Consolidated Financial Results for the Six Months Ended June 20, 2013 (December 21, 2012 – June 20, 2013) Supplementary Materials





June 26, 2013

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Consolidated Operating Results

6 months ended June 20, 2013

(Unit: million yen)

	Amount (6 months cumulative)			Increase (decrease) against previous FY	Year-on-year comparison (%)	Achievement rate (%)
	Previous FY 2012	Target	Current FY 2013			
Net sales	10,548	11,082	11,433	885	108.4	103.2
Gross profit	7,212	7,529	7,816	603	108.4	103.8
Selling, general and administrative expenses	5,247	5,707	5,620	373	107.1	98.5
Operating income	1,965	1,822	2,195	230	111.7	120.5
Ordinary income	1,820	1,671	2,063	243	113.3	123.5
Net income	1,069	1,011	1,271	202	118.9	125.8

Breakdown of Consolidated Sales by Product Category
6 months ended June 20, 2013

Hair care products (1)

(Unit: million yen)

Previous FY 2012	Target	Current FY 2013	Increase (decrease) against previous FY	Year-on-year comparison	Achievement rate
5,300	5,623	5,906	606	111.4%	105.0%

- Promotion of Age Beauty Innovation, actively support the concerns of mature women by providing knowledge, communication and techniques with regard to aging, was main focus of educational/sales activity. As a result, sales of new product Plarmia strongly increased.

- Sales of take-home products steadily increased in the market environment where the hair coloring became popular and there are a variety selection of hair care menu available. (Take-home products means specially-selected hair care products for each individuals to suit their hair style and hair type.)

New product – “PLARMIA” launched on January 31

Aging Care brand designed for mature women to care not only the hair but also the scalp.
(Shampoo, treatments, in-salon treatments, carbonic shampoo, scalp beautifying liquid)

Annual sales target	Sales results	Progress rate
560 million yen	645 million yen	115.3%



< PLARMIA >

New product – “DEESSE’S DAY-SUMMER MIST” launched on April 2

Gentle new treatment for continuously beautiful hair color, even in summer.

Annual sales target	Sales results	Progress rate
100 million yen	55 million yen	55.1%



< DEESSE’S DAY-SUMMER MIST>

Breakdown of Consolidated Sales by Product Category
6 months ended June 20, 2013

Hair care products (2)

(Unit: million yen)

■ New product – “NIGELLE DRESSIA COLLECTION MILKREAM SERIES” launched on May 30

Enjoying French girly perm design with soft and gentle hold.

Annual sales target	Sales results	Progress rate
170 million yen	41 million yen	24.2



< NIGELLE DRESSIA COLLECTION MILKREAM SERIES >

■ New product – “NIGELLE DRESSIA COLLECTION SMOKYDRY CREAM” launched on May 30

Expressing a dry, smoky sensation with subtly floating movement.

Annual sales target	Sales results	Progress rate
90 million yen	15 million yen	17.6%



< NIGELLE DRESSIA COLLECTION SMOKYDRY CREAM >

Breakdown of Consolidated Sales by Product Category
6 months ended June 20, 2013

Hair coloring products

(Unit: million yen)

Previous FY 2012	Target	Current FY 2013	Increase (decrease) against previous FY	Year-on-year comparison	Achievement rate
4,266	4,338	4,593	326	107.7%	105.9%

- “Mermaid line” was added to the integrated hair color range “Ordeve”. Through the seasonal promotion that introduces new color-line to match seasonal trends, sales of permanent coloring products increased. (year-on-year comparison 108.1%)

- “Chiffon line”, additional color line for “Ordeve Beaute”, specialized permanent coloring product for gray hair, was launched. Sales of permanent hair coloring products for gray hair steadily increased. (year-on-year comparison 107.8%)

■ New product - Additional color line for “Ordeve” (Mermaid line) launched on January 31

New color line to express “Moisturizing Ash”.

Annual sales target	Sales results	Progress rate
500 million yen	335 million yen	67.1%

■ New product - Additional color line for “Ordeve Beaute” (Chiffon line) launched on January 31

Imparting a soft and gentle feel that emphasizes a sophisticated impression.

