Consolidated Financial Results for the Nine Months Ended September 20, 2013 (Dec. 21, 2012 – Sep. 20, 2013) Supplementary Materials





MILBON

September 27, 2013

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Fiscal Year 2013 (54th term)
Period Ended September 20, 2013
Operating Results

Consolidated Operating Results

9 months ended September 20, 2013

(Unit: million yen)

	Amount (9 months cumulative)			Increase (decrease) against previous FY	Year-on-year comparison (%)	Achievement rate (%)
	Previous FY 2012	Target	Current FY 2013			
Net sales	16,099	16,955	17,508	1,409	108.8	103.3
Gross profit	11,010	11,520	11,945	934	108.5	103.7
Selling, general and administrative expenses	7,890	8,551	8,622	731	109.3	100.8
Operating income	3,119	2,969	3,322	203	106.5	111.9
Ordinary income	2,915	2,750	3,131	216	107.4	113.9
Net income	1,741	1,688	1,938	197	111.3	114.8

Breakdown of Consolidated Sales by Product Category
9 months ended September 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
8,007	8,428	9,086	1,079	113.5%	107.8%

- 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 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	884 million yen	158.0%



< 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	69 million yen	69.7%



< DEESSE'S DAY-SUMMER MIST>

Breakdown of Consolidated Sales by Product Category
9 months ended September 20, 2013

Hair care products (2)

■ 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	76 million yen	45.1%



< 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	33 million yen	36.9%



< NIGELLE DRESSIA COLLECTION SMOKYDRY CREAM >

■ New product – PLARMIA New items
launched on August 29

Additional items to combat the discomfort of decreased top volume and itchy or flaking scalp (Shampoo, treatments, in-salon treatments, scalp beautifying liquid)

Annual sales target	Sales results	Progress rate
100 million yen	68 million yen	68.5%



< PLARMIA New Items>

Breakdown of Consolidated Sales by Product Category
9 months ended September 20, 2013

Hair coloring products (1)

(Unit: million yen)

Previous FY 2012	Target	Current FY 2013	Increase (decrease) against previous FY	Year-on-year comparison	Achievement rate
6,615	6,839	7,018	403	106.1%	102.6%

- Mermaid line and Noble line were 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 106.4%)

- Seasonal promotion for Ordeve Beaute has started from this year. Chiffon line and Creamy line were added to Ordeve Beaute range, specialized permanent coloring product for gray hair. (year-on-year comparison 106.4%)

■ 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	448 million yen	89.7%

■ 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	144 million yen	57.7%



<Ordeve>



<Ordeve Beaute >

Breakdown of Consolidated Sales by Product Category
9 months ended September 20, 2013

Hair coloring products (2)

- New product - Additional color line for Ordeve (Noble line) launched on August 29

  New color line to express sophisticated yet cute fashions, and a fresh, velvety texture with pinkish purple tones.

Annual sales target	Sales results	Progress rate
200 million yen	113 million yen	56.9%

- New product - Additional color line for Ordeve Beaute (Creamy line) launched on August 29

  Expresses a full-bodied, velvety texture with a subtle pink.

Annual sales target	Sales results	Progress rate
100 million yen	40 million yen	40.2%



<Ordeve>



<Ordeve Beaute >

Breakdown of Consolidated Sales by Product Category
9 months ended September 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
1,282	1,374	1,224	(58)	95.4%	89.1%

■ 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	328 million yen	49.8%
Hair Care	200 million yen	100 million yen	50.0%



< LISCIO ATENGE STRAIGHTENING>



< LISCIO ATENGE SPECIALIZED HAIR CARE>

Aujua

Results and Targets

[Number of Aujua salons]

FY 2012 Year end	FY 2013 3Q end	Comparison with the FY 2012 year end
1,121 salons	1,415 salons	126.2%

[Sales] (For Nine months cumulative)

Results FY 2012	Results FY 2013	Year-on-year comparison
1,183 million yen	1,662 million yen	140.5%

- 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
- 12 lines
- 79 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	206 million yen	153.1%



< TIMESURGE LINE>

■ 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	53 million yen	267.1%



< CLEAR FORM>

■ New product – Aujua Aging Care Series Aging Care Line
Root Intensive & Root Essence launched on August 30

Nutritional serum encouraging growth of blood vessels in the hair root, leading to beautiful soft hair

Annual sales target	Sales results	Progress rate
7 million yen	7 million yen	113.5%



< ROOT INTENSIVE>



< ROOT ESSENCE>

Aujua (3)

■ New product – Aujua Aging Care Series　Moistcalm Line
launched on August 30

A skincare line for mature women, it gently moisturizes the skin and eliminates itching and tightness.

