

Mandom Corporation

Business Results (April 1, 2005 – December 31, 2005)

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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, 2005 | 37,129 | 5,533 | 5,609 |
| % Change YoY | 1.1 | △12.4 | △9.2 |
| Nine months ended December 31, 2004 | 36,740 | 6,319 | 6,178 |
| % Change YoY | 5.0 | 11.4 | 9.7 |
| (Reference) FY ended March 31, 2005 | 47,546 | 6,700 | 6,281 |

| | Net Income (¥ Million) | EPS (¥) |
|-------------------------------------|---------------------------|------------|
| Nine months ended December 31, 2005 | 2,902 | 120.35 |
| % Change YoY | △5.4 | (-) |
| Nine months ended December 31, 2004 | 3,069 | 127.25 |
| % Change YoY | 7.9 | (-) |
| (Reference) FY ended March 31, 2005 | 3,211 | 128.73 |

Note:

- 1) Percentages figures indicated for net sales, operating income, ordinary income and net income are year-on-year % changes compared with the third quarter of the previous fiscal

year.

- 2) There was a change in accounting processing method from that used in the consolidated accounting year immediately preceding.
 - Accounting criteria for corporate tax, etc: Calculations were made using predictive tax rate based on effective tax rate as laid down by law.
 - Accounting criteria for reserves: Simplified methods were used in some cases.
- 3) There were no changes to consolidation and equity method application.
- 4) There was no involvement of certified public accountant or auditing corporation.

The Japanese economy at the end of the third quarter of this term (October 1 to December 31, 2005) saw recovery get on track, led by domestic demand. The cosmetics industry is witnessing signs of improvement as seen in macroeconomic indicators (shipment volume and value). However, competition in the Japanese market is every intensifying. The Asian economy, buffeted by the price rise in crude oil, is under mounting inflationary pressure. In some regions, the purchasing of cosmetics, which are non-essential items, is beginning to experience a squeeze.

Against this general picture, Mandom's performance in the third quarter of the financial year ending March 31, 2006, was that of slight increase in net sales over the same period of the previous year, as shown above. Sadly though, incomes saw decline. In sales, the core brand *Gatsby* managed to achieve target levels thanks to huge increases on both domestic and overseas fronts, on the strength of sales expansion of the Face & Body category. However, *Lucido L* and other women's cosmetic lines in Japan are struggling. On the production front, despite ongoing cost cutting efforts at Mandom Corporation (parent company) and PT Mandom Indonesia Tbk (subsidiary), high oil prices impacted on Indonesia, where rises in raw material prices resulted in cost to sales ratio climbing high. On a consolidated basis, the cost to sales ratio rose 1.1%. Having said that, the rise in cost was absorbed by increase in income, with the result that gross profit ended on a level comparable to that of the previous year.

With stronger marketing input in Japan (increased advertising expenditure), operating income dropped roughly to ¥5,500 million, but smaller losses incurred by inventory disposal and other items meant that non-operating profit improved. The completion of the processing of deferred tax assets of a Japanese subsidiary that appeared in the previous year led to a smaller tax liability, bringing ordinary income to ¥5,600 million and quarterly net income to ¥2,900 million, which are in no way inferior to those results

achieved during the same period last year. In terms of profits, results have kept within the confines of the projections made in the modified forecast announced on November 9, 2005.

Overseas businesses are continuing to grow. Indonesia reported double digit increases in income on a local currency basis. All countries are performing on target, with the exception of Korea. In terms of geographical segment analysis, Asia is showing further increments in its ratio to consolidated sales compared to the same period of the previous year, the ratio reaching 26.9% at the end of this third quarter.

There were no extraordinary profits or losses arising during the third quarter of this year that merit special mention.

Financial Condition

Consolidated Basis

| | Total Assets (¥ Million) | Shareholders' Equity (¥ Million) | Shareholders' Equity Ratio (%) | Assets Per Share (¥) |
|--|-----------------------------|--|--------------------------------------|----------------------------|
| Nine months ended December 31, 2005 | 49,407 | 40,069 | 81.1 | 1,661.21 |
| Nine months ended December 31, 2004 | 47,547 | 38,312 | 80.6 | 1,588.27 |
| (Reference) FY Ended March 31, 2005 | 47,397 | 38,168 | 80.5 | 1,577.94 |

Mandom Group's total assets as of the end of this third quarter stood at ¥49,407 million, an increase of ¥2,010 million compared to the end of FY 2005. The increase is mainly accounted for by the reserving of term profits as long-term financial assets. Fixed assets (investment securities) and shareholders' equity saw increases. Consequently, shareholders' equity ratio rose to 81.1%. Compared to the same period of the previous year, trade receivables decreased and inventory recorded a comparable amount of increase; meanwhile, the average amount of debt has increased slightly but overall liability ratio has stayed within steady bounds (same ratio at the end of this quarter) and there are no changes that warrant financial concern.

