Consolidated Financial Results for the Fiscal Year Ended December 20, 2013 (Dec. 21, 2012 – Dec. 20, 2013) Supplementary Materials





MILBON

January 22, 2014

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

Masahiro Murai, Managing Director

Consolidated Operating Results

For the year ended December 20, 2013

(Unit: million yen)

	Amount			Increase (decrease) against previous FY	Year-on-year comparison (%)	Achievement rate (%)
	Previous FY 2012	Target	Current FY 2013			
Net sales	21,887	23,100	23,829	1,942	108.9	103.2
Gross profit	14,833	15,690	16,174	1,341	109.0	103.1
Selling, general and administrative expenses	10,847	11,440	11,872	1,024	109.4	103.8
Operating income	3,986	4,250	4,302	316	107.9	101.2
Ordinary income	3,735	3,960	4,059	324	108.7	102.5
Net income	2,128	2,440	2,516	387	118.2	103.1

Breakdown of Consolidated Sales by Product Category
For the year ended December 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
11,069	11,693	12,616	1,547	114.0%	107.9%

- 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 and additional items for Plarmia strongly increased.

- Second generation baby boomers who form the customer base reached in their 40's, and demand for aging care has been increased. At the client salons, number of customers who treat their hair with salon treatment or scalp care has been steadily increased.

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	1,156 million yen	206.5%



< 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	67 million yen	67.9%



< DEESSE'S DAY-SUMMER MIST>

Breakdown of Consolidated Sales by Product Category
For the year ended December 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	107 million yen	63.1%



< 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	48 million yen	53.4%



< 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	123 million yen	123.7%



< PLARMIA New Items>

Breakdown of Consolidated Sales by Product Category
For the year ended December 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
8,820	9,236	9,288	467	105.3%	100.6%

- 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 105.8%)

- 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. Sales of existing colors of this range helps sales increase of the gray hair products category. (year-on-year comparison 105.2%)

■ 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	496 million yen	99.2%

■ 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	184 million yen	73.6%



<Ordeve>



<Ordeve Beaute >

Breakdown of Consolidated Sales by Product Category
For the year ended December 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	223 million yen	111.6%

■ 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	74 million yen	74.1%

Breakdown of Consolidated Sales by Product Category
For the year ended December 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
1,678	1,723	1,623	(55)	96.7%	94.2%

- New products Liscio Atenge were launched, and sales activities had been focused on promoting straight-perm menu resulting in natural finish and remain beautiful results after months. However, sales of permanent wave products category could not get good results as expected.

■ 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	496 million yen	75.3%
Hair Care	200 million yen	130 million yen	65.3%



< LISCIO ATENGE STRAIGHTENING>



< LISCIO ATENGE SPECIALIZED HAIR CARE>

Aujua

Results and Targets

[Number of Aujua salons]

FY 2012 Year end	FY 2013 Year end	Comparison with the FY 2012 year end
1,121 salons	1,516 salons	135.2%

[Sales] (cumulative)

(Unit: million yen)

Results 2012	Fiscal year 2013		Year-on-year comparison	Achievement rate
	Target	Results		
1,719	2,100	2,510	146.1%	119.6%

- Aujua Sommelier system was newly introduced to strengthen the educational system. It develops high-performers who have comprehensive knowledge of hair care, hair dressing technique and counseling skills.
- New series Aging Care Series was launched. Capture the women's feeling who seek hair-care for the changes in their hair and scalp that occurs with aging, and as a result, sales amount has been steadily increased.

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	301 million yen	223.0%



< 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	71 million yen	358.2%



< 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	30 million yen	441.0%



< 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	23 million yen	799.5%



< MOISTCALM LINE>

Consolidated Balance Sheet

(Unit: million yen)

Account	Previous Consolidated Fiscal year <2012.12.20>	Ratio (%)	Current Consolidated Fiscal year <2013.12.20>	Ratio (%)	Increase (decrease)
Cash and deposits	6,066		6,845		779
Notes and accounts receivable-trade	2,964		3,110		145
Inventories	2,316		2,616		300
Deferred tax assets	179		269		90
Others	113		151		37
Allowance for doubtful accounts	(40)		(55)		(14)
Total current assets	11,599	49.0	12,938	49.2	1,338
Buildings and structures	3,612		3,655		42
Machinery, equipment and vehicles	887		902		14
Land	4,763		4,867		103
Construction in progress	85		835		749
Others	180		155		(24)
Total property, plant and equipment	9,529	40.3	10,416	39.6	886
Total intangible assets	526	2.2	481	1.8	(44)
Investment securities	1,136		1,767		630
Long-term loan receivables	17		10		(6)
Deferred tax assets	397		193		(203)
Others	524		563		38
Allowance for doubtful accounts	(69)		(49)		20
Total investments and other assets	2,007	8.5	2,485	9.4	478
Total noncurrent assets	12,062	51.0	13,383	50.8	1,320
Total assets	23,662	100%	26,321	100%	2,659

