

Mandom Corporation

Business Results (April 1, 2003 – December 31, 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)
Nine months ended December 31, 2003	34,980	5,671	5,632
% Change YoY	(-0.7)	(-3.8)	(2.0)
Nine months ended December 31, 2002	35,243	5,896	5,523
(Reference) FY Ended March 31, 2003	45,434	6,322	5,976

	Net Income (¥ Million)	EPS (¥)
Nine months ended December 31, 2003	2,843	126.18
% Change YoY	(1.3)	(-)
Nine months ended December 31, 2002	2,807	124.88
(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 third quarter of the previous fiscal year.

At the close of the Company's third quarter, ended December 31, 2003, the Japanese economy was showing signs of a mild recovery, albeit that the outlook remained unclear. Even though business confidence was rising, the situation in the cosmetic industry was still difficult. Due to this, the Company suffered a slight fall in revenues, although against this it was able to raise the level of profits. The result was that the overall income statement fell slightly short of the target set at the beginning of the quarter. Overseas sales continued to grow, which translated into higher revenues at the group level. Even so, this could not offset slower sales in the domestic business, where retail prices continued to fall. The slow growth of domestic sales was due to the shrinkage in the hair coloring product market and slower growth in the women's cosmetic market. To overcome this the Company is preparing to launch a new line of hair products in the Spring. The flagship brand, Gatsby, continued to enjoy growth in sales due to growing sales in overseas markets, thereby helping to compensate for weaker sales at home. The brand has also enjoyed a continuing improvement in profitability, measured over the same quarter of the prior fiscal year, due to the successful lowering of unit manufacturing costs. The improvement in profitability led directly to an increase in ordinary profits.

Higher revenue growth, and a two-digit increase in profits by the Company's Indonesian subsidiary, contributed to the overall growth in sales revenue and operating profits by the Company's Asian sales segment, further lifting the ratio of overseas sales to total sales. Consequently the Asian business is proving to be the main engine of current growth. There was an extraordinary expense posted due to the partial adoption of a defined contribution plan system offered as part of the Company's retirement-benefit scheme to domestic group companies, which took place in November. The effect of this on the Company's profits however was minor.

Financial Condition

Consolidated Basis

	Total Assets (¥ Million)	Shareholders' Equity (¥ Million)	Shareholders' Equity Ratio (%)	Assets Per Share (¥)
Nine months ended December 31, 2003	44,720	36,192	81.0	1,500.18
Nine months ended December 31, 2002	40,329	31,465	78.0	1,399.95
(Reference) FY Ended March 31, 2003	43,868	34,714	79.1	1,434.94

Total assets at the end of the third quarter stood at ¥44,720 million, an increase of ¥851 million compared with the beginning of the quarter. The increase was due to the increase in retained earnings which was reflected in the share capital account, while there was a decrease in income tax payables (current liabilities) due to the prior settlement of corporate tax claims. There is a small amount of interest-bearing debt on the balance sheet (¥39 million). This is covered by a repayment plan, which should pay it down by the end of the fiscal year.

Cash Flow: Nine Months Ended December 31, 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
Nine months ended December 31, 2003	3,057	2,012	1,325	8,365
(Reference) FY Ended March 31, 2003	5,466	3,194	1,845	8,659

In the third quarter, cash flow from operations stood at ¥3,057 million. This resulted from such factors as a tax adjustment of ¥5,573 million and higher depreciation charges of ¥1,246 million. Also, there was a net reduction in the

cash position (¥493 million) due to an increase in receivables and corporate taxes paid in the quarter of ¥3,004 million. Cash flow from investment activities (¥1,524 million from the acquisition, sale and redemption of marketable securities, and ¥1,005 million on expenditure of fixed assets) left a negative balance of ¥2,012 million. Net cash due to financial activities, such as payment of dividends, amounted to ¥1,366 million. Combined with other changes, there was a decrease of ¥293 million in cash on hand (compared to the beginning of the quarter), which amounted to ¥8,365 million.

Financial Results: Nine months Ended December 31, 2003

(¥ Million)

	Net Sales	Operating Income	Ordinary Income	Net Income
Nine months ended December 31, 2003	25,260	4,068	4,344	2,477
Nine months ended December 31, 2002	25,967	4,367	4,332	2,356

	Total Assets	Shareholders' Equity
Nine months ended December 31, 2003	41,400	36,579
Nine months ended December 31, 2002	36,901	31,842

Outlook for Fiscal Year, Ending March 31, 2004

Consolidated Basis

	Net Sales (¥ Million)	Ordinary Income (¥ Million)	Net Income (¥ Million)	Earnings Per Share (¥)
FY ending March 2004	45,000	6,150	3,130	129.74

In the fourth quarter, the Company will launch a new range of Spring products and in doing so continue to strengthen its brand position. However, the weaker

market trends in the third quarter are not expected to improve noticeably in the fourth quarter, therefore the Company has slightly reduced its forecasts for the full fiscal year from the figures announced in the mid-term financial earnings review period. Even so, while it seems unlikely that a decrease in sales revenues can be avoided, it is predicted that the profit indicators will improve, resulting in profits at all levels showing their highest levels so far. This is the result of the Company's success in raising the performance of the whole group's profit structure. Thus, the company anticipates that it will enjoy another record level in consolidated operating profits for the seventh consecutive quarter.

Although it was not possible to achieve the original sales plan, input costs were reduced beyond that expected. Consequently, profits exceeded the forecasts made by the Company in the mid-term earnings announcement.

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 (¥)
FY ending March 2004	32,800	5,162	2,940	25.00	25.00	50.00

As usual, forecast earnings are based on market conditions at the time of making the forecast. 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 indicated figures above.

Segment information

1. Segment Sales Information

Nine months: (Period from April 1, 2003 to December 31, 2003) (¥ Thousands)

	Japan	Asia	Total	Internal sales/ transfers	Consolidated
Sales and operating expenses					
Sales					
(1) Sales to external customers	27,343,377	7,636,840	34,980,217		34,980,217
(2) Internal sales and transfers	1,299,562	344,982	1,644,544	1,644,544	
Total	28,642,939	7,981,823	36,624,762	1,644,544	34,980,217
Operating expenses	24,423,341	6,531,562	30,954,903	1,646,433	29,308,470
Operating Income	4,219,598	1,450,260	5,669,858	1,888	5,671,747

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

Nine months: (Period from April 1, 2003 to December 31, 2003) (¥ Thousands)

	Asia	Other	Total
. Overseas sales	7,638,445	677,939	8,316,385
. Consolidated sales			34,980,217
. Overseas sales as percentage of total consolidated sales	% 21.8	% 1.9	% 23.8

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 and the Philippines, East Asia and ASEAN
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)