

Consolidated Financial Results for the Six Months Ended June 20, 2012 (Dec. 21, 2011 – Jun. 20, 2012) Supplementary Materials



MILBON

June 27, 2012

Table of Contents

■ Consolidated Operating Results 6 months ended June 20, 2012	1	■ Milbon Co., Ltd. Non-Consolidated Trends in the Proportions of New Products and R&D Costs in Total Sales	12
■ Breakdown of Consolidated Sales by Product Category 6 months ended June 20, 2012	2-5		
Hair care products		■ Milbon Co., Ltd. Trends in Market Related Data, Milbon Salons and Field Persons	13
Hair coloring products			
Permanent wave products			
■ Aujua	6	■ Milbon Co. Ltd. Non-consolidated Statement of Earnings	14
■ Consolidated Balance Sheet	7	■ Subsidiaries (6 months cumulative) MILBON USA,INC. Milbon Korea Co., Ltd. Milbon Trading (Shanghai) Co., Ltd.	15 - 17
■ Explanation of Fluctuations in the Consolidated Balance Sheet	8		
■ Consolidated Statement of Earnings 6 months ended June 20, 2012	9	■ Fiscal Year 2012 (53 rd Term) Progress Report	18 - 19
■ Comparison of the Consolidated Statement of Earnings with the Previous Fiscal Year and Targets	10	■ Reference Materials	20 - 21
■ Trends in Consolidated Facility Investment and Depreciation Costs	11	Hair Cosmetic Shipping Statistics (Milbon Co., Ltd.) Hair Cosmetic Shipping Statistics	



**Fiscal Year 2012 (53rd term)
6 Months Ended June 20, 2012
Operating Results**

Masahiro Murai, Managing Director

Consolidated Operating Results

6 months ended June 20, 2012



(Unit: million yen)

	Amount (6 months cumulative)			Increase (decrease) against previous FY	Year-on-year comparison (%)	Achievement rate (%)
	Previous FY 2011	Target	Current FY 2012			
Sales	9,786	10,297	10,548	762	107.8	102.4
Gross Profit	6,558	6,837	7,212	654	110.0	105.5
Selling, general and administrative expenses	4,810	5,156	5,247	436	109.1	101.8
Operating income	1,747	1,681	1,965	217	112.4	116.9
Ordinary income	1,622	1,542	1,820	197	112.2	118.1
Net income	901	914	1,069	167	118.6	117.0

Breakdown of Consolidated Sales by Product Category

6 months ended June 20, 2012



Hair care products (1)

(Unit: million yen)

Previous FY 2011	Target	Current FY 2012	Increase (decrease) against previous FY	Year-on-year comparison	Achievement rate
4,983	5,173	5,300	317	106.4%	102.5%

- ‘Design-based techniques’, improving quality of hair design, was introduced through the new product “Deesse’s Elujuda”, which can provide hair with appropriate flexibility that leads to the ideal hair type. By combining the technique and seasonal approach of hair coloring products, sales of leave-in treatment was significantly increased.
- New products “Deesse’s Neu Due FreshLuxe” were introduced in April, limited seasonal shampoo and hair treatment line that responds to the anxiety of summer problems such as perspiration and exposure to UV rays. As a result, sales of shampoo & treatment product was steadily increased.

New product – “Deesse's Elujuda” **launched on February 1**

Design-based oil that leads to supple, easy-to-move softness on hair

Annual sales target	Sales results	Progress rate
900 million yen	605 million yen	67.3%

New product – “Nigelle Dressia Collection Spray Series” **launched on March 1**

Styling products that can creates softly-swinging hair with feather-like light texture

Annual sales target	Sales results	Progress rate
350 million yen	123 million yen	35.4%



<Deesse's Elujuda>



<Nigelle Dressia Collection Spray Series>

Breakdown of Consolidated Sales by Product Category

6 months ended June 20, 2012



Hair care products (2)

New product – “Deesse's Neu Due FreshLuxe” **launched on April 24**

Shampoo and hair treatment line with well-balanced smooth silky texture and cooling sensation

Annual sales target	Sales results	Progress rate
250 million yen	142 million yen	56.9%

(Unit: million yen)



<Deesse's Neu Due FreshLuxe>

Breakdown of Consolidated Sales by Product Category

6 months ended June 20, 2012



Hair coloring products

(Unit: million yen)

