

# Consolidated Financial Statements for the Second Quarter of the Fiscal Term Ended June 20, 2011 – Supplementary Materials

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**MILBON**

June 28, 2011

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## Consolidated Operating Results (2<sup>nd</sup> Quarter, Cumulative)



(Unit: million yen)

|  | Amount                  |        |         | Increase<br>(decrease)<br>against<br>previous<br>fiscal year | Growth<br>rate<br>(%) | Achieve<br>ment rate<br>(%) |
|--|-------------------------|--------|---------|--|-----------------------|-----------------------------|
|  | Previous<br>fiscal year | Target | Results |  |                       |                             |
| Sales  | 9,430                   | 9,818  | 9,786   | 355  | 103.8                 | 99.7                        |
| Total sales<br>revenues                            | 6,241                   | 6,456  | 6,558   | 316  | 105.1                 | 101.6                       |
| Selling, general<br>and administrative<br>expenses | 4,515                   | 4,974  | 4,810   | 294  | 106.5                 | 96.7                        |
| Operating income                                   | 1,725                   | 1,482  | 1,747   | 21   | 101.3                 | 117.9                       |
| Ordinary income                                    | 1,619                   | 1,344  | 1,622   | 2  | 100.2                 | 120.7                       |
| Net income   | 938                     | 764    | 901     | - 36   | 96.1                  | 118.0                       |

# Breakdown of Consolidated Sales by Product Category (2<sup>nd</sup> Quarter, Cumulative)



## Hair care products

(Unit: million yen)

| Results for fiscal year | Target | Results in current fiscal year | Change against previous fiscal year | Growth rate | Achievement rate |
|-------------------------|--------|--------------------------------|-------------------------------------|-------------|------------------|
| 4,826                   | 5,174  | 4,983                          | 157                                 | 103.3%      | 96.3%            |

- 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 (112.2% against the same period of the previous fiscal year). The new product FIERLI, which was launched in this April, contributed to growth in sales.

### 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 | 696.45 million yen | 57.6%            |

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

\* This is a salon treatment system that increases the moisture of every strand of hair right to the tip to realize an impressive sensation when running the fingers through the hair

| Sales target      | Sales results      | Rate of progress |
|-------------------|--------------------|------------------|
| 1,216 million yen | 555.28 million yen | 45.5%            |

### New product - Fierli, launched April 1

\* Hair care products that alleviate 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 | 193.46 million yen | 63.6%            |



<Deesse's Neu due>

<Linkage-μ>



<Fierli>

# Breakdown of Consolidated Sales by Product Category (2<sup>nd</sup> 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 |
|-------------------------|--------|--------------------------------|-------------------------------------|-------------|------------------|
| 3,465                   | 3,529  | 3,755                          | 290                                 | 108.4%      | 106.4%           |

- Competition with home coloring products that let people dye their hair easily at home has become increasingly severe and the industry overall is estimated to have contracted slightly.
- The soft texture of additional colors for Ordeve (Smoky Line), a series of integrated coloring products, has received favorable notices. Sales of fashion colors centered on Ordeve increased (comparison against previous period: 109.0%) because the proposal to customers of seasonal colors (fashion colors matched to the seasons) was evaluated highly.
- Sales of grey color products centered on Liseinter, which appeals to adult women in regard to the allure of salon colors, increased (comparison against previous period: 106.5%).

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

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

| Sales target    | Sales results      | Rate of progress |
|-----------------|--------------------|------------------|
| 200 million yen | 317.04 million yen | 158.5%           |



## Breakdown of Consolidated Sales by Product Category (2<sup>nd</sup> 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 |
|-------------------------|--------|--------------------------------|-------------------------------------|-------------|------------------|
| 1,005                   | 1,051  | 924                            | - 80                                | 92.0%       | 88.0%            |

- The industry overall is estimated to have contracted slightly due to the decrease of perm style needs and straight perm menus 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 launched in this April for 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. (Comparison against previous period: 99.0%)



Core product <Liscio Glanfe>

# Consolidated Balance Sheet



(Unit: thousand yen)