Account	Previous Consolidated Fiscal year <2012.12.20>	Ratio (%)	Current Consolidated Fiscal year <2013.12.20>	Ratio (%)	Increase (decrease)
Accounts payable-trade	482		501		19
Accounts payable-other	1,558		1,914		355
Income taxes payable	647		945		297
Provision for returned goods	20		26		5
Provision for bonus	71		83		12
Others	316		498		181
Total current liabilities	3,097	13.1	3,970	15.1	872
Provision for retirement benefits	46		55		9
Long-term accrued expenses	63		63		-
Others	87		82		(5)
Total noncurrent liabilities	197	0.8	201	0.8	4
Total liabilities	3,295	13.9	4,172	15.9	877
Capital stock	2,000		2,000		-
Capital surplus	199		199		0
Retained earnings	18,476		20,069		1,592
Treasury stock	(51)		(516)		(465)
Total stockholders' equity	20,624	87.2	21,751	82.6	1,127
Valuation difference on available-for-securities	(129)		277		406
Foreign currency translation adjustments	(127)		120		247
Total accumulative other comprehensive income	(256)	(1.1)	397	1.5	654
Total net assets	20,367	86.1	22,149	84.1	1,782
Total liabilities and net assets	23,662	100%	26,321	100%	2,659

Explanation of Fluctuations in the Consolidated Balance Sheet

Assets

Total assets were 26,321 million yen, an increase of 2,659 million yen in comparison to the end of previous fiscal year.

Current assets

Current assets increased by 1,338 million yen.

○ Cash and deposits	779 million yen	Due to an increase of profit
○ Notes and accounts ofreceivable-trade	145 million yen	Due to an increase sales in December comparing last year
○ Inventories	300 million yen	Due to an increase in inventories of new products

Noncurrent assets

Noncurrent assets increased by 1,320 million yen.

Property, plant and equipment

○ Construction in progress	749 million yen	Construction cost for expansion of Central Research Institute

Investments and other assets

○ Investment securities	630 million yen	Increased due to fluctuation of market value
○ Deferred tax assets	-203 million yen	Decreased due to fluctuation of market value

Liabilities

Total liabilities increased by 877 million yen.

Current Liabilities

Current liabilities increased by 872 million yen.

○ Accounts payable-other	355 million yen	Due mainly to the facilities in Thai Factory
○ Income taxes payable	297 million yen	Due to an increase of income

Noncurrent Liabilities

No significant changes in noncurrent liabilities.

Net Assets

Net assets increased by 1,782 million yen.

○ Retained earnings	1,592 million yen	Due mainly to increase in income
○ Treasury stock	-465 million yen	Due to the acquisition of treasury stock
○ Valuation difference on available-for-sale securities	406 million yen	Due to fluctuation of market value
○ Foreign currency translation adjustments	247 million yen	Due to depreciation of the yen

Consolidated Statement of Earnings
For the year ended December 20, 2013

(Unit: million yen)