Annual sales target	Sales results	Progress rate
3 million yen	4 million yen	161.5%



< MOISTCALM LINE>

Consolidated Balance Sheet

(Unit: million yen)

Account	Previous Consolidated Fiscal year ＜2012.12.20＞	Ratio (%)	Current Consolidated Q3-end ＜2013.9.20＞	Ratio (%)	Increase (decrease)
Cash and deposits	6,066		5,945		(120)
Notes and accounts receivable-trade	2,964		2,784		(180)
Inventories	2,316		2,818		502
Deferred tax assets	179		316		137
Others	113		175		62
Allowance for doubtful accounts	(40)		(56)		(15)
Total current assets	11,599	49.0	11,984	47.5	385
Buildings and structures	3,612		3,417		(194)
Machinery, equipment and vehicles	887		916		29
Land	4,763		4,869		105
Construction in progress	85		922		837
Others	180		174		(5)
Total property, plant and equipment	9,529	40.3	10,301	40.8	772
Total intangible assets	526	2.2	493	2.0	(32)
Investment securities	1,136		1,711		574
Long-term loan receivables	17		12		(5)
Deferred tax assets	397		210		(186)
Others	524		569		44
Allowance for doubtful accounts	(69)		(62)		6
Total investments and other assets	2,007	8.5	2,441	9.7	434
Total noncurrent assets	12,062	51.0	13,237	52.5	1,174
Total assets	23,662	100.0	25,221	100.0	1,559

Account	Previous Consolidated Fiscal year ＜2012.12.20＞	Ratio (%)	Current Consolidated Q3-end ＜2013.9.20＞	Ratio (%)	Increase (decrease)
Accounts payable-trade	482		723		241
Accounts payable-other	1,558		1,286		(272)
Income taxes payable	647		631		(16)
Provision for returned goods	20		31		10
Provision for bonus	71		316		245
Others	316		480		163
Total current liabilities	3,097	13.1	3,469	13.8	372
Provision for retirement benefits	46		52		6
Long-term accrued expenses	63		63		-
Others	87		84		(3)
Total noncurrent liabilities	197	0.8	200	0.8	3
Total liabilities	3,295	13.9	3,670	14.6	375
Capital stock	2,000		2,000		-
Capital surplus	199		199		0
Retained earnings	18,476		19,493		1,017
Treasury stock	(51)		(514)		(463)
Total stockholders' equity	20,624	87.2	21,178	84.0	554
Valuation difference on available-for-securities	(129)		241		370
Foreign currency translation adjustments	(127)		131		258
Total accumulative other comprehensive income	(256)	(1.1)	372	1.5	629
Total net assets	20,367	86.1	21,551	85.4	1,183
Total liabilities and net assets	23,662	100.0	25,221	100.0	1,559

Explanation of Fluctuations in the Consolidated Balance Sheet

Assets

Total assets were 25,221 million yen, an increase of 1,559 million yen in comparison to the end of previous fiscal year.

Current assets

Current assets increased by 385 million yen.

○ Inventories	502 million yen	Due to the increase in inventories of new products

Noncurrent assets

Noncurrent assets increased by 1,174 million yen.

Property, plant and equipment

○ Construction in progress	837 million yen	Expansion of Central Research Institute and construction of factory in Thailand

Investments and other assets

○ Investment securities	574 million yen	Increased due to fluctuation of market value
○ Deferred tax assets	-186 million yen	Decreased due to fluctuation of market value

Liabilities

Total liabilities increased by 375 million yen.

Current Liabilities

Current liabilities increased by 372 million yen.

