

## Summary of Consolidated Business Results for the Three Months Ended June 30, 2009

Tokyo, July 24, 2009 — Kao Corporation today announced its consolidated business results for the three months ended June 30, 2009, the first quarter of the fiscal year ending March 31, 2010. The following summary of the business results is unaudited and for reference only.

Ticker code: 4452

### Consolidated Financial Highlights

(Millions of yen, millions of U.S. dollars, except per share data)

	Three months ended June 30			Fiscal 2008, ended March 31, 2009	
	2009	2008	Change	2009	
	Yen		%	U.S. Dollars	Yen
Net sales	<b>287,213</b>	316,848	(9.4)	<b>2,991.5</b>	1,276,316
Operating income	<b>19,438</b>	25,707	(24.4)	<b>202.5</b>	96,800
Ordinary income	<b>19,931</b>	26,068	(23.5)	<b>207.6</b>	94,609
Net income	<b>11,800</b>	17,096	(31.0)	<b>122.9</b>	64,462
Total assets	<b>1,117,087</b>	1,174,085	(4.9)	<b>11,635.1</b>	1,119,676
Total net assets	<b>561,505</b>	560,226	0.2	<b>5,848.4</b>	554,194
Net worth ratio	<b>49.4%</b>	46.8%	-	<b>49.4%</b>	48.7%
Net worth per share (yen/US\$)	<b>1,029.90</b>	1,025.89	0.4	<b>10.73</b>	1,017.19
Net income per share (yen/US\$)	<b>22.02</b>	31.89	(31.0)	<b>0.23</b>	120.25
Net income per share, fully diluted (yen/US\$)	<b>22.01</b>	31.87	(30.9)	<b>0.23</b>	120.22
Net cash provided by operating activities	<b>33,525</b>	4,536	-	<b>349.2</b>	121,597
Net cash used in investing activities	<b>(11,639)</b>	(13,385)	-	<b>(121.2)</b>	(43,156)
Net cash used in financing activities	<b>(15,853)</b>	(10,349)	-	<b>(165.1)</b>	(64,704)
Cash and cash equivalents at end of period	<b>120,464</b>	85,512	-	<b>1,254.7</b>	110,565

#### Notes:

1. Number of outstanding shares (common stock):

- Number of shares outstanding at the end of the periods (including treasury stock): 540,143,701 shares as of June 30, 2009; 540,143,701 shares as of March 31, 2009.
- Number of shares of treasury stock at the end of the periods: 4,142,993 shares as of June 30, 2009; 4,128,568 shares as of March 31, 2009.
- Weighted average number of shares outstanding during the three months ended June 30 of each year: 536,009,049 shares for 2009; 536,154,418 shares for 2008.

2. The net worth ratio is defined as net worth divided by total assets. Net worth consists of shareholders' equity and adjustments for valuation, foreign currency translation and others.

## Consolidated Results by Business Segment

Three months ended June 30	Billions of Yen					
	SALES			OPERATING INCOME		
	2009	2008	% change	2009	2008	Incr./(Dcr.)
			Like-for-like			
Beauty Care	<b>134.2</b>	146.1	(8.1)	(4.0)	<b>0.3</b>	6.0 (5.7)
Human Health Care	<b>47.5</b>	46.8	1.6	3.5	<b>2.8</b>	2.1 0.7
Fabric & Home Care	<b>65.0</b>	63.9	1.7	4.1	<b>12.5</b>	10.3 2.2
Consumer Products Total	<b>246.8</b>	256.9	(3.9)	(0.6)	<b>15.7</b>	18.5 (2.8)
Chemical	<b>47.8</b>	69.3	(30.9)	(23.1)	<b>3.7</b>	7.2 (3.5)
Corporate/Eliminations	<b>(7.5)</b>	(9.4)	-	-	<b>0.0</b>	(0.0) 0.0
Consolidated	<b>287.2</b>	316.8	(9.4)	(5.0)	<b>19.4</b>	25.7 (6.2)

Three months ended June 30	Millions of U.S. Dollars					
	SALES			OPERATING INCOME		
	2009	2008	% change	2009	2008	Incr./(Dcr.)
			Like-for-like			
Beauty Care	<b>1,398.7</b>	1,522.7	(8.1)	(4.0)	3.1	63.1 (60.0)
Human Health Care	<b>495.2</b>	487.6	1.6	3.5	30.0	22.4 7.6
Fabric & Home Care	<b>677.5</b>	666.4	1.7	4.1	130.5	107.3 23.2
Consumer Products Total	<b>2,571.5</b>	2,676.7	(3.9)	(0.6)	163.7	192.9 (29.2)
Chemical	<b>498.9</b>	722.3	(30.9)	(23.1)	38.6	75.2 (36.5)
Corporate/Eliminations	<b>(78.8)</b>	(98.9)	-	-	0.2	(0.2) 0.4
Consolidated	<b>2,991.5</b>	3,300.2	(9.4)	(5.0)	202.5	267.8 (65.3)