Annual sales target	Sales results	Progress rate
250 million yen	98 million yen	39.2%



<Ordeve>



<Ordeve Beaute >

Breakdown of Consolidated Sales by Product Category
6 months ended June 20, 2013

Permanent wave products

(Unit: million yen)

Previous FY 2012	Target	Current FY 2013	Increase (decrease) against previous FY	Year-on-year comparison	Achievement rate
860	907	822	(38)	95.5%	90.6%

■ New product – “LISCIO ATENGE” launched on April 2

A straightening & hair care system born from integration of salon technology with home care

	Annual sales target	Sales results	Progress rate
Straitening	660 million yen	168 million yen	25.5%
Hair Care	200 million yen	72 million yen	36.2%



< LISCIO ATENGE STRAIGHTENING>



< LISCIO ATENGE SPECIALIZED HAIR CARE>

Aujua

Results and Targets

[Number of Aujua salons]

FY 2012 Year end	FY 2013 2Q end	Comparison with the FY 2012 year end
1,121 salons	1,309 salons	116.8%

[Sales] (For six months cumulative)

Results FY 2012	Results FY 2013	Year-on-year comparison
741 million yen	1,004 million yen	135.5%

- New series “Aging Care series” was launched.
- Aujua Sommelier system was newly introduced to strengthen educational system. It develops high-performers who have comprehensive knowledge of hair care, hair dressing technique and counseling skills.

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 and 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 customers

- 4 series
  - Aging care series
  - Hair care series
  - Scalp care series
  - Climatic care series
- 11 lines
- 75 items

Aujua (2)

■ New product – “Aujua Aging Care Series　Timesurge Line” launched on February 1

Works inside the hair, which is often changed by the aging process, imparting a plump compliancy from within and leading the way to soft, beautiful hair.



Annual sales target	Sales results	Progress rate
135 million yen	126 million yen	93.8%

■ New product – “Aujua Aging Care Series Aging Care Line Clear Form” launched on April 21

High concentration carbonic shampoo that makes scalp clean with fresh, light sensation



Annual sales target	Sales results	Progress rate
20 million yen	24 million yen	122.6%

Consolidated Balance Sheet

(Unit: million yen)

Item	Previous consolidated fiscal year <2012.12.20>	Ratio (%)	Current consolidated Q2-end <2013.6.20>	Ratio (%)	Increase (decrease)
Cash and deposits	6,066		6,696		629
Notes and accounts receivable-trade	2,964		3,125		160
Inventories	2,316		2,601		285
Deferred tax assets	179		223		44
Others	113		205		91
Allowance for doubtful accounts	(40)		(53)		(12)
Total current assets	11,599	49.0	12,798	49.9	1,199
Buildings and structures	3,612		3,484		(127)
Machinery, equipment and vehicles	887		821		(65)
Land	4,763		4,870		107
Construction in progress	85		662		577
Others	180		192		11
Total property, plant and equipment	9,529	40.3	10,031	39.2	502
Total intangible assets	526	2.2	495	1.9	(30)
Investment securities	1,136		1,523		387
Long-term loan receivables	17		13		(3)
Deferred tax assets	397		271		(125)
Others	524		551		26
Allowance for doubtful accounts	(69)		(63)		6
Total investments and other assets	2,007	8.5	2,297	9.0	290
Total noncurrent assets	12,062	51.0	12,825	50.1	762
Total assets	23,662	100.0	25,624	100.0	1,961

Item	Previous consolidated fiscal year <2012.12.20>	Ratio (%)	Current consolidated Q2-end <2013.6.20>	Ratio (%)	Increase (decrease)
Accounts payable-trade	482		586		104
Accounts payable-other	1,558		1,774		215
Income taxes payable	647		868		220
Provision for returned goods	20		33		12
Provision for bonuses	71		78		6
Others	316		399		82
Total current liabilities	3,097	13.1	3,740	14.6	642
Provision for retirement benefits	46		50		4
Long-term accrued expenses	63		63		-
Others	87		86		(1)
Total noncurrent liabilities	197	0.8	199	0.8	2
Total liabilities	3,295	13.9	3,940	15.4	645
Capital stock	2,000		2,000		-
Capital surplus	199		199		0
Retained earnings	18,476		19,281		805
Treasury stock	(51)		(52)		(1)
Total shareholders' equity	20,624	87.2	21,427	83.6	803
Valuation difference on available-for-sale securities	(129)		120		249
Foreign currency translation adjustments	(127)		135		263
Total accumulative other comprehensive income	(256)	(1.1)	256	1.0	513
Total net assets	20,367	86.1	21,683	84.6	1,316
Total liabilities and net assets	23,662	100.0	25,624	100.0	1,961