Previous FY 2011	Target	Current FY 2012	Increase (decrease) against previous FY	Year-on-year comparison	Achievement rate
3,755	4,147	4,266	510	113.6%	102.9%

- Pearl & Whity line, additional color line in the hair color brand “Ordeve”, launched in February, results in an elegant, smooth and shiny look on hair. Through the seasonal promotion that introduces new trend color-line in the different season, sales of permanent and semi-permanent coloring products increased. (year-on-year comparison 115.1%)
- Sales of “Ordeve Beaute”, specialized permanent coloring product for gray hair, launched in last year, was steadily increased. As a result, sales of permanent hair coloring products was increased. (year-on-year comparison 115.4%)

New product - Additional colors line for “Ordeve” (Pearl & Whity Line) **launched on February 1**

“Pearl Line”, hair coloring product line that results in elegant, smooth and shiny look on hair.

“Whity line” results in whitish, transparent shiny look on hair.

Annual sales target	Sales results	Progress rate
750 million yen	438 million yen	58.5%



Breakdown of Consolidated Sales by Product Category 6 months ended June 20, 2012



Permanent wave products

(Unit: million yen)

Previous FY 201	Target	Current FY 2012	Increase (decrease) against previous FY	Year-on-year comparison	Achievement rate
924	900	860	(64)	93.1%	95.6%

- New product “FAIRCHE”, ‘treatment system perm’ that responds to women’s needs, was launched in June. Attractive feature of permed hair is introduced through this product and that will trigger to unearth potential customers who will become passionate about continued use of this product.

New product – “FAIRCHE” launched on June 1

A ‘treatment system perm’ that delivers a soft sensation, is pleasant to the touch, with simple upkeep.

Annual sales target	Sales results	Progress rate
220 million yen	45 million yen	20.4%



Results and Targets

[Aujua salons]

	Fiscal year 2011	Fiscal year 2012 (Q2 end)
Product handling salon target	1,020 salons	1,200 salons (yearly target)
Number of contracted salons	828 salons	988 salons
Number of handling outlets	761 salons	925 salons

[Sales]

	Fiscal year 2011	Fiscal year 2012 (Q2 end)
Annual sales target	1,113 million yen	1,800 million yen
Cumulative sales target	-	758 million yen
Sales results	1,324 million yen	741 million yen
Achievement rate	119.0%	97.9%

Sales target was achieved through educational/sales activities to care damaged dry hair by exposure in UV rays and to respond hair style change for summer.

Brand concept

A hair care brand that nurtures the beauty of Japanese women's hair born from the climate, culture and hair characteristics of Japan

What is Aujua?

A hair care series that responds to every individual's hair concerns by creating & evolving a hair care program just for one individual. That is "Aujua."



Product composition

A wide-ranging line-up that fits the hair texture of each customer

- 3 series
 - Hair care series
 - Scalp care series
 - Climatic care series
- 10 lines
- 68 items

Consolidated Balance Sheet



(Unit: million yen)

Item	Previous consolidated fiscal year <2011.12.20>	Ratio (%)	Current consolidated 2Q-end <2012.6.20>	Ratio (%)	Increase (decrease)	Item	Previous consolidated fiscal year <2011.12.20>	Ratio (%)	Current consolidated 2Q-end <2012.6.20>	Ratio (%)	Increase (decrease)
Cash and bank deposits	5,079		5,483		403	Accounts payable-trade	419		519		99
Notes and accounts receivable-trade	3,031		2,876		(154)	Accounts payable-other	1,448		1,682		234
Inventories	2,221		2,314		92	Corporate taxes payable	1,016		764		(251)
Deferred tax assets	203		188		(14)	Reserve for returned goods	45		13		(32)
Others	91		151		59	Reserve for bonuses	68		67		(0)
Allowance for doubtful accounts	(11)		(37)		(26)	Others	329		310		(18)
Total current assets	10,616	47.0	10,976	47.2	359	Total current liabilities	3,328	14.7	3,358	14.5	30
Buildings and other structures	3,858		3,877		19	Allowance for retirement benefits for employees	11		31		19
Machinery, equipment and vehicles for transportation	924		953		28	Reserve for loss on guarantees	37		-		(37)
Land	4,763		4,763		-	Long-term accrued expenses payable	63		63		-
Construction in progress	12		20		7	Others	93		92		(0)
Others	194		201		7	Total fixed liabilities	205	0.9	187	0.8	(17)
Total tangible fixed assets	9,753	43.2	9,816	42.3	63	Total liabilities	3,533	15.6	3,545	15.3	12
Total intangible fixed assets	512	2.2	515	2.2	3	Capital stock	2,000		2,000		-
Investment in securities	1,017		996		(20)	Capital surplus	199		199		-
Long-term loan receivables	25		18		(6)	Retained earnings	17,257		17,858		600
Deferred tax assets	430		461		31	Treasury stock	(48)		(50)		(1)
Others	266		525		258	Total shareholders' equity	19,407	85.9	20,006	86.1	599
Allowance for doubtful accounts	(28)		(76)		(47)	Net unrealized gains/losses on available-for-sale securities	(206)		(219)		(13)
Total investments and other assets	1,710	7.6	1,926	8.3	215	Foreign currency translation adjustments	(141)		(98)		43
Total fixed assets	11,976	53.0	12,258	52.8	282	Total accumulative other comprehensive income	(348)	(1.5)	(318)	(1.4)	30
Total assets	22,592	100%	23,234	100%	641	Total net assets	19,059	84.4	19,688	84.7	629
						Total liabilities and net assets	22,592	100%	23,234	100%	641

