

Consolidated Financial Statements for the Third Quarter Ended September 20, 2011 – Supplementary Materials



MILBON
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Consolidated Operating Results (3rd Quarter, Cumulative)



(Unit: million yen)

	Value			Increase (decrease) against previous fiscal year	Growth rate (%)	Achieve ment rate (%)
	Previous fiscal year	Target	Results			
Sales	14,345	14,992	14,900	555	103.9	99.4
Total sales revenues	9,541	9,858	9,980	438	104.6	101.2
Selling, general and administrative expenses	6,771	7,308	7,230	459	106.8	98.9
Operating income	2,770	2,550	2,749	-20	99.2	107.8
Ordinary income	2,601	2,351	2,561	-39	98.5	109.0
Quarterly net income	1,523	1,371	1,469	-54	96.5	107.2

Breakdown of Consolidated Sales by Product Category (3rd Quarter, Cumulative)



Hair care products [1]

(Unit: million yen)

Results for fiscal year	Target	Results in current fiscal year	Change against previous fiscal year	Growth rate	Achievement rate
7,309	7,609	7,467	158	102.2%	98.1%

- The industry overall is estimated to have expanded slightly due to positive efforts towards hair care centered on salon treatment menus.
- Sales of salon treatment agents including the new product Linkage-μ progressed steadily (110.9% against the same period of the previous fiscal year). This contributed to the growth of revenue in the treatment category overall.
- Overall sales in the styling category centered on Qufra, which was launched last year, slumped and the Company faces a serious challenge (88.9% against the same period of the previous fiscal year).

New product - Deesse's Neu Due **launched February 1**

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

Sales target	Sales results	Rate of progress
1,210 million yen	1,031.28 million yen	85.2%



<Deesse's Neu Due>

<Linkage-μ>

New product - Deesse's Linkage-μ(mu) **launched February 1**

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

Sales target	Sales results	Rate of progress
1,216 million yen	875.89 million yen	72.0%

Breakdown of Consolidated Sales by Product Category (3rd Quarter, Cumulative)



Hair care products [2]

New product - Fierli, **launched February 1**

* Hair care series that alleviates strong waves and softens the hair, giving a light feeling when running the fingers through the hair

Sales target	Sales results	Rate of progress
304 million yen	271.54 million yen	89.3%



<Fierli>

New product - Nigelle Dressia Collection Wax Series, **launched September 1**

* Wax series that realizes the creation of a none-too-firm texture (casual feeling)

Sales target	Sales results	Rate of progress
130 million yen	87.29 million yen	67.2%



<Dressia Collection Wax Series>

Breakdown of Consolidated Sales by Product Category (3rd Quarter, Cumulative)



Hair coloring products

(Unit: million yen)

Results for fiscal year	Target	Results in current fiscal year	Change against previous fiscal year	Growth rate	Achievement rate
5,314	5,727	5,880	565	110.6%	102.7%

- Sales of fashion colors centered on ORDEVE increased (110.3% against the same period of the previous fiscal year) because the proposal to customers of seasonal colors (fashion colors matched to the seasons) based on the additional colors for ORDEVE (Smoky Line & Sheer Line) have been evaluated highly in the market.
- Sales of grey color products increased (114.4% against the same period of the previous fiscal year) due to the promotion of the creation of new openings based on ORDEVE Beaute, a completely new concept for grey colors that realizes a wide variety of color expressions.

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

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

Sales target	Sales results	Rate of progress
200 million yen	492.67 million yen	246.3%

New product - ORDEVE Beaute, launched July 1

* New grey color series that expresses beautiful hues and adjustable texture to broaden the range of salon color proposals

Sales target	Sales results	Rate of progress
880 million yen	527.28 million yen	59.9%

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

* Additional colors of ORDEVE that realize a none-too-sweet sweetness with an almost transparent, veil-like luster

Sales target	Sales results	Rate of progress
100 million yen	101.8 million yen	101.8%



<ORDEVE>



<ORDEVE Beaute>

Breakdown of Consolidated Sales by Product Category (3rd Quarter, Cumulative)



Permanent wave products

(Unit: million yen)

Results for fiscal year	Target	Results in current fiscal year	Change against previous fiscal year	Growth rate	Achievement rate
1,514	1,551	1,360	-153	89.8%	87.7%

- The industry overall is estimated to have contracted slightly due to the decrease of straight perm menu and perm style needs in association with changes in trends.

- Although we made efforts in straight perm menu proposal activities coupled with sales activities for Fierli, a hair care series for unruly hair aimed at the rainy season, a period of demand for straight perm products, we were unable to stave off reductions in sales for straight perm products overall (95.3% against the same period of the previous fiscal year).



