

Business Results (April 1, 2007 – March 31, 2008)

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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

Annual General Shareholders' Meeting June 24, 2008

Dividend Payout June 25, 2008

Financial Statements Issued June 25, 2008

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

(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 2008	56,289	9.8	6,837	31.6	6,704	31.2	3,499	40.6
FY 2007	51,250	6.9	5,195	△14.3	5,109	△16.5	2,488	△19.7

	Earnings Per Share (EPS)	Earnings Per Share (diluted)	Return on Equity (ROE)	Ordinary Income / Total Assets	Operating Income / Net Sales
	¥	¥	%	%	%
FY 2008	147.13	-	8.4	12.7	12.1
FY 2007	104.28	-	6.1	9.9	10.1

Notes: Investment profit or loss on equity method

3/08: ¥37 million 3/07: ¥35 million

(2) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(¥ million)	(¥ million)	%	¥
FY 2008	54,218	45,868	78.1	1,779.67
FY 2007	51,620	44,182	79.6	1,727.55

Notes: Shareholders' Equity

3/08: ¥42,334 million

3/07: ¥ 41,096 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 2008	7,614	△5,040	△1,659	9,791
FY 2007	3,411	△1,120	△2,554	8,783

2. Dividends

(Date)	Dividend Per Share		
	H1	H2	FY Total
FY 2007	¥30.00	¥30.00	¥60.00
FY 2008	¥30.00	¥50.00	¥80.00
FY 2009 (Forecast)	¥40.00	¥40.00	¥80.00

(Date)	Total Dividend Payout For Year	Payout Ratio (Consolidated)	Dividend on Equity Ratio (Consolidated)
	(¥ million)	(%)	(¥ million)
FY 2007	1,427	57.5	3.5
FY 2008	1,903	54.4	4.6
FY 2009 (Forecast)	-	54.1	-

3. Outlook for Fiscal 2009 (April 1, 2008 – March 31, 2009)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Consolidated Total for FY2009 Q1 and Q2	30,700	1.1	4,400	△7.6	4,300	△9.3	2,340	△6.0	98.37
FY2009	58,400	3.8	6,900	0.9	6,830	1.9	3,520	0.6	147.97

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)
- i) Total number of issued shares at the end of the fiscal year (including treasury stock)
3/08: 24,134,606 3/07: 24,134,606
 - ii) Total number of treasury stocks
3/08: 346,551 3/07: 345,687

<Reference>

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

1. Business Results for Fiscal 2008 (April 1, 2007 - March 31, 2008): 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 2008	38,859	6.5	4,069	31.3	4,421	31.1	2,720	30.4
FY 2007	36,498	4.4	3,099	△27.1	3,372	△25.7	2,086	△21.1

	Earnings Per Share (EPS)	Earnings Per Share (diluted)
FY 2008	¥ 114.38	¥ -
FY 2007	87.45	-

(2) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(¥ million)	(¥ million)	%	%
FY 2008	47,135	40,351	85.6	1,696.31
FY 2007	45,301	39,591	87.4	1,664.28

Notes: Shareholders' Equity

3/08: ¥40,351 million

3/07: ¥39,591million

2. Outlook for Fiscal 2009 (April 1, 2008 – March 31, 2009): Parent Company Only

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
FY2009 Q1+Q2	21,542	1.7	2,950	1.8	3,450	6.1	2,160	4.9	90.80
FY2009	40,000	2.9	4,350	6.9	5,000	13.1	3,130	15.0	131.58

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.)

* 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 2008	56,289	6,837	6,704	3,499	147.13	8.4
FY 2007	51,250	5,195	5,109	2,488	104.28	6.1
Change % YoY	9.8%	31.6%	31.2%	40.6%	41.1%	37.7%

The Japanese economy in the first half of the fiscal year steered a sound course, buoyed by an increase in manufacturing investment due to private-sector profit improvements led by external demand. However, the second half saw emerge some warning signs of economic slowdown, namely the impact of soaring crude oil prices and the credit crunch in the financial markets occasioned by the problems created by sub-prime loans. In the cosmetics industry, the macroscopic indices (shipment in volume and value) did better than the previous term but the overall picture was a leveling off, leading to a continued fiercely competitive market environment. In Asia, where the Group's overseas operations are conducted, the economy had been expanding on the strength of export expansion but because of the slowing down of the US economy and the impact of expensive oil and raw materials, the speed of economic growth is beginning to falter.