## Consolidated Results by Geographic Segment

Three months ended June 30	Billions of Yen					
	SALES			OPERATING INCOME		
	2009	2008	% change	2009	2008	Incr./(Dcr.)
			Like-for-like			
Japan	<b>225.3</b>	233.3	(3.5)	(3.4)	<b>16.5</b>	20.1 (3.5)
Asia/Oceania	<b>27.5</b>	40.6	(32.2)	(19.1)	<b>0.1</b>	2.4 (2.3)
North America	<b>20.2</b>	25.4	(20.6)	(9.6)	<b>0.6</b>	1.3 (0.6)
Europe	<b>25.8</b>	37.4	(31.0)	(11.7)	<b>1.0</b>	2.0 (1.0)
Corporate/Eliminations	<b>(11.7)</b>	(20.1)	-	-	<b>1.0</b>	(0.2) 1.2
Consolidated	<b>287.2</b>	316.8	(9.4)	(5.0)	<b>19.4</b>	25.7 (6.2)

Three months ended June 30	Millions of U.S. Dollars					
	SALES			OPERATING INCOME		
	2009	2008	% change	2009	2008	Incr./(Dcr.)
			Like-for-like			
Japan	<b>2,347.0</b>	2,430.9	(3.5)	(3.4)	<b>172.6</b>	209.4 (36.8)
Asia/Oceania	<b>287.2</b>	423.6	(32.2)	(19.1)	<b>1.6</b>	25.6 (24.0)
North America	<b>210.8</b>	265.5	(20.6)	(9.6)	<b>7.0</b>	13.9 (6.8)
Europe	<b>268.9</b>	389.6	(31.0)	(11.7)	<b>10.8</b>	21.8 (11.0)
Corporate/Eliminations	<b>(122.4)</b>	(209.5)	-	-	<b>10.5</b>	(2.9) 13.3
Consolidated	<b>2,991.5</b>	3,300.2	(9.4)	(5.0)	<b>202.5</b>	267.8 (65.3)

Note:

Like-for-like growth rates exclude the currency translation effect related to translation of local currencies into Japanese yen.

**Forecast of Consolidated Results for the Six Months Ending September 30, 2009 and the Year Ending March 31, 2010**

(Millions of yen, millions of U.S. dollars, except per share data)

	Six months ending September 30, 2009			Year ending March 31, 2010		
	Yen	Year-on-year	U.S. Dollars	Yen	Year-on-year	U.S. Dollars
Net sales	604,000	(8.2%)	6,291.0	1,210,000	(5.2%)	12,602.9
Operating income	43,000	(21.5%)	447.9	97,000	+0.2%	1,010.3
Ordinary income	41,000	(25.4%)	427.0	95,000	+0.4%	989.5
Net income	23,000	(29.0%)	239.6	56,000	(13.1%)	583.3
Net income per share (Yen/US\$)	42.91	-	0.45	104.48	-	1.09
Cash dividends per share	28.00	-	0.29	56.00	-	0.58

*Notes:*

1. The Kao Group forecasts that net sales for the fiscal year ending March 31, 2010 will decrease 5.2% year on year to 1,210.0 billion yen. On a like-for-like basis excluding the effect of currency translation, net sales are forecast to decrease 2.6%.
2. The forecasts for the six months ending September 30, 2009 and the fiscal year ending March 31, 2010 remain the same as announced on April 24, 2009, except for a revision to net income per share for the fiscal year ending March 31, 2010 due to a change in the estimated weighted average number of shares outstanding during the fiscal year.
3. Net income per share is computed based on the estimated weighted average number of shares outstanding during the fiscal year.

**Notes for this News Release:**

1. Change in scope of consolidation during the current fiscal year: None
2. Application of simplified accounting procedures and accounting procedures specific to the preparation of quarterly consolidated financial statements: Please refer to "(2) Application of simplified accounting procedures and accounting procedures specific to the preparation of quarterly consolidated financial statements" in "4. Other" on page 12 for details.
3. Changes in accounting principles, procedures and presentation methods used in the preparation of quarterly consolidated financial statements: None
4. U.S. dollar amounts represent translations using the approximate exchange rate on June 30, 2009, of 96.01 yen=US\$1, and are presented solely for the convenience of readers.
5. Yen amounts are rounded down to the nearest million.

**Forward-Looking Statements**

This release contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of release. Certain factors, which include, but are not limited to, the risks and uncertainty associated with the worldwide economy, competitive activity, and fluctuations in currency exchange and interest rates, could cause actual results to differ materially from expectations.

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## Summary of Consolidated Business Results and Financial Condition for the Three Months Ended June 30, 2009

### 1. Qualitative Information on Consolidated Business Results

During the three months ended June 30, 2009, the economic environment remained challenging due to weak personal consumption and private-sector demand in Japan and overseas.

Under these circumstances, the Kao Group worked to launch and nurture high-value-added products while focusing on cost reduction activities and rationalization of expenses.

Although sales in the Human Health Care Business and Fabric and Home Care Business grew, net sales decreased 9.4% compared with the same quarter a year earlier to 287.2 billion yen. This decrease was mainly due to changing consumer purchasing sentiment regarding prestige cosmetics with the impact of worsening business conditions, and the substantial decrease in sales volume in the Chemical Business due to a drop in demand from its customer industries. Excluding the effect of currency translation, net sales would have decreased 5.0%.