Explanation of Fluctuations in the Consolidated Balance Sheet

Assets

Total assets were 25,624 million yen, an increase of 1,961 million yen in comparison to the end of previous fiscal year.

Current assets

Current assets increased by 1,199 million yen.

- Cash and deposits — 629 million yen — Cash increase from operating activities, mainly by operating income
- Notes and accounts receivable-trade — 160 million yen — Record sales figures in June 2013.
- Inventories — 285 million yen — Due to the increase in inventories of new products

Noncurrent assets

Noncurrent assets increased by 762 million yen.

Property, plant and equipment

- Construction in progress — 577 million yen — Expansion of Central Research Institute and construction of factory in Thailand

Investments and other assets

- Investment securities — 387 million yen — Increased due to fluctuation of market value

Liabilities

Total liabilities increased by 645 million yen.

Current Liabilities

Current liabilities increased by 642 million yen.

- Accounts payable-trade — 104 million yen — Due to the increase of purchase
- Accounts payable-other — 215 million yen — Due mainly to the bonuses for 1st half
- Income taxes payable — 220 million yen — Due to the increase of taxable income

Noncurrent Liabilities

No significant changes in noncurrent liabilities.

Net Assets

Net assets increased by 1,316 million yen.

- Retained earnings — 805 million yen — Due mainly to increase in operating income
- Valuation difference on available-for-sale securities — 249 million yen — Due to fluctuation of market value
- Foreign currency translation adjustments — 263 million yen — Due to depreciation of the yen

Consolidated Statement of Earnings
6 months ended June 20, 2013

(Unit: million yen)

		6 months ended June 20, 2013 (January – June)									
		Results in fiscal year 2012	Ratio (%)	Target for fiscal year 2013	Ratio (%)	Results in fiscal year 2013	Ratio (%)	Year-on-year comparison	Achievement rate (%)	Increase (decrease) against previous FY	Increase (decrease) against target
Product category totals	Hair care products	5,300	50.3	5,623	50.7	5,906	51.6	111.4	105.0	606	283
	Hair coloring products	4,266	40.4	4,338	39.2	4,593	40.2	107.7	105.9	326	255
	Permanent wave products	860	8.2	907	8.2	822	7.2	95.5	90.6	(38)	(84)
	Others	120	1.1	214	1.9	111	1.0	92.2	52.1	(9)	(102)
Net sales		10,548	100.0	11,082	100.0	11,433	100.0	108.4	103.2	885	351
Cost of sales		3,336	31.6	3,553	32.1	3,617	31.6	108.4	101.8	281	64
Gross profit		7,212	68.4	7,529	67.9	7,816	68.4	108.4	103.8	603	287
Selling, general and administrative expenses	Labor costs	1,647	15.6	1,822	16.4	1,812	15.9	110.0	99.4	165	(10)
	Travel/ transportation costs	289	2.7	311	2.8	323	2.8	111.6	103.8	33	11
	Sales/advertising/ marketing costs*	1,240	11.8	1,272	11.5	1,242	10.9	100.1	97.7	1	(29)
	Depreciation and amortization expenses	215	2.0	219	2.0	205	1.8	95.7	93.8	(9)	(13)
	Others	1,854	17.6	2,081	18.8	2,036	17.8	109.8	97.8	182	(44)
	Total	5,247	49.7	5,707	51.5	5,620	49.2	107.1	98.5	373	(86)
Operating income		1,965	18.6	1,822	16.4	2,195	19.2	111.7	120.5	230	373
Non-operating	Income	38	0.4	40	0.4	60	0.5	159.6	152.1	22	20
	Expenses	182	1.7	191	1.7	193	1.7	105.7	101.1	10	2
Ordinary income		1,820	17.3	1,671	15.1	2,063	18.0	113.3	123.5	243	392
Extraordinary	Profits	-	-	-	-	-	-	-	-	-	-
	Losses	14	0.1	-	-	1	0.0	8.7	-	(13)	1
Income before income taxes and minority interests		1,806	17.1	1,671	15.1	2,062	18.0	114.2	123.4	256	391
Income taxes-Current		745	7.1	694	6.3	847	7.4	107.3	119.8	101	153
Income taxes-Deferred		(8)	(0.1)	(34)	(0.3)	(56)	(0.5)			(47)	(22)
Net income		1,069	10.1	1,011	9.1	1,271	11.1	118.9	125.8	202	260

