Business Results (April 1, 2009 – December 31, 2009)

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Corporate Name: Mandom Corporation
Stock Listing: Tokyo Stock Exchange, First Section
Code Number: 4917
(URL: http://www.mandom.co.jp)

President: Motonobu Nishimura, Representative Director, President Executive Officer

Contact: Katsunori Takeda, Corporate Officer and General Manager, Financial Management Division

Tel: (81)- (0) 6 6767 5001

Submission of Report for this Quarter: February 10, 2010 (scheduled)
Dividend Payment: -

1. Results for Q1 + Q2 + Q3 Fiscal 2010 (April 1, 2009 to December 31, 2009)

(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, 2009	41,424	△6.0	5,385	△1.2	5,723	0.6	3,157	6.9
Nine months ended December 31, 2008	44,069	-	5,452	-	5,689	-	2,952	-

	Earnings Per Share (EPS)	Earnings Per Share (diluted)
	(¥)	(¥)
Nine months ended December 31, 2009	134.34	-
Nine months ended December 31, 2008	124.14	-

(2) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(¥ million)	(¥ million)	(%)	(¥)
Nine months ended December 31, 2009	52,044	44,661	79.4	1,767.61
FY 2009	49,078	42,379	80.5	1,661.94

<Reference> Shareholders' Equity: FY2010 Q3 ¥41,329 million
FY2009 ¥39,532 million

2. Dividends

	Dividend Per Share				
	End Q1	End Q2	End Q3	End FY	FY Total
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2009	-	40.00	-	20.00	60.00
FY 2010	-	30.00			
FY 2010 (Forecast)			-	30.00	60.00

Note: Changes in dividend forecast for this quarter: None

3. Outlook for Fiscal 2010 (April 1, 2009 to March 31, 2010)

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

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
FY 2010	53,700	△2.7	5,150	4.5	5,300	2.4	2,800	△7.0	119.75

Note: Changes made this quarter in the forecast for consolidated business results: None

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 no changes due to alterations in accounting criteria.
2. There were no changes other than 1. above.

(4) Total number of issued shares (common stock)
1) Total number of issued shares at the end of the fiscal year (including treasury stock)
12/10: 24,134,606 3/09: 24,134,606
2) Total number of treasury stocks
12/10: 753,199 3/09: 347,860
3) Average number of stocks during the consolidated period (Q1+Q2+Q3)
12/10: 23,501,099 12/09: 23,787,567

* Information for the appropriate use of forecast figures, and other special comments

1. 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. 6 under Financial Statements: Qualitative Analysis, 3. Consolidated Business Forecast: Qualitative Analysis.

Financial Statements: Qualitative Analysis

1. Consolidated Business Results: Qualitative Analysis

The Japanese economy during the third quarter of this consolidated business year continued to face uncertainty and difficulty. Private-sector companies in the domestic-demand led industries posted falls in income and the employment scene became gloomier, though there were some positive signs of manufacturing upturn thanks to the pick-up in export to Asia and inventory recovery. The cosmetics industry is still in a very tough environment for generating profits. Meanwhile, the economies of Asia, where the Mandom Group’s overseas operations are conducted, continued on the road to growth in all countries and regions, with China showing recovery due to the government stimulus package taking effect.

Such being the context, the Group kept to the policies of attaining stable growth through strengthening our core business, the Men’s Grooming Category, of creating a growth path for Women’s categories as our new growth area, and of maintaining the expansion of our overseas business.

The Group's total consolidated sales at the end of the third quarter, which ended December 31, 2009, totaled ¥41,424 million (6.0% down year on year). This is due mainly to the huge drop in yen-denominated sales of overseas subsidiaries because of the weakness of local currencies in the whole of Asia excluding China, although the core brand *Gatsby* performed well both in Japanese and overseas markets.

Operating income amounted to ¥5,385 million (1.2% down year on year). The reason for this drop is that the reduction in sales costs and general administration costs achieved through measures including efficiency savings in marketing costs could not fully offset the fall in gross margin resulting from the fall in revenue. Meanwhile, non-operating income rose, resulting in an ordinary income of ¥5,723 million (0.6% up year on year). Thus the net income for the quarter also rose, to ¥3,157 million (6.9% up year on year), owing to the reduction in minority interest deduction.