| Item   | Previous consolidated fiscal year<br>(December 20, 2010) | Ratio       | Consolidated 1st quarter under review<br>(June 20, 2011) | Ratio       | Increase/decrease | Item   | Previous consolidated fiscal year<br>(December 20, 2010) | Ratio        | Consolidated 1st quarter under review<br>(June 20, 2011) | Ratio        | Increase/decrease |
|--|--|-------------|--|-------------|-------------------|--|--|--------------|--|--------------|-------------------|
| Cash and bank deposits                               | 2,673,044  |             | 3,791,641  |             | 1,118,597         | Accounts payable                                   | 467,309  |              | 586,752  |              | 119,443           |
| Trade notes and accounts receivable                  | 2,857,374  |             | 2,817,741  |             | - 39,633          | Accrued expenses payable                           | 1,284,549  |              | 1,540,811  |              | 256,262           |
| Inventory assets                                     | 2,222,005  |             | 2,381,592  |             | 159,587           | Corporate taxes payable                            | 635,475  |              | 718,540  |              | 83,065            |
| Deferred tax assets                                  | 166,841  |             | 184,172  |             | 17,331            | Reserve for returned goods                         | 19,075   |              | 47,791   |              | 28,716            |
| Others   | 126,378  |             | 150,483  |             | 24,105            | Reserve for bonuses                                | 65,453   |              | 65,385   |              | - 68              |
| Loan loss reserves                                   | - 9,963  |             | - 9,783  |             | 180               | Others   | 253,509  |              | 307,588  |              | 54,079            |
| <b>Total current assets</b>                          | <b>8,035,681</b>   | <b>38.6</b> | <b>9,315,847</b>   | <b>42.6</b> | <b>1,280,166</b>  | <b>Total current liabilities</b>                   | <b>2,725,372</b>   | <b>13.1</b>  | <b>3,266,869</b>   | <b>15.0</b>  | <b>541,497</b>    |
| Buildings and other structures                       | 4,210,785  |             | 4,034,225  |             | - 176,560         | Allowance for retirement benefits for employees    | 1,138  |              | 5,380  |              | 4,242             |
| Machinery, equipment and vehicles for transportation | 1,074,533  |             | 1,027,396  |             | - 47,137          | Reserve for loss on guarantees                     | 38,400   |              | 37,200   |              | - 1,200           |
| Land   | 4,763,766  |             | 4,763,766  |             | -                 | Long-term accrued expenses payable                 | 282,408  |              | 282,408  |              | -                 |
| Construction in progress                             | 3,634  |             | 9,619  |             | 5,985             | Others   | 96,727   |              | 94,851   |              | - 1,876           |
| Others   | 248,769  |             | 248,270  |             | - 499             | <b>Total fixed liabilities</b>                     | <b>418,673</b>   | <b>2.0</b>   | <b>419,839</b>   | <b>1.9</b>   | <b>1,166</b>      |
| <b>Total tangible fixed assets</b>                   | <b>10,301,488</b>  | <b>49.4</b> | <b>10,083,278</b>  | <b>46.1</b> | <b>- 218,210</b>  | <b>Total liabilities</b>                           | <b>3,144,046</b>   | <b>15.1</b>  | <b>3,686,709</b>   | <b>16.9</b>  | <b>542,663</b>    |
| Total intangible fixed assets                        | 451,968  | 2.2         | 472,565  | 2.2         | 20,597            | Capital stock                                      | 2,000,000  |              | 2,000,000  |              | -                 |
| Investment in securities                             | 1,180,555  |             | 1,072,341  |             | - 108,214         | Capital surplus                                    | 199,120  |              | 199,120  |              | -                 |
| Long-term loans                                      | 42,057   |             | 35,641   |             | - 6,416           | Retained earnings (Inc. current net income)        | 15,779,971   |              | 16,267,707   |              | 487,736           |
| Prepaid pension costs                                | 10,461   |             | -  |             | - 10,461          | Treasury stock                                     | (1,831,554)  |              | (901,849)  |              | - 9,222           |
| Deferred tax assets                                  | 466,016  |             | 537,268  |             | 71,252            | <b>Total shareholders' equity</b>                  | <b>17,940,836</b>  | <b>86.1</b>  | <b>18,419,350</b>  | <b>84.3</b>  | <b>478,514</b>    |
| Others   | 393,042  |             | 370,803  |             | - 22,239          | Net unrealized gains on other securities           | - 141,280  |              | - 161,559  |              | - 20,279          |
| Loan loss reserves                                   | - 37,730   |             | - 37,529   |             | 201               | Foreign currency translation adjustments           | - 100,061  |              | - 94,283   |              | 5,778             |
| <b>Total investments and other assets</b>            | <b>2,054,403</b>   | <b>9.9</b>  | <b>1,978,524</b>   | <b>9.1</b>  | <b>- 75,879</b>   | <b>Total valuation and translation adjustments</b> | <b>- 241,341</b>   | <b>- 1.2</b> | <b>- 255,843</b>   | <b>- 1.2</b> | <b>- 14,502</b>   |
| <b>Total fixed assets</b>                            | <b>12,807,860</b>  | <b>61.4</b> | <b>12,534,368</b>  | <b>57.4</b> | <b>- 273,492</b>  | <b>Total net assets</b>                            | <b>17,699,495</b>  | <b>84.9</b>  | <b>18,163,507</b>  | <b>83.1</b>  | <b>464,012</b>    |
| Total assets   | 20,843,541   | 100%        | 21,850,216   | 100%        | 1,006,675         | <b>Total liabilities and net assets</b>            | <b>20,843,541</b>  | <b>100%</b>  | <b>21,850,216</b>  | <b>100%</b>  | <b>1,006,675</b>  |

# Explanation of Fluctuations in the Consolidated Balance Sheet



## Assets

Total assets were 21,800 million yen, an increase of 1,006 million yen in comparison to the end of the last period.

## Current assets

Current assets increased 1,280 million yen.

- Cash and bank deposits  
1,118 million yen      Due mainly to profits in cash flow from operating activities
- Inventory assets  
159 million yen      Increases in inventories due to new products and increases in the inventories of overseas subsidiaries due to sales growth

## Fixed assets

Fixed assets decreased 273 million yen.

Tangible/ intangible fixed assets

- Buildings and structures      - 176 million yen      Decrease due to depreciation
- Investments and other assets
- Investment securities      - 108 million yen      Decrease due mainly to market valuations

## Liabilities

Total liabilities increased 542 million yen.

## Current Liabilities

Current liabilities increased by 541 million yen.

- Accounts payable      119 million yen      Due to an increase in production volumes
- Accrued expenses payable      256 million yen      Mainly bonuses for the first half of the year

## Fixed Liabilities

There was no change in fixed liabilities.

## Net Assets

Net assets increased by 464 million yen.

- Retained earnings      487 million yen      Increase due to profits and decrease due to the payment of dividends

# Consolidated Profit and Loss statement (2<sup>nd</sup> Quarter, Cumulative)



(Unit: thousand yen)