* “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 11,433 million yen, an increase of 885 million yen in comparison to the same period last year.
Comparisons by product category are as follows:

Hair care products	606 million yen
Hair coloring products	326 million yen
Permanent wave products	- 38 million yen
Others	- 9 million yen

2 Gross profit was 7,816 million yen, an increase of 603 million yen in comparison to the same period last year. Gross profit margin was 68.4%, the same ratio as last year.
The breakdown is:

Decrease in loss on inventory disposal/valuation	0.2 points
Provision for sales returns	- 0.4 points
Sales product mix	0.2 points
Balance	0.0 points

3 Selling, general and administrative expenses were 5,620 million yen, an increase of 373 million yen in comparison to the same period last year.
The main factor in the difference was as follows.

Labor costs	165 million yen	Due to increase of salary and number of employees.

4 Operating income was 2,195 million yen, an increase of 230 million yen in comparison with the same period last year.

Comparison with targets

1 Sales was 11,433 million yen, 351 million yen higher than the target.
Comparisons by product category are as follows:

Hair care products	283 million yen
Hair coloring products	255 million yen
Permanent wave products	-84 million yen
Others	-102 million yen

2 Gross profit was 7,816 million yen, 287 million yen higher than the target. The gross profit margin was 68.4%, 0.5 points higher than the target.
The breakdown of the increase is as follows:

Provision for sales returns	- 0.2 points
Cut-off issue on manufacturing expenses	0.5 points
Sales product mix	0.2 points
Balance	0.5 points

3 Selling, general and administrative expenses were 5,620 million yen, 86 million yen lower than the target.
The main factor in the difference was as follows.

Selling/advertising/marketing expenses	- 29 million yen	Due to the cut off issues, will be expensed in or later than 3rd quarter

4 Operating income was 2,195 million yen, 373 million yen higher than the target.

Consolidated Statement of Earnings
3 months from March 21, 2013 to June 20, 2013

(Unit: million yen)

		3 months ended June 20, 2013 (March 21, 2013 – June 20, 2013)									
		Results in fiscal year 2012	Ratio (%)	Target for fiscal year 2013	Ratio (%)	Results in fiscal year 2013	Ratio (%)	Year-on-year comparison	Achievement rate (%)	Increase (decrease) against previous FY	Increase (decrease) against target
Product category totals	Hair care products	2,879	50.6	3,012	51.7	3,234	52.7	112.3	107.4	355	222
	Hair coloring products	2,242	39.4	2,198	37.7	2,362	38.5	105.4	107.5	120	164
	Permanent wave products	495	8.7	504	8.7	479	7.8	96.7	95.1	(16)	(24)
	Others	70	1.2	110	1.9	65	1.1	93.6	59.8	(4)	(44)
Net sales		5,687	100.0	5,824	100.0	6,142	100.0	108.0	105.5	454	318
Cost of sales		1,833	32.2	1,866	32.0	1,937	31.5	105.7	103.8	104	71
Gross profit		3,854	67.8	3,958	68.0	4,205	68.5	109.1	106.3	350	247
Selling, general and administrative expenses	Labor costs	843	14.8	938	16.1	939	15.3	111.4	100.2	95	1
	Travel/ transportation costs	157	2.8	160	2.8	178	2.9	113.8	111.2	21	18
	Sales/advertising/ marketing costs*	638	11.2	612	10.5	644	10.5	100.9	105.4	5	32
	Depreciation and amortization expenses	111	2.0	114	2.0	103	1.7	93.4	90.8	(7)	(10)
	Others	964	17.0	1,014	17.4	1,044	17.0	108.4	103.0	80	30
	Total	2,715	47.7	2,840	48.8	2,912	47.4	107.3	102.6	196	72
Operating income		1,139	20.0	1,118	19.2	1,292	21.0	113.5	115.6	153	174
Non-operating	Income	14	0.3	22	0.4	25	0.4	178.4	113.3	11	2
	Expenses	95	1.7	96	1.7	100	1.6	105.1	103.5	4	3
Ordinary income		1,058	18.6	1,044	17.9	1,218	19.8	115.1	116.7	159	174
Extraordinary	Profits	-	-	-	-	-	-	-	-	-	-
	Losses	2	0.0	-	-	1	0.0	59.2	-	(0)	1
Income before income taxes and minority interests		1,056	18.6	1,044	17.9	1,217	19.8	115.2	116.6	160	173
Income taxes-Current		411	7.2	390	6.7	449	7.3	109.2	112.0	37	59
Income taxes-Deferred		7	0.1	19	0.3	8	0.1			1	(10)
Net income		636	11.2	635	10.9	759	12.4	119.2	119.6	122	124