		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	11,069	50.6	11,693	50.6	12,616	52.9	114.0	107.9	1,547	923
	Hair coloring products	8,820	40.3	9,236	40.0	9,288	39.0	105.3	100.6	467	52
	Permanent wave products	1,678	7.7	1,723	7.5	1,623	6.8	96.7	94.2	(55)	(99)
	Others	318	1.4	448	1.9	301	1.3	94.6	67.3	(17)	(146)
Net sales		21,887	100%	23,100	100%	23,829	100%	108.9	103.2	1,942	729
Cost of sales		7,053	32.2	7,410	32.1	7,654	32.1	108.5	103.3	601	244
Gross profit		14,833	67.8	15,690	67.9	16,174	67.9	109.0	103.1	1,341	484
Selling, general and administrative expenses	Labor costs	3,581	16.4	3,775	16.3	3,902	16.4	109.0	103.4	321	127
	Travel/ transportation costs	623	2.8	633	2.7	708	3.0	113.8	111.9	85	75
	Sales/advertising/ marketing costs*	2,552	11.7	2,578	11.2	2,690	11.3	105.4	104.4	137	112
	Depreciation and amortization expenses	441	2.0	460	2.0	423	1.8	95.7	92.0	(18)	(36)
	Others	3,648	16.7	3,993	17.3	4,147	17.4	113.7	103.9	499	153
	Total	10,847	49.6	11,440	49.5	11,872	49.8	109.4	103.8	1,024	432
Operating income		3,986	18.2	4,250	18.4	4,302	18.1	107.9	101.2	316	52
Non-operating	Income	120	0.6	100	0.4	159	0.7	132.3	159.4	38	59
	Expenses	371	1.7	390	1.7	402	1.7	108.4	103.2	31	12
Ordinary income		3,735	17.1	3,960	17.1	4,059	17.0	108.7	102.5	324	99
Extraordinary	Profits	-	-	-	-	0	0.0	-	-	0	0
	Losses	151	0.7	-	-	11	0.0	7.5	-	(139)	11
Income before income taxes and minority interests		3,584	16.4	3,960	17.1	4,048	17.0	113.0	102.2	464	88
Income taxes-Current		1,440	6.6	1,586	6.9	1,643	6.9	105.3	100.8	203	57
Income taxes-Deferred		15	0.1	(66)	(0.3)	(110)	(0.5)			(126)	(44)
Net income		2,128	9.7	2,440	10.6	2,516	10.6	118.2	103.1	387	76

* “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 23,829 million yen, an increase of 1,942 million yen in comparison to the same period last year.
Comparisons by product category are as follows:

Hair care products	1,547 million yen
Hair coloring products	467 million yen
Permanent wave products	- 55 million yen
Others	- 17 million yen

2 Gross profit was 16,174 million yen, an increase of 1,341 million yen in comparison to the same period last year. Gross profit margin was 67.9%, a 0.1 point increased from previous year.

3 Selling, general and administrative expenses were 11,872 million yen, an increase of 1,024 million yen in comparison to the same period last year.
The main factors of the increase were as follows.

Labor costs	321 million yen	Due to an increase of salary and number of employees.
Selling/advertising/marketing expense	137 million yen	Due to marketing expenses for new products.

4 Operating income was 4,302 million yen, an increase of 316 million yen in comparison with the same period last year.

5 Net income for the year has increased by 387 million yen compared to the previous year due to the effect of the increased revenue and there is no loss on disposal of fixed assets associated with the expansion of Central Research Institute posted in last year.

Comparison with targets

1 Sales was 23,829 million yen, 729 million yen higher than the target.
Comparisons by product category are as follows:

Hair care products	923 million yen
Hair coloring products	52 million yen
Permanent wave products	-99 million yen
Others	-146 million yen

2 Gross profit was 16,174 million yen, 484 million yen higher than the target. The gross profit margin was 67.9%.

3 Selling, general and administrative expenses were 11,872 million yen, 432 million yen higher than the target.

Labor costs	127 million yen	Due to an increase of bonus
Selling/advertising/marketing expense	112 million yen	Due to marketing expenses for new products.

4 Operating income was 4,302 million yen, 52 million yen higher than the target.

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

(Unit: million yen)

		3 months ended December 20, 2013 (October – December)									
		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	3,062	52.9	3,265	53.1	3,529	55.9	115.3	108.1	467	264
	Hair coloring products	2,204	38.1	2,397	39.0	2,269	35.9	102.9	94.7	64	(127)
	Permanent wave products	395	6.8	349	5.7	399	6.3	100.9	114.4	3	50
	Others	124	2.2	134	2.2	122	1.9	97.7	91.1	(2)	(11)
Net sales		5,787	100%	6,145	100%	6,320	100%	109.2	102.9	532	175
Cost of sales		1,964	33.9	1,975	32.1	2,090	33.1	106.4	105.9	126	115
Gross profit		3,822	66.1	4,170	67.9	4,229	66.9	110.6	101.4	406	59
Selling, general and administrative expenses	Labor costs	1,045	18.1	1,018	16.6	1,113	17.6	106.5	109.4	68	95
	Travel/ transportation costs	181	3.1	156	2.5	195	3.1	107.9	125.4	14	39
	Sales/advertising/ marketing costs*	771	13.3	668	10.9	793	12.6	102.9	118.7	22	125
	Depreciation and amortization expenses	113	2.0	123	2.0	110	1.8	97.2	89.7	(3)	(12)
	Others	843	14.6	922	15.0	1,035	16.4	122.8	112.3	192	113
	Total	2,956	51.1	2,889	47.0	3,249	51.4	109.9	112.5	293	360
Operating income		866	15.0	1,281	20.8	979	15.5	113.1	76.5	113	(301)
Non-operating	Income	45	0.8	27	0.4	48	0.8	107.0	175.8	3	20
	Expenses	91	1.6	98	1.6	99	1.6	109.3	101.4	8	1
Ordinary income		820	14.2	1,210	19.7	928	14.7	113.2	76.7	108	(281)
Extraordinary	Profits	-	-	-	-	-	-	-	-	-	-
	Losses	136	2.4	-	-	1	0.0	1.2	-	(134)	1
Income before income taxes and minority interests		684	11.8	1,210	19.7	926	14.7	135.4	76.6	242	(283)
Income taxes-Current		199	3.5	420	6.8	305	4.8	117.4	76.3	105	(114)
Income taxes-Deferred		97	1.7	38	0.6	44	0.7			(53)	6
Net income		386	6.7	752	12.2	577	9.1	149.3	76.8	190	(174)

