Business Results (April 1, 2008 – December 31, 2008)

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Corporate Name: Mandom Corporation
Stock Listing: Tokyo Stock Exchange, First Section
Code Number: 4917
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Submission of Report for this Quarter: February 10, 2009 (scheduled)

1. Results for Q1 + Q2 + Q3 Fiscal 2009 (April 1, 2008 to December 31, 2008)

(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
Nine months ended December 31, 2008	44,069	-	5,452	-	5,689	-	2,952	-
Nine months ended December 31, 2007	44,098	12.5	6,995	34.4	7,034	32.1	3,720	35.0

	Earnings Per Share (EPS)	Earnings Per Share (diluted)
	(¥)	(¥)
Nine months ended December 31, 2008	124.14	-
Nine months ended December 31, 2007	156.38	-

(2) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(¥ million)	(¥ million)	(%)	(¥)
Nine months ended December 31, 2008	52,709	45,131	78.5	1,738.81
FY 2008	54,218	45,868	78.1	1,779.67

<Reference> Shareholders' Equity: FY2009 Q3 ¥41,360 million
FY2008 ¥42,334 million

2. Dividends

	Dividend Per Share				
(Date)	End Q1	End Q2	End Q3	End FY	FY Total
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2008	-	30.00	-	50.00	80.00
FY 2009	-	40.00			
FY 2009 (Forecast)			-	20.00	60.00

Note: Changes are made in dividend forecast for this quarter.

3. Outlook for Fiscal 2009 (April 1, 2008 to March 31, 2009)

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

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
FY 2009	54,700	△2.8	4,590	△32.9	4,750	△29.1	2,260	△35.4	95.01

Note: Changes are made in this quarter in the forecast for consolidated business results.

4. Other Information

(1) Changes in consolidation of subsidiaries: None

(2) Simplified accounting methods were used and special accounting methods were used for the preparation of the financial statements for this quarter:

For details, refer to p. 6 "Financial Statements: Qualitative Analysis, 4. Other Information."

(3) Changes in the accounting principles, methods or display applying to the period (Changes to the significant accounting policies serving as the bases for preparation of consolidated financial statements for this quarter):

1. There were changes due to alterations in accounting criteria.

2. There were no changes other than 1. above.

For details, refer to p. 6 "Financial Statements: Qualitative Analysis, 4. Other

Information."

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

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

12/09: 24,134,606 3/08: 24,134,606

2) Total number of treasury stocks

12/09: 347,722 3/08: 346,551

3) Average number of stocks during the consolidated period (Q1+Q2+Q3)

12/09: 23,787,567 12/08: 23,788,554

<u>* Information for the appropriate use of forecast figures, and other special comments</u>

1. Of the consolidated business result forecast announced on November 5, 2008, figures for this quarter are modified in this document. For more detailed information, please refer to "Notice on Changes in Business Forecast and Term-end Dividend Forecast for the fiscal year ending March 31,2009" announced on February 4, 2009.
2. 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. 5 under Financial Statements: Qualitative Analysis, 3. Consolidated Business Forecast: Qualitative Analysis.
3. Starting from this consolidated financial year, the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12) and the Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14) have been used. The quarterly financial statements were prepared in accordance with the Rules for Quarterly Consolidated Financial Statements.

Financial Statements: Qualitative Analysis

1. Consolidated Business Results: Qualitative Analysis

During the nine-month period covered by the present consolidated business results, Japanese economy saw a serious slowdown, under the influence of the worldwide recession triggered by the US financial crisis. Private business income and manufacturing investment both declined. Likewise, the cosmetics industry saw a drastic cut in profits largely due to dwindling consumer confidence. Asia, where the Mandom Group's overseas business is operated, has also shifted from the previous expansive tendency to a gradual slowdown, due to the aggravated world economy.

Against such a background, the Group's consolidated sales for the nine-month period ended December 31, 2008 totalled 44,069 million yen (down 0.1% year on year). This is mainly because, although the sales shifted relatively smoothly up to the second quarter (end September), the Japanese market had a drastic fall during the last three months (October – December), far below the originally projected level.

