4,763,766	4,763,766
Construction in progress	721,585	3,634
Total tangible fixed assets	10,557,070	10,247,698
Intangible fixed assets		
Trademarks	925	1,308
Software	288,609	433,690
Telephone subscription right	8,718	8,718
Right of using a water supply facility	2,140	1,936
Others	-	2,100
Total intangible fixed assets	300,393	447,754

(Unit: thousand yen)

	Previous Term (As of December 20, 2009)	Current Term (As of December 20, 2010)
Investment and other assets		
Investments in securities	1,307,670	1,180,555
Stock of affiliates	616,369	616,369
Investments in affiliates	280,000	430,000
Bankruptcy/ rehabilitation liabilities, etc	27,972	2,459
Long-term loan for employees	9,265	7,073
Long-term prepaid expenses	4,073	6,968
Prepaid pension cost	82,425	10,461
Enrolment fee	21,850	21,850
Guarantee money paid	248,853	169,914
Insurance reserve fund	183,574	100,432
Deferred tax assets	456,737	466,016
Provision for bad loans	-38,097	-12,584
Total of investment and other assets	3,200,693	2,999,516
Total fixed assets	14,058,158	13,694,970
Total assets	20,548,559	21,207,179
Liabilities		
Current Liabilities		
Trade notes payable	*3 530,562	-
Accounts payable	422,793	467,142
Accrued liability	1,369,037	1,280,705
Accrued expenses payable and other related liabilities	74,251	70,458
Corporate tax payable	571,930	635,475
Consumption tax payable	75,637	-
Advances by customers	905	1,770
Deposit received	74,969	78,574
Provision for returned merchandise	31,720	19,075
Provision for bonuses	61,080	64,280
Others	8,152	8,128
Total current liabilities	3,221,040	2,625,609
Fixed liabilities		
Reserves for guarantee losses	39,000	38,400
Long-term guarantee deposits received	84,752	81,779
Long-term accrued liabilities	312,004	282,408
Total fixed liabilities	435,756	402,587
Total liabilities	3,656,797	3,028,197

(Unit: thousand yen)

	Previous Term (As of December 20, 2009)	Current Term (As of December 20, 2010)
Net Assets		
Shareholders' equity		
Capital	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 reserve	3,500,000	3,500,000
Earned surplus forwarded	11,001,906	12,358,516
Total retained surplus	14,802,786	16,159,396
Treasury stock	-38,572	-38,254
Total shareholders' equity	16,963,333	18,320,261
Valuation and translation adjustments		
Valuation difference, other securities	-71,571	-141,280
Total valuation and translation adjustments	-71,571	-141,280
Total net assets	16,891,762	18,178,981
Total liabilities and net assets	20,548,559	21,207,179

(b) Statement of Earnings

(Unit: thousand yen)

	Previous Term (December 21, 2008 - December 20, 2009)	Current Term (December 21, 2009 - December 20, 2010)
Sales		
Products	18,657,140	19,176,679
Merchandise	289,066	270,275
Total sales	18,946,206	19,446,955
Cost of Sales		
Beginning inventory of products	1,683,008	1,463,178
Cost of products manufactured	7,158,515	6,997,675
Total	8,841,523	8,460,854
Product and other account transfers	*1 586,826	*1 509,029
Product term-end inventories	1,463,178	1,386,021
Cost of products sold	6,791,519	6,565,802
Beginning inventory of merchandise	83,492	66,995
Merchandise purchased	267,608	404,015
Total	351,100	471,010
Product and other account transfers	*2 37,224	*2 150,785
Ending inventory of merchandise	66,995	103,248
Cost of merchandise sold	246,880	216,976
Release of allowance for returns	27,376	31,720
Reserve for returns	31,720	19,075
Total Cost of sales	7,042,743	6,770,134
Total sales revenue	11,903,462	12,676,820
Marketing and administrative expenses		
Sales promotion	1,522,402	1,599,917
Transportation	533,805	542,236
Advertising	182,537	212,112
Compensation and salary allowances	2,200,521	2,287,450
Loan loss reserve brought forward	9,315	-
Reserve for bonuses	41,470	43,606
Retirement benefits	217,514	235,428
Travel and transport expenses	495,713	532,790
Depreciation	321,798	370,109
Rent expenses	612,837	623,838
Research and development	*3 766,493	*3 838,005
Others	1,650,590	1,652,196
Total sales, general and administrative expenses	8,555,001	8,937,691
Operating income	3,348,461	3,739,129