Cash Flow

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, 2005 | 3,758 | △2,027 | △1,511 | 7,906 |
| Nine months ended December 31, 2004 | 4,460 | △3,702 | △1,277 | 9,348 |
| (Reference) FY Ended March 31, 2005 | 6,061 | △6,919 | △1,345 | 7,662 |

Cash flow from operations in the first three quarters of FY 2006 totaled ¥3,758 million. This was a drop of ¥702 million over the same period of the previous financial year. This is explained by pre-tax net income having decreased by ¥740 million and is not a result of any change in cash generating structure. Depreciation cost stood at ¥1,202 million, at about the same level as last year.

Cash flow from investment activities left a negative balance of ¥2,027 million due to ¥1,840 million expenditure on the acquisition of tangible and intangible fixed assets. Investment was made both in Japan and Indonesia on manufacturing equipment for cosmetics and payment made for the construction of the R & D building in Japan.

In financial activities, ¥1,507 million was spent on payment of dividends to shareholders including minority shareholders. Cash and cash equivalents on hand at the end of this third quarter increased ¥244 million over the quarter to rest at ¥7,906 million.

<Reference 1>**Financial Results: Nine Months Ended December 31, 2005****(¥ Million)**

| | Net Sales | Operating Income | Ordinary Income | Net Income |
|-------------------------------------|-----------|------------------|-----------------|------------|
| Nine months ended December 31, 2005 | 27,060 | 3,927 | 4,227 | 2,490 |
| Nine months ended December 31, 2004 | 26,435 | 4,543 | 4,791 | 2,736 |

| | Total Assets | Shareholders' Equity |
|-------------------------------------|--------------|----------------------|
| Nine months ended December 31, 2005 | 45,515 | 39,786 |
| Nine months ended December 31, 2004 | 43,701 | 38,537 |

* In February 2005, Mandom Corporation amalgamated with its 100% subsidiary MZa Corporation. Therefore, the figures for the third quarter of FY 2005 are pre-merger ones, whereas the figures for the third quarter of FY 2006 include the results of operations conducted by the former 100% subsidiary M-Za.

Forecast for Fiscal Year Ending March 31, 2006**Consolidated Basis (Period from April 1, 2005 to March 31, 2006)**

| | Net Sales (¥ Million) | Ordinary Income (¥ Million) | Net Income (¥ Million) | Earnings Per Share (¥) |
|----------------------|--------------------------|--------------------------------|---------------------------|---------------------------|
| FY ending March 2006 | 48,200 | 6,200 | 3,100 | 128.52 |

The consolidated results for this third quarter show no significant deviation from the forecast figures announced on November 9, 2005. The final quarter of this financial year retain concerns regarding possible weak performance due to uncertainty in the sales of women's cosmetics in Japan and due to the amount of marketing investment. However, active input of new products will be made to ensure market competitiveness and overseas operations in the last quarter are expected to continue making strong strides (In Indonesia, the balance switched to the black in the last quarter last year); therefore, no major changes from the forecast are expected. In addition, the Indonesian currency

(Indonesia bears a large proportion of sales turnover) was slightly weak against the yen until the third quarter but a change is seen in the final quarter and is expected to push up yen-denominated business results. There will be no structural change in the fourth quarter results, that is to say, the low level of sales in Japan (due to the inherent nature of product and distribution in Japan) and the marketing expenditure increase due to new product launches plus disposal loss of old lines will bring performance results figures that are lower than those of other quarters.

In view of these anticipated conditions, the Company at present has no reason to make any changes to the full-term performance forecasts. The impact of the growth of overseas operations counterbalanced by the leveling out of Japanese operations is expected to be borne out by the Group's consolidated performance.

<Reference 2>

Forecast for Fiscal Year Ending March 31, 2006

Parent Company Basis (Period from April 1, 2005 to March 31, 2006)

| | Net Sales (¥ Million) | Ordinary Income (¥ Million) | Net Income (¥ Million) | Dividend (Year) | |
|----------------------|--------------------------|--------------------------------|---------------------------|-----------------|-----------|
| | | | | H2 (¥) | FY (¥) |
| FY ending March 2006 | 35,380 | 4,840 | 2,750 | 30.00 | 60.00 |

Forecasts are based on assumptions, outlook and planning for the future at the time of making the forecast. Based on the risks inherent in the economic environment, changes in market conditions and exchange rate, there is a possibility that actual performance may differ from the figures indicated above.

