Consolidated Business Results (April 1, 2010 – March 31, 2011: Japanese Standard)

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Corporate Name: Mandom Corporation | Stock Listing: Tokyo Stock Exchange, First Section

Code Number: 4917 | (URL: http://www.mandom.co.jp)

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Dividend Payout	June 27, 2011
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Documents providing supplementary information on the annual results:	Under preparation
Information meeting on the annual results:	To be arranged (for institutional investors)

1. Results for Fiscal 2011 (April 1, 2010 – March 31, 2011)

(Note: Rounded off to millions)

(1) Sales and Income

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(¥ million)	Change % YoY	(¥ million)	Change % YoY	(¥ million)	Change % YoY	(¥ million)	Change % YoY
FY 2011	57,262	5.4	5,747	7.1	6,006	5.1	2,672	△4.6
FY 2010	54,304	△1.6	5,368	9.0	5,715	10.4	2,802	△6.9

Notes: Comprehensive income
3/11: ¥1,889 million (△62.1%) 3/10: ¥4,991 million (-%)

	Earnings Per Share (EPS)	Earnings Per Share (diluted)	Return on Equity (ROE)	Ordinary Income / Total Assets	Operating Income / Net Sales
	¥	¥	%	%	%
FY 2011	114.30	–	6.4	11.2	10.0
FY 2010	119.40	–	6.9	11.1	9.9

Notes: Investment profit or loss on equity method
3/11: ¥27 million 3/10: ¥26 million

(2) Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(¥ million)	(¥ million)	%	¥
FY 2011	53,328	45,291	78.3	1,785.56
FY 2010	54,182	45,058	76.6	1,774.64

Notes: Shareholders' Equity
3/11: ¥41,748 million 3/10: ¥ 41,493 million

(3) Cash Flow

Consolidated Basis

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at end of year
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
FY 2011	4,063	△1,408	△1,661	10,550
FY 2010	7,766	△5,111	△2,291	9,742

2. Dividends

	Dividend Per Share				
	End Q1	End Q2	End Q3	End FY	FY Total
FY 2010	–	¥30.00	–	¥30.00	¥60.00
FY 2011	–	¥30.00	–	¥30.00	¥60.00
FY 2012 (Forecast)	–	¥30.00	–	¥30.00	¥60.00

	Total Dividend Payout For Year	Payout Ratio (Consolidated)	Dividend on Equity Ratio (Consolidated)
	(¥ million)	(%)	(%)
FY 2010	1,402	50.3	3.5
FY 2011	1,402	52.5	3.4
FY 2012 (Forecast)		46.8	

3. Outlook for Fiscal 2012 (April 1, 2011 – March 31, 2012)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Total for FY2012 Q1 and Q2	32,200	3.2	3,970	△9.1	3,980	△12.4	2,160	2.7	92.38
FY2012	58,500	2.2	5,550	△3.4	5,620	△6.4	3,000	12.3	128.31

Notes: The percentages are year-on-year increase/decrease rates. (The percentage for Q1+Q2 is a comparison over the results of the respective quarters of the previous year.)

4. Other Information

(1) Changes in consolidation of subsidiaries: None

(2) 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):

i) There were changes due to alterations in accounting criteria.

ii) There were no changes other than i) above.

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

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

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

2) Total number of treasury stocks

3/11: 753,667 3/10: 753,410

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

3/11: 23,381,085 3/10: 23,471,566

<Reference>

Summary of Business Results for Mandom Corporation (Non-consolidated)

1. Business Results for Fiscal 2011 (April 1, 2010 - March 31, 2011): Parent Company Only

(1) Sales and Income

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(¥ million)	Change % YoY	(¥ million)	Change % YoY	(¥ million)	Change % YoY	(¥ million)	Change % YoY
FY 2011	39,196	2.8	3,961	9.1	4,555	6.2	2,242	△5.4
FY 2010	38,121	2.2	3,630	29.4	4,288	16.9	2,369	8.3

	Earnings Per Share (EPS)	Earnings Per Share (diluted)
	¥	¥
FY 2011	95.92	–
FY 2010	100.96	–

