

Business Results (April 1, 2006 – June 30, 2006)

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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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1. Notes on the Compilation of This Financial Report

- 1) Simplified methods were adopted in the accounting processing method.
 - 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.
- 2) There were no changes in accounting processing method from that used in the consolidated accounting year immediately preceding.
- 3) There were no changes to consolidation and equity method application.

2. Results for Q1 Fiscal 2007 (April 1, 2006 to June 30, 2006)

(Note: Rounded off to millions)

(1) Consolidated Financial Highlights

	Net Sales		Operating Income		Ordinary Income	
	(¥ million)	Change % YoY	(¥ million)	Change % YoY	(¥ million)	Change % YoY
Three months ended June 30, 2006	13,033	Δ0.4	2,175	13.0	2,244	11.7
Three months ended June 30, 2005	13,088	4.8	1,925	Δ11.0	2,009	Δ8.8
FY 2006	47,923		6,065		6,120	

	Net Income		Earnings Per Share (EPS)	Earnings Per Share (diluted)
	(¥ million)	Change % YoY	(¥)	(¥)
Three months ended June 30, 2006	1,085	16.4	45.40	–
Three months ended June 30, 2005	932	5.8	38.66	–
FY 2006	3,099	-	124.36	–

(The percentage figures indicated for net sales, operating income, ordinary income and net income are year-on-year % changes compared with the first quarter of the previous year.)

The Japanese economy in the first quarter of this term (April 1 to June 30, 2006) saw unexpectedly good performance, thanks to continued healthy domestic demand boosted by external demand due to economic expansion overseas. However, the cosmetics sector performance remained more or less level, despite increases in consumers spending due to improvements in employment and income. The Asian economy is on an expansion curve overall and broadly showed good results, although purchasing power is being buffeted slightly in some areas because of checks on growth partly resulting from high oil prices and rising interest rates.

Against this general picture, Mandom's performance in the first quarter of the financial year ending March 31, 2007, was that of decreased income but increased profit over the same period of the previous year. In sales, the overseas business increased mainly on the strength of the hair wax category in the core brand *Gatsby*, but the Japanese business struggled, because of the lack of growth by key products (wax, fashion hair coloring) in the *Gatsby* brand and seasonal lines (deodorant). Net sales thus dropped by ¥55 million over the same period of the previous year down to ¥13,033 million.

As for profits, the cost to sales ratio saw an increase of 1.5% over the same period of the previous year because raw material prices remained high due to high oil prices despite the ongoing cost cutting efforts and favorable foreign exchange rates. Still, marketing expenditure including A&P in this first quarter was low, pushing both operating profit and ordinary profit up by roughly ¥200 million respectively year on year. The net income for the quarter increased by ¥153 million compared to the first quarter of FY 2006 and totaled ¥1,085 million.

Overseas subsidiaries jointly are maintaining two-digit increases in income. Sales in the Asian segment and overseas sales in this quarter showed continued and huge expansion, resulting in overseas sales accounting for more than 30% of consolidated sales.

(2) Financial Condition

Consolidated Basis

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(¥ million)	(¥ million)	(%)	(¥)
Three months ended June 30, 2006	51,235	43,013	78.6	1,689.61
Three months ended June 30, 2005	48,316	38,391	79.5	1,591.62
FY 2006	51,320	40,568	79.1	1,677.82

Mandom Group's total assets as of the end of this first quarter stood at ¥51,235 million, a decrease of ¥84 million compared to the end of FY 2006. This is mainly the result of increase in inventory assets, decrease in securities (including investment securities) and acquisition of treasury stock in accordance with regulations under the Corporations Code, Article 165.2. Shareholders' equity increased by ¥2,444 million compared to the end of FY 2006, reaching ¥43,013 million. The reason for this increase is the inclusion from this quarter of minority shareholders' equity in the figure for shareholders' equity (if compared with the end of the previous business year using the same criteria, there has been a decrease of ¥116 million.).

Consolidated Cash Flow

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at end of year
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Three months ended June 30, 2006	638	768	Δ1,395	9,040
Three months ended June 30, 2005	1,002	Δ591	Δ648	7,436
FY 2006	4,911	Δ2,444	Δ1,196	8,983

Cash flow from operations in the first quarter of FY 2007 totaled ¥638 million. This is explained chiefly by corporate tax and other payments increasing by ¥1,211 million and inventory assets by ¥495 million, although pre-tax net income was ¥2,246 million with depreciation cost standing at ¥420 million.

Cash flow from investment activities was a positive balance of ¥768 million. This was because the balance of acquisition and redemption/sale of securities exceeded the expenditure on the acquisition of fixed assets (¥776 million).

In financial activities, ¥653 million was spent on payment of dividends to shareholders including minority shareholders and ¥741 million on open-market purchase of treasury

stock, which left a negative balance of ¥1,395 million.

Cash and cash equivalents on hand at the end of this first quarter increased ¥57 million over the quarter to rest at ¥9,040 million.

<Reference 1> Financial Results: Three Months Ended June 30, 2006

	Net Sales	Operating Income	Ordinary Income	Net Income
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Three months ended June 30, 2006	9,124	1,384	1,814	1,149
Three months ended June 30, 2005	9,591	1,285	1,615	915

	Total Assets	Shareholders' Equity
	(¥ million)	(¥ million)
Three months ended June 30, 2006	45,715	39,458
Three months ended June 30, 2005	44,822	38,593

3. Forecast for Fiscal Year, Ending March 31, 2007

Consolidated Basis (Period from April 1, 2006 to March 31, 2007)

	Net Sales	Ordinary Income	Net Income	Earnings Per Share
	(¥ Million)	(¥ Million)	(¥ Million)	(¥)
Interim	27,000	3,300	1,650	69.19
FY ending March 2007	50,600	5,200	2,500	104.83

The consolidated results for this first quarter were decreased income but increased profits. In the second quarter and beyond, intensification of competition in Japan is predicted, although with a strong input of new products (i.e. renewal of wax lines) and efficient marketing activities, the target figures are likely to be achieved. The performance of the Indonesian subsidiary, PT Mandom Indonesia Tbk, is mostly running on target, although the rise in raw material prices and the rupiah's exchange rate against the yen are variable factors. All in all, even though women's cosmetics in Japan looks likely to continue suffering, the Group's overseas business is expected to grow steadily.

In view of these anticipated conditions, the Company at present has no reason to make any changes to the interim and full-term performance forecasts announced at the beginning of the term.

<Reference 2> Forecast for Fiscal Year, Ending March 31, 2007

Parent Company Basis (Period from April 1, 2006 to March 31, 2007)

	Net Sales	Ordinary Income	Net Income	Dividend (Year)		
				H1	H2	FY
	(¥ Million)	(¥ Million)	(¥ Million)	(¥)	(¥)	(¥)
Interim	19,449	2,600	1,600	30.00	–	–
FY ending March 2007	35,500	3,700	2,200	–	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.