Consolidated Business Results (April 1, 2010 – September 30, 2010: Japanese Standard)

Published October 28, 2010

Corporate Name: Mandom Corporation
Stock Listing: Tokyo Stock Exchange, First Section
Code Number: 4917
(URL: http://www.mandom.co.jp)

President: Motonobu Nishimura, Representative Director, President Executive Officer

Contact: Kazunori Koshikawa, Corporate Officer and General Manager, Financial Management Division

Tel: (81)- (0) 6 6767 5001

Submission of Report for this Quarter: November 09, 2010 (scheduled)
Dividend Payment: December 10, 2010 (scheduled)

Documents providing supplementary information on the quarter's results included.

Information meeting on the quarter's results included.

1. Results for Q1 + Q2 Fiscal 2011 (April 1, 2010 to September 30, 2010)

(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, 2010	31,192	6.0	4,367	5.0	4,544	2.8	2,102	△13.4
Six months ended September 30, 2009	29,437	△4.6	4,160	△7.6	4,418	△5.0	2,427	△1.5

	Earnings Per Share (EPS)	Earnings Per Share (diluted)
	(¥)	(¥)
Six months ended September 30, 2010	89.94	-
Six months ended September 30, 2009	103.01	-

(2) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(¥ million)	(¥ million)	(%)	(¥)
Six months ended September 30, 2010	55,103	46,026	77.1	1,815.93
FY 2010	54,182	45,058	76.6	1,774.64

<Reference> Shareholders' Equity: FY2011 Q2 ¥42,458 million
FY2010 ¥41,493 million

2. Dividends

	Annual dividends				
	End Q1	End Q2	End Q3	End FY	FY Total
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2010	-	30.00	-	30.00	60.00
FY 2011	-	30.00			
FY 2011 (Forecast)			-	30.00	60.00

Note: Changes in dividend forecast for this quarter: None

3. Outlook for Fiscal 2011 (April 1, 2010 to March 31, 2011)

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

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
FY 2010	57,800	6.4	5,950	10.8	6,000	5.0	2,810	0.3	120.18

Note: Changes made in the current quarter in business performance forecast included.

4. Other Information

(Refer to “2. Other Information” on Page 7 of the Attachment for details.)

(1) Changes in consolidation of subsidiaries: None

NB: Changes in consolidation of specific subsidiary(ies) resulting in any change in the scope of consolidation during the quarter reviewed

(2) Simplified accounting methods and special accounting methods were used:

NB: Statement of whether or not such methods have been adopted

(3) Changes in the accounting principles, methods or display, etc.

1. There were changes due to alterations in accounting criteria.
2. There were no changes other than 1. above.: None

NB: Statement of whether or any changes have occurred in the accounting principles, methods, display, etc. relating to the preparation of consolidated quarterly financial statements mentioned in the “Changes to the significant accounting policies serving as the basis for preparation of consolidated quarterly financial statements”

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

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

9/11: 24,134,606   3/10: 24,134,606

2) Total number of treasury stocks

9/11: 753,548   3/10: 753,410

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

9/11: 23,381,150   9/10: 23,561,221

* Information on the status of implementation of quarterly review formalities

The present quarterly report of business results falls outside the scope of quarterly review formalities as defined in the Financial Instruments and Exchange Act of Japan. At the time of publication of the present quarterly report, the quarterly review of the Company’s financial statements as defined in the above Act have not been completed.

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

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: 1. Qualitative Analysis of the Quarter's Consolidated Business Results, (3) Consolidated Business Result Forecast: Qualitative Analysis.

1. Qualitative Analysis of the Quarter's Consolidated Business Results

(1) Consolidated Business Results: Qualitative Analysis

The Japanese economy during the first two quarters of this consolidated business year has continued to face difficulty manifested in the severe employment situation and deflation, as well as uncertainties for the future in view of the signs of worldwide economic recovery leveling off and the continuously strong yen, despite the overall tendency of mild recovery supported by improving private business profits. The cosmetics industry continues to be in a very tough environment. Meanwhile, in Asia, where the Mandom Group’s overseas operations are conducted, robust recovery is under way, under the influence of economy-boosting programs in China, while the rest of the region shifting upwardly thanks to increased exports to China.

Under such circumstances, to realize sustainable growth, the Group has focused on securing stable growth by reinforcing our core business, the Men’s Grooming Category, creating a new growth path for Women’s Cosmetics Categories, and maintaining the expansion of our overseas business.