(2) Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(¥ million)	(¥ million)	%	¥
FY 2011	47,146	40,817	86.6	1,745.78
FY 2010	47,537	40,267	84.7	1,722.21

Notes: Shareholders' Equity
3/11: ¥40,817 million 3/10: ¥40,267 million

2. Outlook for Fiscal 2012 (April 1, 2011 – March 31, 2012): Parent Company Only

	Net Sales		Ordinary Income		Net Income		EPS
	¥ million	%	¥ million	%	¥ million	%	¥
FY2012 Q1+Q2	22,800	3.7	3,290	△16.4	2,055	1.4	87.89
FY2012	39,200	0.0	4,000	△12.2	2,470	10.1	105.64

Notes: The percentages are year-on-year increase/decrease rates. (The percentage for Q1+Q2 is a comparison over the results of the respective quarters of the previous year.)

* Special note on auditing status:
This Consolidated Business Results report falls outside the scope of the auditing procedure required by the Financial Instruments and Exchange Act. At the time of the disclosure of this report, the auditing of the financial statements as required by the Financial Instruments and Exchange Act had not yet been completed.

* Information for the appropriate use of forecast figures, and other special comments:
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 this time. Actual performance may differ greatly from the figures forecasted 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 “Results of Operations and Financial Condition; 1. Review of Operations.”

1. Results of Operations and Financial Condition

1. Review of Operations

(1) Business Results

	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	ROE
	(¥ million)	(¥ million)	(¥ million)	(¥ million)	(¥)	(%)
FY 2011	57,262	5,747	6,006	2,672	114.30	6.4
FY 2010	54,304	5,368	5,715	2,802	119.40	6.9
Change % YoY	5.4%	7.1%	5.1%	△4.6%	△4.3%	△7.2%

Over the past twelve months, the Japanese economy struggled in a climate of uncertainty, with tough employment conditions and deflationary forces at work throughout the period despite some upturn in economic activity. World economic trends and the strength of the yen compounded the gloom. Our cosmetics industry as a whole continues to face a difficult profit environment. Meanwhile, in Asia, where the Group's overseas business is conducted, the economic stimulus package deployed in China resulted in sustained increase in domestic demand, and other countries and regions in general showed indications of regeneration.

Such being the economic backdrop, the Group directed efforts to achieve sustained growth by realizing stable growth through the reinforcement of the core business area of Men's Grooming, by laying down the growth track for the new growth area of Women's Cosmetry and Women's Cosmetics, and by continuing the expansion of the overseas business.

The consolidated sales for the year ended March 2011 totaled ¥57,262 million (up 5.4% year
on year), an increase of ¥2,958 million from the previous year, rewriting our record sales figure. This is thanks mainly to the increased sales of the core brand Gatsby in Japan and the steady growth in local-currency denominated sales by PT MANDOM INDONESIA Tbk chiefly on the strength of women's cosmetics. In addition, the strength of local currencies in Indonesia and other overseas countries meant that yen-denominated sales figures saw increases.

The cost of sales was ¥25,868 million (up 5.4% year on year), an increase of ¥1,314 million from
the previous year. This is mainly because of sales expansion in Japan and overseas but also due to Mandom Corporation's increased revenue which pushed up the gross margin and the strength of local currencies which lifted the gross margin overseas due to increased yen-denominated figures. Thus gross profit totaled ¥31,394 million (up 5.5% year on year), an increase of ¥1,644 million.

The sales and general administration costs totaled ¥25,647 million (up 5.2% year on year), an increase of ¥1,265 million from the previous year. This is explained mainly by the downpour of marketing expenditure (sales promotion) aimed at sales expansion both in Japan and overseas. However, with increases in yen-denominated values of overseas subsidiaries' gross margin more than compensating for this, the operating income rose to ¥5,747 million (up 7.1% year on year), an increase of ¥378 million. Non-operating profit and loss decreased by ¥87 million over the previous year but ordinary income increased to ¥6,006 million (up 5.1% year on year), a gain of ¥291 million over the previous year.