In this climate, the Group directed effort into promoting product development that responds quickly to diversifying customer wants in all the different countries. All the Group companies, Japanese and overseas, concerted their effort in strengthening and fostering brand power. Full-scale entry into the women's cosmetics market is now on the agenda.

The consolidated sales for the year ended March 2008 reached ¥56,289 million (up 9.8% year on year), increasing by ¥5,038 million over the previous year and registering a record high. In Japan, the key performer was the core brand *Gatsby*, whose sales broke the ¥20,000 million barrier and achieved an increase of 5.4% over the previous year. The hair wax series Moving Rubber led growth and paper items (Facial Paper, Body Paper) showed steady performance, with the launch of new product lines adding to the brand's strength. Overseas, the results were excellent: a massive increase of 20.4% year on year. Hair Styling throughout Asia sold well, resulting in *Gatsby* increasing sales steadily. Another contributory factor was the new consolidation of the Chinese subsidiary, ZHONGSHAN CITY RIDA FINE CHEMICAL CO.,LTD. The Indonesian subsidiary, PT MANDOM INDONESIA Tbk achieved sales in excess of 1 trillion rupiah (local currency basis).

The cost of sales rose from last year by ¥1,696 million to ¥23,930 million (up 7.6% year on year). However, the cost to sales ratio fell 0.9% over last year to 42.5%. In Japan, Management promoted the switch of outsourced items to in-house manufacture and promoted the overseas purchasing of raw materials in an effort to contain costs. Meanwhile, cost-cutting by PT MANDOM INDONESIA Tbk in response to soaring oil prices contributed to reducing cost and so did the favorable exchange rate against the dollar and yen for the payment of imported raw materials and goods in the first half of the year. For these reasons, gross profit climbed ¥3,341 million to ¥32,358 million (up 11.5% year on year).

The sales and general administration costs increased ¥1,700 million to ¥25,521 million (up 7.1%) over last year. The principal causes of the rise is R&D expenditure in Japan and aggressive input of marketing expenses (sales promotion cost) aimed at expanding sales overseas, in addition to the rise in cost of sales (sales incentives) resulting from sales growth in Japan and overseas. As for non-operating profit and loss, the increase in loss incurred through inventory asset disposition at Mandom Corporation and overseas subsidiaries led to a net loss of ¥133 million.

Thus, operating income was ¥6,837 million (up 31.6% year on year), ordinary income was ¥6,704 million (up 31.2% year on year) and pre-tax net income for the year increased by ¥1,583 million to ¥6,665 million (up 31.2% year on year). All these income figures showed a substantial increase.

Corporate tax payment increased by ¥505 million to ¥2,614 million (up 24.0% year on year) as a result chiefly of the increased income earned by Mandom Corporation. However, the corporate tax burden ratio reduced from 41.5% last year to 39.2% this year.

Minority shareholders' interest rose by ¥66 million to ¥550 million, thanks mainly to the profit growth achieved by PT MANDOM INDOENSIA Tbk.

The bottom line for the year ended March 2008 was an increase over the previous year of ¥1,011 million to ¥3,499 million (up 40.6% year on year), a huge jump in profit. The business results for this fiscal year attained record high levels, in terms of turnover as well as all different income categories.

Given below are operational results by geographical segment.

Sales Breakdown by Region

Consolidated Basis (¥ million)

Regional Segment	Net Sales			Operating Income		
	Fiscal Year 2007	Fiscal Year 2008	Change % YoY	Fiscal Year 2007	Fiscal Year 2008	Change % YoY
Japan	36,025	37,957	5.4%	3,288	4,235	28.8%
Asia	15,225	18,331	20.4%	1,904	2,599	36.5%

Sales in Japan totaled ¥37,957 million (up 5.4% year on year). The key contributor was the core brand *Gatsby* whose hair wax (Moving Rubber) and paper items (Facial Paper, Body Paper) led the way to increasing sales. Another contributor was the launch of *Produce*, the new brand in women's gray hair coloring.

Operating profit leapt up to ¥4,235 million (up 28.8% year on year). Despite increases in R&D expenditure, positive factors won the day due to increased profit ratio thanks to an increase in revenue because of sales growth and the success in cost reduction activities.