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

Trends in Consolidated Facility Investment and Depreciation Costs

(Unit: million yen)

Category	2009	2010	2011	2012	2013 Jan. ~ Jun.	Plan for FY 2013
Buildings	188	921	12	193	18	960
Structures	16	36	3	1	-	48
Machinery and equipment	214	160	176	255	56	435
Automobiles and transportation equipment	6	1	2	2	4	10
Tools, equipment, furniture and fixtures	176	195	117	129	65	344
Land	-	-	-	-	93	90
Construction in progress	686	(637)	8	72	557	(90)
Software	154	260	207	159	41	200
Software development in progress	-	2	(2)	25	13	(25)
Others	1	0	2	0	-	-
Total investments	**1,444**	**940**	**528**	**840**	**851**	**1,973**
Depreciation and amortization expenses	**1,116**	**1,010**	**1,011**	**947**	**423**	**959**

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
2009	2,323	507	270	—	3,100	15.4%	766	4.0%	Deesse's Neu/Aujua Liscio Knoteur Farglan/Prejume Luviento Prejume CMC Wave Inphenom Daily Care Color remover/Acid 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	1,820	1,045	72	—	2,938	12.9%	873	4.1%	Deesse's Elujuda Additional colors for Ordeve Nigelle Dressia Collection (Spray, Foam) Deesse's Nue Due Fresh Luxe Fairche Luvento Up Styling Collection Aujua – 3 items
2013 Jan.~Jun.	986	433	168	—	1,588	13.4%	497	4.5%	New Products: Hair care products 8 lines Hair coloring products 4 lines Permanent wave products 1 line Villa Lodola 1 line
2013 Target	1,390	1,050	660	—	3,100	13.0%	997	4.5%	

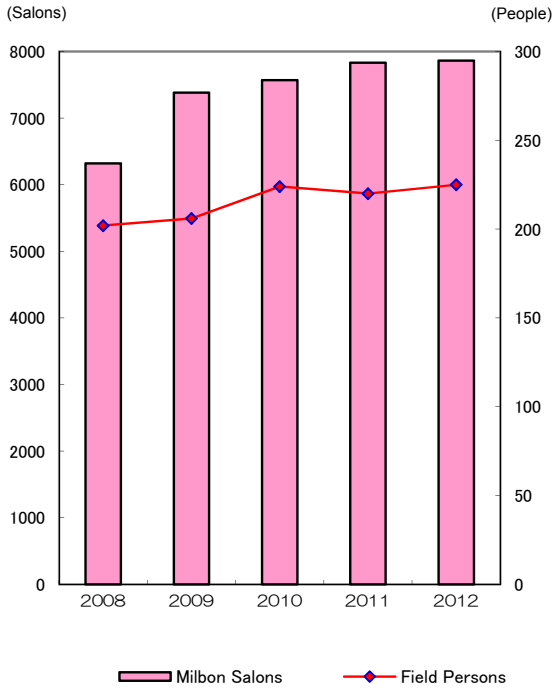
Milbon Co., Ltd. Non-Consolidated Trends in Market Related Data, Milbon Salons and Field Persons