Segment Information

1. Segment Sales Information

Nine months: (Period from April 1, 2005 to December 31, 2005)

(¥ Million)

| | Japan | Asia | Total | Internal sales/ transfers | Consolidated |
|----------------------------------|--------|--------|--------|------------------------------|--------------|
| Sales and operating expenses | | | | | |
| Sales | | | | | |
| (1) Sales to external customers | 27,133 | 9,996 | 37,129 | – | 37,129 |
| (2) Internal sales and transfers | 1,582 | 179 | 1,762 | △ 1,762 | |
| Total | 28,716 | 10,176 | 38,892 | △ 1,762 | 37,129 |
| Operating expenses | 24,628 | 8,731 | 33,359 | △ 1,763 | 31,596 |
| Operating Income | 4,088 | 1,444 | 5,532 | 1 | 5,533 |

Nine months: (Period from April 1, 2004 to December 31, 2004)

(¥ Million)

| | Japan | Asia | Total | Internal sales/transfers | Consolidated |
|----------------------------------|--------|-------|--------|-----------------------------|--------------|
| Sales and operating expenses | | | | | |
| Sales | | | | | |
| (1) Sales to external customers | 27,437 | 9,302 | 36,740 | – | 36,740 |
| (2) Internal sales and transfers | 2,096 | 408 | 2,504 | △ 2,504 | – |
| Total | 29,533 | 9,711 | 39,245 | △ 2,504 | 36,740 |
| Operating expenses | 25,021 | 7,905 | 32,926 | △ 2,506 | 30,420 |
| Operating Income | 4,512 | 1,805 | 6,318 | 1 | 6,319 |

Previous consolidated fiscal year: (Period from April 1, 2004 to March 31, 2005)

(¥ Million)

| | Japan | Asia | Total | Internal sales/transfers | Consolidated |
|----------------------------------|--------|--------|--------|--------------------------|--------------|
| Sales and operating expenses | | | | | |
| Sales | | | | | |
| (1) Sales to external customers | 35,635 | 11,910 | 47,546 | – | 47,546 |
| (2) Internal sales and transfers | 2,638 | 544 | 3,183 | △ 3,183 | – |
| Total | 38,274 | 12,454 | 50,729 | △ 3,183 | 47,546 |
| Operating expenses | 33,338 | 10,692 | 44,030 | △ 3,185 | 40,845 |
| Operating Income | 4,935 | 1,762 | 6,698 | 2 | 6,700 |

Notes:

1) Calculated by country and area, according to mutual operational involvement

2) Major markets overseas:

Asia: Indonesia, Korea, Singapore, Malaysia, Taiwan and the Philippines

2. Overseas Sales

Nine months: (Period from April 1, 2005 to December 31, 2005)

(¥ Million)

| | Asia | Other | Total |
|--|-----------|----------|-----------|
| I. Overseas sales | 9,425 | 979 | 10,405 |
| II. Consolidated sales | | | 37,129 |
| III. Overseas sales as percentage of total consolidated sales | % 25.4 | % 2.6 | % 28.0 |

Nine months: (Period from April 1, 2004 to December 31, 2004)

(¥ Million)

| | Asia | Other | Total |
|--|-----------|----------|-----------|
| I. Overseas sales | 9,051 | 642 | 9,693 |
| II. Consolidated sales | | | 36,740 |
| III. Overseas sales as percentage of total consolidated sales | % 24.6 | % 1.7 | % 26.4 |

Previous consolidated fiscal year: (Period from April 1, 2004 to March 31, 2005)

(¥ Million)

| | Asia | Other | Total |
|--|-----------|----------|-----------|
| I. Overseas sales | 11,595 | 898 | 12,493 |
| II. Consolidated sales | | | 47,546 |
| III. Overseas sales as percentage of total consolidated sales | % 24.4 | % 1.9 | % 26.3 |

Notes:

- 1) Calculated by country and area, according to mutual operational involvement
- 2) Major markets overseas:
 - Asia: East Asia and ASEAN
 - Other: United Arab Emirates, Brazil, North America
- 3) Overseas sales consist of exports from Japan and sales by overseas consolidated subsidiaries (excluding sales to Japan)