Sales in Asia totaled ¥18,331 million (up 20.4% year on year). Although *Gatsby* is showing signs of weakness in some markets, Hair Styling in the whole of Asia increased in sales and *Gatsby*'s overall performance was good. Another reason for good sales outcome was the successful increase in sales of women's cosmetics by PT MANDOM INDONESIA Tbk. Such good performance meant that the ratio of sales in Asia to the whole Group's results rose to 32.6% this year.

Operating profit in Asia saw a massive increase, standing at ¥2,599 million (up 36.5% year on year). Aggressive marketing input (sales promotion expenditure) aimed at increasing sales was made but this was more than compensated by the cost cutting drive by PT MANDOM INDONESIA Tbk in line with high oil prices and by the favorable impact on cost reduction of the local currencies' strength against the dollar and the yen with regard imported raw materials and goods in the whole of Asia.

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

	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	ROE
	(¥ million)	(¥ million)	(¥ million)	(¥ million)	(¥)	(%)
FY 2009	58,400	6,900	6,830	3,520	147.97	8.3
FY 2008	56,289	6,837	6,704	3,499	147.13	8.4
Change % YoY	3.8%	0.9%	1.9%	0.6%	0.6%	△1.2%

The Japanese economy is facing an increasingly uncertain period, what with negative factors such as rising costs of raw materials resulting from soaring oil prices, US economic slowdown and rapid rise in the value of the yen. The competitive environment prevailing in the cosmetics industry looks set to become even tougher. The Asian economy is by and large still on an expansion curve, but growth looks likely to suffer some curtailment because of the impact of high oil prices and the slump in the US economy. Nevertheless, the Mandom Group will remain united in effort in Japan and overseas so as to strengthen and nurture brand power and to deliver product development that responds quickly to the diversifying customer wants emerging in different parts of the geographical segments. This is the road to take so we may continue improving the Group's business results.

Regarding sales, though market competition is expected to intensify in Japan, Management hopes to exceed sales achieved in FY 2008 in the current business year. This will be accomplished through the continued reinforcement of the core brand *Gatsby* and a further boost in market share of the women's sector. Meanwhile, the Thai subsidiary, MANDOM CORPORATION (THAILAND) LTD. is to come under consolidation. Added to this, effort will be directed into boosting the sales of *Gatsby*. Thus double-digit growth in income on local currency bases is forecast, though the increase when denominated in yen is expected to be a slender one due to the strengthening yen on the foreign exchange market.

In profit terms, the outlook for costs is far worse for the ensuing months because of raw material costs being affected by rising oil prices. The rise in the sale-to-cost ratio is inevitable, meaning that profit levels will only show a slight increase. 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 106 yen to 1 US dollar, 9,380 rupiah to 1 US dollar and 0.0113 yen to 1 rupiah.

Thus, the following projections for the year ending March 2009 have been made: Sales - ¥58,400 million (up 3.8% year on year); Operating income - ¥6,900 million (up 0.9% year on year); Ordinary income - ¥6,830 million (up 1.9% year on year) and net income - ¥3,520 million (up 0.6% year on year).

(3) Mid-Term Management Plan: Progress Report

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

In the first year of the Plan (FY 2006), initial profit targets were not met due to the intensification of the competitive market environment in Japan and the slump in some overseas areas. In the second year, (FY 2007), strategic marketing input in Japan led to sales exceeding target but profits shrinking greatly. Given this lead-up to the final year of the Plan (FY 2008) the term that has just ended, Management accepted the fact that the planned levels will not be achieved and

endeavored to narrow the gap between the Plan's targets and actual results by reinforcing sales efforts both in Japan and overseas and by restoring profitability that had dipped in the previous year back to an above-normal level.

In the year ended March 2008, the top priority brand *Gatsby* performed well in all consolidated companies, pushing up overall sales. With regards profit, the positive impact of increased income and cost cutting in Japan and in PT MANDOM INDONESIA Tbk managed to absorb the pressures on profit that arose from soaring raw materials costs. On a consolidated basis, record high sales and profits were realized. Thus results outperformed the revised performance forecasts for the period.