|   |                                       | 2nd quarter cumulative period (January to June) |       |                         |       |                              |       |             |                  |   |                                   |
|---|---------------------------------------|---|-------|-------------------------|-------|------------------------------|-------|-------------|------------------|---|-----------------------------------|
|   |                                       | 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                    | 4,826,536                                       | 51.2  | 5,174,600               | 52.7  | 4,983,582                    | 50.9  | 103.3%      | 96.3             | 157,046   | - 191,018                         |
|   | Hair coloring products                | 3,465,616                                       | 36.7  | 3,529,300               | 35.9  | 3,755,670                    | 38.4  | 108.4%      | 106.4            | 290,054   | 226,370                           |
|   | Permanent wave products               | 1,005,491                                       | 10.7  | 1,051,200               | 10.7  | 924,775                      | 9.4   | 92.0%       | 88.0             | - 80,716  | - 126,425                         |
|   | Others                                | 133,247   | 1.4   | 62,900                  | 0.6   | 122,649                      | 1.3   | 92.0%       | 195.0            | - 10,598  | 59,749                            |
| Net sales   |                                       | 9,430,892                                       | 100%  | 9,818,000               | 100%  | 9,786,678                    | 100%  | 103.8%      | 99.7             | 355,786   | - 31,322                          |
| Cost of sales   |                                       | 3,189,703                                       | 33.8  | 3,362,000               | 34.2  | 3,228,589                    | 33.0  | 101.2%      | 96.0             | 38,886  | - 133,411                         |
| Total sales revenues  |                                       | 6,241,189                                       | 66.2  | 6,456,000               | 65.8  | 6,558,088                    | 67.0  | 105.1%      | 101.6            | 316,899   | 102,088                           |
| Selling, general and administrative expenses                    | Labor costs                           | 1,432,456                                       | 15.2  | 1,533,300               | 15.6  | 1,500,538                    | 15.3  | 104.8%      | 97.9             | 68,082  | - 32,762                          |
|   | Travel costs/ transportation costs    | 257,416   | 2.7   | 248,800                 | 2.5   | 249,667                      | 2.6   | 97.0%       | 100.3            | - 7,749   | 867                               |
|   | Sales/ advertising/ marketing costs*  | 978,678   | 10.4  | 1,111,920               | 11.3  | 1,030,512                    | 10.5  | 105.3%      | 92.7             | 51,834  | - 81,408                          |
|   | Depreciation and amortization expense | 160,492   | 1.7   | 244,050                 | 2.5   | 224,845                      | 2.3   | 140.1%      | 92.1             | 64,353  | - 19,205                          |
|   | Others                                | 1,686,260                                       | 17.9  | 1,835,930               | 18.7  | 1,804,690                    | 18.4  | 107.0%      | 98.3             | 118,430   | - 31,240                          |
| Total   |                                       | 4,515,305                                       | 47.9  | 4,974,000               | 50.7  | 4,810,254                    | 49.2  | 106.5%      | 96.7             | 294,949   | - 163,746                         |
| Operating income  |                                       | 1,725,883                                       | 18.3  | 1,482,000               | 15.1  | 1,747,834                    | 17.9  | 101.3%      | 117.9            | 21,951  | 265,834                           |
| Non-operating   | Income                                | 67,862  | 0.7   | 31,600                  | 0.3   | 43,842                       | 0.4   | 64.6%       | 138.7            | - 24,020  | 12,242                            |
|   | Costs                                 | 173,756   | 1.8   | 169,600                 | 1.7   | 168,883                      | 1.7   | 97.2%       | 99.6             | - 4,873   | - 717                             |
| Ordinary income   |                                       | 1,619,990                                       | 17.2  | 1,344,000               | 13.7  | 1,622,793                    | 16.6  | 100.2%      | 120.7            | 2,803   | 278,793                           |
| Extraordinary   | Income                                | 3,497   | 0.0   | -                       | -     | 2,935                        | 0.0   | 83.9%       | -                | - 562   | 2,935                             |
|   | Loss                                  | 13,568  | 0.1   | 30,000                  | 0.3   | 100,383                      | 1.0   | 739.9%      | 334.6            | 86,815  | 70,383                            |
| Quarterly net income before income taxes and minority interests |                                       | 1,609,918                                       | 17.1  | 1,314,000               | 13.4  | 1,525,345                    | 15.6  | 94.7%       | 116.1            | - 84,573  | 211,345                           |
| Income taxes-Current  |                                       | 631,348   | 6.7   | 580,400                 | 5.9   | 698,332                      | 7.1   | 92.8%       | 113.4            | 66,984  | 117,932                           |
| Income taxes-Deferred   |                                       | 40,549  | 0.4   | - 30,400                | - 0.3 | - 74,836                     | - 0.8 |             |                  | - 115,385                                       | - 44,436                          |
| Quarterly net income  |                                       | 938,019   | 9.9   | 764,000                 | 7.8   | 901,849                      | 9.2   | 96.1%       | 118.0            | - 36,170  | 137,849                           |

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

# Comparisons of the Consolidated Profit and Loss statement with the Previous Fiscal Year and Plans



## Comparison with the previous fiscal year

1. Sales were 9,780 million yen, an increase of 355 million yen in comparison to the target. Comparisons by product category are as follows.

|                         |                  |
|-------------------------|------------------|
| Hair care products      | 157 million yen  |
| Hair coloring products  | 290 million yen  |
| Permanent wave products | - 80 million yen |
| Others                  | -10 million yen  |

2. Gross operating profit was 6,550 million yen, an increase of 316 million yen in comparison to last year. In addition, the gross profit margin was 67.0%, 0.8 points higher than the previous year. The breakdown of that increase is as follows.

|   |                   |
|---|-------------------|
| Increase in loss on disposal of obsolete inventories/ |                   |
| decreases in devaluation                              | 0.2 points        |
| Increase in provision of reserve for sales returns    | -0.5 points       |
| Raw material cost reduction effects                   | 0.3 points        |
| Decrease in manufacturing costs                       | 0.2 points        |
| <u>Sales product mix</u>                              | <u>0.6 points</u> |
| Balance   | 0.8 points        |

3. Selling, general and administrative expenses were 4,810 million yen, a decrease of 294 million yen in comparison to last year. The main factors in this increase were as follows.

Labor costs 68 million yen Increase due to promotions and increase in personnel  
 Sales/ advertising/ marketing costs 51 million yen Introduction costs for new products, etc.  
 Depreciation and amortization expenses 64 million yen Main increase was for Tokyo Branch, which was refurbished last year

4. Operating income was 1,740 million yen, an increase of 21 million yen in comparison to last year.
5. Ordinary income was 1,620 million yen, an increase of 2 million yen in comparison to last year.
6. Quarterly income before income taxes and minority interests was 1,520 million yen, a decrease of 84 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 901 million yen, an increase of 36 million yen in comparison to last year.

## Comparison with targets

1. Sales were 9,780 million yen, a decrease of 31 million yen in comparison to the target. Comparisons by product category are as follows.

|                         |                  |
|-------------------------|------------------|
| Hair care products      | -191 million yen |
| Hair coloring products  | 226 million yen  |
| Permanent wave products | -126 million yen |
| Others                  | -59 million yen  |

2. Gross operating profit was 6,550 million yen, an increase of 102 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 | 0.4 points        |
| Increase in provision of reserve for sales returns                       | - 0.3 points      |
| Raw material cost reduction effects                                      | 0.3 points        |
| <u>Sales product mix</u>   | <u>0.8 points</u> |
| Balance  | 1.2 points        |

3. Total selling, general and administrative expenses were 4,810 million yen, a decrease of 163 million yen in comparison to the target. The main factors in this increase were as follows.

Sales/ advertising/ marketing costs - 81 million yen Costs moved for posting from the 3rd quarter onwards

4. Operating income was 1,740 million yen, an increase of 265 million yen in comparison to the target. The reasons for this were that gross operating income exceeded the posting of target and sales/ advertising/ marketing costs was moved backwards.
5. Ordinary income was 1,620 million yen, an increase of 278 million yen in comparison to the target.
6. Quarterly income before income taxes and minority interests was 1,520 million yen, an increase of 211 million yen in comparison to the target.
7. Quarterly net income was 901 million yen, an increase of 137 million yen in comparison to the target.