(Unit: thousand yen)

	Previous Term (December 21, 2008 - December 20, 2009)	Current Term (December 21, 2009 - December 20, 2010)
Non-operating income		
Interest received	1,896	507
Interest on marketable securities	49	-
Dividends received	23,866	31,883
Profit from sale of investment securities	-	1,287
Rent received from employees for their use of company housing	33,612	42,658
Incentives to attract businesses	27,520	-
Profit on surrender of insurance	24,810	26,579
Co-sponsor fee	14,081	-
Miscellaneous revenue	9,444	11,852
Total non-operating revenue	135,282	114,769
Non-operating expense		
Interest paid	225	-
Sales discount	318,379	331,522
Miscellaneous losses	306	9,177
Total non-operating expenses	318,912	340,699
Ordinary income	3,164,832	3,513,199
Extraordinary profit		
Gains on fixed asset disposal	*4 887	*4 91
Reversal of allowance for doubtful accounts	15,000	2,334
Reversal of reserve for guarantee losses	-	600
Total extraordinary income	15,887	3,026
Extraordinary loss		
Loss on sale of fixed assets	*5 606	*5 79
Loss from the disposition of property or other fixed assets	*6 84,503	*6 103,768
Provision of allowance for doubtful accounts	27,972	2,459
Factory transfer expenses	21,760	-
Others	-	14,862
Total extraordinary losses	134,843	121,169
Net income before tax	3,045,875	3,395,055
Income taxes-Current	1,242,094	1,237,525
Income taxes-Deferred	-23,591	111,341
Total corporation tax, etc.	1,218,503	1,348,866
Net income	1,827,372	2,046,189

Manufacturing Cost

		Previous Term (December 21, 2008 - December 20, 2009)		Current Term (December 21, 2009 - December 20, 2010)		Difference
Account Title	Notes Reference No.	Amount (Unit: thousand yen)	Ratio (%)	Amount (Unit: thousand yen)	Ratio (%)	Amount (Unit: thousand yen)
I Raw and Packaging Materials		4,329,862	60.5	4,400,604	62.8	70,742
II Subcontractor Expenses		1,040,288	14.6	1,081,488	15.4	41,199
III Labor Cost		637,813	8.9	615,458	8.8	-22,354
(Including reserve for bonuses)		11,190		11,890		700
IV Expense		1,146,135	16.0	907,006	13.0	-239,129
(Included depreciation)		673,762		509,861		-163,900
(Included consumable supplies)		71,806		60,029		-11,776
(Included rent)		20,408		9,503		-10,904
Total expenses for manufacturing of the period		7,154,099	100.0	7,004,557	100.0	-149,541
Beginning inventory of semi-finished products		26,576		17,417		-9,159
Total		7,180,676		7,021,974		-158,701
Expenses transferred to other accounts	*1	4,743		3,929		-814
Ending inventory of semi-finished products		17,417		20,370		2,953
Manufacturing cost of products for the period		7,158,515		6,997,675		-160,839

Previous Term (December 21, 2008 - December 20, 2009)		Current Term (December 21, 2009 - December 20, 2010)	
*1. Transfer to other accounts is as shown below:		*1. Transfer to other accounts is as shown below:	
	(Unit: thousand yen)		(Unit: thousand yen)
Research and development	4,685	Research and development	3,488
Others	57	Others	440
Total	4,743	Total	3,929
2. Cost accounting method:		2. Cost accounting method:	
Sequential cost system		Same as shown on the left	

(c) Statement of Changes in Shareholders' Equity

(Unit: thousand yen)

	Previous Consolidated Fiscal year-End (December 21, 2008 – December 20, 2009)	Current Consolidated Fiscal year-End (December 21, 2009 – December 20, 2010)
Shareholders’ equity		
Capital		
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
Other capital surplus		
Balance at end of previous term	113	-
Current term change		
Disposal of treasury stock	-113	-
Total current term change	-113	-
Balance at end of current term	-	-
Total capital surplus		
Balance at end of previous term	199,233	199,120
Current term change		
Disposal of treasury stock	-113	-
Total current term change	-113	-
Balance at end of current term	119,120	199,120
Retained earnings		
Earned 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		
Reserve for special depreciation		
Balance at end of previous term	689	-
Current term change		
Reversal of reserve for special depreciation	-689	-
Total current term change	-689	-
Balance at end of current term	-	-
Other reserve		
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

