Business Results (April 1, 2006 – March 31, 2007)

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Corporate Name: Mandom Corporation
Stock Listing: Tokyo Stock Exchange, First Section
Code Number: 4917
Head Office: Osaka Prefecture
(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
Annual General Shareholders' Meeting	June 22, 2007
Dividend Payout	June 25, 2007
Financial Statements Issued	June 25, 2007

1. Results for Fiscal 2007 (April 1, 2006 – March 31, 2007)

(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 2007	**51,250**	**6.9**	**5,195**	**△14.3**	**5,109**	**△16.5**	**2,488**	**△19.7**
FY 2006	47,923	0.8	6,065	△9.5	6,120	△2.6	3,099	△3.5

	Earnings Per Share (EPS)	Earnings Per Share (diluted)	Return on Equity (ROE)	Ordinary Income / Total Assets	Operating Income / Net Sales
FY 2007	**¥104.28**	**¥ ---**	**6.1%**	**9.9%**	**10.1%**
FY 2006	¥124.36	¥ ---	7.9%	12.4%	12.7%

Notes:

1) Investment profit or loss on equity method
3/07: ¥35 million   3/06: ¥32 million
2) The percentages are year-on-year increase/decrease rates.

(2) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(¥ million)	(¥ million)	%	¥
FY 2007	**51,620**	**44,182**	**79.6**	**1,727.55**
FY 2006	51,320	40,568	79.1	1,677.82

Notes: Shareholders' Equity

3/07: ¥41,096 million 3/06: ¥ --- 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 2007	**3,411**	**△1,120**	**△2,554**	**8,783**
FY 2006	4,911	△2,444	△1,196	8,983

2. Dividends

	Dividend Per Share				
(Date)	Q1	H1	Q3	H2	FY Total
FY 2006	-	¥30.00	-	¥30.00	¥60.00
FY 2007	**-**	**¥30.00**	**-**	**¥30.00**	**¥60.00**
FY 2008 (Forecast)	-	¥30.00	-	¥30.00	¥60.00

(Date)	Total Dividend Payout For Year (¥ million)	Payout Ratio (Consolidated) (%)	Dividend on Equity Ratio (Consolidated) (¥ million)
FY 2006	1,447	48.2	3.7
FY 2007	**1,427**	**57.5**	**3.5**
FY 2008 (Forecast)	-	47.6	-

3. Outlook for Fiscal 2008 (April 1, 2007 – March 31, 2008)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim	28,000	2.6	3,850	11.5	3,800	9.3	2,000	12.4	84.07
2008	54,500	6.3	6,100	17.4	5,900	15.5	3,000	20.6	126.11

Notes: The percentages are year-on-year increase/decrease rates. (The interim percentage is a comparison over the interim results 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 also changes other than i) above,

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

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

3/07: 24,134,606 3/06: 24,134,606

ii) Total number of treasury stocks

3/07: 345,687 3/06: 14,558

<Reference>

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

1. Business Results for Fiscal 2007 (April 1, 2006 - March 31, 2007): 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 2007	**36,498**	**4.4**	**3,099**	**△27.1**	**3,372**	**△25.7**	**2,086**	**△21.1**
FY 2006	34,964	1.7	4,250	△13.8	4,536	△8.8	2,645	△4.0

	Earnings Per Share (EPS)	Earnings Per Share (diluted)
FY 2007	**¥87.45**	**¥ ---**
FY 2006	¥105.52	¥ ---

(2) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(¥ million)	(¥ million)		
FY 2007	**45,301**	**39,591**	**87.4%**	**¥1,664.28**
FY 2006	46,604	39,997	85.8%	¥1,654.12

Notes: Shareholders' Equity

3/07: ¥39,591 million 3/06: ¥ --- million

2. Outlook for Fiscal 2008 (April 1, 2007 – March 31, 2008): Parent Company Only

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	
Interim	20,080	2.1	2,560	25.7	2,960	22.4	1,870	20.1	¥78.61
2008	37,150	1.8	3,760	21.3	4,100	21.6	2,550	22.2	¥107.19

Notes: The percentages are year-on-year increase/decrease rates. (The interim percentage is a comparison over the interim results of the previous year.)

<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 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. 5 under "Results of Operations and Financial Condition; 1. Review of Operations."