	2008	2009	2010	2011	2012	2013	Comments
Number of beauty salons (salons)	221,394	223,645	223,286	228,429	-	-	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)	443,944	453,371	456,872	471,161	-	-	
Beauty customer population (thousands of people)	40,119	39,720	39,812	39,640	39,076	38,977 (As of Jan. 1)	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)

	2008	2009	2010	2011	2012	2013 As of Jun. 20
Tokyo Branch	2,210	2,657	2,784	2,872	2,848	3,063
Nagoya Branch	1,368	1,558	1,643	1,682	1,658	1,539
Osaka Branch	2,312	2,616	2,464	2,682	2,725	2,825
Fukuoka Branch	431	552	680	596	633	674
Total	6,321	7,383	7,571	7,832	7,864	8,101



Trend in Fieldpersons*

	2008	2009	2010	2011	2012	2013
Field persons (people)	202	206	224	220	225	25 people joined as trainee
Sales per person (million yen)	90	91	92	97	100	

* The term “Fieldperson” means sales and educational staff who supports the growth of beauty salons.

Milbon Co., Ltd. Non-consolidated Statement of Earnings
6 months ended June 20, 2013

(Unit: million yen)

		6 months ended June 20, 2013 (January - June)									
		Results in fiscal year 2012	Ratio (%)	Target for fiscal year 2013	Ratio (%)	Results in fiscal year 2013	Ratio (%)	Year-to-year Comparison (%)	Achievement rate (%)	Increase (decrease) against previous FY	Increase (decrease) against target
Product category totals	Hair care products	5,202	50.4	5,484	50.9	5,770	51.9	110.9	105.2	567	286
	Hair coloring products	4,172	40.4	4,232	39.2	4,466	40.1	107.1	105.5	294	234
	Permanent wave products	827	8.0	864	8.0	782	7.0	94.6	90.5	(44)	(81)
	Others	122	1.2	208	1.9	111	1.0	91.2	53.5	(10)	(96)
Net sales		10,324	100.0	10,789	100.0	11,131	100.0	107.8	103.2	807	341
Cost of sales		3,341	32.4	3,546	32.9	3,589	32.2	107.4	101.2	248	42
Gross profit		6,983	67.6	7,243	67.1	7,542	67.8	108.0	104.1	559	299
Selling, general and administrative expenses	Labor costs	1,531	14.8	1,660	15.4	1,643	14.8	107.3	99.0	112	(16)
	Travel/ transportation costs	273	2.6	291	2.7	305	2.7	112.0	105.0	32	14
	Sales/advertising/ marketing costs*	1,201	11.6	1,208	11.2	1,198	10.8	99.8	99.2	(2)	(9)
	Depreciation and amortization expense	208	2.0	210	1.9	196	1.8	94.4	93.4	(11)	(13)
	Others	1,769	17.1	1,949	18.1	1,910	17.2	108.0	98.0	141	(38)
	Total	4,983	48.3	5,319	49.3	5,255	47.2	105.5	98.8	271	(64)
Operating income		2,000	19.4	1,924	17.8	2,287	20.6	114.4	118.9	287	363
Non-operating	Income	37	0.4	36	0.3	62	0.6	166.3	172.4	24	26
	Expenses	181	1.8	190	1.8	200	1.8	110.3	104.9	18	9
Ordinary income		1,856	18.0	1,769	16.4	2,149	19.3	115.8	121.5	293	380
Extraordinary	Profits	-	-	-	-	-	-	-	-	-	-
	Losses	14	0.1	-	-	1	0.0	8.4	-	(13)	1
Income before income tax		1,841	17.8	1,769	16.4	2,148	19.3	116.7	121.4	306	379
Income taxes-current		745	7.2	693	6.4	846	7.6	109.5	122.4	101	153
Income taxes-deferred		(5)	(0.1)	(30)	(0.3)	(36)	(0.3)			(31)	(5)
Net income		1,101	10.7	1,107	10.3	1,337	12.0	121.5	120.9	236	230