## Consolidated Cash Flow (2<sup>nd</sup> Quarter, Cumulative)



(Unit: million yen)

|   | 2 <sup>nd</sup> quarter,<br>previous<br>term | Current 2 <sup>nd</sup><br>quarter | Increase/<br>decrease | Comments  |
|---|--|------------------------------------|-----------------------|---|
| Balance of cash and cash equivalents at the beginning of the period | 1,666  | 2,670                              | 1,004                 |   |
| Cash flows from operating activities                                | 2,045  | 1,785                              | - 260                 | This was mainly because we abolished bill payments. |
| Cash flows from investment activities                               | - 128  | - 249                              | - 121                 |   |
| (Purchase of property and equipment)                                | (- 145)                                      | (- 185)                            | (- 40)                |   |
| Cash flows from financial activities                                | - 350  | - 422                              | - 72                  | Increase in the value of dividend payments          |
| Foreign currency translation adjustments                            | 12   | 5                                  | - 7                   |   |
| Net increase in cash and cash equivalents                           | 1,579  | 1,118                              | - 461                 |   |
| Balance of cash and cash equivalents at the end of the period       | 3,245  | 3,789                              | 544                   |   |

# ■ 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<br>January to June | Plan for fiscal year<br>2011 |
|--|------------------|------------------|------------------|------------------|-------------------------------------|------------------------------|
| Buildings  | 67,867           | 143,672          | 188,474          | 921,283          | 3,481                               | 42,430                       |
| Structures                                       | 565              | -                | 16,870           | 36,384           | 3,200                               | 3,500                        |
| Machinery and<br>equipment                       | 272,887          | 507,476          | 214,698          | 160,509          | 110,316                             | 232,640                      |
| Automobiles and<br>transportation equipment      | 7,697            | 3,026            | 6,678            | 1,494            | 1,774                               | 4,380                        |
| Tools, equipment,<br>furniture and fixtures      | 114,390          | 225,594          | 176,375          | 195,391          | 76,316                              | 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          | 83,749                              | 239,940                      |
| Software development in<br>progress              | -                | -                | -                | 2,100            | 546                                 | - 2,100                      |
| Others   | -                | -                | 1,000            | 500              | 1,000                               | -                            |
| <b>Total investment</b>                          | <b>606,659</b>   | <b>1,383,319</b> | <b>1,444,667</b> | <b>940,862</b>   | <b>286,367</b>                      | <b>718,480</b>               |
| <b>Depreciation and<br/>amortization expense</b> | <b>967,407</b>   | <b>1,021,444</b> | <b>1,116,759</b> | <b>1,010,245</b> | <b>474,580</b>                      | <b>1,074,200</b>             |

# Non-Consolidated Balance Sheet



(Unit: thousand yen)

| Item  | Last business year<br>(December 20,<br>2010) | Ratio       | 2nd quarter under<br>review<br>(June 20, 2011) | Ratio       | Increase/<br>decrease | Item   | Last business year<br>(December 20,<br>2010) | Ratio       | 2nd quarter under<br>review<br>(June 20, 2011) | Ratio       | Increase/<br>decrease |
|---|--|-------------|--|-------------|-----------------------|--|--|-------------|--|-------------|-----------------------|
| Cash and bank deposits                        | 2,344,171                                    |             | 3,492,455                                      |             | 1,148,284             | Accounts payable                                   | 467,142                                      |             | 585,072  |             | 117,930               |
| Trade notes                                   | 653,056                                      |             | 689,563  |             | 36,507                | Accrued expenses payable                           | 1,280,705                                    |             | 1,534,991                                      |             | 254,286               |
| Accounts receivable                           | 2,225,899                                    |             | 2,262,075                                      |             | 36,176                | Corporate taxes payable                            | 635,475                                      |             | 718,540  |             | 83,065                |
| Inventory assets                              | 2,067,015                                    |             | 2,135,344                                      |             | 68,329                | Accrued consumption<br>taxes, etc.                 | -  |             | 77,440   |             | 77,440                |
| Deferred tax assets                           | 144,532                                      |             | 148,345  |             | 3,813                 | Reserve for returned goods                         | 19,075                                       |             | 47,791   |             | 28,716                |
| Short term loans                              | 5,989  |             | 6,343  |             | 354                   | Reserve for bonuses                                | 64,280                                       |             | 64,080   |             | - 200                 |
| Others  | 81,668                                       |             | 106,767  |             | 25,099                | Others   | 158,931                                      |             | 150,065  |             | - 8,866               |
| Loan loss reserves                            | - 10,124                                     |             | - 10,341                                       |             | - 217                 |  |  |             |  |             |                       |
| <b>Total current assets</b>                   | <b>7,512,209</b>                             | <b>35.4</b> | <b>8,830,553</b>                               | <b>39.7</b> | <b>1,318,344</b>      | <b>Total current liabilities</b>                   | <b>2,625,609</b>                             | <b>12.4</b> | <b>3,177,982</b>                               | <b>14.3</b> | <b>552,373</b>        |
| Buildings                                     | 4,044,882                                    |             | 3,877,806                                      |             | - 167,076             | Allowance for retirement<br>benefits for employees | -  |             | 3,299  |             | 3,299                 |
| Machinery and equipment                       | 1,068,452                                    |             | 1,020,977                                      |             | - 47,475              | Reserve for loss on<br>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<br>expenses payable              | 282,408                                      |             | 282,408  |             | -                     |
| Others  | 366,963                                      |             | 362,618  |             | - 4,345               |  |  |             |  |             |                       |
| <b>Total tangible fixed assets</b>            | <b>10,247,698</b>                            | <b>48.3</b> | <b>10,034,788</b>                              | <b>45.1</b> | <b>- 212,910</b>      | <b>Total fixed liabilities</b>                     | <b>402,587</b>                               | <b>1.9</b>  | <b>404,687</b>                                 | <b>1.8</b>  | <b>2,100</b>          |
| <b>Total intangible fixed assets</b>          | <b>447,754</b>                               | <b>2.1</b>  | <b>467,479</b>                                 | <b>2.1</b>  | <b>19,725</b>         | <b>Total liabilities</b>                           | <b>3,028,197</b>                             | <b>14.3</b> | <b>3,582,670</b>                               | <b>16.1</b> | <b>554,473</b>        |
| Investment in securities                      | 1,180,555                                    |             | 1,072,341                                      |             | - 108,214             | Capital stock                                      | 2,000,000                                    |             | 2,000,000                                      |             | -                     |
| Shares in related<br>companies                | 616,369                                      |             | 616,369  |             | -                     | Capital surplus                                    | 199,120                                      |             | 199,120  |             | -                     |
| Investments in related<br>companies           | 430,000                                      |             | 430,000  |             | -                     | Retained earnings<br>(Inc. current net income)     | 16,159,396<br>(2,046,189)                    |             | 16,693,559<br>(948,276)                        |             | 534,163               |
| Long-term loans                               | 7,073  |             | 7,791  |             | 718                   | Treasury stock                                     | - 38,254                                     |             | - 47,476                                       |             | - 9,222               |
| Prepaid pension costs                         | 10,461                                       |             | -  |             | - 10,461              |  |  |             |  |             |                       |
| Deferred tax assets                           | 466,016                                      |             | 537,268  |             | 71,252                | <b>Total shareholders' equity</b>                  | <b>18,320,261</b>                            | <b>86.4</b> | <b>18,845,203</b>                              | <b>84.6</b> | <b>524,942</b>        |
| Others  | 301,624                                      |             | 282,306  |             | - 19,318              | Net unrealized gains on<br>other securities        | - 141,280                                    |             | - 161,559                                      |             | - 20,279              |
| Loan loss reserves                            | - 12,584                                     |             | - 12,584                                       |             | -                     | Total valuation and<br>translation adjustments     | - 141,280                                    | - 0.7       | - 161,559                                      | - 0.7       | - 20,279              |
| <b>Total investments and<br/>other assets</b> | <b>2,999,516</b>                             | <b>14.1</b> | <b>2,933,491</b>                               | <b>13.2</b> | <b>- 66,025</b>       | <b>Total net assets</b>                            | <b>18,178,981</b>                            | <b>85.7</b> | <b>18,683,643</b>                              | <b>83.9</b> | <b>504,662</b>        |
| <b>Total fixed assets</b>                     | <b>13,694,970</b>                            | <b>64.6</b> | <b>13,435,759</b>                              | <b>60.3</b> | <b>- 259,211</b>      | <b>Total liabilities and net<br/>assets</b>        | <b>21,207,179</b>                            | <b>100%</b> | <b>22,266,313</b>                              | <b>100%</b> | <b>1,059,134</b>      |
| <b>Total assets</b>                           | <b>21,207,179</b>                            | <b>100%</b> | <b>22,266,313</b>                              | <b>100%</b> | <b>1,059,134</b>      |  |  |             |  |             |                       |