1. Results of Operations and Financial Condition

(1) Review of Operations

(i) Business Results

	Net Sales (¥ million)	Operating Income (¥ million)	Ordinary Income (¥ million)	Net Income (¥ million)	EPS (¥)	ROE (%)
FY 2007	51,250	5,195	5,109	2,488	104.28	6.1
FY 2006	47,923	6,065	6,120	3,099	124.36	7.9
Change % YoY	6.9%	△14.3%	△16.5%	△19.7%	△16.1%	△22.8%

The Japanese economy continued to undergo recovery led by the private sector, thanks to increased exports fueled by growth in foreign economies, increased manufacturing investment arising from private-sector profit recovery and improvement on the employment front. As for personal spending, though maintaining its recovery trend, growth in income hit a ceiling and weather conditions were poor, checking recovery to remain at no more than a gentle pace. In the cosmetics sector, performances by and large bottomed out. The Asian economy meanwhile, where the Group's overseas operation are conducted, maintained good performance on the back of export expansion led by the boom enjoyed by the US economy.

In this climate, the Group directed effort into promoting product development that responds quickly to diversifying consumer demands by constructing a new R&D facility adjacent to Mandom Corporation's Head Office. All the Group companies concerted their efforts in fostering and strengthening brand power.

Total consolidated sales for the year ended March 2007 reached ¥51,250 million, an increase of ¥3,326 million (6.9%) over the previous year. In Japan, hair wax (Moving Rubber) that was launched to spearhead the total renewal of the core brand *Gatsby* showed steady growth, compensating for the stagnant sales of existing lines. This meant that sales in Japan overall was 2.9% up on the previous year. Overseas, an even stronger drive to promote *Gatsby* brand recognition bore fruit as increased sales, chiefly of hair styling agents. A huge growth in women's cosmetics sales, combined with the favorable impact of foreign exchange rates due to the weakness of the yen, resulted in an increase in sales of 17.8% over last year.

The cost of sales rose from last year by ¥2,118 million, up to ¥22,233 million (10.5% increase over FY 2005). In Japan, a massive increase was incurred due to the use of new materials for new product development in pursuit of functional performance and due to the change in accounting criteria relating to reserves for returned goods adjustment. Indonesia, the Group's overseas manufacturing base, contributed to reining in the cost by taking cost control measures to tackle the previous year's high cost, assisted by the cost of imported raw materials and goods from Japan being reduced because of the weak yen. The cost to sales ratio climbed by 1.4% compared to last year, and is now standing at 43.4%.

The sales and general administrative costs increased ¥2,077 million from last year, reaching ¥23,820 million (up 9.6% year on year). This is mainly because of aggressive marketing investment input aimed at recovering market share in Japan (increases in A & P). Nonoperating profits recorded a net loss of ¥86 million, due to an increase in inventory disposal loss necessitated by the total overhaul of the *Gatsby* brand. Thus, consolidated operating income was ¥5,195 million (14.3% lower than the same period last year) and consolidated ordinary income saw a dramatic drop to ¥5,109 million (16.5% lower than the same period last year). Pre-tax net income for the year fell by ¥837 million over the previous year to ¥5,081 million (14.2% down year on year).

Meanwhile, corporate tax payment fell in FY 2007 by ¥268 million to ¥2,109 million (11.3% down year on year) mainly because of the reduction in income. However, the corporate tax burden ratio increased from the 40.2% of last year to 41.5%.

Minority shareholders' interest rose by ¥41 million from FY 2006 to ¥484 million, thanks chiefly to the healthy profit growth of PT Mandom Indonesia Tbk and the positive impact of foreign exchange rates deriving from the weak yen

The bottom line for the year ended March 2007 was that net income fell sharply, standing at ¥2,488 million, down 19.7% in year-on-year percentage rate from last year's ¥3,099 million.

(Sales Breakdown by Region)

Given below are operational results by geographical segment.

Consolidated Basis (¥ million)

Regional Segment	Net Sales			Operating Income		
	Fiscal Year 2007	Fiscal Year 2006	Change % YoY	Fiscal Year 2007	Fiscal Year 2006	Change % YoY
Japan	36,025	35,003	2.9	3,288	4,399	△25.2
Asia	15,225	12,920	17.8	1,904	1,663	14.5

In sales in Japan, Mandom successfully pulled off a complete brand image overhaul of the core brand *Gatsby*, thanks to the total renewal (led by Moving Rubber hair wax, hair colorant launch, etc.), enabling the recapture of market share in hair wax, which had been eaten up by competition last year. In addition, sales of the wax category expanded greatly, absorbing the poor results of existing lines such as *Lucido-L,* the victim of intensifying competition. Sales figures for this year totaled ¥36,025 million (2.9% increase year on year).