* “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 (%)
		Previous FY 2012	Current FY 2013		
Sales	Thousand dollars	2,162	2,122	(39)	98.2
	Million yen	169	183	14	108.4

- Decrease in the number of partner salons caused by the hurricane in last October has steadily recovered since the end of 1st quarter; however, it was not able to reach to the same level at the end of last year.
- In the hair care product category, new product Elujuda was launched in February 2013. In addition to the existing leave-in treatment effect, this new product leads to supple, easy-to-move softness on hair. This new feature was focused on the sales activities, resulting in the good start to the introduction of the product.
- In the permanent wave product category, new beauty technique of Highlight Smoothing Menu(*), utilized by core straightening product Liscio, was launched.
  * Highlight Smoothing Menu means salon technique to provide smooth texture on even super damaged highlighted hair by hair color chemicals such as permanent color or bleaching products.

	Unit	Previous FY 2012	Current FY 2013	Year-on-year comparison (%)
Hair care products	Thousand dollars	1,574	1,588	100.9
	Million yen	123	137	111.5
Hair coloring products	Thousand dollars	124	124	99.5
	Million yen	9	10	109.9
Permanent wave products	Thousand dollars	439	385	87.6
	Million yen	34	33	96.7

Established: March 2004
* In operation since July 2004

Number of employees:
15 people
(including FP): 11 people
※FP: Fieldperson

Number of handling outlets:
2012/4Q 1,281 salons
2013/2Q 1,270 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 (%)
		Previous FY 2012	Current FY 2013		
Sales	Thousand of yuan	7,167	9,273	2,106	129.4
	Million yen	88	128	39	144.9

- Impact on sales decrease from a boycott of Japanese products due to Senkaku Island dispute has been slowing down after the Chinese New Year (in February).
- 2013 Policy Announcement to salon business owner was taken place, and made a presentation about market environment in China, changing in customer needs and salon business solution. Seminars and workshops for seasonal hair color choice and perm design suitable to each individual were also taken place at local areas all over China. Workshops lead by Japanese hair designers have been resumed and educational activities are actively promoted.
- In the permanent wave products category, newly introduced products in the beginning of the year (NIGELLE TG/CMC PERM) and liquid digital perming products (KNOTEUR SH-L) lead to the substantial increase of the sales in the category.

	Unit	Previous FY 2012	Current FY 2013	Year-on-year comparison (%)
Hair care products	Thousands of yuan	3,236	4,061	125.5
	Million yen	40	56	140.5
Hair coloring products	Thousands of yuan	3,356	4,217	125.7
	Million yen	41	58	140.8
Permanent wave products	Thousands of yuan	573	992	173.0
	Million yen	7	13	193.7

Established: November 2007
In operation since February 2009

Number of employees:
20 people (Shanghai: 14, Beijin: 6)

(including FP):
16 people (Shanghai: 11, Beijin: 5)

Number of handling outlets:
2012/4Q : 516 salons
2013/2Q : 536 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 (%)
		Previous FY 2012	Current FY 2013		
Sales	Million won	3,017	3,828	811	126.9
	Million yen	206	298	92	144.8

- Marketing activities for ORDEVE additional color Smoky Matt Ash and Whity Ash launched in March were focused, resulting in having high reputation for quality of both education and product itself, and that lead to the significant sales increase of the category.

- Three Fieldpersons joined last October were having a clear understanding of the selected target salons, and actively working on educational activities . They also have been successfully developing new beauty salons to deal with and expanding market share.