(Unit: thousand yen)

	Previous Consolidated Fiscal year-End (December 21, 2008 – December 20, 2009)	Current Consolidated Fiscal year-End (December 21, 2009 – December 20, 2010)
Retained earnings carried over		
Balance at end of previous term	9,876,131	11,001,906
Current term change		
Dividend of retained earnings	-701,849	-689,305
Reversal of reserve for special depreciation	689	-
Current net income	1,827,372	2,046,189
Disposal of treasury stock	-437	-273
Total current term change	1,125,774	1,356,609
Balance at end of current term	11,001,906	12,358,516
Total retained earnings		
Balance at end of previous term	13,677,700	14,802,786
Current term change		
Dividend of retained earnings	-701,849	-689,305
Reversal of reserve for special depreciation	-	-
Current net income	1,827,372	2,046,189
Disposal of treasury stock	-437	-273
Total current term change	1,125,085	1,356,609
Balance at end of current term	14,802,786	16,159,396
Treasury stock		
Balance at end of previous term	-38,545	-38,572
Current term change		
Acquisition of treasury stock	-1,404	-470
Disposal of treasury stock	1,378	788
Total current term change	-26	317
Balance at end of current term	-38,572	-38,254
Total shareholders' equity		
Balance at end of previous term	15,838,388	16,963,333
Current term change		
Dividend of retained earnings	-701,849	-689,305
Current term net profit	1,827,372	2,046,189
Acquisition of treasury stock	-1,404	-470
Disposal of treasury stock	827	514
Total current term change	1,124,945	1,356,927
Balance at end of current term	16,963,333	18,320,261

(Unit: thousand yen)

	Previous Consolidated Fiscal year-End (December 21, 2008 – December 20, 2009)	Current Consolidated Fiscal year-End (December 21, 2009 – December 20, 2010)
Valuation and translation adjustments		
Valuation difference, other securities		
Balance at end of previous term	-48,601	-71,571
Current term change		
Current term change in items other than shareholders' equity (net)	-22,969	-69,708
Total current term change	-22,969	-69,708
Balance at end of current term	-71,571	-141,280
Total valuation and translation adjustments		
Balance at end of previous term	-48,601	-71,571
Current term change		
Current term change in items other than shareholders' equity (net)	-22,969	-69,708
Total current term change	-22,969	-69,708
Balance at end of current term	-71,571	-141,280
Total net assets		
Balance at end of previous term	15,789,786	16,891,762
Current term change		
Dividend of retained earnings	-701,849	-689,305
Current term net profit	1,827,372	2,046,189
Acquisition of treasury stock	-1,404	-470
Disposal of treasury stock	827	514
Current term change in items other than shareholders' equity (net)	-22,969	-69,708
Total current term change	1,101,975	1,287,219
Balance at end of current term	16,891,762	18,178,981

(d) Notes on the company as a going concern

No corresponding data is available.

(e) Summary of Significant Accounting Policies

Subject	Previous Term (From December 21, 2008 - December 20, 2009)	Current Term (From December 21, 2009 - December 20, 2010)
1 Evaluation criteria and methods for securities	(a) Stock of subsidiaries Cost accounting based on the moving average method (b) Sundry securities With 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) (Additional information) Previously, if the market value of other marketable securities with a fair market value dropped in value by roughly 30% or more in comparison to the acquisition price of the individual stock, or if it was judged that such had happened, price recovery was deemed to be difficult and the company employed impairment accounting procedures. However, in regard to such of these stocks that fall in price by at least 30% and less than 50%, the company has decided to determine the necessity for impairment accounting procedures after judging the possibility of price recovery on an individual basis. This processing method has been changed because recent falls in the prices of individual stocks have occurred more in association with the decline of the stock market overall due to fluctuations in various market factors than because of factors inherent in the stock in question itself and because the company will judge stocks more carefully and rationally in regard to the possibility of price recovery in view of the increased monetary importance of these stocks. Moreover, the impact of this change on profit and loss is minor. Without market value Cost accounting based on the moving average method	(a) Stock of subsidiaries Same as shown on the left (b) Sundry securities With 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) Without market value Same as shown on the left