Looking at extraordinary profit and loss, extraordinary profit amounted to ¥37 million while
extraordinary loss rose by ¥47 million from the previous year to ¥230 million including loss due to the termination of the retirement benefit system and the set-aside of reserves to cover loss incurred by the Great East Japan Earthquake .As a result, pre-tax net income for the year increased by ¥338 million to ¥5,813 million (up 6.2% year on year).

Corporate and other taxes increased by ¥398 million to ¥2,635 million, due to the posting of corporate tax for prior periods and other tax liabilities. Thus, current net income fell by ¥129 million from last year to ¥2,672 million (down 4.6% year on year).

The overall results for the consolidated business year ended March 2011 were increased revenues and reduced profits.

Sales Breakdown

Consolidated Basis (¥ million)

Regional Segment	Net Sales			Operating Income		
	Fiscal Year 2010	Fiscal Year 2011	Change % YoY	Fiscal Year 2010	Fiscal Year 2011	Change % YoY
Japan	37,070	37,495	1.1%	3,541	3,646	3.0%
Indonesia	11,194	12,944	15.6%	1,121	1,315	17.3%
Other overseas countries	6,038	6,823	13.0%	705	785	11.3%

Sales in Japan totaled ¥37,495 million (up 1.1% year on year). The main reasons for the rise are
the Face & Body Category of the core brand Gatsby driving up sales and making up for the weakness of Women's Cosmetry and the struggling performance of Japanese subsidiaries. On the profit side, the increase in gross profit due to the increase in revenue more than compensated for the investment in marketing (sales promotion). The operating profit ended as ¥3,646 million (up 3.0% year on year).

In Indonesia, sales totaled ¥12,944 million (up 15.6% year on year). The main reasons for the rise are increase in the sales of Women's Cosmetics and increase in export sales to Dubai and other areas as well as yen-denominated sales figures going up due to the strong local currency. In profit terms, active marketing input (sales promotion expenditure) was offset by the increase in gross profit due to increased revenue. The operating income posted was ¥1,315 million (up 17.3% year on year).

Sales in other overseas countries totaled ¥6,823 million (up 13.0% year on year). The increase was mainly powered by the sales growth of the core brand Gatsby and other Men's Cosmetics, In profit terms, sales and general administrative costs increased but the gross profit more than offset this to deliver an operating income of ¥785 million (up 11.3% year on year).

(2) Outlook for Next Fiscal Year, Ending March 31, 2011

	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	ROE
	(¥ million)	(¥ million)	(¥ million)	(¥ million)	(¥)	(%)
FY 2012	58,500	5,550	5,620	3,000	128.31	7.2
FY 2011	57,262	5,747	6,006	2,672	114.30	6.4
Change % YoY	2.2%	△3.4%	△6.4%	12.3%	12.3%	12.5%

The outlook for the next twelve months is becoming uncertain in the aftermath of the Great East Japan Earthquake that occurred on March 11, 2011, despite the upturn that has occurred in the Japanese economy. Meanwhile, in Asia, the recovery in the global economy is expected to drive forward an expansion trend. Given this environment, Japanese and overseas members of the Group will concert all efforts to achieve "the continued growth of the Group's business."

In terms of sales, the Group will endeavor to realize the stable growth of Men's Grooming and make stronger drives in Women's Cosmetics. In addition, we will aim for continued growth in our overseas business centering on Asia, thereby achieving a small increase in revenue in spite of the negative impact of the earthquake pushing down sales. As to profit, cost reduction activities will continue and rationalization of sales and general administrative costs will be ongoing. Still, in view of the effect of active marketing investment into overseas markets and Women's sectors together with the steep rise in the price of raw materials, operating income and ordinary income are projected to fall. The forecast for current net profit is expected to rise, however, due to the decrease in tax liabilities posting by Mandom Corporation compared to the previous year.

To arrive at forecast values, the key exchange rates used for calculations are 83 yen to 1 US dollar, 8,900 rupiah to 1 US dollar and 0.0093 yen to 1 rupiah.

Thus, the following projections for the year ending March 2012 have been made: Sales - ¥58,500 million (up 2.2% year on year); Operating income - ¥5,550 million (down 3.4% year on year); Ordinary income - ¥5,620 million (down 6.4% year on year) and net income - ¥3,000 million (up 12.3% year on year).