More concretely, the core brand Gatsby's solid performance was unfortunately offset by a serious drop in sales of other existing products amid the general trend of reduced consumer spending. In Asia outside Japan, on the other hand, sales increased well, particularly for the Gatsby brand, although the rapidly appreciated value of yen caused yen-quoted sales by the overseas subsidiaries to drop somewhat.

Operating income amounted to 5,452 million yen (down 22.1% year on year). This drop is mainly attributed to an increase in returned goods in Japan and increased sales costs at our Indonesian subsidiary, overseas manufacturing base, PT MANDOM INDONESIA Tbk, mainly due to the weaker local currency.

As a result, we registered an ordinary income of 5,689 million yen (down 19.1% year on year) and net income of 2,952 million yen (down 20.6% year on year). The consolidated business results for the nine-month period ended December 31, 2008 showed a slight decrease in income and a major decrease in profits.

Regional segment information on business performance is as follows:

In Japan, sales amounted to 28,337 million yen (4.0% down year on year). This decreased sales performance is mainly attributed to, in the Men's Grooming area, Lucido and other existing brands' difficulty in growing, despite the core brand Gatsby's solid performance; and in the Women's Cosmetry, poor performance of the Produce brand (women's hair coloring product). In terms of profits, with reduced sales, increased sales costs following an increase in returned goods and higher raw material prices pushing up costs, the operating income was 3,037 million yen (30.6% down year on year).

In Asia, sales totalled 15,731 million yen (7.9% up year on year). Main factors for this positive result that offset slow growth in some areas and a decrease in yen-quoted sales due to the stronger yen were the mainstay brand in Men's Grooming, Gatsby, which performed well in Asia, and PT MANDOM INDONESIA Tbk's steady growth contributing to increased overseas sales and in women's cosmetics. In terms of profits, with increased sales costs mainly at the overseas manufacturing base, PT MANDAM INDONESIA Tbk, which suffered the consequences of higher raw material prices and disadvantageous exchange rates, the operating income amounted to 2,408 million yen (down 7.9% year on year).

For reference, the tables indicate figures for the same period of the previous year.

2. Consolidated Financial Condition: Qualitative Analysis

The total assets at the end of the third quarter were 52,709 million yen, a decrease of

1,509 million yen from the end of the previous financial year. The main reason for this is a decrease in investment securities. Shareholders' equity decreased from the previous financial year by 737 million yen to 45,131 million yen, due to a drastic decrease in differences arising from valuation and translation attributable to the aggravated financial and exchange market situations.

[Cash Flow]

Net cash provided by operating activities in the three quarters of FY 2009 was a positive balance of 2,616 million yen. The principal reasons are the pre-tax net income of 5,672 million yen (compared to 7,011 million yen in the previous year's same period), an increase in accounts receivable trade of 1,364 million yen, a decrease in accounts payable of 571 million yen, and corporate and other tax payments amounting to 2,786 million yen (as compared to 1,509 million yen in the previous year's same period).

Cash provided by investment activities ended in a negative balance of 1,037 million yen. This is mainly due to an expenditure of 1,623 million yen for the acquisition of tangible assets including manufacturing facilities in Japan and Indonesia, as well as a positive balance of 1,883 million yen resulting from the acquisition, redemption and disposal of securities and investment securities and an expenditure of 866 million yen in Indonesia resulting from the acquisition of long-term prepaid expenses.

Financial activities ended in a negative cash flow of 2,012 million yen, mainly resulting from a payout of 2,334 million yen in shareholder dividend including payment of dividends to the Indonesian subsidiary's minority shareholders. The change in consolidation resulted in an increase of cash and cash equivalents by 69 million yen.

As a result of all the above activities, cash and cash equivalents on hand at the end of the third quarter of FY 2009 decreased by 748 million yen to 9,042 million yen.

3. Consolidated Business Forecast: Qualitative Analysis

The consolidated sales for the nine-month period ended December 2008 were considerably below the initially projected level, due to the sluggish sales in Japan particularly during the last three months (October – December). In the fourth quarter of FY 2009, business performance is also likely to be considerably worse than the initial forecast, given the sluggish Japanese economy expected to continue and disadvantageous foreign exchange rates reducing the overseas subsidiaries' yen-quoted sales. Accordingly, the Group has lowered its projected consolidated sales by 3,700 million yen from the initially announced figure.