○ Accounts payable-trade	241 million yen	Due to the increase of purchase
○ Accounts payable-other	-272 million yen	Due mainly to the payment of rebate
○ Provision for bonus	245 million yen	Bonuses for the 2nd half

Noncurrent Liabilities

No significant changes in noncurrent liabilities.

Net Assets

Net assets increased by 1,183 million yen.

○ Retained earnings	1,017 million yen	Due mainly to increase in operating income
○ Treasury stock	-463 million yen	Due to the acquisition of treasury stock
○ Valuation difference on available-for-sale securities	370 million yen	Due to fluctuation of market value
○ Foreign currency translation adjustments	258 million yen	Due to depreciation of the yen

Consolidated Statement of Earnings
9 months ended September 20, 2013

(Unit: million yen)

		9 months ended September 20, 2013 (January – September)									
		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	8,007	49.7	8,428	49.7	9,086	51.9	113.5	107.8	1,079	658
	Hair coloring products	6,615	41.1	6,839	40.3	7,018	40.1	106.1	102.6	403	179
	Permanent wave products	1,282	8.0	1,374	8.1	1,224	7.0	95.4	89.1	(58)	(149)
	Others	193	1.2	314	1.9	179	1.0	92.6	57.2	(14)	(134)
Net sales		16,099	100.0	16,955	100.0	17,508	100.0	108.8	103.3	1,409	553
Cost of sales		5,088	31.6	5,435	32.1	5,563	31.8	109.3	102.4	475	128
Gross profit		11,010	68.4	11,520	67.9	11,945	68.2	108.5	103.7	934	425
Selling, general and administrative expenses	Labor costs	2,535	15.7	2,756	16.3	2,788	15.9	110.0	101.2	253	32
	Travel/ transportation costs	441	2.7	477	2.8	513	2.9	116.2	107.5	71	35
	Sales/advertising/ marketing costs*	1,781	11.1	1,909	11.3	1,896	10.8	106.5	99.3	115	(12)
	Depreciation and amortization expenses	328	2.0	336	2.0	312	1.8	95.2	92.8	(15)	(24)
	Others	2,804	17.4	3,070	18.1	3,111	17.8	110.9	101.3	306	40
	Total	7,890	49.0	8,551	50.4	8,622	49.2	109.3	100.8	731	71
Operating income		3,119	19.4	2,969	17.5	3,322	19.0	106.5	111.9	203	353
Non-operating	Income	75	0.5	72	0.4	111	0.6	147.5	153.2	35	38
	Expenses	280	1.7	291	1.7	302	1.7	108.1	103.8	22	11
Ordinary income		2,915	18.1	2,750	16.2	3,131	17.9	107.4	113.9	216	381
Extraordinary	Profits	-	-	-	-	0	0.0	-	-	0	0
	Losses	15	0.1	-	-	9	0.1	64.2	-	(5)	9
Income before income taxes and minority interests		2,899	18.0	2,750	16.2	3,122	17.8	107.7	113.5	222	372
Income taxes-Current		1,240	7.7	1,166	6.9	1,338	7.6	102.2	111.4	97	172
Income taxes-Deferred		(81)	(0.5)	(104)	(0.6)	(154)	(0.9)			(72)	(50)
Net income		1,741	10.8	1,688	10.0	1,938	11.1	111.3	114.8	197	250

* “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 17,508 million yen, an increase of 1,409 million yen in comparison to the same period last year.
Comparisons by product category are as follows:

Hair care products	1,079 million yen
Hair coloring products	403 million yen
Permanent wave products	- 58 million yen
Others	- 14 million yen

2 Gross profit was 11,945 million yen, an increase of 934 million yen in comparison to the same period last year. Gross profit margin was 68.2%, a 0.2 points decrease from previous year.
The breakdown of the decrease is as follows:

Decrease in loss on inventory disposal/valuation	0.1 points
Provision for sales returns	- 0.2 points
Sales product mix	- 0.1 points
Balance	- 0.2 points

3 Selling, general and administrative expenses were 8,622 million yen, an increase of 731 million yen in comparison to the same period last year.
The main factors in the increase were as follows.

Labor costs	253 million yen	Due to increase of salary and number of employees.
Selling/advertising/marketing expense	115 million yen	Due to marketing expenses for new products.