The Kao Group worked on measures including promotion of cost reduction activities and greater efficiency of marketing expenses. In addition, raw material prices declined as market conditions softened, mainly for natural oils and fats and petrochemicals. However, decreased sales volume had a substantial effect on profits. Consequently, operating income decreased 6.2 billion yen compared with the same quarter a year earlier to 19.4 billion yen and ordinary income decreased 6.1 billion yen to 19.9 billion yen. Net income decreased 5.2 billion yen to 11.8 billion yen.

Operating income before amortization of goodwill and other items related to acquisitions (EBITA) was 28.2 billion yen, which is equivalent to 9.8% of net sales.

The main exchange rates used for translating the financial statement items (income and expenses) of foreign subsidiaries and affiliates were as shown below. For foreign subsidiaries and affiliates, the period of consolidation for the first quarter is from January to March.

	First quarter
Yen/U.S. dollar	95.20
Yen/Euro	123.20

## **Summary of Segment Information**

### ***Consolidated Results by Business Segment***

#### **Consumer Products Business**

Sales decreased 3.9% compared with the same quarter a year earlier to 246.8 billion yen. Excluding the effect of currency translation, sales would have decreased 0.6%.

In Japan, the cosmetics market contracted compared with the same quarter a year earlier due to changing consumer purchasing sentiment with the impact of worsening business conditions. However, the household and personal care products market was firm, growing about 2% on a yen value basis as average consumer purchase prices in major product categories remained largely unchanged from the same period a year earlier.

Sales in Japan decreased 0.8% to 205.3 billion yen. Prestige cosmetics were affected by market contraction. However, in the household and personal care products market, the Kao Group continued to increase its share compared with the same quarter a year earlier by launching new products that respond to changing consumer lifestyles and by working to strengthen its proposal-based sales capabilities and in-store merchandising activities.

In Asia and Oceania, competition remained intense despite economic expansion. Sales decreased 13.9% to 17.8 billion yen due to the effect of currency translation. However, positive results were seen from collaborations with local retailers and integration of business operations in the region, including Japan, as excluding the effect of currency translation, sales would have increased 3.5%.

In North America and Europe, with cooling markets due to worsening business conditions and the impact of currency translation, sales decreased 18.7% to 27.4 billion yen. Excluding the effect of currency translation, sales would have decreased 3.8%.

Despite a decline in prices for raw materials, mainly natural oils and fats and petrochemicals, operating income decreased 2.8 billion yen to 15.7 billion yen due to the decrease in sales.

#### **Beauty Care Business**

Sales decreased 8.1% compared with the same quarter a year earlier to 134.2 billion yen. Excluding the effect of currency translation, sales would have decreased 4.0%.

Sales of prestige cosmetics decreased 12.7% to 64.3 billion yen. Excluding the effect of currency translation, sales would have decreased 11.6%. In Japan, the Kao Group aggressively worked to strengthen and increase its megabrands with initiatives including the launch of the new *TWANY ESTHETUDE* counseling total cosmetics line and the addition of

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items to counseling cosmetics such as the *COFFRET D'OR* makeup and *SOFINA beauté* skin care lines. However, amid a market trend toward selecting lower priced products, these efforts were impacted by cooling markets for the mid-priced (2,000 yen to 5,000 yen) and high-priced segments, and inventory reductions by retailers. Sales of premium skin care products increased due to strong performance by the *Curél* and *Bioré* brands in Japan. In premium hair care products, sales in Japan grew substantially as a result of the strong performance of *Blauné Hair Color Foam*. However, sales in Asia decreased due to the effect of currency translation, despite the steady growth of *Asience* as a pan-Asian brand. Sales in North America and Europe also decreased due to the impact of worsening business conditions and currency translation.

Operating income decreased 5.7 billion yen to 0.3 billion yen as a result of the decrease in sales of prestige cosmetics. Operating income before amortization of goodwill and other items related to acquisitions (EBITA) decreased 6.4 billion yen to 9.1 billion yen, which is equivalent to 6.8% of sales.

*Human Health Care Business*

Sales increased 1.6% compared with the same quarter a year earlier to 47.5 billion yen. Excluding the effect of currency translation, sales would have increased 3.5%.

Sales of food and beverage products increased with the addition of new *Healthya Sparkling*, the first carbonated drink approved as Food for Specified Health Use (FOSHU) due to its effect on body fat, amid growing consumer health awareness in Japan. Sales of sanitary products were basically unchanged. In Japan, sales of *Laurier* sanitary napkins decreased in an intense competitive environment, but sales of *Merries* baby diapers were firm. In Asia, sales of *Laurier* would have increased excluding the effect of currency translation. Sales of personal health products were flat, as *Success* men's products contributed but sales of bath additives, toothpaste and toothbrushes decreased.

Operating income increased 0.7 billion yen to 2.8 billion yen due to increased profits from the sales growth and a decline in raw material prices.

*Fabric and Home Care Business*

Sales increased 1.7% compared with the same quarter a year earlier to 65.0 billion yen. Excluding the effect of currency translation, sales would have increased 4.1%.