	Unit	Previous FY 2012	Current FY 2013	Year-on-year comparison (%)
Hair care products	Million won	775	911	117.6
	Million yen	53	71	134.2
Hair coloring products	Million won	2,047	2,720	132.9
	Million yen	140	212	151.6
Permanent wave products	Million won	185	179	97.1
	Million yen	12	14	110.8

Established: July 2009
In operation since December 2009

Number of employees:
20 people
(including FP): 17 people

Number of handling outlets:
2012/4Q: 2,838 salons
2013/2Q: 3,139 salons

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 2012 (January - June)	Fiscal year 2013 (January - June)	Year-on-year comparison (%)	Comments
Shampoos	888	975	109.8	Deesse's Neu due Fierli
Rinses	125	120	96.2	Inphenom
Hair tonics	106	161	152.2	Deesse's Lifa Plarmia
Treatments	2,440	2,590	106.1	Deesse's Neu due Deesse's Linkage-μ (mu)
Hair creams	4	3	76.4	
Hair conditioners	1,437	1,318	91.7	Deesse's Elujuda Nigelle Dressia Collection
Hair sprays	513	957	186.4	Nigelle Dressia Collection Plarmia
Hair coloring products	4,425	4,741	107.1	Ordeve Farglan
Permanent wave products	876	830	94.7	Fairche Liscio Atenge
Others	128	118	91.7	Iron, schedule note
Sales rebates	(621)	(684)	110.2	
Total	10,324	11,131	107.8	

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	2012	6,107	8,054	8,819	8,546	8,543	9,243	8,741	9,505	8,511	9,033	9,682	9,918	31,526	
	2013	6,512	6,498	9,623	8,235									30,868	97.9%
	Difference	405	(1,556)	804	(311)									(658)	
Rinses	2012	1,825	2,275	2,389	2,492	2,150	2,606	2,150	3,007	2,326	2,653	2,719	2,436	8,981	
	2013	2,109	1,737	2,049	2,074									7,969	88.7%
	Difference	284	(538)	(340)	(418)									(1,012)	
Hair tonics	2012	1,388	1,581	1,640	1,697	1,817	1,870	1,796	1,710	1,856	1,939	1,703	1,921	6,306	
	2013	1,344	1,534	1,576	1,669									6,123	97.1%
	Difference	(44)	(47)	(64)	(28)									(183)	
Treatments	2012	4,703	6,351	6,348	5,947	6,387	6,832	5,447	5,760	6,339	6,606	6,737	7,429	23,349	
	2013	4,693	4,751	7,373	5,897									22,714	97.3%
	Difference	(10)	(1,600)	1,025	(50)									(635)	
Pomade, cheek, hair cream, perfume oils	2012	911	1,267	1,209	1,245	1,197	1,234	1,325	1,287	1,327	1,300	1,352	1,572	4,632	
	2013	908	1,110	1,161	1,358									4,537	97.9%
	Difference	(3)	(157)	(48)	113									(95)	
Liquid/foam hair conditioners	2012	770	1,098	1,203	1,177	1,188	1,184	1,149	1,151	1,012	1,112	1,132	1,305	4,248	
	2013	822	1,046	1,090	1,250									4,208	99.1%
	Difference	52	(52)	(113)	73									(40)	
Styling lotions	2012	587	842	873	888	698	843	931	758	796	852	821	806	3,190	
	2013	663	636	782	746									2,827	88.6%
	Difference	76	(206)	(91)	(142)									(363)	
Hair sprays	2012	1,208	1,686	2,081	1,701	1,759	2,008	1,962	1,624	1,876	1,665	2,065	2,248	6,676	
	2013	1,136	1,323	2,058	1,799									6,316	94.6%
	Difference	(72)	(363)	(23)	98									(360)	
Hair coloring products	2012	5,983	7,611	9,184	8,505	7,749	7,729	8,335	8,336	8,379	8,391	7,902	9,840	31,283	
	2013	6,272	7,660	9,356	8,843									32,131	102.7%
	Difference	289	49	172	338									848	
Other hair cosmetics	2012	868	871	1,137	1,226	1,141	1,313	1,098	1,037	1,180	1,368	1,130	1,316	4,102	
	2013	843	818	1,050	1,163									3,874	94.4%
	Difference	(25)	(53)	(87)	(63)									(228)	
Total hair cosmetic products	2012	24,348	31,635	34,883	33,424	32,630	34,862	32,934	34,175	33,602	34,920	35,243	38,791	124,290	
	2013	25,302	27,112	36,118	33,034									121,566	97.8%
	Difference	954	(4,523)	1,235	(390)									(2,724)	

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.