Meanwhile, although sales overall did not achieve the planned target in the Mid-Term Management Plan that finished in March 2008, *Gatsby* expanded hugely, going over the ¥30,000 million threshold in sales in the final year of the Plan (FY 2008). This is thanks to improved line-up and new category creation in Japan and activities aimed at wider market entry overseas. The overseas business, which is the priority in terms of geographical segment, expanded to a third of the consolidated total. Therefore, with regard these two priorities, the respective targets of the Plan were more or less achieved. Profits saw recovery in the final year, FY 2008, but the initially targeted financial indicators were not attained. Nevertheless, owing to the Group's stable financial backbone, the target performance indicators for shareholder return of the Three-Year Mid-Term Management Plan that ended March 2008, which were dividend payout ratio of not less than 40% or more and DOE of not less than 3%, were achieved throughout the period of the Plan.

Notes:

Dividend Payout Ratio = {Dividend (total for year) per share of ordinary shares ÷ Net income} × 100

DOE = [Dividend (total for year) per share of ordinary stock ÷ {(Net assets per share at the beginning of period + Net assets per share at the end of period) ÷ 2}] × 100

* Net assets per share = Shareholders' equity ÷ Number of outstanding shares at the end of period

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

(4) Achievement 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 Three-Year Mid-Term Management Plan ended March 2008 (FY 2006 – FY 2008), target values were set for the Plan's final year, on the assumption that increased 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 in Japan in response to intensifying market competition. Thus the target values for the final year of the plan (FY 2008) were revised

to ROE of 7.4% (initial target value being 10%) and EPS of ¥134.52 (initial target value being ¥160).

In FY 2008, good sales performance led to recovery in profit. The actual values achieved were ROE = 8.4% and EPS = ¥147.13, both exceeding the revised target values.

Notes:

ROE = $[\text{Net income} \div \{(\text{Shareholders' equity at the beginning of the period} + \text{Shareholders' equity at the end of the period}) \div 2\}] \times 100$

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

EPS = $(\text{Net income} \div \text{Average number of outstanding shares}) \times 100$

2. Financial Condition

Financial Condition (Consolidated Basis)

(¥ million)

	Fiscal Year 2007	Fiscal Year 2008	Change YoY
Total Assets	51,620	54,218	2,598
Shareholder's Equity	44,182	45,868	1,686
Shareholder's Equity Ratio	79.6%	78.1%	△1.5%
Shareholder's Equity per Share	¥1,727.55	¥1,779.67	¥52.12

Cash Flow (Consolidated Basis)

(¥ million)

	Fiscal Year 2007	Fiscal Year 2008	Change YoY
Cash & cash equivalents balance at start of period	8,983	8,783	△200
Operating cash flow	3,411	7,614	4,202
Investment cash flow (Fixed assets investment)	△1,120 (△2,738)	△5,040 (△2,119)	△3,920 (619)
Financing cash flow	△2,554	△1,659	894
Foreign currency translation adjustment	62	△69	△132
Net increase in cash and cash equivalents	△200	843	1,043
Increase due to change in consolidation	-	163	163
Cash and cash equivalents at end of period	8,783	9,791	1,007

*Pre-tax net income 5,081 6,665

Depreciation cost 1,856 2,236

*Fixed asset investment

Tangible fixed assets 2,688 2,016

Intangible fixed assets 49 102

(1) General Overview

Total assets during the twelve month period increased by ¥2,598 million to ¥54,218 million, chiefly as a result of the increase in cash and deposits by ¥1,173 million and in fixed assets by ¥1,241 million. The increase in cash and deposits is due to the expansion in operational capacities of PT MANDOM INDONESIA Tbk and other consolidated subsidiaries overseas. The increase of fixed assets is chiefly due to the increase in investment securities of Mandom Corporation resulting from financing operations.

Liabilities increased by ¥911 million over the twelve-month period. This is accounted for mainly

by the increase in deferred corporate tax liabilities of ¥946 million, due to Mandom Corporation's increased profits.

Shareholders' equity increased by ¥1,686 million to ¥45,868 million. This is chiefly due to reserving profit for the period which resulted in the profit surplus increasing by ¥2,180 million and to valuation difference on securities holdings decreasing by ¥531 million.

(2) Cash Flow Situation

Net cash provided by operating activities increased by ¥4,202 million and stood at a positive balance of ¥7,614 million. The principal reasons are the pre-tax net income increasing by ¥1,583 million to ¥6,665 million, the trade receivables increasing by ¥1,409 million to 789 million and corporate and other tax payments decreasing by ¥800 million to ¥1,799 million. Depreciation cost saw an increase of ¥379 million over the previous year to ¥2,236 million.