Core product -<Liscio Glanfe>



Fierli hair care agents for unruly hair, launched April 1

Consolidated Balance Sheet



(Unit: thousand yen)

Item	Previous consolidated fiscal year (December 20, 2010)	Ratio (%)	Consolidated 3rd quarter under review (September 20, 2011)	Ratio (%)	Increase/decrease
Cash and bank deposits	2,673,044		3,529,673		856,629
Trade notes and accounts receivable	2,857,374		2,690,205		-167,169
Inventory assets	2,222,005		2,576,053		354,048
Deferred tax assets	166,841		270,112		103,271
Others	126,378		136,659		10,281
Allowance for doubtful accounts	-9,963		-10,530		-567
Total current assets	8,035,681	38.6	9,192,172	42.6	1,156,491
Buildings and other structures	4,210,785		3,945,215		-265,570
Machinery, equipment and vehicles for transportation	1,074,533		952,918		-121,615
Land	4,763,766		4,763,766		-
Construction in progress	3,634		9,619		5,985
Others	248,769		232,186		-16,583
Total tangible fixed assets	10,301,488	49.4	9,903,705	45.9	-397,783
Total intangible fixed assets	451,968	2.2	506,057	2.3	54,089
Investment in securities	1,180,555		1,076,078		-104,477
Long-term loans	42,057		29,945		-12,112
Prepaid pension costs	10,461		-		-10,461
Deferred tax assets	466,016		545,082		79,066
Others	393,042		370,494		-22,548
Allowance for doubtful accounts	-37,730		-36,803		927
Total investments and other assets	2,054,403	9.9	1,984,796	9.2	-69,607
Total fixed assets	12,807,860	61.4	12,394,560	57.4	-413,300
Total assets	20,843,541	100.0	21,586,732	100.0	743,191
Accounts payable	467,309		571,500		104,191
Accrued expenses payable	1,284,549		946,562		-337,987
Corporate taxes payable	635,475		556,494		-78,981
Reserve for returned goods	19,075		41,824		22,749
Reserve for bonuses	65,453		280,085		214,632
Others	253,509		456,621		203,112
Total current liabilities	2,725,372	13.1	2,853,090	13.2	127,718
Allowance for retirement benefits for employees	1,138		8,110		6,972
Reserve for loss on guarantees	38,400		37,200		-1,200
Long-term accrued expenses payable	282,408		282,408		-
Others	96,727		93,618		-3,109
Total fixed liabilities	418,673	2.0	421,337	2.0	2,664
Total liabilities	3,144,046	15.1	3,274,427	15.2	130,381
Capital stock	2,000,000		2,000,000		-
Capital surplus	199,120		199,120		-
Retained earnings (Inc. current net income)	15,779,971		16,422,234		642,263
Treasury stock	(1,831,554)		(1,477,813)		-9,841
	-38,254		-48,095		-9,841
Total shareholders' equity	17,940,836	86.1	18,573,259	86.0	632,423
Net unrealized gains on other securities	-141,280		-157,365		-16,085
Foreign currency translation adjustments	-100,061		-103,588		-3,527
Total valuation and translation adjustments	-241,341	-1.2	-260,953	-1.2	-19,612
Total net assets	17,699,495	84.9	18,312,305	84.8	612,810
Total liabilities and net assets	20,843,541	100.0	21,586,732	100.0	743,191

Explanation of Fluctuations in the Consolidated Balance Sheet



Assets

Total assets were 21,500 million yen, an increase of 743 million yen in comparison to the end of the previous fiscal year.

Current assets

Current assets increased 1,150 million yen.

- Cash and bank deposits 856 million yen This is due to increases in cash flows from operating activities, mainly an increase in income.
- Inventory assets 354 million yen This is an increase in inventories due to new products.

Fixed assets

Fixed assets decreased 413 million yen.

Tangible/ intangible fixed assets

- Buildings and other structures -265 million yen This decreased due to depreciation.
 - Machinery, equipment and vehicles for transportation -121 million yen This decreased due to depreciation.
- Investments and other assets
- Investment in securities -104 million yen This decreased due mainly to the evaluation of market prices.

Liabilities

Total liabilities increased 130 million yen.

Current Liabilities

Current liabilities increased 127 million yen.

- Accounts payable 104 million yen This is due to an increase in production volumes.
- Accrued expenses payable -337 million yen This decreased due mainly to payment of rebates.
- Reserve for bonuses 214 million yen Reserve for bonuses for the second half of the year
- Others 203 million yen This is due mainly to increases in accrued costs and accrued consumption taxes, etc.

Fixed Liabilities

There was no change in fixed liabilities.

Net Assets

Net assets increased 612 million yen.

- Retained earnings 642 million yen This is an increase due to income and a decrease due to the payment of dividends.

Consolidated Profit and Loss Statement (3rd Quarter, Cumulative)



(Unit: thousand yen)

