Consolidated Business Results (April 1, 2010 – December 31, 2010: Japanese Standard)

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

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Submission of Report for this Quarter: February 09, 2011

Dividend Payment:

Documents providing supplementary information on the quarter's results: none

Information meeting on the quarter's results: none

1. Results for Q1 + Q2 + Q3 Fiscal 2011 (April 1, 2010 to December 31, 2010)

(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, 2011	44,125	6.5	5,587	3.7	5,852	2.2	2,783	△11.8
Nine months ended December 31, 2010	41,424	△6.0	5,385	△1.2	5,723	0.6	3,157	6.9

	Earnings Per Share (EPS)	Earnings Per Share (diluted)
	(¥)	(¥)
Nine months ended December 31, 2011	119.04	-
Nine months ended December 31, 2010	134.34	-

(2) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(¥ million)	(¥ million)	(%)	(¥)
Nine months ended December 31, 2011	53,544	45,872	79.0	1,809.29
FY 2010	54,182	45,058	76.6	1,774.64

<Reference> Shareholders' Equity: FY2011 Q3 ¥42,302 million
FY2010 ¥41,493 million

2. Dividends

	Annual dividends				
	End Q1	End Q2	End Q3	End FY	FY Total
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2010	-	30.00	-	30.00	60.00
FY 2011	-	30.00	-		
FY 2011 (Forecast)				30.00	60.00

Note: Changes in dividend forecast for this quarter: None

3. Outlook for Fiscal 2011 (April 1, 2010 to March 31, 2011)

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

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
FY 2011	57,800	6.4	5,950	10.8	6,000	5.0	2,810	0.3	120.18

Note: Changes made in the current quarter in business performance forecast: none

4. Other Information

(Refer to “2. Other Information” on Page 3 of the Attachment for details.)

(1) Changes in consolidation of subsidiaries: None

NB: Changes in consolidation of specific subsidiary(ies) resulting in any change in the scope of consolidation during the quarter reviewed

(2) Simplified accounting methods and special accounting methods were used:

NB: Statement of whether or not such methods have been adopted

(3) Changes in the accounting principles, methods or display, etc.

1. There were changes due to alterations in accounting criteria.
2. There were no changes other than 1. above.: None

NB: Statement of whether or any changes have occurred in the accounting principles, methods, display, etc. relating to the preparation of consolidated quarterly financial statements mentioned in the “Changes to the significant accounting policies serving as the basis for preparation of consolidated quarterly financial statements”

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

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

12/11: 24,134,606 3/10: 24,134,606

2) Total number of treasury stocks

12/11: 753,596 3/10: 753,410

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

12/11: 23,381,112 12/10: 23,501,099

<u>* Information on the status of implementation of quarterly review formalities</u>

The present quarterly report of business results falls outside the scope of quarterly review formalities as defined in the Financial Instruments and Exchange Act of Japan. At the time of publication of the present quarterly report, the quarterly review of the Company’s financial statements as defined in the above Act have not been completed.

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

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 ,1. Qualitative Analysis of the Quarter's Consolidated Business Results, (3) Consolidated Business Result Forecast: Qualitative Analysis.

1. Qualitative Analysis of the Quarter's Consolidated Business Results

(1) Consolidated Business Results: Qualitative Analysis

The Japanese economy during the past three quarters of this consolidated business year continued to be beset by a harsh employment climate and by deflation, although some traces of recovery were seen on the strength of an upturn in private-sector revenues. Anxieties over a slide in the world economy and the adverse effect of the strong yen have been producing uncertainties over the future. The cosmetics industry is no exception to the difficulties confronted, with tough conditions persist in generating income. Meanwhile, surveying the Asian economies where the Mandom Group conducts its overseas operations, China is continuing to expand domestic demand thanks to the government’s economic stimulus package, and other countries and regions are also on a recovery course.

Against this economic backdrop, to realize sustainable growth, the Group has focused on securing stable growth by reinforcing our core business, the Men’s Grooming Category, by creating a new growth path for Women’s Cosmetics Categories (Cosmetry and Cosmetics), and by maintaining the expansion of our overseas business.

The Group's consolidated sales for the nine months ended December 31, 2010 totaled ¥44,125 million (up 6.5% year on year). This is mainly attributable to increased sales in the core brand Gatsby in Japan, steady sales growth (local-currency basis) in women’s cosmetics by PT MANDOM INDONESIA Tbk. and increased yen-quoted sales by overseas subsidiaries overall because of stronger local currencies.