■ Explanation of Fluctuations in the Consolidated Balance Sheet



Assets

Total assets were 23,234 million yen, an increase of 641 million yen in comparison to the end of previous fiscal year.

Current assets

Current assets increased by 359 million yen.

- Cash and bank deposits 403 million yen Cash increase from operating activities mainly by increase of operating income
- Notes and accounts receivable-trade -154 million yen Decreased due to seasonal variation in sales
- Inventories 92 million yen Due to the increase in inventories of new products.

Fixed assets

Fixed assets increased by 282 million yen.

Tangible and intangible fixed assets

- Building and other fixtures 19 million yen Increased due to construction of Kyoto Sales Office and expansion of the Central Research Institute decrease due to depreciation

Liabilities

Total liabilities increased by 12 million yen.

Current Liabilities

Current liabilities increased by 30 million yen.

- Accounts payable-trade 99 million yen Due to the increase of purchase
- Accounts payable-other 234 million yen Increased due mainly to bonus for the 1st half.
- Corporate taxes payable -251 million yen Decrease due to payments of corporate taxes.

Fixed Liabilities

No significant changes in fixed liabilities.

Net Assets

Net assets increased by 629 million yen.

- Retained earnings 600 million yen Due to increase of net income and decrease by payment of dividends.

Consolidated Statement of Earnings

6 months ended June 20, 2012



(Unit: million yen)

		6 months ended June 20, 2012 (January – June)									
		Results in fiscal year 2011	Ratio (%)	Target for fiscal year 2012	Ratio (%)	Results in fiscal year 2012	Ratio (%)	Year-on-year comparison (%)	Achievement rate (%)	Increase (decrease) against previous FY	Increase (decrease) against target
Product category totals	Hair care products	4,983	50.9	5,173	50.2	5,300	50.3	106.4	102.5	317	127
	Hair coloring products	3,755	38.4	4,147	40.3	4,266	40.4	113.6	102.9	510	118
	Permanent wave products	924	9.4	900	8.7	860	8.2	93.1	95.6	(64)	(39)
	Others	122	1.3	75	0.7	120	1.1	98.6	159.9	(1)	45
Net sales		9,786	100%	10,297	100%	10,548	100%	107.8	102.4	762	251
Cost of sales		3,228	33.0	3,460	33.6	3,336	31.6	103.3	96.4	107	(123)
Gross profit		6,558	67.0	6,837	66.4	7,212	68.4	110.0	105.5	654	375
Selling, general and administrative expenses	Labor costs	1,500	15.3	1,633	15.9	1,647	15.6	109.8	100.9	146	13
	Travel/transportation costs	249	2.6	289	2.8	289	2.7	115.9	99.9	39	(0)
	Sales/advertising/marketing costs*	1,030	10.5	1,132	11.0	1,240	11.8	120.4	109.5	210	108
	Depreciation and amortization expenses	224	2.3	221	2.2	215	2.0	95.7	97.1	(9)	(6)
	Others	1,804	18.4	1,878	18.2	1,854	17.6	102.8	98.7	49	(24)
	Total	4,810	49.2	5,156	50.1	5,247	49.7	109.1	101.8	436	91
Operating income		1,747	17.9	1,681	16.3	1,965	18.6	112.4	116.9	217	284
Non-operating	Income	43	0.4	35	0.3	38	0.4	87.0	108.9	(5)	3
	Expenses	168	1.7	174	1.7	182	1.7	108.2	105.1	13	8
Ordinary income		1,622	16.6	1,542	15.0	1,820	17.3	112.2	118.1	197	278
Extraordinary	Profits	2	0.0	-	-	-	-	-	-	(2)	-
	Losses	100	1.0	-	-	14	0.1	14.3	-	(86)	14
Income before income taxes and minority interests		1,525	15.6	1,542	15.0	1,806	17.1	118.4	117.1	280	264
Income taxes-Current		698	7.1	586	5.7	745	7.1	118.2	117.3	47	159
Income taxes-Deferred		(74)	(0.8)	41	0.4	(8)	(0.1)			65	(50)
Net income		901	9.2	914	8.9	1,069	10.1	118.6	117.0	167	155