		3rd quarter cumulative period (January to September)									
		Results for fiscal year 2010	Ratio (%)	Fiscal year 2011 target	Ratio (%)	Results for fiscal year 2011	Ratio (%)	Growth rate (%)	Achievement rate (%)	Increase/decrease against previous fiscal year	Increase/decrease against target
Product category totals	Hair care products	7,309,411	51.0	7,609,000	50.8	7,467,951	50.1	102.2	98.1	158,540	-141,049
	Hair coloring products	5,314,343	37.0	5,727,300	38.2	5,880,266	39.5	110.6	102.7	565,923	152,966
	Permanent wave products	1,514,298	10.6	1,551,500	10.3	1,360,506	9.1	89.8	87.7	-153,792	-190,994
	Others	206,977	1.4	104,200	0.7	191,593	1.3	92.6	183.9	-15,384	87,393
Net sales		14,345,031	100.0	14,992,000	100.0	14,900,317	100.0	103.9	99.4	555,286	-91,683
Cost of sales		4,803,155	33.5	5,134,000	34.2	4,920,050	33.0	102.4	95.8	116,895	-213,950
Total sales revenues		9,541,875	66.5	9,858,000	65.8	9,980,267	67.0	104.6	101.2	438,392	122,267
Selling, general and administrative expenses	Labor costs	2,142,762	14.9	2,318,820	15.5	2,259,594	15.2	105.5	97.4	116,832	-59,226
	Travel costs/ transportation costs	406,494	2.8	375,640	2.5	405,171	2.7	99.7	107.9	-1,323	29,531
	Sales/ advertising/ marketing costs*	1,443,404	10.1	1,567,140	10.5	1,529,282	10.3	105.9	97.6	85,878	-37,858
	Depreciation and amortization expense	249,113	1.7	367,150	2.4	342,040	2.3	137.3	93.2	92,927	-25,110
	Others	2,529,827	17.6	2,679,250	17.9	2,694,772	18.1	106.5	100.6	164,945	15,522
Total		6,771,603	47.2	7,308,000	48.7	7,230,861	48.5	106.8	98.9	459,258	-77,139
Operating income		2,770,272	19.3	2,550,000	17.0	2,749,405	18.5	99.2	107.8	-20,867	199,405
Non-operating	Income	96,580	0.7	61,300	0.4	79,024	0.5	81.8	128.9	-17,556	17,724
	Costs	265,156	1.8	260,300	1.7	266,466	1.8	100.5	102.4	1,310	6,166
Ordinary income		2,601,696	18.1	2,351,000	15.7	2,561,964	17.2	98.5	109.0	-39,732	210,964
Extraordinary	Income	4,475	0.0	-	-	3,366	0.0	75.2	-	-1,109	3,366
	Loss	24,854	0.2	30,000	0.2	103,840	0.7	417.8	346.1	78,986	73,840
Quarterly net income before income taxes and minority interests		2,581,318	18.0	2,321,000	15.5	2,461,489	16.5	95.4	106.1	-119,829	140,489
Income taxes-Current		1,072,239	7.5	1,058,000	7.1	1,163,098	7.8	89.8	104.4	90,859	105,098
Income taxes-Deferred		-14,762	-0.1	-108,000	-0.7	-171,433	-1.2			-156,671	-63,433
Quarterly net income		1,523,841	10.6	1,371,000	9.1	1,469,824	9.9	96.5	107.2	-54,017	98,824

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

Comparison of the Consolidated Profit and Loss Statement with the Previous Fiscal Year and Plans



Comparison with the previous fiscal year

1. Sales were 14,900 million yen, an increase of 555 million yen in comparison to the target.
Comparisons by product category are as follows.

Hair care products	158 million yen
Hair coloring products	565 million yen
Permanent wave products	-153 million yen
Others	-15 million yen

2. Total sales revenues were 9,980 million yen, an increase of 438 million yen in comparison to last year. In addition, the gross profit margin was 67.0%, 0.5 points higher than the previous year.
The breakdown of that increase is as follows.

Decrease in manufacturing costs due to production improvement activities	0.2 points
Increase in inventory asset disposal losses/ valuation losses	-0.4 points
Increases in provision of reserve for returned goods	-0.3 points
Raw material cost reduction effects	0.3 points
<u>Sales product mix</u>	<u>0.7 points</u>
Balance	0.5 points

3. Total Selling, general and administrative expenses were 7,230 million yen, an increase of 459 million yen in comparison to last year. The main factors in this increase were as follows.

Labor costs	116 million yen
Increase due mainly to promotions and increase in personnel	
Sales/ advertising/ marketing costs	85 million yen
Introduction costs for new products, etc.	
Depreciation expenses	92 million yen
Main increase was for Tokyo Branch, which was remodeled and expanded last year.	

4. Operating income was 2,740 million yen, a decrease of 20 million yen in comparison to last year.
5. Ordinary income was 2,560 million yen, a decrease of 39 million yen in comparison to last year.
6. Quarterly net income before income taxes and minority interests was 2,460 million yen, a decrease of 119 million yen in comparison to last year. This was because the company posted a loss on the revaluation of investments in securities due to a slump in share prices.
7. Quarterly net income was 1,460 million yen, a decrease of 54 million yen in comparison to last year.

Comparison with targets

1. Sales were 14,900 million yen, a decrease of 91 million yen in comparison to the target.
Comparisons by product category are as follows.

Hair care products	-141 million yen
Hair coloring products	152 million yen
Permanent wave products	-190 million yen
Others	87 million yen

2. Total sales revenues were 9,980 million yen, an increase of 122 million yen in comparison to the target. In addition, the gross profit margin was 67.0%, 1.2 points higher than the target.
The breakdown of that increase is as follows.

