

Mandom Corporation

Business Results (April 1, 2003 – June 30, 2003)

Stock Listing: Tokyo Stock Exchange, First Section
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Consolidated Financial Highlights

(Note: Rounded off to millions)

	Net Sales (¥ Million)	Operating Income (¥ Million)	Ordinary Income (¥ Million)
Three months ended June 30, 2003	11,988	1,973	2,027
% Change YoY	(-)	(-)	(-)
(Reference) FY Ended March 31, 2003	45,434	6,322	5,976

	Net Income (¥ Million)	EPS (¥)
Three months ended June 30, 2003	1,015	45.06
% Change YoY	(-)	(-)
(Reference) FY Ended March 31, 2003	2,988	128.32

Note: Percentage figures indicated for net sales, operating income, ordinary income and net income are YoY % changes compared with the first quarter of the previous fiscal year.

In the first quarter ended June 30, 2003, the world economy showed signs of starting to improve. In Japan, while there was some recovery in corporate profits, capital investment and in higher stock prices, protracted deflationary conditions had the effect of holding back domestic demand, with the result that the economy continued to remain weak. This meant that for the domestic cosmetics industry, the depressed state of personal consumption was a continuing problem. Although there was some improvement in sales of cosmetics on a volume basis, price competition remained severe, hence the market environment in which the Company operates remained difficult.

Despite these difficulties, as the figures show, the Company is continuing to meet its management goals. Domestic sales were slightly below plan because sales of women's cosmetic products were lower. However, overseas sales were higher than those of the first quarter of the previous fiscal year. A major factor for this is that sales of the flagship brand, Gatsby, were on plan in both the home market and overseas. In addition, savings achieved by lowering unit manufacturing costs absorbed the increased investments made on advertising spending by both the parent company and by the Company's Indonesian subsidiary (PT MANDOM INDONESIA Tbk) so that operating profits and ordinary profits were broadly in line with expectations for the first quarter.

In addition, the write-off of evaluation losses from stocks held as investments is almost completed so that there were no extraordinary charges for the first quarter. This helped to produce net profits in line with management targets of ¥1, 015 million.

Noteworthy is that among the Company's five consolidated subsidiaries, four were able to achieve their planned sales targets in the first quarter. In particular, both sales turnover and operating profits of the Company's Asian sales segment have risen, causing as a result their share of overall sales to rise. This has also helped the overall share of exports within total sales to increase.

Net sales in the first quarter reached 25% of planned sales for the full fiscal year. However, more of the investment associated with developing and launching new products is booked in the second quarter, so that operating profits in the first quarter were higher, accounting for about 30% of planned operating profits for the full fiscal year.

Financial Condition

Consolidated Basis

	Total Assets (¥ Million)	Shareholders' Equity (¥ Million)	Shareholders' Equity Ratio (%)	Assets Per Share (¥)
Three months ended June 30, 2003	43,877	34,905	79.6	1,446.85
(Reference) FY Ended March 31, 2003	43,868	34,714	79.1	1,434.94

Total assets at the end of the first quarter stood at approximately the same level as at the first quarter of the year before. There was a slight change in the composition of total assets due to the payment of corporate taxes in the year earlier period which resulted in a decrease in current assets. In addition, the level of payables increased. These are seasonal factors that are generally associated with the first quarter and were broadly in line with the trend in the first quarter of the previous year. There are no interest-bearing liabilities either for long-term or short-term borrowing. Retained earnings increased as distribution of profits does not occur in the first quarter.

Cash Flow: Three Months Ended June 30, 2003

Consolidated Basis (¥ Million)

	Cash flow from operations	Cash flow from investing activities	Cash flow from financial activities	End of quarter cash and cash equivalents
Three months ended June 30, 2003	923	162	724	9,028
(Reference) FY Ended March 31, 2003	5,466	3,194	1,845	8,659

In the first quarter, cash flow from operations stood at ¥923 million. This resulted from such factors as a tax adjustment of ¥2,035 million, depreciation

charges of ¥393 million, and an increase in payables of ¥568 million. During the quarter corporate tax payments of ¥1,656 million were made. Cash flow from investment activities (acquisition, sale and redemption of shares) exceeded expenditure on fixed assets (by ¥337 million) creating a positive balance of ¥162 million. Net cash due to financial activities, such as payment of dividends amounted to ¥724 million. Combined with other changes it produced an increase in cash on hand from the previous year period of ¥369 million to ¥9,028 million.