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

■ Comparison of the Consolidated Statement of Earnings with the Previous Fiscal Year and Targets



Comparison with the previous fiscal year

- 1 Sales was 10,548 million yen, an increase of 762 million yen in comparison to the same period the previous year.

Comparisons by product category are as follows:

Hair care products	317 million yen
Hair coloring products	510 million yen
Permanent wave products	- 64 million yen
Others	- 1 million yen

- 2 Gross profit was 7,212 million yen, an increase of 654 million yen in comparison to the same period last year. Gross profit margin was 68.4%, a 1.4 points increase from the previous year.

The breakdown of the increases is as follows:

Decrease in reserve for sales returns	0.6 points
Raw material cost reduction effects	0.2 points
<u>Sales product mix</u>	<u>0.6 points</u>
Balance	1.4 points

- 3 Selling, general and administrative expenses were 5,247 million yen, an increase of 436 million yen in comparison to the same period last year.

The main factors in the increase were as follows.

Labor costs	146 million yen	Increased due to change of personnel system.
Selling/advertising/marketing expenses	210 million yen	Due to the increase of promotional expense for new products.

- 4 Operating income was 1,965 million yen, an increase of 217 million yen in comparison with the same period previous year.

Comparison with targets

- 1 Sales was 10,548 million yen, 251 million yen higher than the target. Comparisons by product category are as follows:

Hair care products	127 million yen
Hair coloring products	118 million yen
Permanent wave products	-39 million yen
Others	45 million yen

- 2 Gross profit was 7,212 million yen, 375 million yen higher than the target. The gross profit margin was 68.4%, 2.0 points higher than the target.

The breakdown of the increase is as follows:

Decrease in reserve for sales returns	0.4 points
Raw material cost reduction effects	0.2 points
Decrease in manufacturing costs due to production improvement activities	0.3 points
Cut-off issue on manufacturing expenses	0.5 points
Sales product mix	0.5 points
<u>Others</u>	<u>0.1 points</u>
Balance	2.0 points

- 3 Selling, general and administrative expenses were 5,247 million yen, 91 million yen higher than the target. It has been stayed within the budget.

The main factors in the increase were as follows.

Selling/advertising/marketing expenses	108 million yen	Due to the increase of promotional expense for new products.
--	-----------------	--

- 4 Operating income was 1,965 million yen, 284 million yen higher than the target. Main factor of this profit was the improvement of cost-to-sales ratio.

■ Trends in Consolidated Facility Investment and Depreciation Costs



(Unit: million yen)

Category	2008	2009	2010	2011	2012 Jan. ~ Jun.	Plan for FY 2012
Buildings	143	188	921	12	181	210
Structures	-	16	36	3	0	0
Machinery and equipment	507	214	160	176	166	294
Automobiles and transportation equipment	3	6	1	2	-	2
Tools, equipment, furniture and fixtures	225	176	195	117	71	164
Land	414	-	-	-	-	100
Construction in progress	(7)	686	(637)	8	7	527
Software	96	154	260	207	86	190
Software development in progress	-	-	2	(2)	-	-
Others	-	1	0	2	0	-
Total investments	1,383	1,444	940	528	516	1,490
Depreciation and amortization expenses	1,021	1,116	1,010	1,011	453	994