Decrease in manufacturing costs due to production improvement activities	0.7 points
Decrease in inventory asset disposal losses/ valuation losses	-0.4 points
Increase in provision of reserve for returned goods	-0.1 points
Raw material cost reduction effects	0.3 points
<u>Sales product mix</u>	<u>0.7 points</u>
Balance	1.2 points

3. Total selling, general and administrative expenses were 7,230 million yen, a decrease of 77 million yen in comparison to the target. Subsidiaries were also able to control expenses within budget.
4. Operating income was 2,740 million yen, an increase of 199 million yen in comparison to the target. This was because total sales revenues exceeded the target.
5. Ordinary income was 2,560 million yen, an increase of 210 million yen in comparison to the target.
6. Quarterly net income before income taxes and minority interests was 2,460 million yen, an increase of 140 million yen in comparison to the target.
7. Quarterly net income was 1,460 million yen, an increase of 98 million yen in comparison to the target.

Consolidated Cash Flows (3rd Quarter, Cumulative)



(Unit: million yen)

	Previous term	Current term	Increase/ Decrease	Comments
Balance of cash and cash equivalents at the beginning of the period	1,666	2,670	1,004	
Cash flows from operating activities	1,559	2,110	551	
Cash flows from investment activities	-645	-420	225	Decrease mainly in acquisitions of intangible fixed assets
(Purchase of property and equipment)	(-582)	(-267)	315	
Cash flows from financial activities	-684	-832	-147	Increase in the value of dividend payments
Foreign currency translation adjustments	0	-2	-2	
Net increase in cash and cash equivalents	228	855	626	
Balance of cash and cash equivalents at the end of the period	1,895	3,525	1,630	

■ Trends in Consolidated Facility Investment and Depreciation Costs



(Unit: thousand yen)

Category	Fiscal year 2007	Fiscal year 2008	Fiscal year 2009	Fiscal year 2010	Fiscal year 2011 January to September	Plan for fiscal year 2011
Buildings	67,867	143,672	188,474	921,283	6,043	42,430
Structures	565	-	16,870	36,384	3,200	3,500
Machinery and equipment	272,887	507,476	214,698	160,509	120,059	232,640
Automobiles and transportation equipment	7,697	3,026	6,678	1,494	1,774	4,380
Tools, equipment, furniture and fixtures	114,390	225,594	176,375	195,391	105,985	201,310
Land	-	414,059	-	-	-	-
Construction in progress	43,082	-7,423	686,471	-637,009	5,985	-3,620
Software	100,167	96,913	154,098	260,209	160,355	239,940
Software development in progress	-	-	-	2,100	-2,100	-2,100
Others	-	-	1,000	500	2,500	-
Total investment	606,659	1,383,319	1,444,667	940,862	403,803	718,480
Depreciation and amortization expense	967,407	1,021,444	1,116,759	1,010,245	743,047	1,074,200

Non-Consolidated Balance Sheet



(Unit: thousand yen)

Item	Last business year (December 20, 2010)	Ratio (%)	3rd quarter under review (September 20, 2011)	Ratio (%)	Increase/ decrease	Item	Last business year (December 20, 2010)	Ratio (%)	3rd quarter under review (September 20, 2011)	Ratio (%)	Increase/ decrease
Cash and bank deposits	2,344,171		3,244,676		900,505	Accounts payable	467,142		571,322		104,180
Trade notes	653,056		728,560		75,504	Accrued expenses payable	1,280,705		935,427		-345,278
Accounts receivable	2,225,899		2,039,846		-186,053	Corporate taxes payable	635,475		556,494		-78,981
Inventory assets	2,067,015		2,292,896		225,881	Accrued consumption taxes, etc.	-		89,963		89,963
Deferred tax assets	144,532		228,225		83,693	Reserve for returned goods	19,075		41,824		22,749
Short term loans	5,989		5,731		-258	Reserve for bonuses	64,280		278,500		214,220
Others	81,668		90,936		9,268	Others	158,931		195,745		36,814
Allowance for doubtful accounts	-10,124		-9,721		403						
Total current assets	7,512,209	35.4	8,621,151	39.3	1,108,942	Total current liabilities	2,625,609	12.4	2,669,278	12.2	43,669
Buildings	4,044,882		3,795,820		-249,062	Allowance for retirement benefits for employees	-		5,529		5,529
Machinery and equipment	1,068,452		947,357		-121,095	Reserve for loss on guarantees	38,400		37,200		-1,200
Land	4,763,766		4,763,766		-	Customers' deposits	81,779		81,779		-
Construction in progress	3,634		9,619		5,985	Long-term accrued expenses payable	282,408		282,408		-
Others	366,963		342,030		-24,933						
Total tangible fixed assets	10,247,698	48.3	9,858,594	45.0	-389,104	Total fixed liabilities	402,587	1.9	406,917	1.9	4,330
Total intangible fixed assets	447,754	2.1	501,439	2.3	53,685	Total liabilities	3,028,197	14.3	3,076,196	14.0	47,999
Investment in securities	1,180,555		1,076,078		-104,477	Capital stock	2,000,000		2,000,000		-
Shares in related companies	616,369		616,369		-	Capital surplus	199,120		199,120		-
Investments in related companies	430,000		430,000		-	Retained earnings (Inc. current net income)	16,159,396		16,854,210		694,814
Long-term loans	7,073		6,234		-839	Treasury stock	(2,046,189)		(1,530,364)		-9,841
Prepaid pension costs	10,461		-		-10,461		-38,254		-48,095		-9,841
Deferred tax assets	466,016		545,082		79,066	Total shareholders' equity	18,320,261	86.4	19,005,235	86.7	684,974
Others	301,624		281,701		-19,923	Net unrealized gains on other securities	-141,280		-157,365		-16,085
Allowance for doubtful accounts	-12,584		-12,584		-	Total valuation and translation adjustments	-141,280	-0.7	-157,365	-0.7	-16,085
Total investments and other assets	2,999,516	14.1	2,942,880	13.4	-56,636	Total net assets	18,178,981	85.7	18,847,869	86.0	668,888
Total fixed assets	13,694,970	64.6	13,302,914	60.7	-392,056	Total liabilities and net assets	21,207,179	100.0	21,924,065	100.0	716,886
Total assets	21,207,179	100.0	21,924,065	100.0	716,886						