(3) Mid-Term Management Plan: Progress Report

The current Mid-Term Management Plan (FY 2009 – FY 2011) set the fulcrum of the Group's management strategies on "the continued growth of the Group's business." Under the policy of achieving continued increase in income through well-planned input of business resources for the phased expansion of the Group's business, Management has pursued the following strategic aims: 1. Stable growth of the core business, Men's Grooming; 2. Laying of growth tracks for new growth areas of women's sector (Women's Cosmetry and Women's Cosmetics); and 3. Continued expansion of our overseas business, which is to continue to serve as the growth engine in this new Mid-Term Management Plan.

The business climate surrounding the first year of this three-year management plan (FY ended March 2009) was a harsh one, beset by the world economic downturn due to the credit crunch originating in the United Sates. Both sales and profits underperformed original targets. With no prospect of a short-term recovery or improvement in the economic environment, the Group revised downward the Mid-Term Management Plan in its pursuit of business in the Plan's second year (FY ended March 2010). Due to this step taken, the Group was able to achieve target figures in all of sales, operating income, ordinary income and net income for that year. For the final year of the Plan (FY ended March 2011), the Group was able to achieve historic record sales on consolidated basis. Although the figures attained were not as high as set by the initial targets of the current Mid-Term Management Plan, the Group strengthened marketing in Japan and overseas thereby narrowing the gap with the original sales plan.

The following is a brief report on the progress made in the strategic aims of the current Mid-Term Management Plan:

1) Stable growth of Men's Grooming

The core brand Gatsby expanded sales on the strength of enhanced product line-up in its mainstay Styling category and reinforced marketing drives for the Face & Body category in Japan. Overseas, sales also grew, with Styling leading the way and increasing market share in Asia. Nevertheless, Lucido, the overhauled brand, faced difficulties and hugely underperformed targets. As a result, Men's Grooming overall slightly dipped below targets set by the original plan. Having said that, stable growth was achieved in this core business area of the Group.

2) Laying of growth tracks for new growth areas of women's sector (Women's Cosmetry and Women's Cosmetics)

Women's Cosmetry underachieved the Plan both in Japan and overseas due to the poor performance of Lucido-L which underwent brand overhaul in Japan. Meanwhile, Women's Cosmetics slightly underperformed planned targets. Skincare lines managed to gain double-digit growth in Japan and overseas: however, the target was not quite achieved in Japan and also overseas, although this was due to the effect of the strong yen, as sales figures in local currencies were higher than target. In summary, although the future growth track was laid for the Women's Cosmetics business overall, the Group fell short of planned targets in this area.

3) Continued expansion of our overseas business

The Group's overseas business narrowly missed planned targets. On the local currency basis, double-digit growth was achieved with a few exceptions and business expansion continued. The yen-denominated figures suffered due to the strength of the Japanese yen.

On the profit front, the increase in revenue thanks to the growth of Gatsby and overseas sales alongside cost reduction in Japan and in PT MANDOM INDONESIA Tbk managed to absorb the profit squeeze caused by steep rises in raw material prices. However, non-attainment of sales targets and the foreign exchange issue of the strong yen pushed down operating income and ordinary income to below target levels. Thus current net income resulted in a sharp fall below target due to the posting of corporate tax for prior periods by Mandom Corporation. To address the issue of high costs, the Group will review the entire manufacturing setup including overseas plants and rationalize marketing costs so that we may increase the level of profits we achieve.

(4) Achievement of Target Performance Indicators

The current Plan's target values for Return on Equity (ROE) and Earnings Per Share (EPS) were calculated on the assumption that the Group will post record sales and profits each financial year over and above the results of the final year of the previous Mid-Term Management Plan (FY ended March 2008). As was described in the (3) Mid-Term Management Plan Progress Report above, the scenario for the achievement of the original targets appeared unlikely to unfold. Thus the target value for the EPS was revised downwards. The target values for this financial year (FY ended March 2011), the final year of the current Plan, were set at (1) ROE = 8% or higher and (2) EPS = 140 yen or more (original target value = 155 yen or more). The actual values achieved this financial year were ROE = 6.4% and EPS = 114.30 yen. Both fell below the revised target values.