With respect to profit, the use of new materials for new product development in pursuit of functional performance and the change in accounting criteria relating to reserves for returned goods adjustment led to a huge increase in cost of sales. Heavy spending on marketing (advertising and promotion) was made in aid of recovering market share, for example, by using Takuya Kimura as image personality. Sadly, the operating profit sank to ¥3,288 million (25.2% decrease year on year).

On the Asian scene, although the core brand *Gatsby* hit a slowdown in some regions (Korea), sales grew in all Asian countries, powered by Indonesia. Hair styling agents were good sellers and women's cosmetics also saw steady growth. Assisted by the weakness of the yen and the strength of some local currencies, total sales shot up to ¥15,225 million (17.8% growth year on year).

In profit terms, PT Mandom Indonesia Tbk, the manufacturing powerhouse, implemented cost reduction measures to redress the high cost scenario of the previous year. This taken together with the decrease in the cost of imported raw materials and goods from Japan due to favorable exchange rates led to lower costs and resulting in an operating profit of ¥1,904 million (14.5% up, year on year).

(ii) Outlook for Next Fiscal Year, Ending March 31, 2008

	Net Sales (¥ million)	Operating Income (¥ million)	Ordinary Income (¥ million)	Net Income (¥ million)	EPS (¥)	ROE (%)

FY 2008	54,500	6,100	5,900	3,000	126.11	7.3
FY 2007	51,250	5,195	5,109	2,488	104.28	6.1
Change % YoY	6.3	17.4	15.5	20.6	20.9	19.7

The Mandom Group of companies both in Japan and overseas will concert our efforts in fostering and strengthening our brand power and will promote the development of products that can quickly respond to the diversifying consumer needs of different regions. The Group will continue with the final stage of infrastructure-building in readiness for making full-scale inroads into the women's cosmetics market. In terms of sales, we are expecting intensifying competition and a sales slump in existing product lines in Japan; still, product renewal in the core brand *Gatsby* will come on stream after wax (in hair color, facial wash, deodorant), with the aim of expanding summer season sales. The hair color category will also be bolstered. Meanwhile, there are new developments in overseas operations. The subsidiary company in China joined the ranks of consolidated companies. Mandom Group aims to direct effort into establishing the *Gatsby* brand even stronger on the market and to continue to make investment into hair styling agents. To strengthen profits, the marketing cost that was hiked by strategic spending arising from the total renewal of the *Gatsby* brand in FY 2007 will return to its normal level of investment, bringing down sales costs. A risk factor affecting operational results is the big impact that foreign exchange fluctuations have on the financial statements of overseas subsidiaries, which are the Group's growth engine. Therefore, to arrive at forecast values, the key exchange rates used for calculations are 117 yen to 1 US dollar and 9,000 rupiah to 1 US dollar, and 0.0130 yen to 1 rupiah.

To summarize, the consolidated sales for the year ending March 2008 are forecast as ¥54,500 million (6.3% up year on year), operating profit ¥6,100 million (17.4% up year on year), ordinary profit ¥5,900 million (15.5% up year on year) and net profit ¥3,000 million (20.6% up year on year).

(iii) Mid-Term Management Plan: Progress Report

The key goal of the current Three-Year Mid-Term Management Plan (FY 2006 – FY 2008) is to deliver consistently high returns to shareholders by increasing profits for the term through improved growth and profitability.

FY 2007 was the second year of the Mid-Term Management Plan. Effort was directed at continued business expansion in the core cosmetry business. In the overseas operations, the Group's growth engine, steady enlargement of business size was aimed for, with women's cosmetics business seeing R&D and marketing reinforcement for the purpose of foundation-laying for long-term growth so as to start our own operations.

In cosmetry, the priority brand is *Gatsby*, which successfully underwent total renewal and is performing above expectations. Face & Body, the strategic category, is performing on target. However, *Lucido-L*, *Lucido* and the hair color category, which are the key areas of the Plan, are hugely underperforming in the light of expected figures.