Non-Consolidated Statement of Earnings (3rd Quarter, Cumulative)



(Unit: thousand yen)

		3rd quarter cumulative period (January to September)									
		Results for fiscal year 2010	Ratio (%)	Fiscal year 2011 target	Ratio (%)	Results for fiscal year 2011	Ratio (%)	Growth rate (%)	Achievement rate (%)	Increase/ decrease against previous fiscal year	Increase/ decrease against target
Product category totals	Hair care products	7,173,410	50.7	7,464,270	50.8	7,394,718	50.2	103.1	99.1	221,308	-69,552
	Hair coloring products	5,286,614	37.4	5,639,630	38.3	5,833,630	39.5	110.3	103.4	547,016	194,000
	Permanent wave products	1,477,165	10.4	1,504,010	10.2	1,326,302	9.0	89.8	88.2	-150,863	-177,708
	Others	206,158	1.5	102,430	0.7	198,907	1.3	96.5	194.2	-7,251	96,477
Net sales		14,143,349	100.0	14,710,340	100.0	14,753,559	100.0	104.3	100.3	610,210	43,219
Cost of sales		4,827,853	34.1	5,142,505	35.0	5,039,257	34.2	104.4	98.0	211,404	-103,248
Total sales revenues		9,315,496	65.9	9,567,835	65.0	9,714,301	65.8	104.3	101.5	398,805	146,466
Selling, general and administrative expenses	Labor costs	2,008,462	14.2	2,165,970	14.7	2,118,846	14.4	105.5	97.8	110,384	-47,124
	Travel costs/ transportation costs	386,397	2.7	352,770	2.4	386,071	2.6	99.9	109.4	-326	33,301
	Sales/ advertising/ marketing costs*	1,421,619	10.1	1,533,900	10.4	1,501,234	10.2	105.6	97.9	79,615	-32,666
	Depreciation and amortization expense	233,904	1.7	355,695	2.4	330,940	2.2	141.5	93.0	97,036	-24,755
	Others	2,392,481	16.9	2,545,780	17.3	2,553,538	17.3	106.7	100.3	161,057	7,758
Total		6,442,866	45.6	6,954,115	47.3	6,890,631	46.7	106.9	99.1	447,765	-63,484
Operating income		2,872,629	20.3	2,613,720	17.8	2,823,670	19.1	98.3	108.0	-48,959	209,950
Non-operating	Income	87,903	0.6	61,290	0.4	78,343	0.5	89.1	127.8	-9,560	17,053
	Costs	255,699	1.8	260,410	1.8	269,588	1.8	105.4	103.5	13,889	9,178
Ordinary income		2,704,833	19.1	2,414,600	16.4	2,632,425	17.8	97.3	109.0	-72,408	217,825
Extraordinary	Income	4,507	0.0	-	-	3,158	0.0	70.1	-	-1,349	3,158
	Loss	24,854	0.2	30,000	0.2	103,840	0.7	417.8	346.1	78,986	73,840
Quarterly net income before taxes		2,684,486	19.0	2,384,600	16.2	2,531,743	17.2	94.3	106.2	-152,743	147,143
Income taxes-Current		1,071,340	7.6	1,057,300	7.2	1,161,224	7.9	95.1	106.3	89,884	103,924
Income taxes-Deferred		-10,270	-0.1	-107,900	-0.7	-151,855	-1.0			-141,585	-43,955
Quarterly net income		1,623,416	11.5	1,435,200	9.8	1,522,375	10.3	93.8	106.1	-101,041	87,175

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

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



(Unit: thousand yen)