Financial Results: Three months Ended June 30, 2003

(¥ Million)

	Net Sales	Operating Income	Ordinary Income	Net Income
Three months ended June 30, 2003	8,618	1,315	1,601	969

	Total Assets	Shareholders' Equity
Three months ended June 30, 2003	41,168	35,480

Outlook for First Half and Fiscal Year, Ending March 31, 2004

Consolidated Basis

	Net Sales (¥ Million)	Ordinary Income (¥ Million)	Net Income (¥ Million)	Earnings Per Share (¥)
Six months ending Sept 2003	24,700	3,860	2,050	84.97
FY ending March 2004	47,000	6,400	3,300	136.79

Going into the second quarter of the fiscal year ending September 30, 2003, it is clear that the effects of the SARS virus is continuing to depress economic

activity in Southeast Asian countries, making it difficult to predict when a complete recovery will occur. Current predictions are that these conditions will continue for some time.

The Company will continue its strategy to introduce aggressively new products and to promote the penetration of Group Brands in both the domestic and overseas markets. Based on these efforts, it is expected that the Company will be able to reach its targets for both the first half of the current fiscal year and for the full fiscal year. Consequently the Company is not changing its forecasts announced at the beginning of the current fiscal year.

Regarding particular product categories chosen for targeted sales effort, such as hair coloring, while there may be some delays in expanding sales in overseas markets, in the domestic market it is predicted that through the strengthening of product lines, results will exceed those indicated in the current management sales plans.

As a further note, every year the fourth quarter's business at both MANDOM and its consolidated subsidiary, PT MANDOM INDONESIA Tbk., is slower than in the other quarters. As a result, the ratio of recurring profits tends to be around 60% in the first half of the fiscal year.

Forecast for Fiscal Year Ending March 31, 2004

Parent Company Basis

	Net Sales (¥ Million)	Ordinary Income (¥ Million)	Net Income (¥ Million)	Dividend (Year)		
				H1 (¥)	H2 (¥)	FY (¥)
Six months ending Sept 2003	18,456	3,150	1,840	25.00		
FY ending March 2004	34,500	5,000	2,750		25.00	50.00

The forecasts are based on market conditions at the time the forecasts were made. Based on the risks inherent in the economic environment, changes in market conditions and the exchange rate, there is a possibility that actual performance may differ from the figures indicated above.

Segment information

1. Segment Sales Information

First Quarter: (Period from April 1, 2003 to June 30, 2003) (¥ Thousands)

	Japan	Asia	Total	Internal sales/ transfers	Consolidated
Sales and operating expenses					
Sales					
(1) Sales to external customers	9,285,466	2,703,296	11,988,762		11,988,762
(2) Internal sales and transfers	382,359	127,364	509,723	509,723	
Total	9,667,825	2,830,660	12,498,486	509,723	11,988,762
Operating expenses	8,324,405	2,200,601	10,525,006	509,723	10,015,283
Operating Income	1,343,419	630,059	1,973,479		1,973,479

Previous consolidated accounting year: (Period from April 1, 2002 to March 31, 2003) (¥ Thousands)

	Japan	Asia	Total	Internal sales/ transfers	Consolidated
Sales and operating expenses					
Sales					
(1) Sales to external customers	36,652,523	8,782,140	45,434,663		45,434,663
(2) Internal sales and transfers	1,657,211	501,429	2,158,640	2,158,640	
Total	38,309,735	9,283,569	47,593,304	2,158,640	45,434,663
Operating expenses	33,271,890	8,000,628	41,272,518	2,160,657	39,111,860
Operating Income	5,037,845	1,282,941	6,320,786	2,016	6,322,803

Notes:

1. Calculated by country and area
2. Major markets overseas:
Asia: Indonesia, Singapore, Malaysia, Taiwan and the Philippines

2. Overseas sales

First Quarter: (Period from April 1, 2003 to June 30, 2003) (¥ Thousands)

	Asia	Other	Total
. Overseas sales	2,667,617	258,614	2,926,231
. Consolidated sales			11,988,762
. Overseas sales as percentage of total consolidated sales	22.3 %	2.2 %	24.4 %

Previous Consolidated accounting year: (Period from April 1, 2002 to March 31, 2003) (¥ Thousands)

	Asia	Other	Total
. Overseas sales	8,914,360	678,956	9,593,316
. Consolidated sales			45,434,663
. Overseas sales as percentage of total consolidated sales	19.6 %	1.5 %	21.1 %

Notes:

1. Calculated by country and area
2. Major markets overseas:
Asia: Indonesia, Singapore, Malaysia, Taiwan, the Philippines, East Asia and SE Asia
Other: Federation of Arab Emirates, Brazil, North America
3. Overseas sales consist of exports from Japan and sales by overseas consolidated subsidiaries (excluding sales to Japan)