



## Consolidated Financial Results for the Six Months Ended June 20, 2012

### [Japanese GAAP]

June 27, 2012

Tokyo Stock Exchange, First Section

Name of registrant: Milbon Co., Ltd.

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Scheduled filing date for quarterly report: July 27, 2012

Scheduled date for commencement of dividend payments: August 10, 2012

Preparation of supplementary materials on the quarterly results: Yes

Holding of an explanatory meeting on the quarterly results: Yes (for institutional investors and analysts)

(Amounts of less than one million yen have been omitted)

#### 1. Consolidated financial results for the six months ended June 20, 2012 (December 21, 2011 - June 20, 2012)

(1) Consolidated operating results (Percentages show year on year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended June 20, 2012	10,548	7.8	1,965	12.4	1,820	12.2	1,069	18.6
Six months ended June 20, 2011	9,786	3.8	1,747	1.3	1,622	0.2	901	(3.9)

(Note) Comprehensive income Six months ended June 20, 2012: 1,099 million yen [23.9%]

Six months ended June 20, 2011: 887million yen [—%]

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Six months ended June 20, 2012	77.59	-	-	-
Six months ended June 20, 2011	65.43	-	-	-

#### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen	Million yen	Million yen	Million yen	%	%
As of June 20, 2012	23,234	19,688	19,688	19,059	84.7	84.4
As of December 20, 2011	22,592	19,059	19,059	19,059	84.4	84.4

(Reference) Equity As of June 20, 2012: 19,688 million yen

As of December 20, 2011: 19,059 million yen

#### 2. Payment of dividends

	Annual dividend				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of fiscal year	Total
Year ended December 20, 2011	-	30.00	-	34.00	64.00
Year ending December 20, 2012	-	32.00	-	-	-
Year ending December 20, 2012 (forecast)	-	-	-	32.00	64.00

Note: Changes to latest dividends forecast: None

#### 3. Consolidated operating forecasts for the year ending December 20, 2012 (December 21, 2011 - December 20, 2012)

(Percentages show year on year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
Year ending December 20, 2012	21,470	4.6	3,880	2.3	3,610	1.8	2,050	(11.1)	148.74	148.74

Note: Changes to latest operating forecasts: None

\*Notes

(1) Significant changes in subsidiaries during the period

(changes in specific subsidiaries accompanied by changes in the scope of consolidation) : Yes

New: 1 company (Company name: MILBON (THAILAND) CO., LTD.)

Exclude: 0 companies (Company name: )

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatements

- 1) Changes in accounting policies due to amendment to the accounting standards, etc. : Yes
- 2) Changes in accounting policies other than those in 1) above : None
- 3) Changes in accounting estimates : None
- 4) Retrospective restatements : None

(4) Number of shares issued (common stock)

1) Number of shares outstanding at the end of the period (including treasury stock)

Six months ended June 20, 2012	13,798,848 shares	Year ended March 20, 2011	13,798,848 shares
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2) Number of treasury stock at the end of the period

Six months ended June 20, 2012	18,434 shares	Year ended March 20, 2011	17,728 shares
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3) Average number of shares during the period (cumulative)

Six months ended June 20, 2012	13,780,783 shares	Six months ended June 20, 2011	13,782,660 shares
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\*Status of execution of quarterly review of financial statements

As these consolidated financial statements are not subject to the review of the quarterly financial statements pursuant to the Financial Instruments and Exchange Act, procedures for said review were not completed at the time of disclosure of this report.

\*Explanation on the appropriate use of operating forecasts and other special instructions

Operating forecasts and other statements regarding the future presented in these materials are based on information currently available and certain assumptions deemed to be reasonable, and actual performance may differ substantially due to various factors.

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## 1. Qualitative information on consolidated financial results for the current period

## (1) Qualitative information on consolidated operating results

During the six month period ended June 20, 2012, the nation's economy continued to be mired in uncertainty due to the renewed European debt crisis and the effects of the prolonged appreciation of the yen. The climate in the beauty industry also remained harsh.