Regional segment information on business performance is as follows.

In Japan, sales amounted to ¥28,577 million (0.8% up year on year). The key contributory factors were: The Face & Body Category of the core brand *Gatsby* provided the growth engine for sales; Women’s Cosmetics did well and increased sales, covering up for the stagnant sales of other existing lines. In income terms, sales and general administrative costs were reduced through efficiency savings in marketing costs. Thus operating income increased hugely, up to ¥3,925 million (29.2% up year on year).

In Asia, sales totaled ¥12,847 million (18.3% down year on year), a tremendous decrease. In local currency terms, sales figures were good. However, the weakness of local currencies meant a huge shrinking in yen-denominated figures. In profit terms, the yen-denominated sales and general administration costs came down but the fall in the yen-denominated gross margin outstripped the gain. Thus the operating income fell hugely to ¥1,453 million (39.7% down year on year). Sales generated by overseas business totaled ¥13,187 million (17.7% down year on year). Overseas business comprised 31.8% of all consolidated sales.

2. Consolidated Financial Condition: Qualitative Analysis

Total assets at the end of the third quarter increased by ¥2,965 million compared to the end of the previous financial year, and are now standing at ¥52,044 million. The main reason for this is the increase in trade receivables and securities as well as the increase in tangible fixed assets.

Liabilities increased by ¥683 million compared to the end of the previous financial year, now standing at ¥7,382 million. This is mainly due to the increase in accrued corporate taxes.

Shareholders' equity increased ¥2,281 million compared to the end of the previous financial year to ¥44,661 million. This is mainly because of a decrease from treasury stock acquisition and of increases in evaluation and adjustment differences. The equity-capital ratio is now 79.4%.

[Cash Flow]

Net cash provided by operating activities in the three quarters of FY 2010 was a positive balance of ¥5,659 million, an increase of ¥3,043 million year on year. The principal reason is that though the pre-tax net income was ¥5,708 million, keeping level year on year, corporate and other tax payments were contained at ¥1,139 million in negative cash flow, resulting in a year-on-year increase of ¥1,646 million.

Cash provided by investment activities ended in a negative balance of ¥2,924 million, a decrease of ¥1,886 million year on year. This is chiefly due to the balance of negotiable securities and investment securities decreasing by ¥2,831 million year on year, resulting from the acquisition and disposal/redemption of negotiable securities and investment securities.

Financing activities ended in a negative cash flow of ¥2,277 million, a decrease of ¥264 million year on year. The principal factors are as follows: A payout of ¥1,379 million was made in shareholder dividend including payment of dividends to minority shareholders, which was a decrease of ¥954 million year on year; however, the acquisition of treasury stock cost ¥890 million and revenue from minority shareholder payment amounting to ¥333 million had been added to the ledger during the same period of the previous financial year. Due to changes in consolidation, cash and cash equivalents decreased by ¥41 million.

As a result of all the above activities, cash and cash equivalents on hand at the end of the third quarter of FY 2010 increased ¥499 million compared to the end of the previous financial year and now stands at ¥9,734 million.

3. Consolidated Business Forecast: Qualitative Analysis

Uncertainties persist in the global economy as well as in the Japanese economy during the fourth quarter of the business year. The cosmetics industry will continue to be subject to further intensification in competition. Companies will compete more fiercely against each other and suffer adversely from diminished consumer confidence.

In such a context, the Mandom Group intends to ensure the attainment of our target sales figures by directing effort on the one hand into solidifying the stronghold of the core brand *Gatsby* in the Men's Grooming category through new product launches principally onto the Japanese market and on the other hand into reinforcing product development and marketing activities tailored to the nature of the individual markets overseas.

As regards profits, the Group will work towards attaining the targets initially set, although negative factors cannot be ignored. These include the increased sales-to-cost ratio on account of new high-performance products input into the Japanese market and the marketing outlay being made to expand our market.

Based on these premises, no revision has been made at the end of the third quarter to the figures forecast for the business year ending March 31, 2010.

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 first, second and third quarters. 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:

No applicable event occurred.