Subject	Previous Term (From December 21, 2008 - December 20, 2009)	Current Term (From December 21, 2009 - December 20, 2010)
2 Inventory valuation and its method	(a) 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) (b) 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) (c) 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) (d) Stock Calculated based on cost accounting and the final purchase price method (Method of book price devaluation based on decreased profitability is used for balance sheet values) (Change in accounting policy) The company is applying the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9; July 5, 2006) from the current consolidated fiscal year. Moreover, the impact of this change on profit and loss is minor.	(a) Merchandise Same as shown on the left (b) Products/semi-finished products Same as shown on the left (c) Raw materials Same as shown on the left (d) Supplies Calculated through the last purchase price method (for balance sheet values, the book price devaluation method based on decreased profitability is used).
3 Depreciation methods for fixed assets	(a) Tangible fixed assets Declining balance method Declining balance method is also applied to building (excluding accessory equipment) acquired on April 1, 1998 and thereafter. Durable years are as shown below: Buildings: 31 to 50 years, Machinery and equipment: 8 years (Additional Information) In association with the revision of the Corporation Tax Act (Law for the Partial Revision of the Income Tax Act, etc [Law No.23; April 30, 2008]), statutory useful life and asset classifications have been revised. Due to this revision, the useful life of some of the machinery and equipment of the company, which was previously processed mainly with a useful life of 9 years, has been changed to a 8 years from the current consolidated fiscal year on. Moreover, due to this change, operating income, ordinary income and net income prior to taxes and other adjustments will each fall by 108,725 thousand yen. (b) 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)	(a) Tangible fixed assets Declining balance method Declining balance method is also applied to building (excluding accessory equipment) acquired on April 1, 1998 and thereafter. Durable years are as shown below: Buildings: 31 to 50 years, Machinery and equipment: 8 years (b) Intangible fixed assets Same as shown on the left

Subject	Previous Term (From December 21, 2008 - December 20, 2009)	Current Term (From December 21, 2009 - December 20, 2010)
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	(a) 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. (b) 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) (c) 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.	(a) Provision for bad loans Same as shown on the left (b) Provision for bonuses Same as shown on the left (c) Provision for returned merchandise Same as shown on the left

Subject	Previous Term (From December 21, 2008 - December 20, 2009)	Current Term (From December 21, 2009 - December 20, 2010)
	(d) 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. 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.	(d) 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. 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. (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. 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. (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.
	(e) Reserves for guarantee losses 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.	(e) Reserves for guarantee losses Same as shown on the left
6 Other significant accounting policies	Consumption taxes Consumption tax is excluded from the account.	Consumption taxes Same as shown on the left

(f) Significant Changes in Accounting Policies

(Change in Accounting Policies)

Previous Term (December 21, 2008 - December 20, 2009)	Current Term (December 21, 2009 - December 20, 2010)
(Accounting standard for lease transactions) The company previously processed finance lease transactions that do not transfer rights of ownership using accounting procedures similar to those for ordinary rental transactions, but is now applying the Accounting Standard for Lease Transactions (ASBJ Statement No. 13 (as issued by the First Subcommittee of the Business Accounting Council on June 17**,** 1993 and revised on March 30, 2007)), and the Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16 (as issued by the Accounting System Committee at the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised on March 30, 2007)) and will process such lease transactions using accounting procedures similar to those for normal sales transactions. Furthermore, in regard to the method for the depreciation of lease assets related to finance lease transactions that do not transfer rights of ownership, the company is using a straight line method that sets the lease period as the useful life and the residual value to zero. In regard to 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 this change, the company will continue to use accounting procedures similar to those for ordinary rental transactions. There will be no impact on profit and loss due to this change.	-

(Change in Method of Presentation)

Previous Term (December 21, 2008 - December 20, 2009)	Current Term (December 21, 2009 - December 20, 2010)
(Balance Sheet) In association with the application of the Cabinet Office Regulation revising part of the regulations related to the terminology, formats and preparation methods of financial statements, etc., (Cabinet Office Regulations No. 50, August 7, 2008), those items included as “Merchandise”, “Products”, “Raw materials” and “Packaging materials” in the previous fiscal year will be included together as “Merchandise and products” and “Raw and packaging materials” from this fiscal year. Moreover, the values of “Merchandise”, “Products”, “Raw materials” and “Packaging materials” included in this fiscal year were 66,995 thousand yen, 1,463,178 thousand yen, 277,951 thousand yen and 212,756 thousand yen respectively.	-
-	(Consolidated Profit and Loss Statement) “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.