(Notes) ROE = [Net income / {(Shareholders' equity at the beginning of the period + Shareholders' equity at the end of the period) / 2}] × 100
*Shareholders' equity = Net assets in total – Stock acquisition right – Minority interest
EPS = (Net income ÷ Average number of outstanding shares) × 100

2. Financial Condition

Financial Condition (Consolidated Basis) (¥ million)

	Fiscal Year 2010	Fiscal Year 2011	Change YoY
Total Assets	54,182	53,328	△853
Net Assets	45,058	45,291	233
Shareholder’s Equity Ratio	76.6%	78.3%	1.7%
Shareholder’s Equity per Share	¥1,774.64	¥1,785.56	¥10.92

Cash Flow (Consolidated Basis) (¥ million)

	Fiscal Year 2010	Fiscal Year 2011	Change YoY
Cash & cash equivalents balance at start of period	9,235	9,742	507
Operating cash flow	7,766	4,063	△3,702
Investment cash flow	△5,111	△1,408	3,702
(Fixed assets investment)	(△3,035)	(△2,270)	(765)
Financing cash flow	△2,291	△1,661	629
Foreign currency translation adjustment	184	△186	△371
Net increase in cash and cash equivalents	549	807	258
Increase due to change in consolidation	△41	-	41
Cash and cash equivalents at end of period	9,742	10,550	807
*Pre-tax net income	5,474	5,813	
Depreciation cost	2,125	2,394	
*Fixed asset investment			
Tangible fixed assets	2,861	2,094	
Intangible fixed assets	173	175	

(1) General Overview

Total assets during the twelve-month period decreased by ¥853 million from the previous consolidated fiscal year down to ¥53,328 million, chiefly as a result of the decrease at Mandom Corporation in negotiable securities and investment securities by ¥1,197 million.

Liabilities decreased over this twelve-month period by ¥1,086 million to ¥8,036 million. This is mainly accounted for by the decrease of ¥489 million respectively of bills payable/accounts payable and accrued corporate tax and other liabilities.
Net assets increased over this period by ¥233 million to ¥45,291 million. This is chiefly due to the decrease of ¥1,014 million in accumulated other comprehensive income despite an increase of ¥1,269 million in accumulated income.

(2) Cash Flow Situation

Cash and cash equivalents ("Liquidity") at the end of this consolidated financial year showed an increase of ¥807 million from the end of the previous year to rest at ¥10,550 million at the end of March 2011. Although there was negative cash flow due to the increase in corporate tax payments and the increase in inventory assets, acquisition and redemption/disposal of securities increased revenue and the expenditure for fixed asset acquisition decreased.

The cash flow situation during the consolidated fiscal year that ended March 2011 and the factors affecting it are described below:

<Operating Cash Flow>

Net cash provided by operating activities decreased by ¥3,702 million and stood at a positive balance of ¥4,063 million. The principal reasons are the pre-tax net income increasing by ¥338 million to ¥5,813 million over the previous year, the increase/decrease of inventories decreasing by ¥986 million to leave a negative balance of ¥476 million, and corporate and other tax payments including corporate tax for prior periods increasing by ¥1,733 million to end with a negative balance of ¥3,059 million. Depreciation cost saw an increase of ¥268 million over the previous year to ¥2,394 million.

<Investment Cash Flow>

Cash provided by investment activities increased by ¥3,702 million compared to the previous year, leaving a negative balance of ¥1,408 million. This is due chiefly to a fall in expenditure for the acquisition of tangible fixed assets of ¥767 million to leave a negative balance of ¥2,094 million and to a rise in the balance of acquisition, redemption and disposal of securities increasing by ¥2,308 million compared to the previous year to leave a positive balance of ¥650 million.

<Financing Cash Flow>

Cash flow from financing activities increased by ¥629 million compared to the previous year and ended in a negative balance of ¥1,661 million. Notably, despite payout in shareholder dividend including payment of dividends to minority shareholders increasing by ¥260 million compared to the previous year and leaving a negative balance of ¥1,651 million, the acquisition of treasury stock in the previous year had resulted in an expenditure of ¥891 million.