# Non-Consolidated Statement of Earnings (2<sup>nd</sup> Quarter, Cumulative)



(Unit: thousand yen)

|  |                                       | 2nd quarter cumulative period (January to June) |       |                         |       |                              |       |             |                  |   |                                   |
|--|---------------------------------------|---|-------|-------------------------|-------|------------------------------|-------|-------------|------------------|---|-----------------------------------|
|  |                                       | 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                    | 4,754,097                                       | 50.9  | 5,086,310               | 52.7  | 4,952,984                    | 51.0  | 104.2       | 97.4             | 198,887   | - 133,326                         |
|  | Hair coloring products                | 3,457,627                                       | 37.1  | 3,472,080               | 36.0  | 3,730,536                    | 38.4  | 107.9       | 107.4            | 272,909   | 258,456                           |
|  | Permanent wave products               | 988,800   | 10.6  | 1,023,980               | 10.6  | 907,623                      | 9.3   | 91.8        | 88.6             | - 81,177  | - 116,357                         |
|  | Others                                | 133,106   | 1.4   | 61,940                  | 0.6   | 123,826                      | 1.3   | 93.0        | 199.9            | - 9,280   | 61,886                            |
| Net sales                                    |                                       | 9,333,632                                       | 100%  | 9,644,310               | 100%  | 9,714,970                    | 100%  | 104.1       | 100.7            | 381,338   | 70,660                            |
| Cost of sales                                |                                       | 3,217,074                                       | 34.5  | 3,369,050               | 34.9  | 3,314,818                    | 34.1  | 103.0       | 98.4             | 97,744  | - 54,232                          |
| Total sales revenues                         |                                       | 6,116,558                                       | 65.5  | 6,275,260               | 65.1  | 6,400,152                    | 65.9  | 104.6       | 102.0            | 283,594   | 124,892                           |
| Selling, general and administrative expenses | Labor costs                           | 1,341,097                                       | 14.4  | 1,428,630               | 14.8  | 1,405,259                    | 14.5  | 104.8       | 98.4             | 64,162  | - 23,371                          |
|  | Travel costs/ transportation costs    | 244,758   | 2.6   | 233,900                 | 2.4   | 238,710                      | 2.5   | 97.5        | 102.1            | - 6,048   | 4,810                             |
|  | Sales/ advertising/ marketing costs*  | 964,548   | 10.3  | 1,090,975               | 11.3  | 1,013,870                    | 10.4  | 105.1       | 92.9             | 49,322  | - 77,105                          |
|  | Depreciation and amortization expense | 150,453   | 1.6   | 236,580                 | 2.5   | 217,592                      | 2.2   | 144.6       | 92.0             | 67,139  | - 18,988                          |
|  | Others                                | 1,595,880                                       | 17.1  | 1,750,765               | 18.2  | 1,716,185                    | 17.7  | 107.5       | 98.0             | 120,305   | - 34,580                          |
| Total  |                                       | 4,296,738                                       | 46.0  | 4,740,850               | 49.2  | 4,591,618                    | 47.3  | 106.9       | 96.9             | 294,880   | - 149,232                         |
| Operating income                             |                                       | 1,819,820                                       | 19.5  | 1,534,410               | 15.9  | 1,808,533                    | 18.6  | 99.4        | 117.9            | - 11,287  | 274,123                           |
| Non-operating                                | Income                                | 58,199  | 0.6   | 31,680                  | 0.3   | 43,368                       | 0.4   | 74.5        | 136.9            | - 14,831  | 11,688                            |
|  | Costs                                 | 161,380   | 1.7   | 169,790                 | 1.8   | 169,396                      | 1.7   | 105.0       | 99.8             | 8,016   | - 394                             |
| Ordinary income                              |                                       | 1,716,638                                       | 18.4  | 1,396,300               | 14.5  | 1,682,506                    | 17.3  | 98.0        | 120.5            | - 34,132  | 286,206                           |
| Extra ordinary                               | Income                                | 3,500   | 0.0   | -                       | -     | 2,755                        | 0.0   | 78.7        | -                | - 745   | 2,755                             |
|  | Loss                                  | 13,568  | 0.1   | 30,000                  | 0.3   | 100,383                      | 1.0   | 739.9       | 334.6            | 86,815  | 70,383                            |
| Quarterly net income before taxes            |                                       | 1,706,570                                       | 18.3  | 1,366,300               | 14.2  | 1,584,878                    | 16.3  | 92.9        | 116.0            | - 121,692                                       | 218,578                           |
| Income taxes-Current                         |                                       | 630,753   | 6.8   | 579,700                 | 6.0   | 697,920                      | 7.2   | 93.6        | 115.9            | 67,167  | 118,220                           |
| Income taxes-Deferred                        |                                       | 49,161  | 0.5   | - 30,400                | - 0.3 | - 61,317                     | - 0.6 |             |                  | - 110,478                                       | - 30,917                          |
| Quarterly net income                         |                                       | 1,026,655                                       | 11.0  | 817,000                 | 8.5   | 948,276                      | 9.8   | 92.4        | 116.1            | - 78,379  | 131,276                           |