In fabric care products, sales in Japan were strong with the launches of improved *Attack* laundry detergent and new products *Humming Flair* fabric softener and *Haiter* fabric bleach. Sales of home care products increased due to strong sales of *CuCute* dishwashing detergent and efforts to strengthen the *Haiter* brand with the launch of new products including drain cleaner and washing machine cleaner.

Operating income increased 2.2 billion yen to 12.5 billion yen because of sales growth from active launches of new and improved products and a decline in raw material prices.

### **Chemical Business**

With the impact of decreased demand from customer industries due to rapidly worsening business conditions since autumn 2008 and lower selling prices following a decline in raw material prices, Chemical Business sales decreased 30.9% from the same quarter a year earlier to 47.8 billion yen. Excluding the effect of currency translation, sales would have decreased 23.1%.

Oleo chemicals were impacted by a decrease in sales volume due to a fall in demand from customer industries and lower selling prices following the decline in raw material prices. Performance chemicals, which Kao supplies to a wide range of industries, were impacted by the economic slowdown. Specialty chemicals were also impacted by the economic slowdown. However, demand from customer industries recovered for polishing agents for hard disks and cleaners for electronic parts after bottoming out during the January to March period of 2009.

Operating income decreased 3.5 billion yen to 3.7 billion yen due to the substantial decrease in sales volume.

### ***Consolidated Results by Geographic Segment***

#### **Japan**

Sales of Kao Group companies in Japan decreased 3.5% compared with the same quarter a year earlier to 225.3 billion yen. The Kao Group introduced high-value-added products and strengthened its sales capabilities, and the Consumer Products Business grew, excluding prestige cosmetics. However, prestige cosmetics and the Chemical Business were impacted by worsening business conditions.

Despite the above measures and cost reduction activities, operating income decreased 3.5 billion yen to 16.5 billion yen due to the impact of the decrease in sales of prestige cosmetics and the Chemical Business.

#### **Asia and Oceania**

Sales of Kao Group companies in Asia and Oceania decreased 32.3% compared with the same quarter a year earlier to 27.5 billion yen. Excluding the effect of currency translation, sales would have decreased 19.1%. Sales of the Consumer Products Business would have increased excluding the effect of currency translation as positive results were seen from collaborations with local retailers and integration of business operations in the region, including Japan. Sales

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of the Chemical Business decreased substantially due to lower selling prices following a decline in raw material prices, inventory adjustments at customers and the effect of currency translation.

Operating income decreased 2.3 billion yen to 0.1 billion yen with the impact of the decrease in sales of the Chemical Business.

**North America**

Sales of Kao Group companies in North America decreased 20.6% compared with the same quarter a year earlier to 20.2 billion yen. Excluding the effect of currency translation, sales would have decreased 9.6%. The Consumer Products Business took aggressive actions including new product launches amid continuing intense market competition. However, the U.S. economic downturn impacted both the Consumer Products Business and the Chemical Business.

Operating income decreased 0.6 billion yen to 0.6 billion yen due to factors including a decrease in sales volume.

**Europe**

Sales of Kao Group companies in Europe decreased 31.0% compared with the same quarter a year earlier to 25.8 billion yen. Excluding the effect of currency translation, sales would have decreased 11.7%. The main factor in the decrease was the effect of currency translation, although both the Consumer Products Business and the Chemical Business were also impacted by worsening business conditions.

Operating income decreased 1.0 billion yen to 1.0 billion yen due to factors including a decrease in sales volume.

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**2. Qualitative Information on Consolidated Financial Condition****Summary of Consolidated Financial Condition**

	Billions of Yen			Millions of U.S. Dollars
	Q1/FY2009 Jun 30, 2009	FY2008 Mar 31, 2009	Incr./ (Dcr.)	Q1/FY2009 Jun 30, 2009
Total assets	<b>1,117.0</b>	1,119.6	(2.5)	<b>11,635.1</b>
Total net assets	<b>561.5</b>	554.1	7.3	<b>5,848.4</b>
Net worth ratio	<b>49.4%</b>	48.7%	-	-
Total net assets per share (Yen/US\$)	<b>1,029.90</b>	1,017.19	12.71	<b>10.7</b>
Total debt	<b>274.6</b>	275.4	(0.8)	<b>2,860.8</b>

**Summary of Consolidated Cash Flows**

Three months ended June 30	Billions of Yen			Millions of U.S. Dollars
	2009	2008	Incr./ (Dcr.)	2009
Net cash provided by operating activities	<b>33.5</b>	4.5	28.9	<b>349.2</b>
Net cash used in investing activities	<b>(11.6)</b>	(13.3)	1.7	<b>(121.2)</b>
Free cash flow, the sum of net cash provided by operating activities and net cash used in investing activities	<b>21.8</b>	(8.8)	30.7	<b>228.0</b>
Net cash used in financing activities	<b>(15.8)</b>	(10.3)	(5.5)	<b>(165.1)</b>

Total assets decreased 2.5 billion yen from the previous fiscal year-end to 1,117.0 billion yen. The principal increase in assets was an 18.7 billion yen increase in cash and cash equivalents. The principal decreases in assets were a 9.1 billion yen decrease in marketable securities and an 8.7 billion yen decrease in intangible assets due to the progress of amortization of intellectual property rights including trademarks and goodwill.

