



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 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 | Yen - | Yen 30.00 | Yen - | Yen 34.00 | Yen 64.00 |
| Year ending December 20, 2012 | Yen - | Yen 32.00 | | | |
| Year ending December 20, 2012 (forecast) | | | Yen - | Yen 32.00 | Yen 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 |
|--------------------------------|-------------------|---------------------------|-------------------|

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 |
|--------------------------------|---------------|---------------------------|---------------|

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 |
|--------------------------------|-------------------|--------------------------------|-------------------|

*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) |
|---|--|--|
| Assets | | |
| 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) |
|--|--|--|
| Liabilities | | |
| 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 |
| Net assets | | |
| 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