Cash provided by investment activities decreased by ¥3,920 million, leaving a negative balance of ¥5,040 million. This is due to the balance of acquisition, redemption and disposal of securities decreasing by ¥4,022 million compared to the previous year.

Financing activities ended in a negative cash flow of ¥1,659 million, resulting from a payout of ¥1,657 million in shareholder dividend including payment of dividends to minority shareholders. The change in consolidation resulted in an increase of cash and cash equivalents by ¥163 million.

(3) Cash Flow Indicators

	FY 2005 (88th Term)	FY 2006 (89th Term)	FY 2007 (90th Term)	FY 2008 (91st Term)
Shareholders' Equity Ratio (%)	80.5	79.1	79.6	78.1
Market Value Shareholders' Equity Ratio (%)	148.4	139.4	135.9	131.6
Cash flow to Interest-bearing Liabilities Ratio (%)	5.8	7.1	9.9	4.4
Interest Coverage Ratio	3,266.3	2,659.3	1,045.0	4,568.0

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 improve the dividend payout ratio, which had previously been targeted at not less than 40% of net income on a consolidated basis and a dividend-on-equity ratio (DOE) at not less than 3%; these values have been revised up to a dividend payout ratio of not less than 50% and DOE of not less than 4%. The Group will aim to deliver these values consistently.

The dividend payout for the whole year is expected to total ¥80 per share, on a par with FY 2008, (consolidated-basis payout ratio of 54.1% and DOE of 4.5%).

2. Mandom Group Companies

The Mandom Group consists of Mandom Corporation, 13 subsidiaries and 1 affiliate. The Group's main line of business is the manufacture and sales of cosmetics.

Summarized below are the roles of each of the Group companies in our business activities.