Likewise, with regard to profits, the Group has revised its consolidated financial forecast downward by 2,310 million yen for operating income and by 2,080 million yen for ordinary income, in consideration of expected gross profit due to decreased sales and further cut in the overseas subsidiaries' yen-quoted financial figures due to negative foreign exchange factors; and by 1,260 million yen for net income for the year in consideration of an anticipated loss from revaluation of securities on Mandom's non-consolidated basis. For these figures, the exchange rate of 0.0108 Japanese yen for 1 Indonesian Rp (rupiah) is adopted.

The tables below summarizes the consolidated business forecast announced in the Business Results for the April 1 – September 30, 2008 period issued on November 5, 2008 (initial forecast) and the revised forecast.

(Consolidated forecast for FY 2009)

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings Per Share
	¥ million	¥ million	¥ million	¥ million	¥
Initial forecast (A)	58,400	6,900	6,830	3,520	147.98
Revised forecast (B)	54,700	4,590	4,750	2,260	95.01
Difference (B – A)	△3,700	△2,310	△2,080	△1,260	-
Rate of increase/decrease (%)	△6.3	△33.5	△30.5	△35.8	-
FY 2008 actual figure	56,289	6,837	6,704	3,499	147.13

<Reference>

(Non-consolidated forecast for FY 2009)

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings Per Share
	¥ million	¥ million	¥ million	¥ million	¥
Initial forecast (A)	40,000	4,350	5,000	3,130	131.58
Revised forecast (B)	36,700	2,430	3,270	1,980	83.24
Difference (B – A)	△3,300	△1,920	△1,730	△1,150	-
Rate of increase/decrease (%)	△8.3	△44.1	△34.6	△36.7	-
FY 2008 actual figure	38,859	4,069	4,421	2,720	114.38
NB: Announced with the Business Results for the period ended March 2008 issued on May 13, 2008.					

4. 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 third 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 three quarters of FY

2009. 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 accounting principles, procedures and presentation method for quarterly consolidated financial statements:

- Changes in accounting standards

1. Starting from the current consolidated fiscal year, Mandom Corporation adopts the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12 issued on March 14, 2007) and the Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14 issued on March 14, 2007). The company also follows the Rules for Quarterly Consolidated Financial Statements to prepare its quarterly consolidated financial statements.
2. Previously, finance leases that do not transfer ownership of the leased property to the lessee were accounted for as rental transactions. Starting from the first quarter, however, the company adopts the Accounting Standard for Lease Transactions (ASBJ Statement No.13 issued on June 17, 1993 by the 1st Committee, Business Accounting Council; amended on March 30, 2007) and the Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No.16 issued on January 18, 1994 by the Accounting Standard Committee, the Japanese Institute of Certified Public Accountants; amended on March 30, 2007), both effective for quarterly consolidated financial statements for fiscal years beginning on or after April 1, 2008. Accordingly, non-ownership transfer finance leases for the quarter were accounted for as ordinary sales transactions. Leased properties under these finance leases were depreciated by the straight-line method under which their lease period is defined as their service life and their remaining value is set at zero.
   The adoption had no effects on income and expenditure.
3. Previously, inventories held for ordinary sales were stated principally at cost determined by periodic average method. Starting from the first quarter, however, the company adopts the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9 issued on July 5, 2006). Accordingly, such inventories for the quarter just ended were stated principally at cost determined by periodic average method (with their balance sheet values devaluated in line with reduced profitability).
   As a result, loss on disposal of inventories, which had been accounted for as non-operating expense, was charged to cost-of-goods-sold expense, starting from the first quarter.
   The above change has resulted in a decrease of 212,037,000 yen each in the consolidated gross profit on sales and the consolidated operating income for the nine-month period ended December 31, 2008.
   The effect of the change on the segment information is mentioned where relevant.
4. Starting from the first quarter, the company adopts the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements (ASBJ Practical Issues Task Force (PITF) No. 18 issued on May 17, 2006). According to this PITF, the company made necessary revisions to its quarterly consolidated financial statements.
   The adoption had minor effects on the income and expenditure.