\* "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 products Ratio | Test research costs | Test research ratio | Comments   |
|-------------------------------------|--------------------|------------------------|-------------------------|--------|-----------|--------------------|---------------------|---------------------|--|
| Fiscal year 2007                    | 259,884            | 3,247,352              | 129,446                 | -      | 3,636,683 | 19.6%              | 573,268             | 3.3%                | Ordeve<br>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<br>Liscio Knoteur/Liseinter<br>Inphenom/Prejume Drop<br>Prejume Milk<br>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<br>Liscio Knoteur SH/Farglan<br>Prejume Luvento<br>Prejume CMC Wave<br>Inphenom Daily Care<br>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<br>Deesse's Aprou<br>Melenate<br>Liscio Glanfe<br>Aujua/Lifume<br>Additional colors for Ordeve   |
| Fiscal year 2011<br>January to June | 1,460,100          | 324,865                | 1,955                   | -      | 1,786,920 | 17.4%              | 480,078             | 4.9%                | Deesse's Neu due<br>Deesse's Linkage-μ<br>Additional colors for Ordeve<br>Fierli   |
| Fiscal year 2011<br>Target          | 2,930,000          | 1,180,000              | 10,000                  | -      | 4,120,000 | 19.3%              | 883,000             | 4.4%                | Dressia<br>Ordeve Beaute (grey)<br>Deesse's Shine Treatment<br>Aujua Aging Spa   |

# Trends in Market Related Data, Milbon Salons and Field Persons



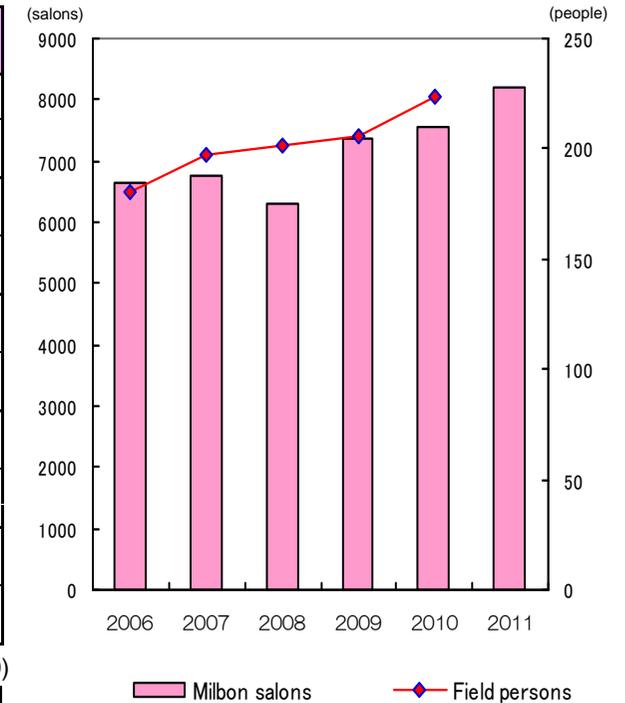
|  | Fiscal year 2006 | Fiscal year 2007 | Fiscal year 2008 | Fiscal year 2009 | Fiscal year 2010 | Fiscal year 2011                 | Comments   |
|--|------------------|------------------|------------------|------------------|------------------|----------------------------------|--|
| Number of beauty salons (salons)                 | 217,769          | 219,573          | 221,394          | 223,645          | -                | -                                | Ministry of Health, Labor and Welfare Public Health Administration Report<br>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         | * 39,712 (as of January 1, 2011) | National Census Report Population Statistics, Statistics Bureau, Ministry of Internal Affairs and Communications<br>Estimated population of females aged 15 to 64 years of age (as of October 1) |

\* The standard for the 2010 beauty population has been revised due to the preliminary statistics from the 2010 national population census. (Retroactive correction of the beauty population for 2009 and previous years is not possible because retroactive interpolated corrective values for the age-specific population statistics have not been made public.)

## Milbon salon trends

(as of May 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            | 3,423            |
|                | 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            | 1,636            |
|                | 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            | 2,558            |
|                | 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              | 587              |
|                | 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            | 8,204            |
|                | Sales per salon (thousands of yen) | 1,824            | 1,872            | 1,997            | 1,947            | 2,088            |                  |



## Trend in field persons

(as of June 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 (2<sup>nd</sup> Quarter, Cumulative)



### United States MILBON USA, INC.

|       | Unit                    | Amount                  |         |                                   | Previous fiscal year<br>Increase/<br>(decrease) | Growth rate<br>(%) | Achievement<br>rate (%) |
|-------|-------------------------|-------------------------|---------|-----------------------------------|---|--------------------|-------------------------|
|       |                         | Results for fiscal year | Target  | Results in current fiscal<br>year |   |                    |                         |
| Sales | Thousands<br>of dollars | 1,984                   | 1,991   | 1,966                             | - 17  | 99.1               | 98.8                    |
|       | Thousands<br>of yen     | 179,081                 | 159,280 | 162,209                           | - 16,872  | 90.6               | 101.8                   |

- Japan' s unique salon treatment menus, which are a new category in the North American market, have started to attract attention around Manhattan and the number of salons introducing products is expanding steadily.
- Signs are starting to be seen of a cessation in the slide of sales of hair care products and permanent wave products centered on straight perm agents, which have continued to tend towards slight decreases.
- We are planning for the improvement of distribution costs by operation of a warehouse on the west coast.