Milbon Co., Ltd. Non-Consolidated Trends in the Proportions of New Products and R&D Costs in Total Sales



(Unit: million yen)

	Hair care	Hair coloring	Permanent wave	Others	Total	New product ratio	R&D costs	R&D cost - to-sales ratio	Comments
2008	1,897	996	678	—	3,572	18.4%	667	3.6%	Deesse's Linkage HY Liscio Knoteur Liseinter Inphenom Prejume Drop/Prejume Milk 2 color support products
2009	2,323	507	270	—	3,100	15.4%	766	4.0%	Deesse's Neu/Aujua Liscio Knoteur Farglan/Prejume Luvento Prejume CMC Wave Inphenom Daily Care Color remover/Ajit Control
2010	1,664	178	504	16	2,364	11.5%	838	4.3%	Qufra/Melenate Deesse's Aprou Liscio Glanfe Aujua Lifume Additional colors for Ordeve
2011	3,494	1,890	2	—	5,388	25.1%	870	4.3%	Deesse's Neu due Deesse's Linkage-μ (mu) Additional colors for Ordeve Fierli/Dressia Ordeve Beaute (grey) Deesse's Lusse Aujua Aging Spa
2012 Jan.~Jun.	906	438	45	—	1,389	12.7%	456	4.4%	Deesse's Elujuda Additional colors for Ordeve Nigelle Dressia Collection (Spray, Foam) Deesse's Nue Due Fresh Luxe
2012 Target	1,840	950	220	—	3,010	13.5%	897	4.3%	Fairche Luvento Up Style Collection Aujua – 3 items

Milbon Co., Ltd. Non-Consolidated Trends in Market Related Data, Milbon Salons and Field Persons

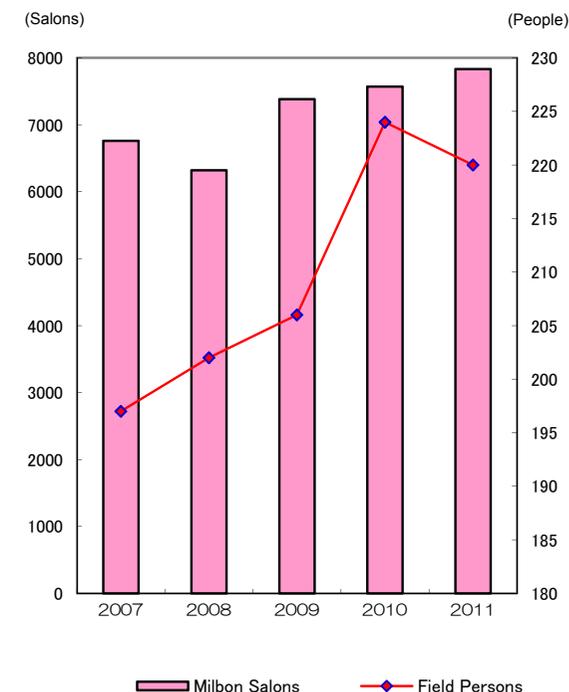


	2007	2008	2009	2010	2011	2012	Comments
Number of beauty salons (salons)	219,573	221,394	223,645	223,286	-	-	Ministry of Health, Labor and Welfare Public Health Administration Report Number of beauty salon facilities/number of employees (year-end)
Number of hair designers and assistants (people)	435,275	443,944	453,371	457,116	-	-	
Beauty customer population (thousands of people)	40,519	40,119	39,720	39,812	39,640	-	Statistics Bureau, Ministry of Internal Affairs and Communications; population statistics as of October 1 each year Population statistics for females aged 15 to 64

Milbon salon trends

(Unit: salons)

	2007	2008	2009	2010	2011	2012 As of May. 20
Tokyo Branch	2,404	2,210	2,657	2,784	2,872	2,764
Nagoya Branch	1,505	1,368	1,558	1,643	1,682	1,638
Osaka Branch	2,416	2,312	2,616	2,464	2,682	2,631
Fukuoka Branch	435	431	552	680	596	622
Total	6,760	6,321	7,383	7,571	7,832	7,655



Trend in field persons * The term "field person" means sales people who support the growth of beauty salons.