	Hair care products	Hair coloring products	Permanent wave products	Others	Total	New product ratio (%)	Test research costs	Ratio of test research costs (%)	Comments
Fiscal year 2007	259,884	3,247,352	129,446	-	3,636,683	19.6	573,268	3.3	Ordeve Prejume (perm/ floss/ wax)
Fiscal year 2008	1,897,975	996,019	678,564	-	3,572,559	18.4	667,886	3.6	Deesse's Linkage HY Liscio Knoteur/Liseinter Inphenom/Prejume Drop Prejume Milk 2 color support products
Fiscal year 2009	2,323,359	507,233	270,214	-	3,100,806	15.4	766,493	4.0	Deesse's Neu/ Aujua Liscio Knoteur SH/Farglan Prejume Luvento Prejume CMC Wave Inphenom Daily Care Color remover/Ajit Control
Fiscal year 2010	1,664,063	178,555	504,829	16,797	2,364,246	11.5	838,005	4.3	Qufra Deesse's Aprou Melenate Liscio Glanfe Aujua/Lifume Additional colors for Ordeve (Nudy Line)
Fiscal year 2011 January - September	2,309,828	1,121,763	2,467	-	3,434,058	22.0	712,758	4.8	Deesse's Neu due Deesse's Linkage-μ (mu) Additional colors for Ordeve (Smoky Line) Fierli
Fiscal year 2011 Target	2,930,000	1,180,000	10,000	-	4,120,000	19.3	883,000	4.4	Aujua Aging Spa Ordeve Beaute (grey) Nigelle Dressia Collection Wax Series Additional colors for Ordeve (Sheer Line) Deesse's Shine Treatment

Trends in Market Related Data, Milbon Salons and Field Persons



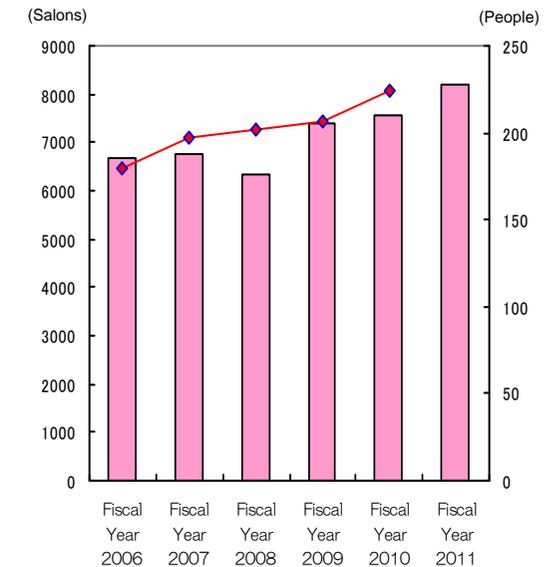
	Fiscal year 2006	Fiscal year 2007	Fiscal year 2008	Fiscal year 2009	Fiscal year 2010	Fiscal year 2011	Comments
Number of beauty salons (salons)	217,769	219,573	221,394	223,645	-	-	Ministry of Health, Labor and Welfare Number of beauty salon facilities/ number of employees (year-end)
Number of beauty therapists (people)	431,685	435,275	443,944	453,371	-	-	
Beauty customer population (thousands of people)	41,646	40,519	40,119	39,720	* 39,732	* 38,668 (as of April 1, 2011)	National Census Report Population Statistics, Statistics Bureau, Ministry of Internal Affairs and Communications Estimated population of females aged 15 to 64 years of age (as of October 1)

* The figures for the 2010 beauty population have been revised due to the preliminary statistics from the 2010 national population census. The beauty population prior to 2009 cannot be revised because the retroactive interpolated corrected values of the age-specific population statistics for that period have not been disclosed.)

Milbon salon trends

(as of August 20)

		Fiscal year 2006	Fiscal year 2007	Fiscal year 2008	Fiscal year 2009	Fiscal year 2010	Fiscal year 2011
Tokyo Branch	Milbon salons (salons)	2,439	2,404	2,210	2,657	2,784	2,850
	Sales per salon (thousands of yen)	1,937	1,999	2,160	2,170	2,254	
Nagoya Branch	Milbon salons (salons)	1,452	1,505	1,368	1,558	1,643	1,640
	Sales per salon (thousands of yen)	1,711	1,706	1,848	1,559	1,858	
Osaka Branch	Milbon salons (salons)	2,769	2,416	2,312	2,616	2,464	2,571
	Sales per salon (thousands of yen)	1,784	1,908	2,013	2,040	2,158	
Fukuoka Branch	Milbon salons (salons)	-----	435	431	552	680	588
	Sales per salon (thousands of yen)	-----	1,572	1,564	1,538	1,671	
Total	Milbon salons (salons)	6,660	6,760	6,321	7,383	7,571	7,649
	Sales per salon (thousands of yen)	1,824	1,872	1,997	1,947	2,088	



Trend in field persons

(as of September 20)

	Fiscal year 2006	Fiscal year 2007	Fiscal year 2008	Fiscal year 2009	Fiscal year 2010	Fiscal year 2011
Field persons (people)	180	197	202	206	224	14 people currently in training
Sales per person (thousands of yen)	95,689	89,475	90,705	91,971	92,022	

Subsidiaries (3rd Quarter, Cumulative)



United States - MILBON USA, INC.

	Unit	Amount			Increase (decrease) against previous fiscal year	Growth rate (%)	Achievement rate (%)
		Results for fiscal year	Target	Results in current fiscal year			
Sales	Thousands of dollars	3,167	3,276	3,245	77	102.4	99.1
	Thousands of yen	287,869	262,080	266,871	-20,998	92.7	101.8

- Straight perm menu proposal activities for Cashmere Luminance, a product emphasizing the sense of luster that was launched in April, a period of straight perm demand, was accepted by the market and permanent wave products, which had continued a slightly decreasing trend, turned towards slight growth.
- Sales of hair care products such as the shampoo and treatment Fierli, which is recommended in conjunction with Cashmere Luminance, and Deesse's Neu Due, etc., progressed steadily.
- As a result of concentrating on educational activities in the introduction of Japan's unique salon treatment menus, sales of salon treatment agents (Linkage HY, Inphenom) progressed steadily, contributing to increased sales of hair care products overall.