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

|                            | Unit                    | Results for fiscal<br>year | Results in current fiscal<br>year | Growth rate (%) | Number of<br>salons |
|----------------------------|-------------------------|----------------------------|-----------------------------------|-----------------|---------------------|
| Hair care products         | Thousands<br>of dollars | 1,400                      | 1,375                             | 98.2            | 999                 |
|                            | Thousands<br>of yen     | 126,371                    | 113,416                           | 89.7            |                     |
| Hair coloring products     | Thousands<br>of dollars | 109                        | 133                               | 122.0           | 203                 |
|                            | Thousands<br>of yen     | 9,905                      | 11,039                            | 111.4           |                     |
| Permanent wave<br>products | Thousands<br>of dollars | 439                        | 434                               | 98.9            | 710                 |
|                            | Thousands<br>of yen     | 39,633                     | 35,817                            | 90.4            |                     |

Established: March 2004  
 \* Operations launched in July 2004  
 Number of employees : 13  
 (FP employees) : 8  
 Number of handling  
 outlets : 1,215

## Subsidiaries (2<sup>nd</sup> Quarter, Cumulative)



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

|       | Unit                 | Amount                  |        |                                   | Previous fiscal year<br>Increase/<br>(decrease) | Growth rate<br>(%) | Achievement<br>rate (%) |
|-------|----------------------|-------------------------|--------|-----------------------------------|---|--------------------|-------------------------|
|       |                      | Results for fiscal year | Target | Results in current fiscal<br>year |   |                    |                         |
| Sales | Thousands<br>of yuan | 2,321                   | 3,615  | 4,466                             | 2,145   | 192.4              | 123.6                   |
|       | Thousands<br>of yen  | 30,734                  | 46,995 | 55,514                            | 24,780  | 180.6              | 118.1                   |

- Customers perceived the differentiation of Milbon from existing manufacturers and the new development of Milbon product-handling salons progressed better than planned due to the deployment of sales activities focused on top salons that have acquired wealthy customers in the east China region (Shanghai City, Jiangsu and Zhejiang) and the south China region (Guangdong, Fukien).
- Against the backdrop of Japanese hair styles being fashionable among Chinese women, who are sensitive to trends, Japanese-transmitted beauty techniques and products are being evaluated highly by the Chinese salons that lead fashion. As a result of the thoroughgoing implementation of educational activities such as technique workshops, etc., sales of hair coloring products and permanent wave products are expanding.

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

|                            | Unit                 | Results for fiscal<br>year | Results in current fiscal<br>year | Growth rate (%) | Number of<br>salons |
|----------------------------|----------------------|----------------------------|-----------------------------------|-----------------|---------------------|
| Hair care products         | Thousands<br>of yuan | 1,179                      | 1,865                             | 158.1           | 160                 |
|                            | Thousands<br>of yen  | 15,619                     | 23,182                            | 148.4           |                     |
| Hair coloring products     | Thousands<br>of yuan | 1,064                      | 2,255                             | 211.9           | 226                 |
|                            | Thousands<br>of yen  | 14,090                     | 28,026                            | 198.9           |                     |
| Permanent wave<br>products | Thousands<br>of yuan | 77                         | 346                               | 448.1           | 169                 |
|                            | Thousands<br>of yen  | 1,023                      | 4,305                             | 420.8           |                     |

Established: November 2007  
 \*Operations launched in February 2009

Number of employees : 15  
 (FP employees) : 10

Number of handling  
 outlets : 311

## Subsidiaries (2<sup>nd</sup> Quarter, Cumulative)



### South Korea Milbon Korea Co.,Ltd.

|       | Unit             | Amount                  |           |                                   | Previous fiscal year<br>Increase/<br>(decrease) | Growth rate<br>(%) | Achievement<br>rate (%) |
|-------|------------------|-------------------------|-----------|-----------------------------------|---|--------------------|-------------------------|
|       |                  | Results for fiscal year | Target    | Results in current fiscal<br>year |   |                    |                         |
| Sales | Thousands of won | 742,369                 | 1,764,000 | 2,066,622                         | 1,324,252                                       | 278.4              | 117.2                   |
|       | Thousands of yen | 56,962                  | 132,300   | 149,498                           | 92,536  | 262.5              | 113.0                   |

- In addition to an increase in new hair coloring product handling salons, sales of hair care products centered on the salon treatments Deesse's Neu and Linkage HY, which repair damage done to hair by hair coloring products, 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 change from other manufacturers is increasing rapidly.

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

|                         | Unit             | Results for fiscal<br>year | Results in current fiscal<br>year | Growth rate (%) | Number of<br>salons |
|-------------------------|------------------|----------------------------|-----------------------------------|-----------------|---------------------|
| Hair care products      | Thousands of won | 210,196                    | 557,710                           | 265.3           | * 589               |
|                         | Thousands of yen | 16,128                     | 40,344                            | 250.1           |                     |
| Hair coloring products  | Thousands of won | 527,682                    | 1,390,786                         | 263.6           | * 1,128             |
|                         | Thousands of yen | 40,489                     | 100,608                           | 248.5           |                     |
| Permanent wave products | Thousands of won | -                          | 109,497                           | -               | * 186               |
|                         | Thousands of yen | -                          | 7,921                             | -               |                     |

Established: July 2009  
 \* Operations launched in December 2009

Number of employees : 12  
 (FP employees) : 7

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 sales agent so the figures have not been updated this time.