(g) Notes to Individual Financial Statements

(Related to Balance Sheets)

Previous Term (As of December 20, 2009)	Current Term (As of December 20, 2010)
*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: Trade account receivables 83,330 thousand yen Other (current assets) 9,738 thousand yen	*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: Trade account receivables 36,789 thousand yen Other (current assets) 9,322 thousand yen
2 Contingent liabilities Guarantee of liabilities We have implemented a debt guarantee against customers' bank loans payable (one loan of 37,839 thousand yen).	2 Contingent liabilities Guarantee of liabilities We have implemented a debt guarantee against customers' bank loans payable (three loans of 112,510 thousand yen).
*3 Handling of trade notes at end of fiscal year The closing date of the current fiscal year was a holiday for financial institutions, but trade notes shall be handled as though settlement was made on the closing date. Trade notes at the closing date of the current fiscal year were as follows. Trade notes receivable 61,623 thousand yen Trade notes payable 176,948 thousand yen	-

Related to Statement of Earnings

Previous Term (December 21, 2008 - December 20, 2009)		Current Term (December 21, 2009 - December 20, 2010)	
*1 Details of the transfer of the cost of products to other accounts are as follows:	(Unit: thousand yen)	*1 Details of the transfer of the cost of products to other accounts are as follows:	(Unit: thousand yen)
Sales promotion	564,567	Sales promotion	481,157
Entertainment	9,514	Entertainment	12,305
Market development	6,341	Market development	11,068
Research and development	3,478	Research and development	2,371
Others	2,924	Others	2,126
Total	586,826	Total	509,029
*2 Details of the transfer of the cost of merchandize to other accounts are as follows:	(Unit: thousand yen)	*2 Details of the transfer of the cost of merchandize to other accounts are as follows:	(Unit: thousand yen)
Sales promotions	37,139	Sales promotions	150,735
Others	85	Others	49
Total	37,224	Total	150,785
*3 Total amount of research and development expenses Research and development expenses included in the general administration and manufacturing expenses of this period.	766,493 thousand yen	*3 Total amount of research and development expenses Research and development expenses included in the general administration and manufacturing expenses of this period.	838,005 thousand yen
*4 Details of gain on sale of fixed assets		*4 Details of gain on sale of fixed assets	(Unit: thousand yen)
Automobiles and transport equipment	887 thousand yen	Machinery and equipment	87
		Tools, equipment, furniture and fixtures	4
		Total	91
*5 Details of loss on sale of fixed assets		*5 Details of loss on sale of fixed assets	
Machinery and equipment	606 thousand yen	Machinery and equipment	79 thousand yen
*6 Details of loss from the disposition of fixed assets are as follows:	(Unit: thousand yen)	*6 Details of loss from the disposition of fixed assets are as follows:	(Unit: thousand yen)
Buildings	64,327	Buildings	8,344
Structures	2,852	Structures	2,151
Machinery and equipment	13,067	Machinery and equipment	10,240
Automobiles and transport equipment	67	Tools and equipment	1,132
Tools and equipment	4,188	Retirement costs related to refurbishment of the Tokyo Branch	81,899
Total	84,503	Total	103,768

(Statement of Changes in Shareholders' Equity)

Previous Term (December 21, 2008 - December 20, 2009)

Items related to treasury stock

Class of stock	End of previous fiscal year	Increase	Decrease	Current fiscal year
Common stock (Number of shares)	11,380	648	411	11,617

(Reason for change)

1. The increase is attributed to the acquisition of shares upon request for the repurchasing of fractional shares from shareholders.
2. The decrease is attributed to the sale of fractional shares that shareholders requested us to repurchase.

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

Items related to 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 acquisition of shares upon request for the repurchasing of fractional shares from shareholders.
2. The decrease is attributed to the sale of fractional shares that shareholders requested us to repurchase.