* Number of Milbon product handling salons by segment is data current as of June 2011.

	Unit	Results for fiscal year	Results in current fiscal year	Growth rate (%)	Number of salons
Hair care products	Thousands of dollars	2,191	2,240	102.2	1,098
	Thousands of yen	199,150	184,246	92.5	
Hair coloring products	Thousands of dollars	167	192	114.9	185
	Thousands of yen	15,259	15,864	104.0	
Permanent wave products	Thousands of dollars	754	767	101.7	906
	Thousands of yen	68,592	63,128	92.0	

Established: March 2004
 * Operations launched in July 2004

Number of employees: 13
 (FP employees): 7

Number of handling outlets: 1,317

Subsidiaries (3rd Quarter, Cumulative)



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

	Unit	Amount			Increase (decrease) against previous fiscal year	Growth rate (%)	Achievement rate (%)
		Results for fiscal year	Target	Results in current fiscal year			
Sales	Thousands of dollars	3,701	6,110	6,999	3,297	189.1	114.6
	Thousands of yen	49,193	79,430	87,137	37,944	177.1	109.7

- Differentiation from existing manufacturers progressed because we refined our activities down to urban areas with high GDP per head in the east China region (Shanghai City, Jiangsu and Zhejiang) and the south China region (Guangdong, Fukien) and deployed activities centered on educational activities in areas such as sales information, improvement of staff awareness and technical guidance, etc., at top salons that have acquired wealthy customers.
- Against the backdrop of Japanese hair styles being fashionable among Chinese women, who are sensitive to trends, Japanese-transmitted hair styles, beauty techniques and products are being evaluated highly by the Chinese salons that lead fashion. Furthermore, as a result of educational activities conducted through technique workshops, etc., sales of hair coloring products and permanent wave products are expanding steadily.

* Number of Milbon product handling salons by segment is data current as of June 2011.

	Unit	Results for fiscal year	Results in current fiscal year	Growth rate (%)	Number of salons
Hair care products	Thousands of dollars	1,908	2,926	153.4	220
	Thousands of yen	25,357	36,428	143.7	
Hair coloring products	Thousands of dollars	1,639	3,538	215.8	257
	Thousands of yen	21,788	44,045	202.2	
Permanent wave products	Thousands of dollars	154	535	347.5	193
	Thousands of yen	2,046	6,663	325.7	

Established: November 2007
 * Operations launched in February 2009

Number of employees: 15
 (FP employees): 11

Number of handling outlets: 338

Subsidiaries (3rd Quarter, Cumulative)



South Korea - Milbon Korea Co., Ltd.

	Unit	Amount			Increase (decrease) against previous fiscal year	Growth rate (%)	Achievement rate (%)
		Results for fiscal year	Target	Results in current fiscal year			
Sales	Thousands of dollars	1,493,187	2,713,000	3,362,245	1,869,058	225.2	123.9
	Thousands of yen	116,601	203,475	246,897	130,296	211.7	121.3

- We rode the color boom in the South Korean market and activated educational activities on hair coloring. Sales of hair coloring products centered on ORDEVE fashion colors expanded. In addition, sales of the digital perm agent Liscio Knoteur, and the leave-in treatment Deesse's Aprou, core menus at local salons, progressed steadily.
- As a result of focusing on thoroughgoing educational activities for target salons and educational support activities such as various types of seminars, etc., we have established an image as a comprehensive high quality/ high value brand. Recognition in the South Korean market is increasing and we have also acquired the trust of local hair designers. The number of inquiries from large, high quality salons who say they want to shift from other manufacturers is increasing rapidly.

* Number of Milbon product handling salons by segment is data current as of September 2010.

	Unit	Results for fiscal year	Results in current fiscal year	Growth rate (%)	Number of salons
Hair care products	Thousands of dollars	426,006	909,000	213.4	* 589
	Thousands of yen	33,266	66,749	200.7	
Hair coloring products	Thousands of dollars	1,016,682	2,226,283	219.0	* 1,128
	Thousands of yen	79,391	163,480	205.9	
Permanent wave products	Thousands of dollars	43,266	213,766	494.1	* 186
	Thousands of yen	3,378	15,697	464.7	

Established: July 2009
 * Operations launched in December 2009

Number of employees: 14
 (FP employees): 9

Number of handling outlets: 4,946
 * Including sales agents.

* The number of Milbon product-handling salons in the Korean market is surveyed once a year in consultation with our local distributor so the figures have not been updated this time.