	2007	2008	2009	2010	2011	2012
Field persons (people)	197	202	206	224	220	24 people joined as trainee
Sales per person (thousands of yen)	89,475	90,705	91,971	92,022	97,437	

Milbon Co., Ltd. Non-consolidated Statement of Earnings

6 months ended June 20, 2012



(Unit: million yen)

		6 months ended June 20, 2012 (January ~ June)									
		Results in fiscal year 2011	Ratio (%)	Target for fiscal year 2012	Ratio (%)	Results in fiscal year 2012	Ratio (%)	Year-to-year Comparison (%)	Achievement rate (%)	Increase (decrease) against previous FY	Increase (decrease) against target
Product category totals	Hair care products	4,952	51.0	5,079	50.3	5,202	50.4	105.0	102.4	249	123
	Hair coloring products	3,730	38.4	4,073	40.3	4,172	40.4	111.8	102.4	441	98
	Permanent wave products	907	9.3	871	8.6	827	8.0	91.1	94.9	(80)	(44)
	Others	123	1.3	74	0.7	122	1.2	98.6	163.9	(1)	47
Net sales		9,714	100%	10,099	100%	10,324	100%	106.3	102.2	609	225
Cost of sales		3,314	34.1	3,474	34.4	3,341	32.4	100.8	96.2	26	(133)
Gross profit		6,400	65.9	6,624	65.6	6,983	67.6	109.1	105.4	583	358
Selling, general and administrative expenses	Labor costs	1,405	14.5	1,524	15.1	1,531	14.8	109.0	100.5	125	7
	Travel/transportation costs	238	2.5	272	2.7	273	2.6	114.5	100.4	34	1
	Sales/advertising/marketing costs*	1,013	10.4	1,104	10.9	1,201	11.6	118.5	108.8	187	97
	Depreciation and amortization expense	217	2.2	214	2.1	208	2.0	95.6	96.9	(9)	(6)
	Others	1,716	17.7	1,789	17.7	1,769	17.1	103.1	98.9	52	(20)
Total		4,591	47.3	4,904	48.6	4,983	48.3	108.5	101.6	391	79
Operating income		1,808	18.6	1,720	17.0	2,000	19.4	110.6	116.2	191	279
Non-operating	Income	43	0.4	34	0.3	37	0.4	86.5	107.9	(5)	2
	Expenses	169	1.7	173	1.7	181	1.8	107.2	104.6	12	8
Ordinary income		1,682	17.3	1,582	15.7	1,856	18.0	110.3	117.3	173	274
Extraordinary	Profits	2	0.0	-	-	-	-	-	-	(2)	-
	Losses	100	1.0	-	-	14	0.1	14.3	-	(86)	14
Income before income tax		1,584	16.3	1,582	15.7	1,841	17.8	116.2	116.4	256	259
Income taxes-current		697	7.2	586	5.8	745	7.2	116.3	117.9	47	159
Income taxes-deferred		(61)	(0.6)	41	0.4	(5)	(0.1)			56	(47)
Net income		948	9.8	954	9.4	1,101	10.7	116.1	115.4	153	147

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

Subsidiaries (6 months cumulative)



United States: MILBON USA, INC.

	Unit	Amount (6 months cumulative)			Increase (decrease) against previous FY	Year-on-year comparison (%)	Achievement rate (%)
		Previous FY 2011	Target	Current FY 2012			
Sales	Thousand dollars	1,966	2,128	2,162	196	110.0	101.6
	Million yen	162	159	169	7	104.5	106.2

- Activities were focused on introduction of in-salon treatment service on a salon menu and the shampoo & hair treatment series for home use to maintain the texture gained at salon. As a result, sales of in-salon treatment “Deesse’s Linkage-μ (mu)”, “Inphenom” and shampoo and hair treatment series “Deesse’s Neu Due” were steadily increased, that led to the increased revenue of the entire hair care products.
- In the permanent wave product category, sales activities for leading product of the straightening perm “Liscio Crystal” were focused, and as a result, sales impact from the discontinued product “Liscio Cream” could be made up.

