Business Results (April 1, 2009 – September 30, 2009)

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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 11, 2009 (scheduled)
Dividend Payment: December 10, 2009 (scheduled)

1. Results for Q1 + Q2 Fiscal 2010 (April 1, 2009 to September 30, 2009)

(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, 2009	29,437	△4.6	4,160	△7.6	4,418	△5.0	2,427	△1.5
Six months ended September 30, 2008	30,870	-	4,503	-	4,650	-	2,463	-

	Earnings Per Share (EPS)	Earnings Per Share (diluted)
	(¥)	(¥)
Six months ended September 30, 2009	103.01	-
Six months ended September 30, 2008	103.56	-

(2) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(¥ million)	(¥ million)	(%)	(¥)
Six months ended September 30, 2009	53,425	45,049	78.2	1,786.97
FY 2009	49,078	42,379	80.5	1,661.94

<Reference> Shareholders' Equity: FY2010 Q2 ¥41,781 million
FY2009 ¥39,532 million

2. Dividends

	Dividend Per Share				
	End Q1	End Q2	End Q3	End FY	FY Total
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2009	-	40.00	-	20.00	60.00
FY 2010	-	30.00			
FY 2010 (Forecast)			-	30.00	60.00

Note: Changes in dividend forecast for this quarter: None

3. Outlook for Fiscal 2010 (April 1, 2009 to March 31, 2010)

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

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
FY 2010	53,700	△2.7	5,150	4.5	5,300	2.4	2,800	△7.0	119.75

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

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

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

9/10: 24,134,606 3/09: 24,134,606

2) Total number of treasury stocks

9/10: 753,092 3/09: 347,860

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

9/10: 23,561,221 9/09: 23,787,761

* Information for the appropriate use of forecast figures, and other special comments

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. 6 under Financial Statements: Qualitative Analysis, 3. Consolidated Business Result Forecast: Qualitative Analysis.

Financial Statements: Qualitative Analysis

1. Consolidated Business Results: Qualitative Analysis

The Japanese economy during the first two quarters of this consolidated business year continued to face uncertainty and difficulty. Private-sector companies posted falls in income, the employment scene became gloomier and personal spending dampened, though there were some positive signs of an economic upturn such as the pick-up in export and manufacturing. The cosmetics industry is still in a very tough environment for generating profits. Meanwhile, the economies of Asia, where the Mandom Group's overseas operations are conducted, struggled against harsh economic tides, despite some signs of recovery in China where the government stimulus package had some effect.

Such being the context, the Group kept to the policies of attaining stable growth through strengthening our core business, the Men's Grooming Category, of creating a growth path for Women's categories, and of maintaining the expansion of our overseas business.

The Group's consolidated sales for the six months ended September 30, 2009, totaled ¥29,437 million (4.6% down year on year). This is due mainly to the huge drop in yen-denominated sales of overseas subsidiaries because of local currency weakness, despite the core brand *Gatsby* increasing sales in Japan

Operating income amounted to ¥4,160 million (7.6% down year on year). The reason for this drop is that the reduction in sales costs and general administration costs achieved through measures including efficiency savings in marketing costs could not fully offset the fall in gross margin resulting from the fall in revenue. The result is an ordinary income of ¥4,418 million (5.0% down year on year). The net income decreased to ¥2,427 million (1.5% down year on year).

Regional segment information on business performance is as follows.

In Japan, sales amounted to ¥20,885 million (1.2% up year on year). The key contributory factors were: The Face & Body Category of the core brand *Gatsby* provided the growth engine for sales; Women's Cosmetics did well and increased sales, covering up for the stagnant sales of other existing lines. In income terms, sales costs were reduced through efficiency savings in marketing costs. Thus operating income increased to ¥3,210 million (11.4% up year on year).

In Asia, sales totaled ¥8,551 million (16.4% down year on year), a tremendous decrease. In local currency terms, growth was maintained. However, the weakness of local currencies meant a huge shrinking in yen-denominated figures. In profit terms, the yen-denominated sales and general administration costs came down but the fall in the yen-denominated gross margin outstripped the gain. Thus the operating income fell hugely to ¥944 million (41.6% down year on year). Sales generated by overseas business totaled ¥8,786 million (15.6% down year on year). Overseas business comprised 29.8% of all consolidated sales.

2. Consolidated Financial Condition: Qualitative Analysis

Total assets at the end of the second quarter increased by ¥4,347 million compared to the end of the previous financial year, and are now standing at ¥53,425 million. The main reason for this is the increase in trade receivables and securities as well as the increase in investment securities because of the bounce-back in the stock market.

Liabilities increased by ¥1,677 million compared to the end of the previous financial year, now standing at ¥8,376 million. This is mainly due to the increase in accrued corporate taxes.

Shareholders' equity increased ¥2,669 million compared to the end of the previous financial year to ¥45,049 million. This is mainly because of a decrease from treasury stock acquisition and of increases in evaluation and adjustment differences. The equity-capital ratio is now 78.2%.

[Cash Flow]

Net cash provided by operating activities in the first and second quarters of FY 2010 was a positive balance of ¥4,897 million, an increase of ¥1,891 million year on year. The principal reason is that though the pre-tax net income was ¥4,400 million, keeping level year on year, corporate and other tax payments were contained at ¥468 million in negative cash flow, resulting in a year-on-year increase of ¥1,216 million.

Cash provided by investment activities ended in a negative balance of ¥3,811 million, a decrease of ¥3,641 million year on year. This is chiefly due to the balance of negotiable securities and investment securities decreasing by ¥3,979 million year on year, resulting from the acquisition and disposal/redemption of negotiable securities and investment securities.

Financing activities ended in a negative cash flow of ¥1,585 million, a decrease of ¥507 million year on year. The principal factors are as follows: A payout of ¥689 million was made in shareholder dividend including payment of dividends to minority shareholders, which was a decrease of ¥713 million year on year; however, the acquisition of treasury stock cost ¥890 million and revenue from minority shareholder payment amounting to ¥333 million had been added to the ledger during the same period of the previous financial year. Due to changes in consolidation, cash and cash equivalents decreased by ¥41 million.

As a result of all the above activities, cash and cash equivalents on hand at the end of the second quarter of FY 2010 decreased ¥414 million compared to the end of the previous financial year and now stands at ¥8,820 million.

3. Consolidated Business Forecast: Qualitative Analysis

The second half of the business year seems likely to witness signs of recovery in the world economy, which will nudge the Japanese economy gradually towards recovery as well. However, private-sector profits are still down and employment is as yet declining. The clouds of uncertainty are probably to linger. The cosmetics industry will be subject to further intensification in competition. Companies will compete more fiercely against each other and suffer adversely from diminished consumer confidence.

In such a context, the Mandom Group intends to ensure the attainment of our target sales figures 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 individual markets overseas.

As regards profits, the Group will work towards attaining the targets initially set, although some doubts remain. Negative factors are rising costs owing to the sharp increase in raw material prices both in Japan and overseas, the increased sales-to-cost ratio on account of new product input into the Japanese market, and the adverse impact of exchange rates on the financial statements of overseas subsidiaries because of further weakness in local currencies.

Based on these premises, the consolidated sales for the twelve months ending March 31, 2010 are forecast to be ¥53,700 million (2.7% down year on year), operating income ¥5,150 million (4.5% up year on year), ordinary income ¥5,300 million (2.4% up year on year) and net income for the year ¥2,800 million (7.0% down 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 rates of 92 JPY to 1 US$, 10,220 IRP to 1 US$ and 0.0090 JPY to 1 IRP.

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:

No applicable event occurred.