Total liabilities decreased 9.8 billion yen from the previous fiscal year-end to 555.5 billion yen. The principal increase in liabilities was a 3.8 billion yen increase in notes and accounts payable -- trade. The principal decrease in liabilities was an 8.2 billion yen decrease in accrued income taxes due to payments of income taxes.

Total net assets increased 7.3 billion yen from the previous fiscal year-end to 561.5 billion yen. The principal increase in net assets was net income for the first quarter totaling 11.8 billion yen and foreign currency translation adjustments, associated with the translation of the total net assets of overseas subsidiaries into yen, totaling 8.4 billion yen. The principal decrease in total net assets was payments of dividends from retained earnings totaling 15.0 billion yen.

As a result, the net worth ratio (defined as net worth divided by total assets) was 49.4% compared with 48.7% at the end of the previous fiscal year.

Net cash provided by operating activities totaled 33.5 billion yen. The principal increases in net cash were income before income taxes and minority interests of 19.3 billion yen and depreciation and amortization of 20.2 billion yen. The principal decrease in net cash was income taxes paid of 12.1 billion yen.

Net cash used in investing activities totaled 11.6 billion yen. This primarily consisted of purchase of property, plant and equipment of 8.2 billion yen and increase in intangible assets of 1.5 billion yen.

Free cash flow, the sum of net cash provided by operating activities and net cash used in investing activities, was 21.8 billion yen.

Net cash used in financing activities totaled 15.8 billion yen. This primarily consisted of 13.6 billion yen for payments of cash dividends, including to minority shareholders.

As a result, the balance of cash and cash equivalents at June 30, 2009 increased 34.9 billion yen compared with the end of the first quarter of the previous fiscal year to 120.4 billion yen. The increase was 9.8 billion yen compared with the end of the previous fiscal year.

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### **3. Qualitative Information on Forecast of Consolidated Results**

Although consolidated results for the three months ended June 30, 2009 were down compared with the same quarter a year earlier due to worsening business conditions and the accompanying cooling of consumer sentiment, they were basically within the forecast range.

However, there is currently a sense that the global economic downturn that originated in the U.S. financial crisis is slowing, although consumer purchasing sentiment is not recovering due to the uncertain economic outlook. In addition, prices of natural oils and fats and crude oil declined substantially in international markets in the second half of 2008 due to worsening business conditions, but there is no sense of price stability, due in part to an inflow of funds in anticipation of economic recovery.

Amid these circumstances, the Kao Group has set the new targets of “shifting to ecological management” and “achieving global growth” from a medium-to-long-term perspective in order to achieve the “wholehearted satisfaction and enrichment of the lives of people globally.”

The Kao Group will continue to work to enhance brand value by launching new and improved high-value-added products through strengthened technological development that incorporates an environmental perspective throughout the product lifecycle with a greater understanding of the changes arising among consumers and customers. As the first such offering in Japan, the Kao Group will launch *Attack Neo*, an environmentally conscious liquid laundry detergent, in August 2009. In addition, the Kao Group will further strengthen collaborations with retailers through measures including proposing plans that respond to changes in consumers and retailing for linkage with in-store merchandising.

Through these activities, the Kao Group aims to achieve its forecast of results. Consequently, the forecasts for the six months ending September 30, 2009 and the fiscal year ending March 31, 2010 remain the same as announced on April 24, 2009. Please note that due to a change in the estimated weighted average number of shares outstanding during the fiscal year, only net income per share for the fiscal year ending March 31, 2010 has been revised.

The main exchange rates used in the forecast of consolidated results are 100 yen per U.S. dollar and 130 yen per euro.

#### **4. Other**

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries with changes in the scope of consolidation): None

(2) Application of simplified accounting procedures and accounting procedures specific to the preparation of quarterly consolidated financial statements:

(a) Simplified accounting procedures:

(i) Valuation of inventories

Inventories at the end of the first quarter are mainly calculated using a reasonable estimate based on actual inventories at the end of the previous fiscal year, in lieu of an actual physical inventory.

In addition, the carrying amount of inventories is reduced to estimated net selling value only where there is an obvious decrease in profitability.

(ii) Method of calculating depreciation of fixed assets

For assets depreciated using the declining balance method, depreciation expenses applicable to the fiscal year are calculated on a pro-rata basis.