	Unit	Previous FY 2011	Current FY 2012	Year-on-year comparison (%)	Number of salons
Hair care products	Thousand dollars	1,375	1,574	114.5	1,067
	Million yen	113	123	108.8	
Hair coloring products	Thousand dollars	133	124	93.3	199
	Million yen	11	9	88.6	
Permanent wave products	Thousand dollars	434	439	101.3	797
	Million yen	35	34	96.2	

Established: March 2004
 * In operation since July 2004

Number of employees:
 13 people
 (including FP): 9 people

Number of Milbon salon:
 2011/4Q 1,251 salons
 2012/2Q 1,315 salons

Subsidiaries (6 months cumulative)



South Korea: Milbon Korea Co., Ltd.

	Unit	Amount (6 months cumulative)			Increase (decrease) against previous FY	Year-on-year comparison (%)	Achievement rate (%)
		Previous FY 2011	Target	Current FY 2012			
Sales	Million won	2,066	3,001	3,017	950	146.0	100.5
	Million yen	149	195	206	56	138.1	105.8

- Sales of permanent and semi-permanent hair color brand “Ordevé” and its specialized product for gray-hair “Ordevé Beaute” increased significantly after well-received educational activities.
- “Deesse’s Neu Due”, shampoo & hair treatment series to maintain the beauty on colored hair, was launched in March. Number of salons that deal with this products has been steadily increasing, mainly the salons already dealt with permanent and semi-permanent hair coloring products.
- Continuing education and various types of seminars offered to priority salons (target salons) helped Milbon Korea establish its images as high quality, high value, total hair products company. As the company increased its name recognition in the South Korean market, it also acquired trust from increasing number of local hair designers. Business inquiries from large, high-end salon have been increased who wanted to switch from other manufacturers.

	Unit	Previous FY 2011	Current FY 2012	Year-on-year comparison (%)
Hair care products	Million won	557	775	139.0
	Million yen	40	53	131.4
Hair coloring products	Million won	1,390	2,047	147.2
	Million yen	100	140	139.2
Permanent wave products	Million won	109	185	169.0
	Million yen	7	12	159.8

Established: July 2009
In operation since December 2009

Number of employees:
15 people
(including FP): 12 people

Number of Milbon salon:
2011/4Q: 2,017 salons
2012/2Q: 2,523 salons

Subsidiaries (6 months cumulative)



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

	Unit	Amount (6 months cumulative)			Increase (decrease) against previous FY	Year-on-year comparison (%)	Achievement rate (%)
		Previous FY 2011	Target	Current FY 2012			
Sales	Thousands of yuan	4,466	5,798	7,167	2,700	160.5	123.6
	Million yen	55	69	88	33	160.2	127.9

- Activities were focused in the metropolitan area with high per capita GDP in east China (Shanghai City, Jiangsu Province and Zhejiang Province) and South China (Guangdong Province and Fujian Province). By providing education in business management, staff awareness and technical improvements to top salons with wealthy clients, the company differentiated itself from competitors.
- Business has begun to expand to North China (Beijing City). New Beijing branch is planned to be established in July 2012.
- Japanese hair styles are popular among fashionable Chinese women. Chinese top salons that lead fashion trends highly appreciate Japanese hair styling techniques and products.

	Unit	Previous FY 2011	Current FY 2012	Year-on-year comparison (%)	Number of salons
Hair care products	Thousands of yuan	1,865	3,236	173.5	266
	Million yen	23	40	173.3	
Hair coloring products	Thousands of yuan	2,255	3,356	148.8	325
	Million yen	28	41	148.6	
Permanent wave products	Thousands of yuan	346	573	165.6	278
	Million yen	4	7	165.4	

Established: November 2007
In operation since February 2009

Number of employees:
16 people
(including FP): 12 people

Number of Milbon salon:
2011/4Q : 378 salons
2012/2Q : 438 salons

Fiscal Year 2012 (53rd Term) Progress Report

Ryuji Sato, President & CEO

■ Fiscal Year 2012 (53rd term) Progress Report <1>

■ Domestic Market

1. Market Environment

2. Market Circumstances

3. Newly-established “Kyoto Sales Office”

4. Business of Organic Brand “Villa Lodora”

■ Fiscal Year 2012 (53rd term) Progress Report <2>

■ Overseas Market

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

■ Approach to Globalization

1. Newly-established overseas subsidiary in Thailand (MILBON THAILAND CO., LTD.)
2. System for Global Market Development

■ Reference Materials

1. Hair Cosmetic Shipping Statistics (Milbon Co., Ltd.)
2. Hair Cosmetic Shipping Statistics

Reference Materials Hair Cosmetic Shipping Statistics (Milbon Co., Ltd)