* “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	Plan for FY 2014
Buildings	188	921	12	193	288	959
Structures	16	36	3	1	41	24
Machinery and equipment	214	160	176	255	277	602
Automobiles and transportation equipment	6	1	2	2	8	13
Tools, equipment, furniture and fixtures	176	195	117	129	91	316
Land	-	-	-	-	100	-
Construction in progress	686	(637)	8	72	739	(844)
Software	154	260	207	159	159	307
Software development in progress	-	2	(2)	25	(25)	-
Others	1	0	2	0	-	-
Total investments	**1,444**	**940**	**528**	**840**	**1,680**	**1,380**
Depreciation and amortization expenses	**1,116**	**1,010**	**1,011**	**947**	**878**	**1,086**

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
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	2,065	977	496	—	3,540	14.4%	969	4.2%	Plarmia Additional colors for Ordeve, Ordeve Beaute Nigelle Dressia Collection (Cream) Deesse's Day-Summer Mist Liscio Atenge Aujua Aging Care Series (Villa Lodolla Lusence)
2014 Target	2,160	1,090	—	—	3,250	12.6%	1,169	4.8%	New Products: Hair care products 5 lines Hair styling products 2 lines Hair coloring products 4 lines Villa Lodola 3 lines

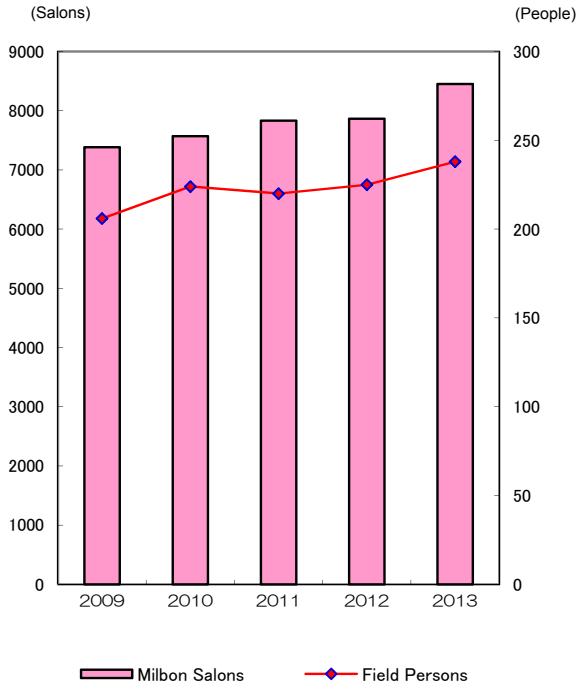
Milbon Co., Ltd. Non-Consolidated Trends in Market Related Data, Milbon Salons and Field Persons

	2008	2009	2010	2011	2012	2013	Comments
Number of beauty salons (salons)	221,394	223,645	223,286	228,429	231,134	—	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	479,509	—	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	38,614 (As of July 1, 2013)	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
Tokyo Branch	2,210	2,657	2,784	2,872	2,848	3,015
Nagoya Branch	1,368	1,558	1,643	1,682	1,658	1,775
Osaka Branch	2,312	2,616	2,464	2,682	2,725	2,934
Fukuoka Branch	431	552	680	596	633	727
Total	6,321	7,383	7,571	7,832	7,864	8,451



