



Consolidated Financial Results for the Nine Months Ended September 20, 2012

[Japanese GAAP]

September 28, 2012

Tokyo Stock Exchange, First Section

Name of registrant: Milbon Co., Ltd.
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 Scheduled filing date for quarterly report: October 26, 2012
 Scheduled date for commencement of dividend payments: -
 Preparation of supplementary materials on the quarterly results: Yes
 Holding of an explanatory meeting on the quarterly results: No

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

1. Consolidated financial results for the nine months ended September 20, 2012 (December 21, 2011- September 20, 2012)

(1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended September 20, 2012	16,099	8.0	3,119	13.5	2,915	13.8	1,741	18.5
Nine months ended September 20, 2011	14,900	3.9	2,749	(0.8)	2,561	(1.5)	1,469	(3.5)

(Note) Comprehensive income Nine months ended September 20, 2012: 1,757 million yen [21.2%] Nine months ended September 20, 2011: 1,450 million yen [-%]

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended September 20, 2012	126.37	-
Nine months ended September 20, 2011	106.65	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 20, 2012	22,862	19,905	87.1
As of December 20, 2011	22,592	19,059	84.4

(Reference) Equity As of September 20, 2012: 19,905 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	Yen	Yen	Yen
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
Year ending December 20, 2012	21,470	4.6	3,880	2.3	3,610	1.8	2,050	(11.1)	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 issued at the end of the period (including treasury stock)

	Nine months ended September 20, 2012	Year ended December 20, 2011	13,798,848 shares
1) Number of shares issued at the end of the period (including treasury stock)	13,798,848 shares	Year ended December 20, 2011	13,798,848 shares

2) Number of treasury stock at the end of the period

	Nine months ended September 20, 2012	Year ended December 20, 2011	17,728 shares
2) Number of treasury stock at the end of the period	18,580 shares	Year ended December 20, 2011	17,728 shares

3) Average number of shares during the period (cumulative)

	Nine months ended September 20, 2012	Nine months ended September 20, 2011	13,782,251 shares
3) Average number of shares during the period (cumulative)	13,780,648 shares	Nine months ended September 20, 2011	13,782,251 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 nine month period ended September 20, 2012, the nation's economy continued to be mired in uncertainty, in spite of the recovery trend backed mainly by public investment associated with the disaster recovery, due in part to the deterioration of Japan-China relations, in addition to the slowdown of the U.S. and European economies and the consistently strong 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 nine month period ended September 20, 2012 increased by 8.0% compared to the same period of the previous consolidated fiscal year to 16,099 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 3,119 million yen (up 13.5% year-on-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 13.8% year-on-year to 2,915 million yen. And net income increased to 1,741 million yen (up 18.5% year-on-year).

Breakdown of net sales by product category is shown below:

[Breakdown of consolidated net sales by product category]

Product Category	Previous Consolidated Third Quarter		Current Consolidated Third Quarter		Increase (Decrease) Amount (Million yen)
	Amount (Million yen)	Ratio (%)	Amount (Million yen)	Ratio (%)	
Hair care products	7,467	50.1	8,007	49.7	539
Hair coloring products	5,880	39.5	6,615	41.1	735
Permanent wave products	1,360	9.1	1,282	8.0	(77)
Others	191	1.3	193	1.2	2
Total	14,900	100.0	16,099	100.0	1,199

(2) Qualitative information on consolidated financial conditions

Total assets at the end of the third quarter ended September 20, 2012 increased by 270 million yen compared to the end of the previous consolidated fiscal year to 22,862 million yen.

Current assets increased by 8 million yen compared to the end of the previous consolidated fiscal year to 10,624 million yen. This was due mainly to the increases in cash and deposits and in merchandise and finished goods by 112 million yen and 77 million yen, respectively; as well as the decrease in notes and accounts receivable-trade by 249 million yen.

Noncurrent assets increased by 261 million yen compared to the end of the previous consolidated fiscal year to 12,237 million yen.

Current liabilities decreased by 561 million yen compared to the end of the previous consolidated fiscal year to 2,766 million yen. This was due mainly to the decreases in accounts payable-other and income taxes payable by 385 million yen and 574 million yen, respectively; as well as increases in accounts payable-trade and provision for bonuses by 197 million yen and 222 million yen, respectively.

There were no material changes in noncurrent liabilities from the end of the previous consolidated fiscal year.

Net assets increased by 845 million yen compared to the end of the previous consolidated fiscal year to 19,905 million yen. This was due mainly to the increase of 831 million yen in retained earnings.

As a result, equity ratio changed from 84.4% at the end of the previous consolidated fiscal year to 87.1%. 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 1,444.47 yen per share.