# Results Briefing for the 2<sup>nd</sup> Quarter of the 52<sup>nd</sup> Term of Business

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1. Current situation and outlook for the second half of the term
2. State of progress of medium-term business vision

Ryuji Sato, President and Representative Director

## ■ Current situation and outlook for the second half of the term

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### ■ Domestic market

1. The influence of the Great East Japan Earthquake
2. Current situation and outlook for the second half of the term
3. Others (Aujua market deployment situation/ Education Division)

### ■ International market

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

## ■ State of progress of medium-term business vision

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### ■ Progress of globalization

1. Global education and the acceleration of human resource cultivation

2. We will start to research business models for the development of new areas.

3. Initiation of a project aimed at Asian production and development bases

### ■ New business Development of organic products

- Conclusion of a sales agent contract with Kemon, Italy

## ■ Reference Materials

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1. Hair cosmetic shipping statistics (Milbon non-consolidated)
2. Hair Cosmetic Shipping Statistics

## Reference Materials: Hair Cosmetic Shipping Statistics (Milbon non-consolidated)



(Unit: thousand yen)

|                           | Fiscal year 2010<br>(January to June) | Fiscal year 2011<br>(January to June) | Growth rate | Comments                               |
|---------------------------|---------------------------------------|---------------------------------------|-------------|--|
| Shampoo                   | 779,907                               | 904,176                               | 115.9       | Deesse's Neu due                       |
| Rinse                     | 154,795                               | 135,186                               | 87.3        | Inphenom                               |
| Hair tonic                | 131,729                               | 124,124                               | 94.2        | Deesse's Lifa<br>AGN                   |
| Treatment                 | 2,461,522                             | 2,784,090                             | 113.1       | Deesse's Neu due<br>Deesse's Linkage-μ |
| Hair cream                | 4,360                                 | 3,605                                 | 82.7        |  |
| Hair conditioner          | 1,045,115                             | 837,603                               | 80.1        | Prejume<br>Deesse's Aprou, Qufra       |
| Hair spray                | 457,929                               | 458,791                               | 100.2       | Nigelle Lafusion<br>Prejume, Qufra     |
| Hair coloring<br>products | 3,667,662                             | 3,954,619                             | 107.8       | Ordeve<br>Liseinter, Farglan           |
| Permanent                 | 1,048,238                             | 961,570                               | 91.7        | Liscio Knoteur<br>Prejume, Live Noble  |
| Others                    | 140,344                               | 130,436                               | 92.9        | Rod, roller, iron                      |
| Sales rebates             | - 557,973                             | - 579,233                             | 103.8       |  |
| Total                     | 9,333,632                             | 9,714,970                             | 104.1       |  |

# Reference Materials: Hair Cosmetic Shipping Statistics



(Unit: million yen)

|   |                  | January | February | March  | April  | May    | June   | July   | August | September | October | November | December | Total<br>(January - April) | 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    | 31,354                     | 100.2%      |
|   | Fiscal year 2011 | 6,153   | 8,545    | 8,097  | 8,620  |        |        |        |        |           |         |          |          | 31,415                     |             |
|   | Difference       | -880    | 1,704    | -695   | -68    |        |        |        |        |           |         |          |          | 61                         |             |
| 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    | 9,127                      | 94.0%       |
|   | Fiscal year 2011 | 1,853   | 2,239    | 2,181  | 2,302  |        |        |        |        |           |         |          |          | 8,575                      |             |
|   | Difference       | -490    | 215      | -92    | -185   |        |        |        |        |           |         |          |          | -552                       |             |
| 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    | 5,183                      | 94.7%       |
|   | Fiscal year 2011 | 1,095   | 1,296    | 1,248  | 1,270  |        |        |        |        |           |         |          |          | 4,909                      |             |
|   | Difference       | -3      | -50      | -132   | -89    |        |        |        |        |           |         |          |          | -274                       |             |
| Hair 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    | 25,206                     | 95.7%       |
|   | Fiscal year 2011 | 4,601   | 6,833    | 6,098  | 6,589  |        |        |        |        |           |         |          |          | 24,121                     |             |
|   | Difference       | -592    | 1,493    | -1,729 | -257   |        |        |        |        |           |         |          |          | -1,085                     |             |
| Pomade, cheek<br>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    | 4,771                      | 99.2%       |
|   | Fiscal year 2011 | 1,042   | 1,160    | 1,240  | 1,293  |        |        |        |        |           |         |          |          | 4,735                      |             |
|   | Difference       | 33      | 28       | 60     | -157   |        |        |        |        |           |         |          |          | -36                        |             |
| Liquid/<br>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    | 6,111                      | 76.3%       |
|   | Fiscal year 2011 | 874     | 1,192    | 1,299  | 1,300  |        |        |        |        |           |         |          |          | 4,665                      |             |
|   | Difference       | -174    | -789     | -221   | -262   |        |        |        |        |           |         |          |          | -1,446                     |             |
| Set lotion                                | Fiscal year 2010 | 943     | 697      | 651    | 875    | 773    | 867    | 1,170  | 792    | 767       | 804     | 867      | 947      | 3,166                      | 88.1%       |
|   | Fiscal year 2011 | 696     | 767      | 639    | 686    |        |        |        |        |           |         |          |          | 2,788                      |             |
|   | Difference       | -247    | 70       | -12    | -189   |        |        |        |        |           |         |          |          | -378                       |             |
| 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    | 6,632                      | 98.6%       |
|   | Fiscal year 2011 | 1,282   | 1,532    | 2,072  | 1,653  |        |        |        |        |           |         |          |          | 6,539                      |             |
|   | Difference       | 24      | -75      | 82     | -124   |        |        |        |        |           |         |          |          | -93                        |             |
| 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   | 32,417                     | 95.5%       |
|   | Fiscal year 2011 | 5,940   | 7,538    | 9,079  | 8,412  |        |        |        |        |           |         |          |          | 30,969                     |             |
|   | Difference       | -45     | -53      | -622   | -728   |        |        |        |        |           |         |          |          | -1,448                     |             |
| Others<br>Total hair cosmetic products    | 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    | 4,735                      | 81.6%       |
|   | Fiscal year 2011 | 917     | 874      | 1,052  | 1,023  |        |        |        |        |           |         |          |          | 3,866                      |             |
|   | Difference       | -112    | -115     | -434   | -208   |        |        |        |        |           |         |          |          | -869                       |             |
| 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   | 128,699                    | 95.2%       |
|   | Fiscal year 2011 | 24,454  | 31,976   | 33,005 | 33,148 |        |        |        |        |           |         |          |          | 122,583                    |             |
|   | Difference       | -2,483  | 2,429    | -3,796 | -2,266 |        |        |        |        |           |         |          |          | -6,116                     |             |

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 fixed assumptions that the Company considers reasonable and actual earnings, etc., may differ greatly due to various factors.