(Unit: million yen)

	Fiscal year 2011 (January - June)	Fiscal year 2012 (January - June)	Year-on-year comparison (%)	Comments
Shampoos	904	888	98.2	Deesse's Neu due Fierli
Rinses	135	125	92.7	Inphenom
Hair tonics	124	106	85.6	Deesse's Lifa
Treatments	2,784	2,440	87.6	Deesse's Neu due Deesse's Linkage-μ (mu)
Hair creams	3	4	113.9	
Hair conditioners	837	1,437	171.6	Deesse's Elujuda Nigelle Dressia Collection
Hair sprays	458	513	111.9	Nigelle Dressia Collection
Hair coloring products	3,954	4,425	111.9	Ordeve Farglan
Permanent wave products	961	876	91.2	Liscio Knoteur/Glanfe Prejume, Fairche
Others	130	128	98.6	Iron, schedule note
Sales rebates	(579)	(621)	107.3	
Total	9,714	10,324	106.3	

Reference Materials Hair Cosmetic Shipping Statistics



(Unit: million yen)

		January	February	March	April	May	June	July	August	September	October	November	December	Jan. – Apr.	Year-on-year comparison (%)
Shampoos	2011	6,153	8,545	8,097	8,620	8,973	10,055	10,353	9,274	8,989	9,693	9,443	11,352	31,415	100.4%
	2012	6,107	8,054	8,819	8,546									31,526	
	Difference	(46)	(491)	722	(74)									111	
Rinses	2011	1,853	2,239	2,181	2,302	2,486	2,678	2,634	2,230	2,487	2,153	2,500	3,235	8,575	104.7%
	2012	1,825	2,275	2,389	2,492									8,981	
	Difference	(28)	36	208	190									406	
Hair tonics	2011	1,095	1,296	1,248	1,270	1,311	1,742	1,588	1,637	1,441	1,461	1,623	1,952	4,909	128.5%
	2012	1,388	1,581	1,640	1,697									6,306	
	Difference	293	285	392	427									1,397	
Treatments	2011	4,601	6,833	6,098	6,589	6,005	6,555	7,270	7,115	6,980	7,345	7,370	8,141	24,121	96.8%
	2012	4,703	6,351	6,348	5,947									23,349	
	Difference	102	(482)	250	(642)									(772)	
Pomade, cheek, hair cream, perfume oils	2011	1,042	1,160	1,240	1,293	1,170	1,258	1,207	1,420	1,377	1,261	1,308	1,407	4,735	97.8%
	2012	911	1,267	1,209	1,245									4,632	
	Difference	(131)	107	(31)	(48)									(103)	
Liquid/foam hair conditioners	2011	874	1,192	1,299	1,300	1,026	1,336	1,102	1,110	1,278	1,208	1,157	1,357	4,665	91.1%
	2012	770	1,098	1,203	1,177									4,248	
	Difference	(104)	(94)	(96)	(123)									(417)	
Styling lotions	2011	696	767	639	686	616	810	840	596	761	696	661	777	2,788	114.4%
	2012	587	842	873	888									3,190	
	Difference	(109)	75	234	202									402	
Hair sprays	2011	1,282	1,532	2,072	1,653	1,656	1,987	1,958	1,762	2,006	1,627	2,008	2,172	6,539	102.1%
	2012	1,208	1,686	2,081	1,701									6,676	
	Difference	(74)	154	9	48									137	
Hair coloring products	2011	5,940	7,538	9,079	8,412	7,345	7,643	7,844	7,684	9,263	7,672	8,037	9,512	30,969	101.0%
	2012	5,983	7,611	9,184	8,505									31,283	
	Difference	43	73	105	93									314	
Other hair cosmetics	2011	917	874	1,052	1,023	1,176	1,531	1,295	1,096	1,221	1,068	1,177	1,297	3,866	106.1%
	2012	868	871	1,137	1,226									4,102	
	Difference	(49)	(3)	85	203									236	
Total hair cosmetic products	2011	24,454	31,976	33,005	33,148	31,764	35,595	36,091	33,924	35,805	34,184	35,285	41,203	122,583	101.4%
	2012	24,348	31,635	34,883	33,424									124,290	
	Difference	(106)	(341)	1,878	276									1,707	

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.