The operating income amounted to ¥5,587 million (up 3.7% year on year). This is mainly thanks to the increased yen-quoted gross margin of overseas subsidiaries which more than compensated for the heavy marketing input (sales promotion and advertising expenditures) made in Japan and overseas. As a result, an ordinary income of ¥5,852 million (up 2.2% year on year) was registered. The net income decreased to ¥2,783 million (down 11.8% year on year) mainly because the previous year's corporate taxes were posted in the second quarter.
Regional segment information on business performance is as follows.

In Japan, sales amounted to ¥29,041 million (up 1.6% year on year). The main contributor to this increase was the core brand Gatsby, which expanded sales on the strength of its Face & Body Category and made up for weak growth of the other existing brands. As for income, increased marketing (sales promotion & advertising) expenses led to the operating income amounting to ¥3,728 million (down 2.3% year on year).

In Indonesia, sales totaled ¥9,880 million (up 19.3% year on year). Sales of women’s cosmetics increased in PT MANDOM INDONESIA Tbk. and exports to Dubai increased, which resulted in a healthy increase in sales in local currency-based figure. The yen-quoted sales also increased. As for profit, despite active marketing (sales promotion) investment, the gross margin increased due to increased income and brought the operating income to ¥1,054 million (up 6.6% year on year), In the other overseas markets, sales reached ¥5,203 million (up 13.9% year on year). This is because local currency-based growth was sustained, except in some areas, with yen-quoted figures also increasing. The operating income came to ¥804 million (up 38.6% year on year), thanks to increased gross margin offsetting increased sales and general and administrative expenses.

(2) Consolidated Financial Condition: Qualitative Analysis

The Group's total assets at the end of the third quarter stood at ¥53,544 million, a decrease of ¥637 million from the end of the previous financial year. This is mainly because securities decreased.

Liabilities totaled ¥7,672 million, ¥1,451 million less than at the end of the previous financial year, due to a decrease in accrued amounts payable and other liabilities.

Net assets increased to ¥45,872 million, up by ¥813 million from the end of the previous financial year, mainly due to an increase in earned surplus, pushing the ratio of owner's equity to total assets up to 79.0%.

[Cash Flow]

Net cash provided by operating activities in the past three quarters was a positive balance of ¥2,269 million, which decreased by ¥3,390 million year on year. This is mainly because of a year-on-year increase of ¥1,787 million in the amount of payable corporate taxes including the previous year's, resulting in an expenditure of ¥2,926 million, as well as a fall in inventory balance of ¥1,289 million resulting in a negative cash flow of ¥592 million.

Cash provided by investment activities ended in a negative balance of ¥482 million, an increase of ¥2,442 million year on year. This is chiefly due to an increase of ¥2,297 million year on year of the balance of securities resulting from acquisition of securities, redemption and sales.

Financing activities ended in a negative cash flow of ¥1,649 million, a year-on-year increase of ¥628 million. This is mainly due to a year-on-year increase of ¥262 million in the payout of shareholders' dividends including the payment of dividends to minority shareholders, which resulted in an expenditure of ¥1,642 million, and the acquisition of treasury stock costing ¥890 million in the previous year.

As a result of all the above activities, cash and cash equivalents on hand at the end of the third quarter increased by ¥27 million from the end of the previous financial year and now stands at ¥9,770 million.

(3) Consolidated Business Forecast: Qualitative Analysis

In the last quarter of this consolidated business year, Mandom Corporation will aim to ensure competitiveness in Japan by boosting existing lines and actively deploying new products so as to strengthen seasonal summer items and by reinforcing marketing activities. Overseas, the Group will focus effort into strengthening product development and marketing tailored to the markets of each country. By so doing, the management intends to attain the business figures forecast for the financial year, which were published on October 28, 2010. As has historically been the case, the final quarter results will be poorer than those of other quarters because of the idiosyncrasies of the Japanese market and distribution.

In view of the above, there has been no change made at the end of this third quarter to the consolidated business forecast.

2. 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 past three 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 the accounting principles, methods, display, etc.

Changes in matters related to accounting standards

1. From the first quarter of the consolidated fiscal year, the Company adopts "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008).

Following the above, the cumulative operating income and the ordinary income in the third quarter have each decreased by two million yen, while the pre-tax quarterly net income has decreased by 20 million yen. The adoption of the above standards has produced a change of 39 million yen in asset retirement obligations.

2. From the first quarter of the consolidated fiscal year, the Company adopts "Accounting Standard for Equity Method of Accounting for Investments" (ASJB Statement No. 16, announced on March 10, 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ PITF No. 24, March 10, 2008).

The above has no influence on the Company's profits or loss.

3. From the first quarter of the consolidated fiscal year, the Company adopts "Accounting Standard for Business Combination" (ASBJ Statement No. 21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), the partially revised "Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), " Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, announced on December 26, 2008), and "Guidance on Accounting Standard for Business Combination and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).