Business Results (April 1, 2008 – September 30, 2008)

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Corporate Name: Mandom Corporation
Stock Listing: Tokyo Stock Exchange, First Section
Code Number: 4917
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Submission of Report for this Quarter: November 12, 2008 (scheduled)
Dividend Payment: December 10, 2008 (scheduled)

1. Results for Q1 + Q2 Fiscal 2009 (April 1, 2008 to September 30, 2008)

(Note: Rounded off to millions)

(1) Consolidated Financial Highlights

(The percentages are year-on-year % changes compared with the respective period of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(¥ million)	Change % YoY	(¥ million)	Change % YoY	(¥ million)	Change % YoY	(¥ million)	Change % YoY
Six months ended September 30, 2008	30,870	-	4,503	-	4,650	-	2,463	-
Six months ended September 30, 2007	30,352	11.2	4,762	37.9	4,739	36.3	2,488	39.9

	Earnings Per Share (EPS)	Earnings Per Share (diluted)
	(¥)	(¥)
Six months ended September 30, 2008	103.56	-
Six months ended September 30, 2007	104.61	-

(2) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(¥ million)	(¥ million)	(%)	(¥)
Six months ended September 30, 2008	54,971	46,363	77.5	1,791.14
FY 2008	54,218	45,868	78.1	1,779.67

<Reference> Shareholders' Equity: FY2009 Q2 ¥42,606 million
FY2008 ¥42,334 million

2. Dividends

	Dividend Per Share				
(Date)	End Q1	End Q2	End Q3	End FY	FY Total
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2008	-	30.00	-	50.00	80.00
FY 2009	-	40.00			
FY 2009 (Forecast)			-	40.00	80.00

Note: Changes in dividend forecast for this quarter: None

3. Outlook for Fiscal 2009 (April 1, 2008 to March 31, 2009)

(The percentages are year-on-year increase/decrease rates.)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
FY 2009	58,400	3.8	6,900	0.9	6,830	1.9	3,520	0.6	147.98

Note: Changes made this quarter in the forecast for consolidated business results: None

4. Other Information

(1) Changes in consolidation of subsidiaries: None

(2) Simplified accounting methods were used and special accounting methods were used for the preparation of the financial statements for this quarter:

For details, refer to p. 6 “Financial Statements: Qualitative Information, 4. Other Information.”

(3) Changes in the accounting principles, methods or display applying to the period (Changes to the significant accounting policies serving as the bases for preparation of consolidated financial statements for this quarter):

1. There were changes due to alterations in accounting criteria.
2. There were no changes other than 1. above.

For details, refer to p. 6 “Financial Statements: Qualitative Information, 4. Other Information.”

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the fiscal year (including treasury stock)

9/09: 24,134,606 3/08: 24,134,606

2) Total number of treasury stocks

9/09: 347,234 3/08: 346,551

3) Average number of stocks during the consolidated period (Q1+Q2)

9/09: 23,787,761 9/08: 23,788,718

<u>* Information for the appropriate use of forecast figures, and other special comments</u>

1. Data and comments relating to performance outlook given hereby are based on the information currently available to Mandom Corporation and on specific facts deemed to be reasonable at the time. Actual performance may differ greatly from the figures forecast due to various factors. For special notes on using the forecast figures and the assumptions used in making the forecast, refer to p. 5 under Financial Statements: Qualitative Analysis, 3. Consolidated Business Result Forecast: Qualitative Analysis.
2. Starting from this consolidated financial year, the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12) and the Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14) have been used. The quarterly financial statements were prepared in accordance with the Rules for Quarterly Consolidated Financial Statements.

Financial Statements: Qualitative Analysis

1. Consolidated Business Results: Qualitative Analysis

Economic recession became evident in Japan during the period covered by these consolidated business results. The US and other world economies underwent a slowdown in economic performance, which led to a decline in external demand. Private-sector companies posted falls in income and made reductions in manufacturing investment. With prices rising, personal spending dampened as consumers tried to stave off jumps in household expenditure. In the cosmetics industry, macroscopic indicators (shipment volume and value) leveled off. The increase in cost could not be converted into a mark-up in sales price. The market environment continues to be a very tough one. Meanwhile, the economies of Asia, where the Mandom Group's overseas operations are conducted, made a gentle expansion amidst the negative backdrop of rising material costs and slowing down of trade.