Trend in Fieldpersons*

	2008	2009	2010	2011	2012	2013	2014
Field persons (people)	202	206	224	220	225	238	28 people scheduled to join the company
Sales per person (million yen)	90	91	92	97	100	103	

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

Milbon Co., Ltd. Non-consolidated Statement of Earnings
For the year ended December 20, 2013

(Unit: million yen)

		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	10,841	50.6	11,352	50.6	12,312	53.1	113.6	108.5	1,471	959
	Hair coloring products	8,636	40.4	8,991	40.1	9,020	38.9	104.4	100.3	383	28
	Permanent wave products	1,605	7.5	1,631	7.3	1,546	6.7	96.3	94.8	(58)	(84)
	Others	320	1.5	440	2.0	301	1.3	94.1	68.4	(18)	(139)
Net sales		21,403	100%	22,416	100%	23,180	100%	108.3	103.4	1,776	764
Cost of sales		7,092	33.1	7,381	32.9	7,636	32.9	107.7	103.5	543	255
Gross profit		14,311	66.9	15,035	67.1	15,544	67.1	108.6	103.4	1,233	509
Selling, general and administrative expenses	Labor costs	3,340	15.6	3,432	15.3	3,539	15.3	105.9	103.1	198	106
	Travel/ transportation costs	589	2.8	595	2.7	670	2.9	113.7	112.5	80	74
	Sales/advertising/ marketing costs*	2,477	11.6	2,455	11.0	2,589	11.2	104.5	105.4	112	133
	Depreciation and amortization expense	427	2.0	435	1.9	401	1.7	93.9	92.2	(26)	(34)
	Others	3,460	16.2	3,715	16.6	3,827	16.5	110.6	103.0	366	111
	Total	10,295	48.1	10,635	47.4	11,028	47.6	107.1	103.7	732	393
Operating income		4,015	18.8	4,400	19.6	4,516	19.5	112.5	102.6	500	116
Non-operating	Income	116	0.5	90	0.4	140	0.6	120.7	156.1	24	50
	Expenses	371	1.7	390	1.7	402	1.7	108.4	103.2	31	12
Ordinary income		3,761	17.6	4,100	18.3	4,254	18.4	113.1	103.8	493	154
Extraordinary	Profits	-	-	-	-	0	0.0	-	-	0	0
	Losses	151	0.7	-	-	211	0.9	139.9	-	60	211
Income before income tax		3,609	16.9	4,100	18.3	4,043	17.4	112.0	98.6	433	(56)
Income taxes-current		1,439	6.7	1,580	7.0	1,630	7.0	102.8	98.5	191	50
Income taxes-deferred		16	0.1	(60)	(0.3)	(133)	(0.6)			(150)	(73)
Net income		2,153	10.1	2,580	11.5	2,545	11.0	118.2	98.7	392	(34)

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

Subsidiaries

United States: MILBON USA, INC.

	Unit	Amount		Increase (decrease) against previous FY	Year-on-year comparison (%)
		Previous FY 2012	Current FY 2013		
Sales	Thousand dollars	4,560	4,697	137	103.0
	Million yen	359	435	76	121.2

- In the hair care product category, activities were focused on seminars and workshops of in-salon treatment Linkage μ and Inphenom, and educational activities performed in the client salon were also focused. As a result, in addition to those mentioned products, sales of Deesse's Neu Due and Inphenom Home Care, take home products recommended to the customer who had in-salon treatment, were also steadily increased and contributed to the category sales and entire sales increase.

- In the permanent wave product category, educational activities were focused on new beauty technique Highlight Smoothing Menu with a core straight product Liscio Crystal; however, category sales has been decreased due to the shrinking market of straightening perm.

	Unit	Previous FY 2012	Current FY 2013	Year-on-year comparison (%)
Hair care products	Thousand dollars	3,278	3,448	105.2
	Million yen	258	320	123.7
Hair coloring products	Thousand dollars	249	252	101.2
	Million yen	19	23	119.1
Permanent wave products	Thousand dollars	973	938	96.3
	Million yen	76	87	113.3

Established: March 2004
* In operation since July 2004

Number of employees:
16 people
(including FP): 12 people
※FP: Fieldperson

Number of handling outlets:
2012/4Q 1,281 salons
2013/4Q 1,294 salons

Subsidiaries

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

	Unit	Amount		Increase (decrease) against previous FY	Year-on-year comparison (%)
		Previous FY 2012	Current FY 2013		
Sales	Thousand of yuan	14,857	18,930	4,072	127.4
	Million yen	184	281	96	152.4