4 Operating income was 3,322 million yen, an increase of 203 million yen in comparison with the same period last year.

Comparison with targets

1 Sales was 17,508 million yen, 553 million yen higher than the target.
Comparisons by product category are as follows:

Hair care products	658 million yen
Hair coloring products	179 million yen
Permanent wave products	-149 million yen
Others	-134 million yen

2 Gross profit was 11,945 million yen, 425 million yen higher than the target. The gross profit margin was 68.2%, 0.3 points higher than the target.
The breakdown of the increase is as follows:

Provision for sales returns	- 0.1 points
Cut-off issue on manufacturing expenses	0.4 points
Balance	0.3 points

3 Selling, general and administrative expenses were 8,622 million yen, 71 million yen higher than the target.

4 Operating income was 3,322 million yen, 353 million yen higher than the target.

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

(Unit: million yen)

		3 months ended September 20, 2013 (July – September)									
		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	2,706	48.8	2,805	47.8	3,179	52.4	117.5	113.4	473	374
	Hair coloring products	2,348	42.3	2,501	42.6	2,425	39.9	103.2	97.0	76	(75)
	Permanent wave products	422	7.6	467	8.0	402	6.6	95.2	86.1	(20)	(64)
	Others	73	1.3	100	1.7	68	1.1	93.3	68.2	(4)	(31)
Net sales		5,550	100.0	5,873	100.0	6,075	100.0	109.4	103.4	524	202
Cost of sales		1,752	31.6	1,882	32.0	1,946	32.0	111.1	103.4	193	64
Gross profit		3,798	68.4	3,991	68.0	4,128	68.0	108.7	103.5	330	137
Selling, general and administrative expenses	Labor costs	888	16.0	934	15.9	976	16.1	109.9	104.5	87	42
	Travel/ transportation costs	152	2.7	166	2.8	189	3.1	124.8	114.5	37	23
	Sales/advertising/ marketing costs*	540	9.7	637	10.9	654	10.8	121.1	102.6	114	16
	Depreciation and amortization expenses	112	2.0	117	2.0	106	1.8	94.2	90.8	(6)	(10)
	Others	949	17.1	989	16.8	1,074	17.7	113.1	108.6	124	85
	Total	2,643	47.6	2,844	48.4	3,001	49.4	113.5	105.5	357	157
Operating income		1,154	20.8	1,147	19.5	1,127	18.6	97.6	98.3	(27)	(19)
Non-operating	Income	37	0.7	32	0.6	50	0.8	135.1	154.6	13	17
	Expenses	97	1.8	100	1.7	109	1.8	112.6	108.9	12	8
Ordinary income		1,094	19.7	1,079	18.4	1,067	17.6	97.6	99.0	(26)	(11)
Extraordinary	Profits	-	-	-	-	0	0.0	-	-	0	0
	Losses	0	0.0	-	-	8	0.1	898.8	-	7	8
Income before income taxes and minority interests		1,093	19.7	1,079	18.4	1,059	17.4	96.9	98.2	(33)	(19)
Income taxes-Current		494	8.9	472	8.0	490	8.1	93.2	97.7	(3)	18
Income taxes-Deferred		(72)	(1.3)	(70)	(1.2)	(98)	(1.6)			(25)	(28)
Net income		672	12.1	677	11.5	667	11.0	99.2	98.5	(5)	(9)

* “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. ~ Sep.	Plan for FY 2013
Buildings	188	921	12	193	25	960
Structures	16	36	3	1	-	48
Machinery and equipment	214	160	176	255	215	435
Automobiles and transportation equipment	6	1	2	2	8	10
Tools, equipment, furniture and fixtures	176	195	117	129	79	344
Land	-	-	-	-	99	90
Construction in progress	686	(637)	8	72	809	(90)
Software	154	260	207	159	80	200
Software development in progress	-	2	(2)	25	19	(25)
Others	1	0	2	0	-	-
Total investments	**1,444**	**940**	**528**	**840**	**1,337**	**1,973**
Depreciation and amortization expenses	**1,116**	**1,010**	**1,011**	**947**	**646**	**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.~Sep.	1,510	746	328	—	2,585	14.3%	771	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%	