Such being the context, the Group's consolidated sales for the six months ended September 30, 2008, totaled ¥30,870 million (1.7% up year on year). This is thanks mainly to the core brand *Gatsby* increasing sales in Japan on the strength of seasonal summer products and achieving healthy increases in sales in the whole of Asia as well. Also, the Thai subsidiary (MANDOM CORPORATION (THAILAND) LTD>) was added to consolidation beginning from the first quarter of this business year.

Operating income amounted to ¥4,503 million (5.4% down year on year). The reason for this drop is that despite the sales costs and general administration costs being held low, the huge rise in raw materials costs both in Japan and overseas compounded by the negative impact of foreign exchange rates pushed up costs.

The result is an ordinary income of ¥4,650 million (1.9% down year on year). The net income was ¥2,463 million (1.0% down year on year). The consolidated business results for the six months ended September 30, 2008 showed a small increase in income but decreases in profits. Notwithstanding, the results were above the figures set by the forecast published on May 13, 2008 for the consolidated business results of the period. The interim dividend for the period is ¥40 per share as originally announced.

Regional segment information on business performance is as follows.

In Japan, sales amounted to ¥20,647 million (0.1% down year on year). The key contributory factors were: In the Men's Grooming area, the core brand *Gatsby* with its seasonal products provided the growth engine for sales. *Lucido-L*, the key brand in Women's Cosmetry, underwent total renewal and contributed to sales, but other existing lines did not grow as expected. In profit terms, though sales costs and general administrative costs were held at low levels, higher raw material prices led to increased manufacturing cost. Thus operating income was ¥2,882 million (3.1% down year on year).

In Asia, sales totaled ¥10,223 million (5.0% up year on year). The driving force was the mainstay brand in Men's Grooming, *Gatsby*, which performed well in Asia overall, despite struggling in some regions. Also, the Indonesian subsidiary (PT MANDOM INDONESIA Tbk) achieved steady growth in overseas sales. With these contributions, the ratio of the sales generated in Asia to total consolidated sales over this period was 33.1%. In profit terms, the overseas manufacturing base, PT MANDOM INDOENSIA Tbk, suffered the consequences of high materials costs and poor exchange rates. With costs rising thus, the operating income was ¥1,616 million (9.6% down year on year).

For reference, the tables give figures for the same period of the previous year.

2. Consolidated Financial Condition: Qualitative Analysis

Total assets at the end of the second quarter increased by ¥752 million compared to the end of the previous financial year, now standing at ¥54,971 million. The main reason for this is the increase in cash and deposits. Shareholders' equity increased ¥494 million compared to the end of the previous financial year to ¥46,363 million. This is because the profit for the period was put in reserve, increasing the retained earnings.

[Cash Flow]

Net cash provided by operating activities in the first and second quarters of FY 2009 was a positive balance of ¥3,005 million. The principal reasons are the pre-tax net income being ¥4,643 million, the inventory balance being ¥373 million and corporate and other tax payments amounting to ¥1,684 million.

Cash provided by investment activities ended in a negative balance of ¥169 million. This is due to the expenditure of ¥1,321 million on tangible assets chiefly on manufacturing facilities investment on Japan and Indonesia and the positive balance of acquisition, redemption and disposal of securities and investment securities being ¥1,680 million.

Financing activities ended in a negative cash flow of ¥1,078 million, resulting from a payout of ¥1,403 million in shareholder dividend including payment of dividends to minority shareholders. The income from minority shareholders due to the increase in the capitalization of PT MANDOM INDONESIA Tbk added ¥333 million to the balance. The change in consolidation resulted in an increase of cash and cash equivalents by ¥69 million

As a result of all the above activities, cash and cash equivalents on hand at the end of the second quarter of FY 2009 increased ¥1,621 million to ¥11,412 million.

3. Consolidated Business Forecast: Qualitative Analysis

In the second half of the business year, the Japanese economy will witness deepening recessionary trends brought on by the lack of confidence in the financial and political sectors, with not only Japan but the real economies throughout the world suffering in the wake of the US credit crunch. The cosmetics market will shrink, with consumer confidence waning. The competitive environment will become even tougher.