(b) Accounting procedures specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles, procedures and presentation methods used in the preparation of quarterly consolidated financial statements: None

**Consolidated Balance Sheets**

Millions of yen

	<b>Q1/FY2009</b>	<b>FY2008</b>
	<b>Jun 30, 2009</b>	<b>Mar 31, 2009</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and time deposits	72,583	53,830
Notes and accounts receivable - trade	126,863	126,584
Short-term investments	45,526	54,714
Merchandise and finished goods	81,459	80,310
Work in process	12,398	16,344
Raw materials and supplies	22,814	21,393
Other	50,106	52,178
Allowance for doubtful receivables	(1,620)	(1,528)
<b>Total current assets</b>	<b>410,132</b>	<b>403,826</b>
<b>Fixed assets</b>		
Property, plant and equipment		
Property, plant and equipment	1,094,138	1,084,360
Accumulated depreciation	(836,019)	(826,886)
<b>Total property, plant and equipment</b>	<b>258,119</b>	<b>257,474</b>
Intangible assets		
Goodwill	205,198	206,264
Trademarks	103,368	108,137
Other	31,081	34,043
<b>Total intangible assets</b>	<b>339,648</b>	<b>348,445</b>
Investments and other assets		
Investments and other assets	109,386	110,129
Allowance for doubtful receivables	(199)	(198)
<b>Total investments and other assets</b>	<b>109,187</b>	<b>109,930</b>
<b>Total fixed assets</b>	<b>706,955</b>	<b>715,850</b>
<b>Total assets</b>	<b>1,117,087</b>	<b>1,119,676</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	98,922	95,036
Short-term debt	15,550	16,402
Current portion of long-term debt	22,117	22,183
Accrued income taxes	4,979	13,228
Other	119,850	123,889
<b>Total current liabilities</b>	<b>261,419</b>	<b>270,741</b>
<b>Long-term liabilities</b>		
Bonds	99,997	99,996
Long-term debt	137,000	136,900
Liability for employee retirement benefits	35,664	36,000
Other	21,501	21,842
<b>Total long-term liabilities</b>	<b>294,162</b>	<b>294,741</b>
<b>Total liabilities</b>	<b>555,582</b>	<b>565,482</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	85,424	85,424
Capital surplus	109,561	109,561
Retained earnings	428,580	431,799
Treasury stock, at cost	(11,056)	(11,038)
<b>Total shareholders' equity</b>	<b>612,509</b>	<b>615,745</b>
<b>Adjustments for valuation, foreign currency translation and others</b>		
Unrealized gain on available-for-sale securities	2,412	2,090
Deferred gains or losses on hedges	(7)	(11)
Foreign currency translation adjustments	(61,655)	(70,134)
Other	(1,231)	(2,459)
<b>Total adjustments for valuation, foreign currency translation and others</b>	<b>(60,482)</b>	<b>(70,515)</b>
<b>Stock acquisition rights</b>	<b>835</b>	<b>838</b>
<b>Minority interests</b>	<b>8,642</b>	<b>8,124</b>
<b>Total net assets</b>	<b>561,505</b>	<b>554,194</b>
<b>Total liabilities and net assets</b>	<b>1,117,087</b>	<b>1,119,676</b>

**Consolidated statements of income**

*Millions of yen*

	<b>Q1/FY2009</b> <b>Apr '09 - Jun '09</b>	<b>Q1/FY2008</b> <b>Apr '08 - Jun '08</b>
<b>Net sales</b>	<b>287,213</b>	<b>316,848</b>
Cost of sales	119,648	134,890
<b>Gross profit</b>	<b>167,564</b>	<b>181,957</b>
<b>Selling, general and administrative expenses</b>	<b>148,126</b>	<b>156,250</b>
<b>Operating income</b>	<b>19,438</b>	<b>25,707</b>
Non-operating income		
Interest income	289	658
Dividend income	90	112
Equity in earnings of nonconsolidated subsidiaries and affiliates	479	337
Foreign currency exchange gain	254	-
Other	679	1,098
Total non-operating income	1,794	2,206
Non-operating expenses		
Interest expense	1,143	1,350
Foreign currency exchange loss	-	333
Other	158	160
Total non-operating expenses	1,301	1,845
<b>Ordinary income</b>	<b>19,931</b>	<b>26,068</b>
Extraordinary gain		
Gain on sales of fixed assets	29	18
Reversal of allowance for doubtful receivables	-	117
Other	10	39
Total extraordinary gain	39	175
Extraordinary loss		
Loss on sales/disposals of fixed assets	579	226
Loss on impairment of long-lived assets	48	365
Other	15	107
Total extraordinary loss	643	699
<b>Income before income taxes and minority interests</b>	<b>19,326</b>	<b>25,543</b>
Income taxes		
Income taxes-current	5,246	6,130
Income taxes-deferred	2,038	1,851
Total income taxes	7,284	7,981
Minority interests in earnings of consolidated subsidiaries	241	464
<b>Net income</b>	<b>11,800</b>	<b>17,096</b>

**Major items of consolidated selling, general and administrative expenses**

<b>Millions of yen</b>	<b>Q1/FY2009</b>	<b>Q1/FY2008</b>
	<b><u>Apr '09 - Jun '09</u></b>	<b><u>Apr '08 - Jun '08</u></b>
Freight/warehouse	17,059	18,163
Advertising	23,461	24,959
Sales promotion	15,473	16,112
Salaries and bonuses	30,413	32,436
Research and development	11,234	11,501