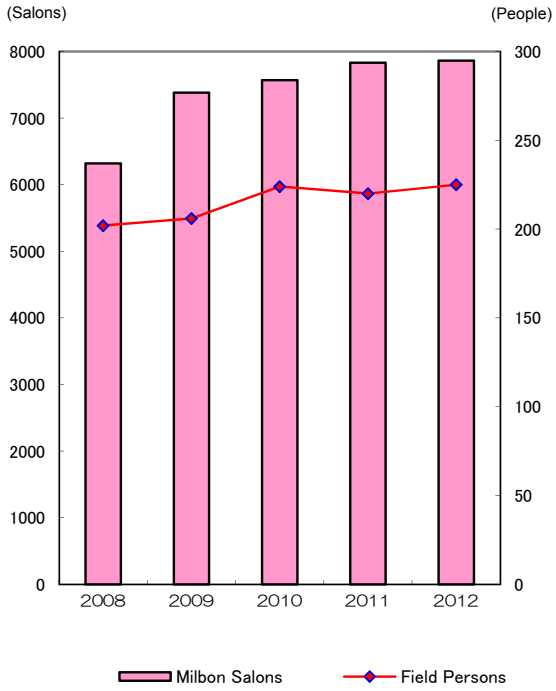
Milbon Co., Ltd. Non-Consolidated Trends in Market Related Data, Milbon Salons and Field Persons

	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 hair designers and assistants (people)	443,944	453,371	456,872	471,161	-	-	Number of beauty salon facilities/number of employees (year-end)
Beauty customer population (thousands of people)	40,119	39,720	39,812	39,640	39,076	38,929 (As of Apr 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 Aug. 20
Tokyo Branch	2,210	2,657	2,784	2,872	2,848	2,961
Nagoya Branch	1,368	1,558	1,643	1,682	1,658	1676
Osaka Branch	2,312	2,616	2,464	2,682	2,725	2,813
Fukuoka Branch	431	552	680	596	633	663
Total	6,321	7,383	7,571	7,832	7,864	8,113



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
9 months ended September 20, 2013

(Unit: million yen)

		9 months ended September 20, 2013 (January - September)									
		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	7,857	49.9	8,193	49.7	8,855	52.0	112.7	108.1	998	661
	Hair coloring products	6,480	41.1	6,676	40.5	6,831	40.1	105.4	102.3	351	154
	Permanent wave products	1,228	7.8	1,308	7.9	1,170	6.9	95.3	89.4	(57)	(138)
	Others	195	1.2	307	1.9	179	1.0	91.8	58.4	(16)	(127)
Net sales		15,760	100.0	16,486	100.0	17,037	100.0	108.1	103.3	1,276	550
Cost of sales		5,131	32.6	5,432	33.0	5,528	32.5	107.7	101.8	397	96
Gross profit		10,629	67.4	11,054	67.0	11,508	67.5	108.3	104.1	878	454
Selling, general and administrative expenses	Labor costs	2,364	15.0	2,512	15.2	2,521	14.8	106.6	100.4	157	9
	Travel/ transportation costs	417	2.6	448	2.7	485	2.9	116.4	108.4	68	37
	Sales/advertising/ marketing costs*	1,726	11.0	1,817	11.0	1,836	10.8	106.3	101.0	109	18
	Depreciation and amortization expense	317	2.0	322	2.0	296	1.7	93.4	91.8	(21)	(26)
	Others	2,668	16.9	2,871	17.4	2,902	17.0	108.8	101.1	234	31
	Total	7,494	47.6	7,972	48.4	8,043	47.2	107.3	100.9	548	70
Operating income		3,134	19.9	3,081	18.7	3,465	20.3	110.5	112.4	330	383
Non-operating	Income	74	0.5	68	0.4	97	0.6	132.4	143.2	23	29
	Expenses	279	1.8	291	1.8	302	1.8	108.1	103.8	22	11
Ordinary income		2,928	18.6	2,858	17.3	3,260	19.1	111.3	114.1	331	402
Extraordinary	Profits	-	-	-	-	0	0.0	-	-	0	0
	Losses	15	0.1	-	-	9	0.1	62.9	-	(5)	9
Income before income tax		2,913	18.5	2,858	17.3	3,251	19.1	111.6	113.7	338	392
Income taxes-current		1,239	7.9	1,164	7.1	1,336	7.8	104.9	114.5	96	171
Income taxes-deferred		(77)	(0.5)	(99)	(0.6)	(116)	(0.7)			(39)	(17)
Net income		1,750	11.1	1,793	10.9	2,032	11.9	116.1	113.3	281	238

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

Subsidiaries (9 months cumulative)

United States: MILBON USA, INC.