■ Reference Materials

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

Reference Materials: Hair Cosmetic Shipping Statistics (Milbon only)



(Unit: thousand yen)

	Fiscal year 2010 (January - September)	Fiscal year 2011 (January - September)	Growth rate (%)	Comments
Shampoo	1,207,827	1,349,196	111.7	Deesse's Neu Due
Rinse	229,496	202,056	88.0	Inphenom
Hair tonic	208,294	184,685	88.7	Deesse's Lifa AGN
Treatment	3,782,147	4,109,938	108.7	Deesse's Neu due Deesse's Linkage-μ (mu)
Hair cream	6,700	5,640	84.2	
Hair conditioner	1,456,145	1,294,908	88.9	Prejume Deesse's Aprou, Qufra
Hair spray	709,106	689,581	97.2	Nigelle Lafusion Prejume, Qufra
Hair coloring products	5,607,935	6,186,689	110.3	Ordeve Liseinter, Farglan
Permanent	1,565,791	1,405,208	89.7	Liscio Knoteur Prejume, Live Noble
Others	217,467	209,419	96.3	Rod, roller, iron
Sales rebates	-847,562	-883,765	104.3	
Total	14,143,349	14,753,559	104.3	

Reference Materials: Hair Cosmetic Shipping Statistics



(Unit: million yen)

		January	February	March	April	May	June	July	August	September	October	November	December	Total (January - July)	Growth rate (%) (%)
Shampoo	Fiscal year 2010	7,033	6,841	8,792	8,688	8,569	9,248	11,382	9,040	8,372	8,290	9,311	9,533	60,553	100.4
	Fiscal year 2011	6,153	8,545	8,097	8,620	8,973	10,055	10,353						60,796	
	Balance	-880	1,704	-695	-68	404	807	-1,029						243	
Rinse	Fiscal year 2010	2,343	2,024	2,273	2,487	2,488	2,553	2,643	2,698	2,339	2,357	2,346	2,607	16,811	97.4
	Fiscal year 2011	1,853	2,239	2,181	2,302	2,486	2,678	2,634						16,373	
	Balance	-490	215	-92	-185	-2	125	-9						-438	
Hair tonic	Fiscal year 2010	1,098	1,346	1,380	1,359	1,339	1,644	1,404	1,427	1,512	1,516	1,574	1,536	9,570	99.8
	Fiscal year 2011	1,095	1,296	1,248	1,270	1,311	1,742	1,588						9,550	
	Balance	-3	-50	-132	-89	-28	98	184						-20	
Treatment	Fiscal year 2010	5,193	5,340	7,827	6,846	6,266	7,158	7,303	6,704	6,855	6,804	7,549	7,712	45,933	95.7
	Fiscal year 2011	4,601	6,833	6,098	6,589	6,005	6,555	7,270						43,951	
	Balance	-592	1,493	-1,729	-257	-261	-603	-33						-1,982	
Pomade, cheek, hair cream, perfume oils	Fiscal year 2010	1,009	1,132	1,180	1,450	1,109	1,402	1,328	1,233	1,441	1,249	1,290	1,411	8,610	97.2
	Fiscal year 2011	1,042	1,160	1,240	1,293	1,170	1,258	1,207						8,370	
	Balance	33	28	60	-157	61	-144	-121						-240	
Liquid/ foam hair conditioners	Fiscal year 2010	1,048	1,981	1,520	1,562	1,159	1,431	1,186	1,573	1,152	1,204	1,212	1,378	9,887	82.2
	Fiscal year 2011	874	1,192	1,299	1,300	1,026	1,336	1,102						8,129	
	Balance	-174	-789	-221	-262	-133	-95	-84						-1,758	
Set lotion	Fiscal year 2010	943	697	651	875	773	867	1,170	792	767	804	867	947	5,976	84.6
	Fiscal year 2011	696	767	639	686	616	810	840						5,054	
	Balance	-247	70	-12	-189	-157	-57	-330						-922	
Hair spray	Fiscal year 2010	1,258	1,607	1,990	1,777	1,659	2,168	1,927	1,769	2,167	1,843	2,098	2,190	12,386	98.0
	Fiscal year 2011	1,282	1,532	2,072	1,653	1,656	1,987	1,958						12,140	
	Balance	24	-75	82	-124	-3	-181	31						-246	
Hair dyes	Fiscal year 2010	5,985	7,591	9,701	9,140	7,346	8,586	8,562	7,819	8,569	7,862	8,158	10,026	56,911	94.5
	Fiscal year 2011	5,940	7,538	9,079	8,412	7,345	7,643	7,844						53,801	
	Balance	-45	-53	-622	-728	-1	-943	-718						-3,110	
Other hair cosmetics	Fiscal year 2010	1,029	989	1,486	1,231	1,421	1,636	1,470	1,118	1,235	1,102	1,186	1,337	9,262	84.9
	Fiscal year 2011	917	874	1,052	1,023	1,176	1,531	1,295						7,868	
	Balance	-112	-115	-434	-208	-245	-105	-175						-1,394	
Total hair cosmetic products	Fiscal year 2010	26,937	29,547	36,801	35,414	32,128	36,692	38,373	34,172	34,409	33,030	35,591	38,678	235,892	95.8
	Fiscal year 2011	24,454	31,976	33,005	33,148	31,764	35,595	36,091						226,033	
	Balance	-2,483	2,429	-3,796	-2,266	-364	-1,097	-2,282						-9,859	

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

Statements concerning the future such as the earnings forecasts given in this document are based on information currently in the possession of the Company and on assumptions that the Company considers reasonable. Actual earnings, etc., may differ considerably due to various factors.