In overseas operations, overall results were as planned. Although in some regions (Korea), planned targets were not met, Asian results were better than planned, especially in Indonesia, which represents the largest of overseas operations.

Women's cosmetics is a new area for foundation building. Management is satisfied that know-how in R&D and some marketing aspects (communication) has been by and large acquired and work is to progress on the review of sales channels.

In the context of all the operational actions mentioned above, a slight delay has arisen in achieving the Plan with respect to sales. As for profits, the sales plan delay concomitant with increased strategic marketing costs because of the unexpected intensification of market competition have led to their big shortfall from the Plan. The target indicators of growth and profitability improvement, which were ROE of 10% or more and EPS of ¥160 or more have not been realized by a large margin. Notwithstanding, the Group's stable financial condition has meant that the indicators adopted for shareholder return, the dividend payout ratio of 40% or more and DOE of 3% or more, have been exceeded.

Thus the attainment of target performance indicators adopted by this Mid-Term Management Plan has hit considerable obstacles. However, in the final year of the Plan (FY 2008), Management aims to improve growth and profitability to reduce the gap between initial plan and actual achievement.

(iv) Achievements of Target Performance Indicators

Management places particular priority on the efficient use of capital and growth per share. The two performance indicators Mandom uses in this regard are: Return on Equity (ROE) and Earnings Per Share (EPS). At the start of the current Three-Year Mid-Term Management Plan, target values were set for the Plan's final year, on the assumption that increased income and profit would be achieved each year. Sadly, in FY 2007, the second year of the Plan, both indicators went far below those of the previous year. This was due to falling profit levels because of strategic marketing investment into the core businesses in Japan, although business expansion and term profit increase were realized overseas, where steady performance has followed on from last year. Therefore, the achievement of target indicators in the next financial year, which is the final year of the Plan is envisaged to be difficult. Given the situation, the Management aim for the next financial year, albeit falling short of initial targets, is to improve profits in Japan and to continue in strengthening overseas operations, thereby achieving record-high turnover and a return to the profit level of the previous year (FY 2006). In view of the investment set aside for business expansion and idle cash, Management will work towards improving the Group's capital efficiency and in terms of offering returns to shareholders from a long-term perspective, a flexible policy in the acquisition of treasury stock will be adopted, with Management aim being the continued growth of the Group and enhanced corporate value.

Notes:

ROE = Net income / [(Shareholders' equity at the beginning of the period + Shareholders' equity at the end of the period) / 2]

* Shareholders' equity = Net assets in total – Stock acquisition right – Minority interest

EPS = Net income / Average number of outstanding shares

(2) Financial Condition

Financial Condition (Consolidated Basis) (¥ million)

	Fiscal Year 2006	Fiscal Year 2007	Change YoY
Total Assets	51,320	51,620	300
Shareholder's Equity	40,568	44,182	3,613
Shareholder's Equity Ratio	79.1%	79.6%	
Shareholder's Equity per Share	¥1,677.82	¥1,727.55	¥49.73

Cash Flow (Consolidated Basis) (¥ million)

	Fiscal Year 2006	Fiscal Year 2007	Change YoY
Cash & cash equivalents balance at start of period	7,662	8,983	1,321
Operating cash flow	4,911	3,411	△1,500
Investment cash flow	△2,444	△1,120	1,323
(Fixed assets investment)	(△2,921)	(△2,738)	(183)
Financing cash flow	△1,196	2,554	△1,357
Foreign currency translation adjustment	50	62	11
Net increase in cash and cash equivalents	1,321	△200	△1,521
Cash & cash equivalents balance at end of period	8,983	8,783	△200
* Pre-tax net income	5,919	5,081	
Depreciation cost	1,653	1,856	
* Fixed asset investment			
Tangible fixed assets	2,799	2,688	
Intangible fixed assets	121	49	

(i) General Overview

Total assets during the twelve-month period increased by ¥300 million to ¥51,620 million, chiefly as a result of the increase of accounts receivable by ¥826 million and a decrease of fixed assets by ¥738 million. The increase in receivables is a result of the business capacity expansion of Mandom Corporation and of Pt Mandom Indonesia Tbk and other consolidated subsidiaries overseas. The decrease in fixed assets is principally because of a decrease in investment securities to finance treasury stock purchase and the payment for R&D facility construction by Mandom Corporation.