- Sales activities were narrowed down to higher per capita GDP urban site, East China area (Shanghai, Jiangsu, Zhejiang) and South China area (Canton, Fujian) and educational activities were perfumed by Japanese top stylist and Fieldpersons. Providing tips for salon management, activities to re-form staff consciousness and giving innovative techniques were highly acclaimed by younger manager who run trend salon, and contributed to the enhancement of the brand image of Milbon Trading (Shanghai).
- Workshops and seminars were taken place in Beijing studio which was established last year to expand the market share in North China area. Many of managers who run hair salons in Beijing or Tianjin joined the seminars and consequently the number of customer salon has increased.
- Ordeve Beaute, special product for gray hair was launched as a new product. In hair care product category, leave-in treatment Deesse's Elujuda has been launched and contributed to entire sales increase.

	Unit	Previous FY 2012	Current FY 2013	Year-on-year comparison (%)
Hair care products	Thousands of yuan	7,204	8,631	119.8
	Million yen	89	128	143.3
Hair coloring products	Thousands of yuan	6,441	8,443	131.1
	Million yen	80	125	156.7
Permanent wave products	Thousands of yuan	1,209	1,849	152.9
	Million yen	15	27	182.8

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
2013/4Q : 702 salons

Subsidiaries

South Korea: Milbon Korea Co., Ltd.

	Unit	Amount		Increase (decrease) against previous FY	Year-on-year comparison (%)
		Previous FY 2012	Current FY 2013		
Sales	Million won	6,553	8,527	1,974	130.1
	Million yen	451	703	251	155.7

- New seasonal colors have been added to Ordeve, integrated permanent coloring products in March and August. Educational activities focused on seasonal trend color and sales promotion featuring specially-made wagon for hair color contributed to the significant increase in customer salon.
- Feildpersons who joined the company this fiscal year clearly define their target salons, and actively performed educational activities resulting development of new customer salons and also expanding the market share.
- Busan studio was established in September 2013, and it helped to do more community-based educational activities and it was well received in the market.

	Unit	Previous FY 2012	Current FY 2013	Year-on-year comparison (%)
Hair care products	Million won	1,750	1,933	110.5
	Million yen	120	159	132.2
Hair coloring products	Million won	4,411	6,194	140.4
	Million yen	304	511	168.0
Permanent wave products	Million won	366	362	98.8
	Million yen	25	29	118.3