**Consolidated Statements of Cash Flows**

Millions of yen

	Q1/FY2009 <u>Apr '09 - Jun '09</u>	Q1/FY2008 <u>Apr '08 - Jun '08</u>
<b>Operating activities:</b>		
Income before income taxes and minority interests	19,326	25,543
Adjustments for:		
Depreciation and amortization	20,255	21,519
Loss on impairment of long-lived assets	48	365
Interest and dividend income	(380)	(770)
Interest expense	1,143	1,350
Unrealized foreign currency exchange (gain) loss	13	(420)
Equity in (earnings) losses of nonconsolidated subsidiaries and affiliates	(479)	(337)
(Gain) loss on sales and retirement of fixed assets	550	208
Change in trade receivables	2,322	(8,789)
Change in inventories	3,343	(3,786)
Change in trade payables	2,438	3,676
Change in liability for retirement benefits	(607)	2,068
Other, net	(1,764)	(7,307)
<i>Subtotal</i>	46,211	33,321
Interest and cash dividends received	597	872
Interest paid	(1,111)	(1,073)
Income taxes paid	(12,172)	(28,583)
<b>Net cash provided by operating activities</b>	<b>33,525</b>	<b>4,536</b>
<b>Investing activities:</b>		
Purchase of property, plant and equipment	(8,226)	(9,635)
Increase in intangible assets	(1,547)	(2,146)
Payments for long-term prepaid expenses	(1,144)	(1,328)
Change in short-term loans, net	(68)	(245)
Payments for long-term loans	(465)	(518)
Other, net	(188)	489
<b>Net cash used in investing activities</b>	<b>(11,639)</b>	<b>(13,385)</b>
<b>Financing activities:</b>		
Change in short-term debt, net	(1,830)	2,157
Proceeds from long-term loans	89	757
Repayments of long-term loans	(153)	(80)
Purchase of treasury stock	(50)	(95)
Payments of cash dividends	(13,677)	(13,181)
Payments of cash dividends to minority shareholders	(5)	(27)
Other, net	(225)	119
<b>Net cash used in financing activities</b>	<b>(15,853)</b>	<b>(10,349)</b>
<b>Translation adjustments on cash and cash equivalents</b>	<b>3,867</b>	<b>(7,914)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>9,899</b>	<b>(27,113)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>110,565</b>	<b>112,636</b>
<b>Cash and cash equivalents from newly consolidated subsidiary, increase</b>	<b>-</b>	<b>338</b>
<b>Cash and cash equivalents resulting from change of fiscal term of subsidiaries, decrease</b>	<b>-</b>	<b>(349)</b>
<b>Cash and cash equivalents at end of period</b>	<b>120,464</b>	<b>85,512</b>



**Consolidated Segment Information by Business**

Millions of yen

Q1/FY2009 Apr '09 - Jun '09	Consumer Products Business				Chemical Business	Total	Corporate/ Eliminations	Consolidated
	Beauty Care Business	Human Health Care Business	Fabric & Home Care Business	Total				
<b>Net sales</b>								
Sales to customers	134,291	47,548	65,045	246,885	40,328	287,213	-	287,213
Intersegment sales	-	-	-	-	7,568	7,568	(7,568)	-
<b>Total</b>	<b>134,291</b>	<b>47,548</b>	<b>65,045</b>	<b>246,885</b>	<b>47,897</b>	<b>294,782</b>	<b>(7,568)</b>	<b>287,213</b>
<b>Operating expenses</b>	<b>133,988</b>	<b>44,669</b>	<b>52,512</b>	<b>231,170</b>	<b>44,188</b>	<b>275,359</b>	<b>(7,584)</b>	<b>267,775</b>
<b>Operating income</b>	<b>302</b>	<b>2,879</b>	<b>12,532</b>	<b>15,714</b>	<b>3,709</b>	<b>19,423</b>	<b>15</b>	<b>19,438</b>

Q1/FY2008 Apr '08 - Jun '08	Consumer Products Business				Chemical Business	Total	Corporate/ Eliminations	Consolidated
	Beauty Care Business	Human Health Care Business	Fabric & Home Care Business	Total				
<b>Net sales</b>								
Sales to customers	146,196	46,817	63,980	256,994	59,853	316,848	-	316,848
Intersegment sales	-	-	-	-	9,492	9,492	(9,492)	-
<b>Total</b>	<b>146,196</b>	<b>46,817</b>	<b>63,980</b>	<b>256,994</b>	<b>69,346</b>	<b>326,340</b>	<b>(9,492)</b>	<b>316,848</b>
<b>Operating expenses</b>	<b>140,133</b>	<b>44,664</b>	<b>53,679</b>	<b>238,476</b>	<b>62,132</b>	<b>300,609</b>	<b>(9,468)</b>	<b>291,140</b>
<b>Operating income</b>	<b>6,063</b>	<b>2,152</b>	<b>10,300</b>	<b>18,517</b>	<b>7,213</b>	<b>25,731</b>	<b>(23)</b>	<b>25,707</b>