	Unit	Amount (9 months cumulative)		Increase (decrease) against previous FY	Year-on-year comparison (%)
		Previous FY 2012	Current FY 2013		
Sales	Thousand dollars	3,410	3,483	73	102.1
	Million yen	269	315	46	117.2

- In the hair care product category, sales of leave-in treatment Elujuda, launched in February, has been steadily increased. Seminars and training programs for priority products such as Linkage-μ(mu) and Inphenom went well, and educational activities at the customer salons are also well received. Such activities contributed to the increase in the revenue growth by category as well as the total sales. Volume Mist, new root volumizer available only in the United States, was launched in April. Volumizer is the leading styling product and market is very competitive in the United States, but Volume Mist received a good reputation from stylists who like natural and soft body and sales has been steadily increased.
- In the permanent wave product category, educational activities were focused on new Highlight Smoothing Menu (*) using primary straightener Liscio. Highlight Smoothing Technique has proven very popular; however, sales of product category decreased due to the existing shrinking market.

*Highlight Smoothing Menu: 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	2,442	2,557	104.7
	Million yen	192	231	120.1
Hair coloring products	Thousand dollars	188	192	102.3
	Million yen	14	17	117.4
Permanent wave products	Thousand dollars	739	688	93.2
	Million yen	58	62	106.9

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
2013/3Q 1,419 salons

Subsidiaries (9 months cumulative)

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

	Unit	Amount (9 months cumulative)		Increase (decrease) against previous FY	Year-on-year comparison (%)
		Previous FY 2012	Current FY 2013		
Sales	Thousand of yuan	10,500	13,725	3,225	130.7
	Million yen	131	199	68	152.5

- Mid-income people's awareness of trend and style has been growing. Educational activities given by Japanese top stylists and Fieldpersons improve Chinese hair dresser's technique, product knowledge and hair-designing skills. As a result, hair dressers gained the ability to meet their customer's needs and expectations, and that helps the salons to increase the number of customers and also average sales per customer.

- After the establishment of Beijing branch office, market share in northern area of China steadily growing. (year-on-year comparison 178%)

	Unit	Previous FY 2012	Current FY 2013	Year-on-year comparison (%)
Hair care products	Thousands of yuan	4,646	6,292	135.4
	Million yen	58	91	157.9
Hair coloring products	Thousands of yuan	4,946	6,113	123.6
	Million yen	61	89	144.2
Permanent wave products	Thousands of yuan	907	1,307	144.1
	Million yen	11	19	168.1

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
2013/3Q : 620 salons

Subsidiaries (9 months cumulative)

South Korea: Milbon Korea Co., Ltd.

	Unit	Amount (9 months cumulative)		Increase (decrease) against previous FY	Year-on-year comparison (%)
		Previous FY 2012	Current FY 2013		
Sales	Million won	4,782	6,013	1,230	125.7
	Million yen	329	486	157	147.7

- Additional two items for Ordeve to match Spring/Summer trend are in good demand and account for 18% of the total sales of Ordeve, resulting in the substantial sales increase in hair coloring product category. In order to enhance the value of hair color at the salons, specially-made wagons for hair color and originally-made color charts were produced. Milbon Korea tries to increase its market share by utilizing such promotional tools.

- Pusan Studio has been established in September, and work on business expansion by providing educational activities for hair coloring technique as a main supportive activities.