Established: July 2009
In operation since December 2009

Number of employees:
22 people
(including FP): 18 people

Number of handling outlets:
2012/4Q: 2,838 salons
2013/4Q: 3,854 salons

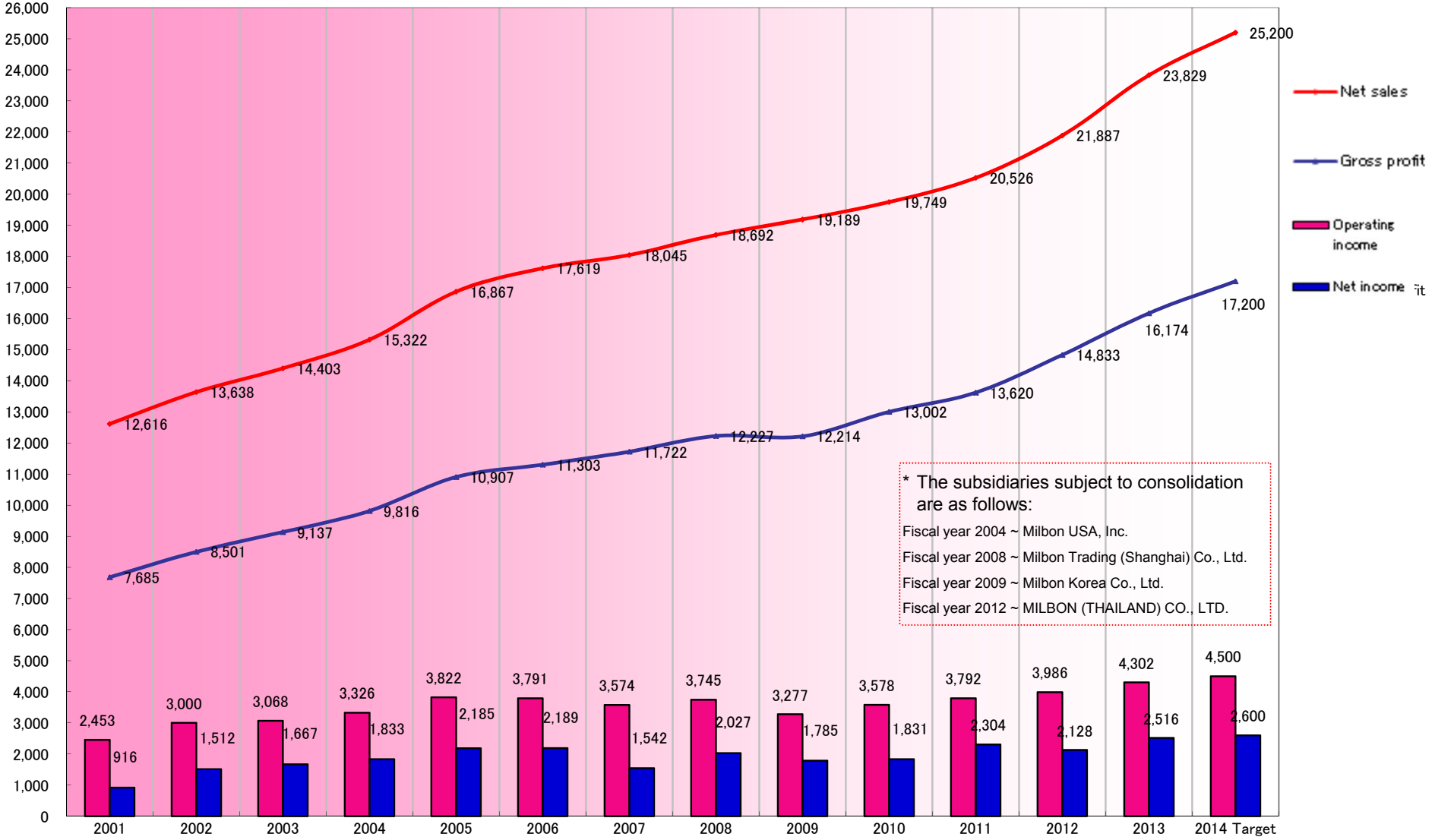
Fiscal Year 2014 Consolidated Statement of Earnings Targets (55th term)

(Unit: million yen)

		Results in fiscal year 2013	Ratio (%)	Fiscal year 2014 target	Ratio (%)	Year-on-year comparison (%)	Increase (decrease) against previous FY
Hair care products		12,616	52.9	13,490	53.5	106.9	873
Hair coloring products		9,288	39.0	9,670	38.4	104.1	381
Permanent wave products		1,623	6.8	1,580	6.3	97.3	(43)
Others		301	1.3	460	1.8	152.5	158
Net sales		23,829	100%	25,200	100%	105.8	1,370
Cost of sales		7,654	32.1	8,000	31.7	104.5	345
Total sales revenues		16,174	67.9	17,200	68.3	106.3	1,025
Selling, general and administrative expenses	Labor costs	3,902	16.4	4,200	16.7	107.6	297
	Travel costs/ transportation costs	708	3.0	700	2.8	98.8	(8)
	Sales/advertising/ marketing costs*	2,690	11.3	2,824	11.2	105.0	134
	Depreciation and amortization expense	423	1.8	475	1.9	112.5	52
	Others	4,147	17.4	4,498	17.9	108.5	350
	Total	11,872	49.8	12,700	50.4	107.0	827
Operating income		4,302	18.1	4,500	17.9	104.6	197
Non-operating Income		159	0.7	135	0.5	84.7	(24)
Non-operating Expenses		402	1.7	420	1.7	104.3	17
Ordinary income		4,059	17.0	4,215	16.7	103.8	155
Extraordinary Profit		0	0.0	-	-	-	(0)
Extraordinary Expenses		11	0.0	25	0.1	219.2	13
Income before income tax		4,048	17.0	4,190	16.6	103.5	141
Income taxes-Current		1,643	6.9	1,659	6.6	103.7	15
Income taxes-Deferred		(110)	(0.5)	(69)	(0.3)		41
Net income		2,516	10.6	2,600	10.3	103.3	83

Consolidated Performance

(Unit: million yen)



Efforts in the Fiscal Year 2014 (55th term)

Ryuji Sato, President and CEO

Efforts in the Fiscal Year 2014 (55th term) [1]

The domestic market

1. Market environment

2. Points of market policies

3. Brand developments:

- Aujua

- Villa Lodola

Efforts in the Fiscal Year 2014 (55th term) [2]

Overseas Market (1)