**Consolidated Segment Information by Geography**

*Millions of yen*

**Q1/FY2009**

**Apr '09 - Jun '09**

	<u>Japan</u>	<u>Asia/Oceania</u>	<u>North America</u>	<u>Europe</u>	<u>Total</u>	<u>Corporate/ Eliminations</u>	<u>Consolidated</u>
<b>Net sales</b>							
Sales to customers	221,057	22,911	20,026	23,218	287,213	-	287,213
Intersegment sales	4,280	4,662	212	2,595	11,750	(11,750)	-
<b>Total</b>	<b>225,337</b>	<b>27,573</b>	<b>20,239</b>	<b>25,813</b>	<b>298,964</b>	<b>(11,750)</b>	<b>287,213</b>
<b>Operating expenses</b>	<b>208,769</b>	<b>27,422</b>	<b>19,562</b>	<b>24,776</b>	<b>280,530</b>	<b>(12,755)</b>	<b>267,775</b>
<b>Operating income</b>	<b>16,568</b>	<b>151</b>	<b>676</b>	<b>1,037</b>	<b>18,434</b>	<b>1,004</b>	<b>19,438</b>

**Q1/FY2008**

**Apr '08 - Jun '08**

	<u>Japan</u>	<u>Asia/Oceania</u>	<u>North America</u>	<u>Europe</u>	<u>Total</u>	<u>Corporate/ Eliminations</u>	<u>Consolidated</u>
<b>Net sales</b>							
Sales to customers	228,454	29,923	25,270	33,199	316,848	-	316,848
Intersegment sales	4,938	10,749	217	4,211	20,117	(20,117)	-
<b>Total</b>	<b>233,393</b>	<b>40,673</b>	<b>25,488</b>	<b>37,410</b>	<b>336,965</b>	<b>(20,117)</b>	<b>316,848</b>
<b>Operating expenses</b>	<b>213,289</b>	<b>38,214</b>	<b>24,157</b>	<b>35,318</b>	<b>310,980</b>	<b>(19,840)</b>	<b>291,140</b>
<b>Operating income</b>	<b>20,103</b>	<b>2,458</b>	<b>1,330</b>	<b>2,092</b>	<b>25,984</b>	<b>(277)</b>	<b>25,707</b>

**Consolidated Sales to Foreign Customers**

*Millions of yen*

<b>Q1/FY2009</b>	<b>Asia/Oceania</b>	<b>North America</b>	<b>Europe</b>	<b>Total</b>
<b>Apr '09 - Jun '09</b>				
<b>Sales to foreign customers</b>	25,657	20,761	22,221	68,640
<b>Consolidated net sales</b>				287,213
<b>Percentage of sales to foreign customers to consolidated net sales</b>	8.9%	7.2%	7.8%	23.9%

<b>Q1/FY2008</b>	<b>Asia/Oceania</b>	<b>North America</b>	<b>Europe</b>	<b>Total</b>
<b>Apr '08 - Jun '08</b>				
<b>Sales to foreign customers</b>	33,249	26,349	31,283	90,883
<b>Consolidated net sales</b>				316,848
<b>Percentage of sales to foreign customers to consolidated net sales</b>	10.5%	8.3%	9.9%	28.7%

**Consolidated Sales Composition**

*Millions of yen*

	Q1/FY2009 Apr '09 - Jun '09	Q1/FY2008 Apr '08 - Jun '08	Growth %
<b>Consumer Products Business</b>			
Beauty Care Business	102,532	107,957	(5.0)
Human Health Care Business	43,884	42,489	3.3
Fabric and Home Care Business	58,973	56,506	4.4
Total Japan	205,390	206,952	(0.8)
Asia and Oceania	17,889	20,771	(13.9)
North America and Europe	27,439	33,756	(18.7)
Eliminations	(3,834)	(4,486)	
<b>Total</b>	<b>246,885</b>	<b>256,994</b>	<b>(3.9)</b>
<b>Chemical Business</b>			
Japan	26,732	34,392	(22.3)
Asia	9,926	20,520	(51.6)
North America and Europe	17,250	26,350	(34.5)
Eliminations	(6,012)	(11,917)	
<b>Total</b>	<b>47,897</b>	<b>69,346</b>	<b>(30.9)</b>
<b>Total before Eliminations</b>	<b>294,782</b>	<b>326,340</b>	<b>(9.7)</b>
Eliminations	(7,568)	(9,492)	
<b>Consolidated Net Sales</b>	<b>287,213</b>	<b>316,848</b>	<b>(9.4)</b>

## Appendix

### Major Products by Business Segment

Business Segment		Major Products	
Consumer products business	Beauty care business	Prestige cosmetics	Counseling cosmetics, self-selection cosmetics
		Premium skin care products	Soaps, facial cleansers, body cleansers
		Premium hair care products	Shampoos, conditioners, hair styling agents, hair coloring agents
	Human health care business	Food and beverage products	Cooking oils, beverages
		Sanitary products	Sanitary napkins, baby diapers
		Personal health products	Bath additives, oral care products, men's products
	Fabric and home care business	Fabric care products	Laundry detergents, fabric treatments
		Home care products	Kitchen cleaning products, house cleaning products, paper cleaning products, commercial-use products
	Chemical business	Oleo chemicals	Fatty alcohols, fatty amines, fatty acids, glycerin, commercial-use edible fats and oils
Performance chemicals		Surfactants, plastics additives, superplasticizers for concrete admixtures	
Specialty chemicals		Toner and toner binder for copiers and printers, ink and colorants for inkjet printers, fragrances and aroma chemicals	