Under such circumstances, the Milbon Group promoted initiatives in order for salons to realize sustainable growth as well as increased revenues and profits, under the theme of "Nurturing 'personal production capabilities' that meet diverse value and supporting 'an increase in yearly usage amounts per customer'"

Consolidated net sales during the six month period ended June 20, 2012 increased by 7.8% compared to the same period of the previous consolidated fiscal year to 10,548 million yen. This was primarily due to expanded sales of permanent and semi-permanent hair coloring products; "Ordeve Beaute," product line specialized for gray hair and "Pearl and Whity Line," additional color lines for hair coloring brand "Ordeve." The strong sales of DEESSE'S Elujuda, leave-in treatment which was launched in February also contributed to the sales increase. Favorable sales growth of the overseas subsidiaries results from the proactive educational activities conducted in the salons was another factor of the increase.

Operating income stood at 1,965 million yen (an increase of 12.4% compared to the same period of the previous consolidated fiscal year), which was primarily due to the effects of increased revenues and the improvements in the cost-to-sales ratio. As a result, ordinary income also increased by 12.2% compared to the same period of the previous consolidated fiscal year to 1,820 million yen. And net income increased to 1,069 million yen (an 18.6% increase compared to the same period of the previous consolidated fiscal year).

Breakdown of net sales by product category is shown below:

[Breakdown of consolidated net sales by product category]

Product Category	Previous Consolidated Second Quarter		Current Consolidated Second Quarter		Increase (Decrease)
	Amount (Million yen)	Ratio (%)	Amount (Million yen)	Ratio (%)	Amount (Million yen)
Hair care products	4,983	50.9	5,300	50.3	317
Hair coloring products	3,755	38.4	4,266	40.4	510
Permanent wave products	924	9.4	860	8.2	(64)
Others	122	1.3	120	1.1	(1)
Total	9,786	100.0	10,548	100.0	762

## (2) Qualitative information on consolidated financial conditions

## 1) Assets, liabilities and net assets

Total assets at the end of the six month period ended June 20, 2012 increased by 641 million yen compared to the end of the previous consolidated fiscal year to 23,234 million yen.

Current assets increased by 359 million yen compared to the end of the previous consolidated fiscal year to 10,976 million yen. This was due mainly to the increases in cash and bank deposits and in merchandise and finished goods by 403 million yen and 95 million yen, respectively; as well as the decrease in notes and accounts receivable-trade by 154 million yen.

Fixed assets increased by 282 million yen compared to the end of the previous consolidated fiscal year to 12,258 million yen. There were no material changes in current and fixed liabilities from the end of the previous consolidated fiscal year.

Net assets increased by 629 million yen compared to the end of the previous consolidated fiscal year to 19,688 million yen. This was due mainly to the increase of 600 million yen in retained earnings.

As a result, the company's equity ratio changed from 84.4% at the end of the previous consolidated fiscal year to 84.7%. Net assets per share based on total outstanding shares as of the end of the accounting period increased from 1,383.02 yen per share at the end of the previous consolidated fiscal year to 1,428.75 yen per share.

## 2) Cash flows

## (Cash flows from operating activities)

Net cash provided by operating activities during the six month period ended June 20, 2012 decreased by 200 million yen compared to the same period of the previous consolidated fiscal year to 1,585 million yen. This was mainly the result of the increases of 280 million and 378 million yen compared to the same period of the previous consolidated fiscal year in quarterly

net income before income taxes and minority interests and the payment of corporate and other taxes, respectively.

(Cash flows from investing activities)

Net cash used investing activities during the six month period ended June 20, 2012 decreased by 485 million yen compared to the same period of the previous consolidated fiscal year to 735 million yen. This was mainly the result of the increase of 235 million compared to the same period of the previous consolidated fiscal year in expenditures on the acquisition of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities during the six month period ended June 20, 2012 decreased by 47 million yen compared to the same period of the previous consolidated fiscal year to 469 million yen. This was mainly the result of the increase of 55 million compared to the same period of the previous consolidated fiscal year in dividend payments for shareholders.

As a result, cash and cash equivalents at the end of the six month period ended June 20, 2012 increased by 402 million yen compared to the end of the previous consolidated fiscal year to 5,478 million yen.

(3) Qualitative information on consolidated operating forecasts

In terms of the full-year forecast there are no changes to the previous consolidated operating forecasts, which were announced on January 18, 2012.

## 2. Summary information (Others)

(1) Significant changes in subsidiaries during the period

Starting from the second quarter ended June 20, 2012 the newly-established MILBON (THAILAND) CO., LTD. has been included in the scope of consolidation.