(Related to Lease Transactions)

<table>
<tr><th>Previous Consolidated Fiscal year
(December 21, 2008 – December 20, 2009)</th><th>Current Consolidated Fiscal year
(December 21, 2009 - December 20, 2010)</th></tr>
<tr><td>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)</td><td>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)</td></tr>
<tr><td>(1) Purchase price equivalent, accumulated depreciation equivalent and the term-end outstanding balance equivalent of leased items are as follows:
<table>
<tr><th></th><th>Purchase price equivalent (Unit: thousand yen)</th><th>Accumulated depreciation equivalent (Unit: thousand yen)</th><th>Term-end outstanding balance equivalent (Unit: thousand yen)</th></tr>
<tr><td>Others (tools, fixtures and supplies)</td><td>190,133</td><td>102,551</td><td>87,581</td></tr>
<tr><td>Total</td><td>190,133</td><td>102,551</td><td>87,581</td></tr>
</table></td><td>(1) Purchase price equivalent, accumulated depreciation equivalent and the term-end outstanding balance equivalent of leased items are as follows:
<table>
<tr><th></th><th>Purchase price equivalent (Unit: thousand yen)</th><th>Accumulated depreciation equivalent (Unit: thousand yen)</th><th>Term-end outstanding balance equivalent (Unit: thousand yen)</th></tr>
<tr><td>Others (tools, fixtures and supplies)</td><td>139,625</td><td>77,797</td><td>61,827</td></tr>
<tr><td>Total</td><td>139,625</td><td>77,797</td><td>61,827</td></tr>
</table></td></tr>
<tr><td>(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.</td><td>(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.</td></tr>
<tr><td>(2) Future minimum lease payments equivalent
(Unit: thousand yen)
<table>
<tr><td>Due within one year</td><td>25,753</td></tr>
<tr><td>Due after one year</td><td>61,827</td></tr>
<tr><td>Total</td><td>87,581</td></tr>
</table></td><td>(2) Future minimum lease payments equivalent
(Unit: thousand yen)
<table>
<tr><td>Due within one year</td><td>18,239</td></tr>
<tr><td>Due after one year</td><td>43,588</td></tr>
<tr><td>Total</td><td>61,827</td></tr>
</table></td></tr>
<tr><td>(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.</td><td>(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.</td></tr>
<tr><td>(3) Lease expense and depreciation expense equivalent
<table>
<tr><td>Lease expense</td><td>37,981 thousand yen</td></tr>
<tr><td>Depreciation expense equivalent</td><td>37,981 thousand yen</td></tr>
</table></td><td>(3) Lease expense and depreciation expense equivalent
<table>
<tr><td>Lease expense</td><td>21,543 thousand yen</td></tr>
<tr><td>Depreciation expense equivalent</td><td>21,543 thousand yen</td></tr>
</table></td></tr>
<tr><td>(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.</td><td>(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.</td></tr>
<tr><td>2 Operating lease transactions
(Borrower)
Prepaid lease charges related to irrevocable leases among operating lease transactions
(Unit: thousand yen)
<table>
<tr><td>Due within one year</td><td>3,708</td></tr>
<tr><td>Due after one year</td><td>10,007</td></tr>
<tr><td>Total</td><td>13,715</td></tr>
</table></td><td>2 Operating lease transactions
(Borrower)
Prepaid lease charges related to irrevocable leases among operating lease transactions
(Unit: thousand yen)
<table>
<tr><td>Due within one year</td><td>3,619</td></tr>
<tr><td>Due after one year</td><td>6,388</td></tr>
<tr><td>Total</td><td>10,007</td></tr>
</table></td></tr>
</table>

(Related to Securities)

Previous Consolidated Fiscal Year (Year ended December 20, 2009)

There are no stocks of subsidiaries or affiliates which have fair market values.

Current 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.

Related to tax effect accounting

Significant components contributing to deferred tax assets and liabilities

(Unit: thousand yen)

	Previous Term (As of December 20, 2009)	Current Term (As of December 20, 2010)
Deferred tax assets (current)		
Loan-loss reserves	3,763	4,090
Reserve for loss on goods unsold	12,814	7,706
Reserve for bonus	24,676	25,969
Losses on revaluation of inventory assets	19,971	12,914
Accrued enterprise and business facility taxes	50,361	55,371
Accrued social insurance contributions	22,084	23,347
Retirement benefits for officers	78,554	11,956
Others	5,675	3,176
Total deferred tax assets (current)	217,900	144,532
Deferred tax assets (fixed)		
Depreciation expenses	203,681	234,434
Loan-loss reserves	9,740	5,084
Reserves for guarantee losses	15,756	15,513
Loss on compulsory devaluation of investment securities	83,987	3,043
Retirement benefits for officers	126,049	114,092
Evaluation difference, other securities	48,515	95,767
Others	2,306	2,306
Total deferred tax assets (fixed)	490,037	470,242
Deferred tax liabilities (fixed)		
Prepaid pension cost	-33,299	-4,226
Total deferred tax liabilities (fixed)	-33,299	-4,226
Net deferred tax assets (fixed)	456,737	466,016

(Related to Business Combinations)

Previous Term (December 21, 2008 - December 20, 2009)

No corresponding data is available.