*Organizational management for International Sales Department

1.Milbon Trading (Shanghai) Co., Ltd

2. Milbon Korea Co., Ltd.

3. Milbon USA, Inc.

4. Milbon (Thailand) Co., Ltd.

- Sales Deartment

- Production Department

Efforts in the Fiscal Year 2014 (55th term) [3]

■ Overseas Market (2)

5. Representative Offices
   1. Existing area (Taiwan, Hong-Kong)

   2. Newly entered area (Malaysia, Vietnam, Turkey)

6. Global Expansion (Training for global vision and development of a new market/region)

■ In conclusion

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	Fiscal year 2013	Year-on-year comparison (%)	Comments
Shampoos	1,932	2,224	115.1	Deesse's Neu due Aujua, Plarmia
Rinses	254	241	95.0	Inphenom
Hair tonics	225	374	166.1	Deesse's Lifa Plarmia
Treatments	5,118	5,649	110.4	Deesse's Neu due Deesse's Linkage-μ (mu) Aujua, Plarmia
Hair creams	8	6	82.4	
Hair conditioners	2,831	2,797	98.8	Deesse's Elujuda Nigelle Dressia Collection
Hair sprays	1,125	1,774	157.7	Nigelle Dressia Collection Plarmia
Hair coloring products	9,164	9,571	104.4	Ordeve, Ordeve Beaute Farglan
Permanent wave products	1,702	1,639	96.3	Fairche Liscio Atenge
Others	338	319	94.4	Iron, schedule note
Sales rebates	(1,296)	(1,418)	109.4	
Total	21,403	23,180	108.3	

Reference Materials Hair Cosmetic Shipping Statistics

(Unit: million yen)

		January	February	March	April	May	June	July	August	September	October	November	December	Jan.~Oct.	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	85,102	
	2013	6,512	6,498	9,623	8,235	9,261	9,502	8,902	8,078	8,026	8,838			83,475	98.1%
	Difference	405	-1,556	804	-311	718	259	161	-1,427	-485	-195			-1,627	
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	23,873	
	2013	2,109	1,737	2,049	2,074	2,593	2,592	2,695	2,448	2,232	2,213			22,742	95.3%
	Difference	284	-538	-340	-418	443	-14	545	-559	-94	-440			-1,131	
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	17,294	
	2013	1,344	1,534	1,576	1,669	1,831	1,902	1,862	1,745	1,711	1,923			17,097	98.9%
	Difference	-44	-47	-64	-28	14	32	66	35	-145	-16			-197	
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	60,720	
	2013	4,693	4,751	7,373	5,897	6,105	6,950	5,847	5,671	6,695	6,583			60,565	99.7%
	Difference	-10	-1,600	1,025	-50	-282	118	400	-89	356	-23			-155	
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	12,302	
	2013	908	1,110	1,161	1,358	1,165	1,167	1,324	1,121	1,211	1,243			11,768	95.7%
	Difference	-3	-157	-48	113	-32	-67	-1	-166	-116	-57			-534	
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	11,044	
	2013	822	1,046	1,090	1,250	1,184	1,098	1,121	936	912	1,080			10,539	95.4%
	Difference	52	-52	-113	73	-4	-86	-28	-215	-100	-32			-505	
Styling lotions	2012	587	842	873	888	698	843	931	758	796	852	821	806	8,068	
	2013	663	636	782	746	738	879	851	1,264	1,066	912			8,537	105.8%
	Difference	76	-206	-91	-142	40	36	-80	506	270	60			469	
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	17,570	
	2013	1,136	1,323	2,058	1,799	1,954	2,070	1,898	1,904	1,642	1,680			17,464	99.4%
	Difference	-72	-363	-23	98	195	62	-64	280	-234	15			-106	
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	80,202	
	2013	6,272	7,660	9,356	8,843	7,489	7,742	8,665	8,043	8,602	8,578			81,250	101.3%
	Difference	289	49	172	338	-260	13	330	-293	223	187			1,048	
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	11,239	
	2013	843	818	1,050	1,163	946	1,235	1,237	1,016	1,022	953			10,283	91.5%
	Difference	-25	-53	-87	-63	-195	-78	139	-21	-158	-415			-956	
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	327,413	
	2013	25,302	27,112	36,118	33,034	33,267	35,137	34,402	32,227	33,120	34,003			323,722	98.9%
	Difference	954	-4,523	1,235	-390	637	275	1,468	-1,948	-482	-917			-3,691	

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.