(3) Cash Flow Indicators

	FY 2008 (91st Term)	FY 2009 (92nd Term)	FY 2010 (93rd Term)	FY 2011 (94th Term)
Shareholders' Equity Ratio (%)	78.1	80.5	76.6	78.3
Market Value Shareholders' Equity Ratio (%)	131.6	79.0	110.0	89.0
Cash flow to Interest-bearing Liabilities Ratio (%)	4.4	8.9	4.0	7.5
Interest Coverage Ratio	4,568.0	1,092.1	57,195.5	2,431.3

Notes: Shareholders' Equity Ratio = Shareholders' equity / Total assets
Market Value Shareholders' Equity Ratio = Net market value / Total assets
Cash Flow to Interest-bearing Liabilities Ratio = Interest-bearing liabilities / Cash flow
Interest Coverage Ratio = Cash flow / Interest paid

* All figures were calculated using financial figures on a consolidated basis.
* Net market value was calculated by multiplying closing share price at fiscal year-end and number of outstanding shares at fiscal year-end (after discounting treasury stock).
* Operating cash flow has been used to represent "cash flow."
* Interest-bearing liabilities signify all liabilities on which interest is being paid out of the liabilities listed on the consolidated balance sheet. Interest paid is the interest payment sum shown in the consolidated cash flow statement.

3. Earnings Distribution Policy and Dividends

Returning profits to shareholders through dividend payments is a core management policy within the constraints of earmarking adequate internal reserves for operational development and new business development for the medium to long term and for addressing corporate risks. Thus, under this strong commitment to dividend policy, the Group will endeavor to deliver shareholder return through dividend payout.

The numerical target set for the fiscal year was a dividend payout ratio of not less than 40% of net income on a consolidated basis. In Term 95 (twelve months ending March 31, 2012), this target will remain: a dividend payout ratio of not less than 40% of net income on a consolidated basis.

The internal reserves will be allocated to strategic investments covering investment into facilities for expanding existing business operations and to strategic investment for R&D investment and other corporate value enhancement. The reserves also serve as a safety net to help us deal with diverse corporate risks arising out of the difficult business conditions we are subject to. As a means of delivering a return to shareholder and of improving capital efficiency, the acquisition of treasury stock will be considered as an option. The dividend payout for the whole year is expected to total ¥60 per share (consolidated-basis payout ratio of 52.5%).

The dividend payout for the following term is expected to remain on a par with this year, ¥60 per share (interim dividend of ¥30) in view of the unpredictability of business conditions.

2. Mandom Group Companies

No further disclosure is made hereby as there are no significant changes in the “roles of Group companies (business activities)” or the “business relationships among Group companies” in the latest financial statement (submitted on June 25, 2010).

3. Management Policies

1. Fundamental Management Policy

At the very heart of Mandom Group’s corporate business activities is Our Philosophy. We are dedicated to Our Mission, “Aiming to Provide a Comfortable Lifestyle Supported by Health and Beauty.” To achieve our end, we uphold Our Values: (1) Creating Lifestyle Value with Consumers, For Consumers (2) Active Employee Participation and (3) Social Responsibility and Sustainability. Keenly aware of the economic responsibility and social responsibility we need to fulfill as expected by our stakeholders, our fundamental policy is to take swift action when required in order to maintain and enhance a positive relationship of trust so as to maximize customer satisfaction.

To pursue Our Values to the fullest extent, we adopted Our Principles and committed ourselves to engage in KohDoh (work and devise new ideas and methods on an everyday basis) as guided by Our Principles. By so doing, we will propel our own original “Only One” business management and maximize corporate value.

2. Management Targets and Performance Indicators

In view of our aim to boost profitability, Mandom Group has designated operating profit ratio as a management performance indicator for the duration of the current three-year Management Plan, (April 2011 to March 2014). The numerical target adopted is an operating profit ratio of 10% or more by the final year of the Plan (March 2014). We will continue market investment directed towards achieving continued growth of the Group while endeavoring to improve profitability by creating value added products and exercising cost control.