The Group's consolidated sales for the six months ended September 30, 2010 totaled ¥31,192 million (up 6.0% year on year). This is mainly attributable to increased sales in the core brand Gatsby in Japan and increased yen-quoted sales by overseas subsidiaries because of stronger local currencies in Asia.

The operating income amounted to ¥4,367 million (up 5.0% year on year). This is mainly thanks to the Company's increased income and the increased yen-quoted gross margin of overseas subsidiaries. As a result, an ordinary income of ¥4,544 million (up 2.8% year on year) was registered. The net income decreased to ¥2,102 million (down 13.4% year on year) mainly because the previous year's corporate taxes were posted.

Regional segment information on business performance is as follows.

In Japan, sales amounted to ¥21,268 million (up 1.8% year on year). The main contributor to this increase was the core brand Gatsby, which covered, with expanded sales mainly of summer products, weak growth of the other existing products. As for income, with increased gross margin exceeding increased marketing (sales promotion) expenses, the operating income came to ¥3,229 million (up 3.0% year on year).

In Indonesia, sales totaled ¥6,552 million (up 18.1% year on year), due to exchange rate fluctuations resulting in a considerable increase in yen-quoted sales although the local currency-based figure remained almost unchanged from the previous year. The operating income was ¥627 million (down 3.3% year on year), thanks to active marketing (sales promotion) investment.

In the other overseas markets, sales reached ¥3,372 million (up 12.2% year on year). This is because local currency-based growth was sustained, except some areas, while yen-quoted figures increased. The operating income came to ¥510 million (up 35.3% year on year), thanks to increased yen-quoted gross margin offsetting increased sales and general and administrative expenses.

(2) Consolidated Financial Condition: Qualitative Analysis

The total assets at the end of the second quarter were ¥55,103 million, an increase of ¥920 million from the end of the previous financial year. This is mainly because trade receivables and securities increased.

Liabilities totaled ¥9,076 million, which remained almost comparable to the figure at the previous term end, despite an increase in unpaid corporate taxes.

Net assets increased by ¥967 million from the end of the previous financial year to ¥46,026 million, with the owner's equity to total assets reaching 77.1%. This is mainly because of increased shareholders' equity resulting from earned profit and increased differences arising from valuation and translation because of positive exchange rate impact.

[Cash Flow]

Net cash provided by operating activities in the first and second quarters was a positive balance of ¥3,142 million, which decreased by ¥1,754 million year on year. This is mainly because of a year-on-year increase of ¥1,393 million in the amount of payable corporate taxes including the previous year's, resulting in a total expenditure of ¥1,862 million.

Cash provided by investment activities ended in a negative balance of ¥2,738 million, an increase of ¥1,072 million year on year. This is chiefly due to an increase of ¥1,200 million year on year of the balance of securities resulting from acquisition of securities, redemption and sales.

Financing activities ended in a negative cash flow of ¥954 million, a year-on-year increase of ¥630 million. This is mainly due to a year-on-year increase of ¥260 million in the payout of shareholders' dividends including the payment of dividends to minority shareholders, which resulted in an expenditure of ¥ 949 million, and the acquisition of treasury stock costing ¥890 million in the previous year.

As a result of all the above activities, cash and cash equivalents on hand at the end of the second quarter decreased by ¥584 million from the end of the previous financial year and now stands at ¥9,158 million.

(3) Consolidated Business Forecast: Qualitative Analysis

The year-long business performance forecast has been revised downwardly in view of the cumulative business results up to this second quarter. For details, please refer to the announcement regarding modification in business forecast published today (October 28, 2010).

2. 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 the accounting principles, methods, display, etc.

Changes in matters related to accounting standards

1. From the first quarter of the consolidated fiscal year, the Company adopts "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008).

Following the above, the cumulative operating income and the ordinary income in the second quarter have each decreased by two million yen, while the pre-tax quarterly net income has decreased by 19 million yen. The adoption of the above standards has produced a change of 39 million yen in asset retirement obligations.

2. From the first quarter of the consolidated fiscal year, the Company adopts "Accounting Standard for Equity Method of Accounting for Investments" (ASJB Statement No. 16, announced on March 10, 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ PITF No. 24, March 10, 2008).

The above has no influence on the Company's profits or loss.

3. From the first quarter of the consolidated fiscal year, the Company adopts "Accounting Standard for Business Combination" (ASBJ Statement No. 21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), the partially revised "Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), " Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, announced on December 26, 2008), and "Guidance on Accounting Standard for Business Combination and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).