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

No corresponding data is available.

(Per Share Data)

Previous Term (December 21, 2008 - December 20, 2009)		Current Term (December 21, 2009 - December 20, 2010)	
Net assets per share	1,347.81 yen	Net assets per share	1,450.51 yen
Net income per share	145.81 yen	Net income per share	163.27 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, 2008 - December 20, 2009)	Current Term (December 21, 2009 - December 20, 2010)
Net income (Unit: thousand yen)	1,827,372	2,046,189
Amount not vested in ordinary shareholders (Unit: thousand yen)	-	-
Net income related to common stocks (Unit: thousand yen)	1,827,372	2,046,189
Average number of outstanding shares of common stocks during the term (Unit: share)	12,532,935	12,532,827

(Subsequent Principal Event)

Previous consolidated fiscal year (December 21, 2008 - December 20, 2009)	Current consolidated fiscal year (December 21, 2009 - December 20, 2010)
-	(Stock Split) 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 stock as part of the Company's efforts to return profits to the shareholders and in order improve the liquidity of Company shares. (1) Increase in number of shares as a result of stock split Common stock: 1,254,440 shares (2) Methods of split A stock split will be carried out at a ratio of 1.1 shares for 1 common stock 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 spilt 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. 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.

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.

6. Other

(1) Appointment of directors

[1] Appointment of a representative director

No corresponding data is available

[2] Other appointments of directors

Retiring Directors (Scheduled for March 17, 2011)

Full-time Auditor	Tsuguo Minabe

(2) Others

(1) Production

Product type	Previous Consolidated Fiscal year (December 21, 2008 - December 20, 2009)		Current Consolidated Fiscal year (December 21, 2009 - December 20, 2010)		Increase (Decrease)	
	Amount (Unit: thousand yen)	Ratio (Unit: %)	Amount (Unit: thousand yen)	Ratio (Unit: %)	Amount (Unit: thousand yen)	Ratio (Unit: %)
Permanent wave products	2,326,698	10.6	2,307,517	10.0	-19,180	-0.8
Hair care products	11,872,519	53.9	12,294,818	53.2	422,298	3.6
Hair coloring products	7,677,289	34.9	8,332,411	36.1	655,122	8.5
Others	142,748	0.6	169,075	0.7	26,327	18.4
Total	22,019,255	100.0	23,103,822	100.0	1,084,567	4.9

(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, 2008 - December 20, 2009)		Current Consolidated Fiscal year (December 21, 2009 - December 20, 2010)		Increase (Decrease)	
	Amount (Unit: thousand yen)	Ratio (Unit: %)	Amount (Unit: thousand yen)	Ratio (Unit: %)	Amount (Unit: thousand yen)	Ratio (Unit: %)
Permanent wave products	2,564	1.0	1,279	0.3	-1,285	-50.1
Hair care products	22,688	8.5	14,323	3.5	-8,365	-36.9
Hair coloring products	27,667	10.3	29,022	7.2	1,355	4.9
Others	214,690	80.2	359,390	89.0	144,700	67.4
Total	267,608	100.0	404,015	100.0	136,407	51.0

(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, 2008 - December 20, 2009) and current consolidated fiscal year (December 21, 2009 - December 20, 2010)

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

(4) Sales

Product type	Previous Consolidated Fiscal year (December 21, 2008 - December 20, 2009)		Current Consolidated Fiscal year (December 21, 2009 - December 20, 2010)		Increase (Decrease)	
	Amount (Unit: thousand yen)	Ratio (Unit: %)	Amount (Unit: thousand yen)	Ratio (Unit: %)	Amount (Unit: thousand yen)	Ratio (Unit: %)
Permanent wave products	2,025,641	10.6	1,998,492	10.1	-27,148	-1.3
Hair care products	9,864,241	51.4	10,135,088	51.3	270,846	2.7
Hair coloring products	6,969,389	36.3	7,278,391	36.9	309,002	4.4
Others	330,194	1.7	337,633	1.7	7,439	2.3
Total	19,189,467	100.0	19,749,606	100.0	560,139	2.9

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