In such a context, the Mandom Group expects to post a slightly higher sales turnover than the previous year, by directing effort chiefly into solidifying the stronghold of the core brand *Gatsby* in the Men's Grooming category and by reinforcing product development and marketing activities tailored to the nature of the market in China and other overseas countries.

As regards profits, the Group intends to make no change at present to the forecast announced on May 13, 2008. Although it is impossible to ignore uncertainties that may well exert downward pressure on profits, such as the rising costs due to the high price of raw materials both in Japan and overseas and the negative impact of foreign exchange rates on the financial statements of overseas subsidiaries due to the rising yen, the Group will work towards achieving the planned targets.

Based on these premises, the consolidated sales for the twelve months ending March 31, 2009 are forecast to be ¥58,400 million (3.8% up year on year), operating income ¥6,900 million (0.9% up year on year), ordinary income ¥6,830 million (1.9% up year on year) and net income for the year ¥3,520 million (0.6% up year on year).

There are risks of variation in the results figures because the Group's growth engines, overseas companies, are subject to negative effects on their financial statements due to currency fluctuations. Thus, the forecasts for consolidated business results given above assumes the exchange rate of 0.0113 JPY to 1 IRP (the rate used is 0.0110 JPY to 1 IRP when accounting for the second half of the year alone.)

4. Other Information

(1) Changes in principal subsidiaries during the period (changes in specified subsidiaries involving changes in the scope of consolidation):

No applicable event occurred.

(2) Adoption of simplified accounting methods and special accounting methods for quarterly consolidated financial statements:

1. Simplified accounting methods

a. Estimation of bad debts on general receivables

Bad debts on general receivables for the first quarter were estimated using the bad debt ratio calculated at the previous fiscal year-end as a reasonable criterion value if there was no significant difference in this ratio between the quarter and the previous year-end.

b. Measurement of inventories

At the end of this second quarter, physical inventory was not taken. Inventories at the quarter-end were calculated using a reasonable method based on the actual inventory balance at the previous fiscal year-end.

2. Special accounting methods for quarterly consolidated financial statements

Mandom Corporation and its domestic consolidated subsidiaries reasonably estimated an effective tax rate on their pre-tax net profit (after tax-effect accounting) for the consolidated fiscal year including the first and second quarters. Then, they calculated income tax expenses for the quarter by multiplying their pre-tax quarterly net profit by the estimated effective tax rate. Note that income tax adjustments are included in the income tax expenses presented.

(3) Changes in accounting principles, procedures and presentation method for quarterly consolidated financial statements:

- Changes in accounting standards

1. Starting from the current consolidated fiscal year, Mandom Corporation adopts the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12 issued on March 14, 2007) and the Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14 issued on March 14, 2007). The company also follows the Rules for Quarterly Consolidated Financial Statements to prepare its quarterly consolidated financial statements.
2. Previously, finance leases that do not transfer ownership of the leased property to the lessee were accounted for as rental transactions. Starting from the first quarter, however, the company adopts the Accounting Standard for Lease Transactions (ASBJ Statement No.13 issued on June 17, 1993 by the 1st Committee, Business Accounting Council; amended on March 30, 2007) and the Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No.16 released on January 18, 1994 by the Accounting Standard Committee, the Japanese Institute of Certified Public Accountants; amended on March 30, 2007), both effective for quarterly consolidated financial statements for fiscal years beginning on or after April 1, 2008. Accordingly, non-ownership transfer finance leases for the quarter were accounted for as ordinary sales transactions. Leased properties under these finance leases were depreciated by the straight-line method under which their lease period is defined as their service life and their remaining value is set at zero.

   The adoption had no effects on income and expenditure.
3. Previously, inventories held for ordinary sales were stated principally at cost determined by periodic average method. Starting from the first quarter, however,

the company adopts the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9 issued on July 5, 2006). Accordingly, such inventories for the quarter just ended were stated principally at cost determined by periodic average method (with their balance sheet values devaluated in line with reduced profitability).

As a result, loss on disposal of inventories, which had been accounted for as non-operating expense, was charged to cost-of-goods-sold expense, starting from the first quarter.

The adoption had minor effects on the income and expenditure.

4. Starting from the first quarter, the company adopts the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements (ASBJ Practical Issues Task Force (PITF) No. 18 issued on May 17, 2006). According to this PITF, the company made necessary revisions to its quarterly consolidated financial statements.

The adoption had minor effects on the income and expenditure.