Liabilities decreased over the twelve-month period by ¥752 million. This is accounted for in the main by the increases in debt service by ¥605 million and a decrease in bills payable and deferred corporate tax liabilities by ¥474 million and ¥661 million, respectively. The increase in debt service is owing to the heavy investment in marketing expenditure by Mandom Corporation and the decrease in bills payable is owing to the change in account settlement terms. The decrease in deferred corporate tax liabilities is the result of the fall in profits.

Shareholders' equity increased by ¥3,613 million during this twelve-month period to ¥44,182 million. This is chiefly due to the inclusion of minority interest in shareholders' equity as of this fiscal year. (Using the accounting method applied last year, the increase is ¥1,052 million.)

(ii) Cash Flow Situation

Net cash provided by operating activities stood at ¥3,411 million, a ¥1,500 million drop over the previous year. The principal reasons are the fall in pre-tax net income of ¥837 million to ¥5,081 million and the increase in tax payments of ¥691 million to ¥2,599 million. Depreciation cost saw an increase of ¥202 million to ¥1,856 million.

Cash provided by investment activities increased ¥1,323 million, leaving a negative balance of ¥1,120 million. This is due to the balance of acquisition, redemption and disposal of securities that increased ¥1,068 million compared to the previous year.

Financing activities ended also in a negative cash flow of ¥2,554 million. ¥1,638 million was spent on shareholder dividend and ¥912 million was spent in the first half of the financial year to purchase treasury stock on the open market.

(iii) Cash Flow Indicators

	FY 2004 (87th Term)	FY 2005 (88th Term)	FY 2006 (89th Term)	FY 2007 (90th Term)
Shareholders' Equity Ratio (%)	80.7	80.5	79.1	79.6
Market Value Shareholders' Equity Ratio (%)	123.3	148.4	139.4	135.9
Cash flow to Interest-bearing Liabilities Ratio (%)	8.7	5.8	7.1	9.9
Interest Coverage Ratio	1,308.8	3,266.3	2,659.3	1,045.0

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. Thus, under this strong commitment to dividend policy, the Group will endeavor to maintain a dividend payout ratio of not less than 40% of net income on a consolidated basis and a dividend-on-equity ratio (DOE) or 3% or more.

Internal reserves are intended to be put to optimum effect in expanding the Group's existing operations through manufacturing facilities investment and in enhancing corporate value through strategic investment into areas including overseas operations and R&D.

The dividend payout for the whole year is expected to total ¥60 per share, on a par with FY 2007 (consolidated-basis payout ratio of 47.6% and DOE of 3.5%).

2. Group Status

There are no significant changes to the latest Financial Statement (published June 26, 2006) carrying the Business Organization Chart (operational content) and Status of Affiliates. No further disclosure is made hereby.

3. Management Policies

(1) Fundamental Management Policy, 3. Medium- to Long-Term Business Strategy, 4. Management Issues

There are no significant changes to the disclosure made through the Interim Business Results for FY 2007 (published on November 9, 2006) regarding the three heading mentioned above. No further disclosure is made hereby.

The FY 2007 Interim Business Results can be viewed online by accessing the Mandom Corporation website:

URL: http://www.mandom.co.jp

Alternatively, refer to the Tokyo Stock Exchange website (company information search page):

URL: http://www.tse.or.jp/tseHpFront/HPLCDS0101.do?method=init

(2) Management Targets and Performance Indicators

Management places particular priority on the efficient use of capital and growth per share. The two performance indicators Mandom uses in this regard are: Return on Equity (ROE) and Earnings Per Share (EPS). These indicators are deemed appropriate in targeting continued Group growth and enhanced corporate value based on increased profits. In the coming fiscal year, which is the final year of the Three-Year Mid-Term Management Plan, the enlargement of existing core businesses will continue, centering on the cosmetry business, alongside continued market investment into Southeast Asia aimed at expanding overseas operations. By these means, Management aims to increase profits for the fiscal year; however, as two of the three years of the Plan have finished already, the target values given for the final year (FY 2008) at the start of the Plan in April 2005 have been revised as follows:

(1) ROE: 10% (Year Ending March 31, 2008) → 7.3% (Year Ending March 31, 2008)

(2) EPS: ¥160 (Year Ending March 31, 2008) → ¥126.11 (Year Ending March 31, 2008)