	Unit	Previous FY 2012	Current FY 2013	Year-on-year comparison (%)
Hair care products	Million won	1,292	1,431	110.8
	Million yen	89	115	130.1
Hair coloring products	Million won	3,199	4,287	134.0
	Million yen	220	347	157.4
Permanent wave products	Million won	273	266	97.6
	Million yen	18	21	114.6

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
2013/3Q: 3,505 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 (Jan. – Sep.)	Fiscal year 2013 (Jan. – Sep.)	Year-on-year comparison (%)	Comments
Shampoos	1,368	1,538	112.4	Deesse's Neu due Fierli, Plarmia
Rinses	189	180	94.9	Inphenom
Hair tonics	161	269	167.2	Deesse's Lifa Plarmia
Treatments	3,709	4,023	108.5	Deesse's Neu due Deesse's Linkage-μ (mu), Plarmia
Hair creams	6	4	77.9	
Hair conditioners	2,083	2,000	96.0	Deesse's Elujuda Nigelle Dressia Collection
Hair sprays	810	1,383	170.8	Nigelle Dressia Collection Plarmia
Hair coloring products	6,875	7,251	105.5	Ordeve, Ordeve Beaute Farglan
Permanent wave products	1,302	1,241	95.3	Fairche Liscio Atenge
Others	206	190	92.3	Iron, schedule note
Sales rebates	(951)	(1,046)	109.9	
Total	15,760	17,037	108.1	

Reference Materials Hair Cosmetic Shipping Statistics

(Unit: million yen)

		January	February	March	April	May	June	July	August	September	October	November	December	Jan.~Jul.	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	58,053	
	2013	6,512	6,498	9,623	8,235	9,261	9,502	8,902						58,533	100.8%
	Difference	405	-1,556	804	-311	718	259	161	-9,505	-8,511	-9,033	-9,682	-9,918	480	
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	15,887	
	2013	2,109	1,737	2,049	2,074	2,593	2,592	2,695						15,849	99.8%
	Difference	284	-538	-340	-418	443	-14	545	-3,007	-2,326	-2,653	-2,719	-2,436	-38	
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	11,789	
	2013	1,344	1,534	1,576	1,669	1,831	1,902	1,862						11,718	99.4%
	Difference	-44	-47	-64	-28	14	32	66	-1,710	-1,856	-1,939	-1,703	-1,921	-71	
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	42,015	
	2013	4,693	4,751	7,373	5,897	6,105	6,950	5,847						41,616	99.1%
	Difference	-10	-1,600	1,025	-50	-282	118	400	-5,760	-6,339	-6,606	-6,737	-7,429	-399	
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	8,388	
	2013	908	1,110	1,161	1,358	1,165	1,167	1,324						8,193	97.7%
	Difference	-3	-157	-48	113	-32	-67	-1	-1,287	-1,327	-1,300	-1,352	-1,572	-195	
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	7,769	
	2013	822	1,046	1,090	1,250	1,184	1,098	1,121						7,611	98.0%
	Difference	52	-52	-113	73	-4	-86	-28	-1,151	-1,012	-1,112	-1,132	-1,305	-158	
Styling lotions	2012	587	842	873	888	698	843	931	758	796	852	821	806	5,662	
	2013	663	636	782	746	738	879	851						5,295	93.5%
	Difference	76	-206	-91	-142	40	36	-80	-758	-796	-852	-821	-806	-367	
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	12,405	
	2013	1,136	1,323	2,058	1,799	1,954	2,070	1,898						12,238	98.7%
	Difference	-72	-363	-23	98	195	62	-64	-1,624	-1,876	-1,665	-2,065	-2,248	-167	
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	55,096	
	2013	6,272	7,660	9,356	8,843	7,489	7,742	8,665						56,027	101.7%
	Difference	289	49	172	338	-260	13	330	-8,336	-8,379	-8,391	-7,902	-9,840	931	
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	7,654	
	2013	843	818	1,050	1,163	946	1,235	1,237						7,292	95.3%
	Difference	-25	-53	-87	-63	-195	-78	139	-1,037	-1,180	-1,368	-1,130	-1,316	-362	
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	224,716	
	2013	25,302	27,112	36,118	33,034	33,267	35,137	34,402						224,372	99.8%
	Difference	954	-4,523	1,235	-390	637	275	1,468	-34,175	-33,602	-34,920	-35,243	-38,791	-344	

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.