3. Medium to Long-Term Business Strategy

The “continued growth of the Group’s business” is the core management strategy of the Group’s medium to long-term business strategy. To achieve phased expansion of the Group’s business, we will deploy a well-planned input of business resources to achieve sustainable growth in income and profits. Thus, in the current Mid-Term

Management Plan: 1. Sustained growth of the core business, Men's Grooming; 2. Speeding up of the Women's Cosmetry and Women's Cosmetics business by embarking on global marketing in Asia; and 3. Continued expansion of our overseas business, which is to continue to serve as the growth engine in this new Mid-Term Management Plan.

In our pursuit of this core strategy, we are ready to be dynamic and prepared to consider the use of external resources through M&A, licensing and other business alliances.

1. Sustained growth of the core business, Men's Grooming

The core brand Gatsby will be further strengthened as our Asia Global brand. In Japan, we will aim to expand market share in Styling as well as Face & Body categories. Better line-ups of products and marketing reinforcement will be used to drive forward greater growth of Gatsby. Overseas, Styling will be our priority category. We will expand market share by enhancing comparative advantage in the market through our wax line-up, while reinforcing marketing efforts of the Face & Body category in line with improved consumer recognition of the Gatsby brand, thereby increasing our slice of the pie.

As for Lucido, the concept will now be aging care. In addition to Lucido Hair Foam that is already on the market, we will be making staged proposals of anti-aging products.

2. Speeding up of the Women's Cosmetry and Women's Cosmetics business by embarking on global marketing in Asia

In Japan, marketing reinforcement will be applied to the Women's Skincare category so as to accelerate growth. Meanwhile, in overseas markets, we will step up efforts in the cosmetics business by implementing product launch and merchandising tailored to the local market. To this end we will strengthen the marketing of base make-up products in Indonesia and the "in-depth approach" introduced in the Skincare product sector in China during the previous financial year.

3. Continued expansion of our overseas business

In our effort to achieve the expansion of our overseas business, Indonesia and China will be our primary targets. We will develop the market more deeply through a heavy input of resources including marketing investment in Men's Styling, alongside stronger nurturing of Women's Skincare products. One of the areas where we have yet to make market entry is Indochina. Here, we will start preparing distribution channels and will make steady progress in new marketing endeavors. In order to diversify customer interface, we will also engage in new marketing methods so that we can further expand our overseas business.

4. Management Issues

The Group considers the following to be management issues that we currently need to address.

(1) Responses to Changes in the Men's Cosmetics Market in Japan

Men's cosmetics constitute a core part of Mandom Corporation's business operations: for the business year just ended, this sector comprised well over 60% share in turnover. Competition in the business environment in the sector, however, has increased in intensity. We are well aware that the market environment is set to change permanently, with companies from different business sectors and from overseas eagerly making entry into the market. Against this backdrop, Management pledges to engage in the exploration and pursuit of customer needs and wants, product development backed by technological excellence and the delivery of marketing innovation to respond to diversification in customer interface. In addition to bolstering the young men's market, we aim to expand the market for the middle age bracket.

(2) Addressing cost rises due to crude oil price increases

Analysis of recent moves by oil producers leads us to expect that crude oil prices will remain high. The impact of this on cost is inevitable. To restrain this rise in cost, we will adopt such measures as production optimization though the use of overseas plants including production transfers of some products, the promotion of local procurement of materials and the widening of our network of overseas suppliers.

(3) Strengthening human resources development, the driver of global business

A notable fact in the Group's pursuit of business globalization centering on Asia is that the ratio of overseas business turnover in consolidated sales has already topped 30%. As well as in order to strengthen our business in countries where we already operate, if we are to start tackling marketing in new areas, the development of globally viable and valuable human resources is a key task. We will engage in the development of human resources who are well equipped with not only communication skills but with understanding and accommodation for different cultures, customs and religions.

(4) Corporate social responsibility activities, prioritizing quality assurance and environmental measures

With ever stronger demand for the delivery of corporate social responsibility (CSR), the Group has designated CSR activities as a management issue. Thus, we will continue to reinforce our efforts to achieve quality assurance and to address environmental issues. We will create a CSR framework that would enable the Group as a whole to play our proper part in CSR activities as a good corporate citizen.