(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 (Notes)

(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 Milbon Co., Ltd. (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 nine month period ended September 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 first quarter 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 Third Quarter (As of September 20, 2012)
Assets		
Current assets		
Cash and deposits	5,079,642	5,191,952
Notes and accounts receivable – trade	3,031,626	2,781,736
Merchandise and finished goods	1,678,930	1,755,947
Work in process	16,428	29,705
Raw materials and supplies	526,193	549,732
Other	295,403	378,911
Allowance for doubtful accounts	(11,616)	(62,998)
Total current assets	10,616,608	10,624,987
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,858,485	3,792,278
Machinery, equipment and vehicles, net	924,432	914,935
Land	4,763,766	4,763,766
Construction in progress	12,244	110,593
Other, net	194,473	179,577
Total property, plant and equipment	9,753,401	9,761,152
Intangible assets		
Investments and other assets	512,138	523,445
Investment securities		
Other	1,017,033	1,020,463
Allowance for doubtful accounts	722,278	1,007,691
Total investments and other assets	(28,772)	(74,962)
Total noncurrent assets	1,710,540	1,953,192
Total assets	11,976,079	12,237,789
	22,592,688	22,862,776

(Thousand yen)

	Previous Consolidated Fiscal Year (As of December 20, 2011)	Current Consolidated Third Quarter (As of September 20, 2012)
Liabilities		
Current liabilities		
Accounts payable – trade	419,740	617,558
Accounts payable – other	1,448,203	1,062,466
Income taxes payable	1,016,927	442,130
Provision for sales returns	45,735	15,936
Provision for bonuses	68,354	291,195
Other	329,065	337,086
Total current liabilities	3,328,026	2,766,373
Noncurrent liabilities		
Provision for retirement benefits	11,612	38,817
Provision for loss on guarantees	37,200	-
Other	156,276	152,361
Total noncurrent liabilities	205,088	191,178
Total liabilities	3,533,115	2,957,551
Net assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	199,120	199,120
Retained earnings	17,257,339	18,089,286
Treasury stock	(48,652)	(50,668)
Total shareholders' equity	19,407,806	20,237,737
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(206,624)	(204,411)
Foreign currency translation adjustment	(141,609)	(128,100)
Total accumulated other comprehensive income	(348,233)	(332,512)
Total net assets	19,059,573	19,905,224
Total liabilities and net assets	22,592,688	22,862,776

(2) Quarterly Consolidated Statements of Earnings and Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Earnings

Quarterly Consolidated Nine Month Periods Ended September 20, 2011 and 2012

(Thousand yen)

	Nine Months Ended September 20, 2011 (December 21, 2010 - September 20, 2011)	Nine Months Ended September 20, 2012 (December 21, 2011 - September 20, 2012)
Net sales	14,900,317	16,099,562
Cost of sales	4,920,050	5,088,816
Gross profit	9,980,267	11,010,745
Selling, general and administrative expenses	7,230,861	7,890,985
Operating income	2,749,405	3,119,760
Non-operating income		
Interest income	846	1,461
Dividends income	23,889	20,917
Company house defrayment income	38,909	43,578
Insurance cancellation margin of profit	7,813	-
Other	7,564	9,358
Total non-operating income	79,024	75,316
Non-operating expenses		
Sales discounts	254,786	278,143
Other	11,680	1,862
Total non-operating expenses	266,466	280,005
Ordinary income	2,561,964	2,915,071
Extraordinary income		
Gain on sales of investment securities	1,555	-
Reversal of allowance for doubtful accounts	610	-
Reversal of provision for loss on guarantees	1,200	-
Total extraordinary income	3,366	-
Extraordinary loss		
Loss on retirement of noncurrent assets	5,129	2,660
Loss on valuation of investment securities	70,390	-
Provision of allowance for doubtful accounts	-	12,647
Loss on adjustment for changes of accounting standard for asset retirement obligations	28,320	-
Total extraordinary losses	103,840	15,307
Income before income taxes and minority interests	2,461,489	2,899,763
Income taxes – current	1,163,098	1,240,149
Income taxes – deferred	(171,433)	(81,878)
Total income taxes	991,665	1,158,270
Income before minority interests	1,469,824	1,741,492
Net income	1,469,824	1,741,492

Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Nine Month Periods Ended September 20, 2011 and 2012

(Thousand yen)

	Nine Months Ended September 20, 2011 (December 21, 2010 - September 20, 2011)	Nine Months Ended September 20, 2012 (December 21, 2011 - September 20, 2012)
Income before minority interests	1,469,824	1,741,492
Other comprehensive income		
Valuation difference on available-for-sale securities	(16,085)	2,212
Foreign currency translation adjustments	(3,526)	13,508
Total other comprehensive income	(19,611)	15,720
Comprehensive income	1,450,212	1,757,213
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,450,212	1,757,213
Comprehensive income attributable to minority interests	-	-

- (3) Notes regarding going concern assumption

None

- (4) 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.

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

None