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements

No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatements

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)

Starting from the second quarter ended June 20, 2012 the Company, in conjunction with revision of the Corporate Tax Law, has applied the depreciation method pursuant to the revised Corporate Tax Law to property, plant and equipment acquired on and after April 1, 2012.

The effects of this change on the profit and loss of the six month period ended June 20, 2012 are minimal.

(4) Additional information

In terms of changes in accounting policies and corrections of errors contained in reports from prior periods that are conducted after the beginning of the three month period ended March 20, 2012 the Company has applied the "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan ("ASBJ") Statement No. 24, December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009).

## 3. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	Previous Consolidated Fiscal Year (As of December 20, 2011)	Current Consolidated Second Quarter (As of June 20, 2012)
<b>Assets</b>		
Current assets		
Cash and bank deposits	5,079,642	5,483,201
Notes and accounts receivable – trade	3,031,626	2,876,690
Merchandise and finished goods	1,678,930	1,773,937
Work in process	16,428	21,452
Raw materials and supplies	526,193	518,856
Others	295,403	339,981
Allowance for doubtful accounts	(11,616)	(37,964)
Total current assets	10,616,608	10,976,155
Fixed assets		
Property, plant and equipment		
Buildings and other structures, net	3,858,485	3,877,882
Machinery, equipment and vehicles for transportation, net	924,432	953,155
Land	4,763,766	4,763,766
Construction in progress	12,244	20,119
Others, net	194,473	201,988
Total property, plant and equipment	9,753,401	9,816,912
Intangible fixed assets	512,138	515,487
Investments and other assets		
Investment in securities	1,017,033	996,700
Others	722,278	1,005,755
Allowance for doubtful accounts	(28,772)	(76,408)
Total investments and other assets	1,710,540	1,926,046
Total fixed assets	11,976,079	12,258,447
Total assets	22,592,688	23,234,602

(Thousand yen)

	Previous Consolidated Fiscal Year (As of December 20, 2011)	Current Consolidated Second Quarter (As of June 20, 2012)
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	419,740	519,260
Accounts payable – other	1,448,203	1,682,526
Income taxes payable	1,016,927	764,965
Reserve for returned goods	45,735	13,149
Reserve for bonuses	68,354	67,982
Others	329,065	310,878
Total current liabilities	3,328,026	3,358,762
Fixed liabilities		
Reserve for retirement benefits	11,612	31,189
Reserve for loss on guarantees	37,200	-
Others	156,276	155,949
Total fixed liabilities	205,088	187,138
Total liabilities	3,533,115	3,545,901
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	199,120	199,120
Retained earnings	17,257,339	17,858,027
Treasury stock	(48,652)	(50,299)
Total shareholders' equity	19,407,806	20,006,847
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(206,624)	(219,739)
Foreign currency translation adjustments	(141,609)	(98,406)
Total accumulated other comprehensive income	(348,233)	(318,145)
Total net assets	19,059,573	19,688,701
Total liabilities and net assets	22,592,688	23,234,602

(2) Quarterly Consolidated Statements of Earnings and Consolidated Statements of Comprehensive Income  
 Quarterly Consolidated Statements of Earnings  
 Quarterly Consolidated Six Month Periods Ended June 20, 2011 and 2012

(Thousand yen)

	Six Months Ended June 20, 2011 (December 21, 2010 - June 20, 2011)	Six Months Ended June 20, 2012 (December 21, 2011 - June 20, 2012)
Net sales	9,786,678	10,548,825
Cost of sales	3,228,589	3,336,514
Gross profit	6,558,088	7,212,311
Selling, general and administrative expenses	4,810,254	5,247,155
Operating income	1,747,834	1,965,155
Non-operating income		
Interest income	519	627
Dividends income	4,629	5,044
Rent from company housing	25,286	28,797
Gain on cancellation of insurance	7,813	-
Others	5,593	3,662
Total non-operating income	43,842	38,131
Non-operating expenses		
Sales discount	165,795	180,585
Others	3,088	2,204
Total non-operating expenses	168,883	182,790
Ordinary income	1,622,793	1,820,496
Extraordinary profit		
Gain on sale of investment securities	1,555	-
Reversal of allowance for doubtful accounts	179	-
Reversal of reserve for loss on guarantees	1,200	-
Total extraordinary profits	2,935	-
Extraordinary loss		
Loss on retirement of fixed assets	4,972	1,705
Loss on valuation of investments in securities	67,090	-
Provision of allowance for doubtful accounts	-	12,647
Effects of application of accounting standard for asset retirement obligations	28,320	-
Total extraordinary losses	100,383	14,352
Income before income taxes and minority interests	1,525,345	1,806,143
Income taxes – current	698,332	745,853
Income taxes – deferred	(74,836)	(8,970)
Total income taxes	623,496	736,883
Income before minority interests	901,849	1,069,260
Net income	901,849	1,069,260

## Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Six Month Periods Ended June 20, 2011 and 2012

(Thousand yen)

	Six Months Ended June 20, 2011 (December 21, 2010 - June 20, 2011)	Six Months Ended June 20, 2012 (December 21, 2011 - June 20, 2012)
Income before minority interests	901,849	1,069,260
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(20,279)	(13,115)
Foreign currency translation adjustments	5,777	43,202
Total other comprehensive income	(14,501)	30,087
Comprehensive income	887,347	1,099,348
Comprehensive income attributable to:		
Owners of the parent	887,347	1,099,348
Minority interests	-	-

## (3) Quarterly Consolidated Statement of Cash Flows

(Thousand yen)

	Six Months Ended June 20, 2011 (December 21, 2010 - June 20, 2011)	Six Months Ended June 20, 2012 (December 21, 2011 - June 20, 2012)
Cash flows from operating activities		
Quarterly net income before income taxes and minority interests	1,525,345	1,806,143
Depreciation and amortization	483,740	455,186
Increase (decrease) in allowance for doubtful accounts	(179)	72,838
Increase (decrease) in reserve for bonuses	(42)	(487)
Increase (decrease) in reserve for returned goods	28,716	(32,586)
Increase (decrease) in reserve for loss on guarantees	(1,200)	(37,200)
Increase (decrease) in reserve for retirement benefits	4,180	19,179
Decrease (increase) in the prepaid pension cost	10,461	-
Interest and dividends income	(5,149)	(5,671)
Foreign exchange loss (gain)	(1,937)	(5,105)
Loss (gain) on sale of investment in securities	(1,555)	-
Loss (gain) on valuation of investment in securities	67,090	-
Loss on sale/disposition of fixed assets	4,972	1,705
Loss on adjustment for changes of accounting standard for asset retirement obligations	28,320	-
Decrease (increase) in accounts receivable – trade	39,902	157,056
Decrease (increase) in inventories	(158,109)	(72,435)
Increase (decrease) in accounts payable – trade	118,793	91,371
Others	284,851	126,189
Subtotal	2,428,202	2,576,184
Interest and dividends income received	5,288	5,708
Payment of retirement benefits for directors	(29,596)	-
Payment of corporate and other taxes	(618,497)	(996,851)
Cash flows from operating activities	1,785,397	1,585,041
Cash flows from investing activities		
Proceeds from sale of investment in securities	9,208	-
Payment for purchase of property, plant and equipment	(185,532)	(420,773)
Payment for purchase of intangible fixed assets	(90,427)	(103,582)
Payment for loan receivable	(3,650)	(1,690)
Collection of loan receivable	9,378	7,160
Payment due to deposit of fixed term deposits	-	(615)
Payment for guarantee money	(14,479)	(15,417)
Collection of guarantee money	18,469	2,648
Payment into insurance reserve fund	(1,319)	(200,788)
Proceeds from insurance reserve fund	12,081	-
Others	(3,501)	(2,290)
Cash flows from investing activities	(249,773)	(735,349)
Cash flows from financing activities		
Net decrease (increase) in treasury stocks	(9,752)	(1,661)
Cash dividend paid	(412,488)	(467,748)
Cash flows from financing activities	(422,240)	(469,410)
Effect of exchange rate changes on cash and cash equivalents	5,154	22,253
Increase (decrease) in cash and cash equivalents	1,118,538	402,535
Cash and cash equivalents at the beginning of period	2,670,550	5,076,356
Cash and cash equivalents at the end of period	3,789,089	5,478,891

(4) Notes regarding going concern assumption

None

(5) Segment information

The Company omits information on business segments, as it is engaged in the production and distribution of hair-care products and related merchandise, all of which are deemed to belong to a single business segment.

(6) Notes in case of any significant changes in shareholders' equity

None