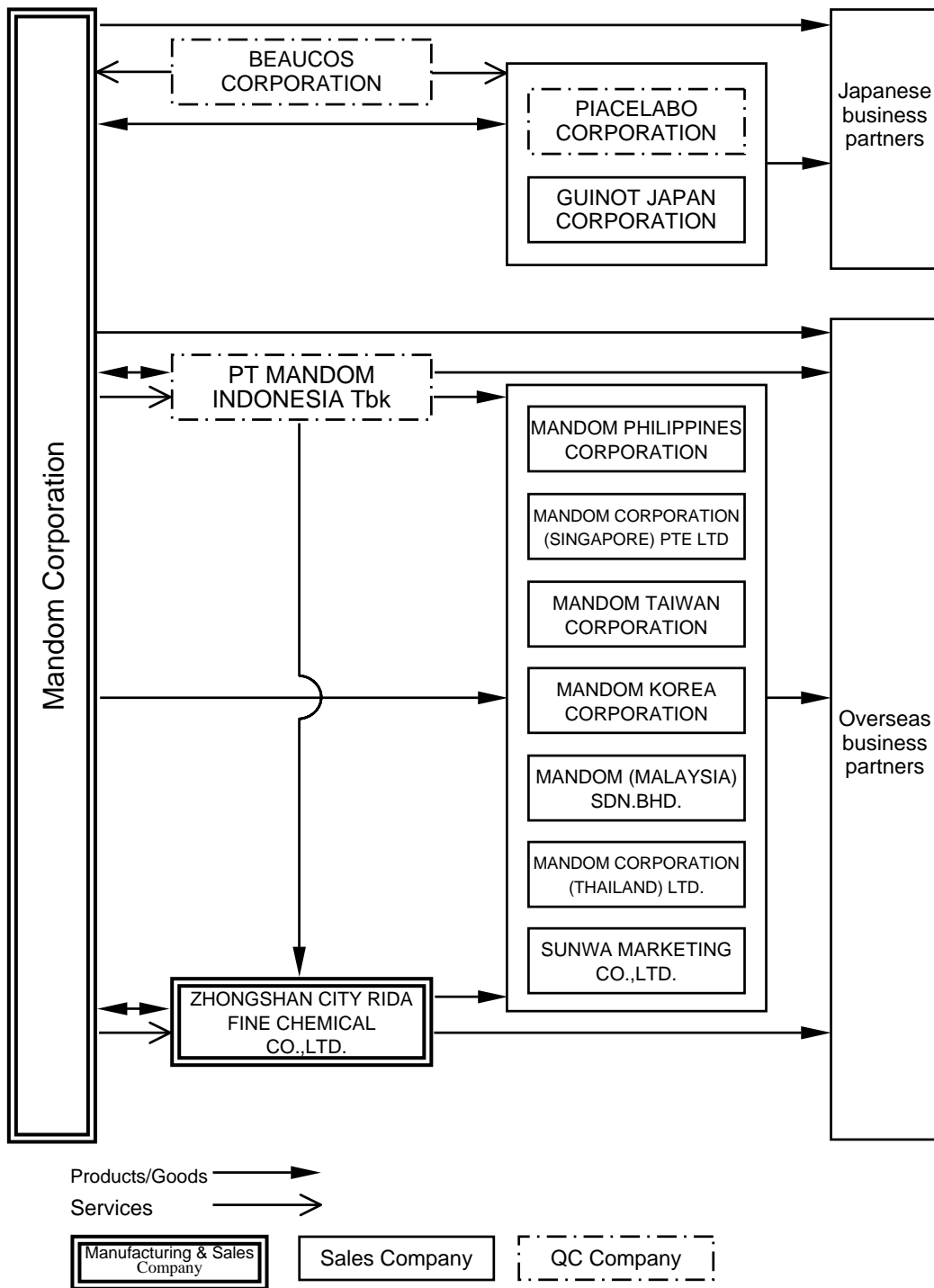
Cosmetics Business

Manufacture & Sales	1 Japanese company and 2 overseas companies	
	Japan	Mandom Corporation Mandom Corporation manufactures and markets cosmetics handled by the company and cosmetics to be sold by the consolidated Japanese subsidiaries. Mandom Corporation exports cosmetics handled by the consolidated Japanese subsidiary.
	Overseas	2 consolidated subsidiaries These two subsidiaries - PT MANDOM INDONESIA Tbk and ZHONGSHAN CITY RIDA FINE CHEMICAL CO.,LTD. - manufacture and sell cosmetics that they each handle. In addition, they manufacture and export cosmetics to be sold by Mandom Corporation.
Sales	2 Japanese and 7 overseas companies	
	Japan	2 consolidated subsidiaries Supplied mainly by Mandom Corporation, PIACELABO CORPORATION and GUINOT JAPAN CORPORATION market the products.
	Overseas	5 consolidated subsidiaries, 1 equity-method affiliate and 1 non-consolidated subsidiary These companies mainly purchase supplies from Mandom Corporation and the Group's two overseas manufacturing companies and sell these products. Consolidated subsidiaries: MANDOM PHILIPPINES CORPORATION, MANDOM CORPORATION (SINGAPORE) PTE LTD, MANDOM TAIWAN CORPORATION, MANDOM KOREA CORPORATION, MANDOM (MALAYSIA) SDN.BHD. Equity-method affiliate: SUNWA MARKETING CO.,LTD. Non-consolidated subsidiary: MANDOM CORPORATION (THAILAND) LTD.
Other	1 Japanese company	
	Japan	1 consolidated subsidiary BEUCOS CORPORATION engages in the quality control of cosmetics handled by Mandom Corporation and the consolidated Japanese subsidiaries.

Other Business Activities

Non-consolidated Subsidiaries	1 Japanese company and 1 overseas company	
	Japan	MANDOM BUSINESS SERVICE CORPORATION: The company is an insurance agency and undertakes property management for Mandom Corporation's head office building.
	Overseas	MANDOM MANAGEMENT CONSULTANTS SDN.BHD.: The company undertakes consultancy.

The figure below shows the business relationships among Group companies.



Mandom Corporation (4917) 2008/3 Business Results

Affiliated Companies

Name	Location	Capital or Invested Capital	Main Business Activities	Voting Rights	Relationship	Notes
(Consolidated) PIACELABO CORPORATION	Chuo-ku, Osaka	(million) 100	Sales of cosmetics	(%) 100.0	Mandom Corporation manufactures and sells its cosmetics and leases out office premises. 4 concurrent directors (all employees of Mandom Corporation)	
GUINOT JAPAN CORPORATION	Chuo-ku, Osaka	100	Sales of cosmetics	100.0	Mandom Corporation manufactures and sells its cosmetics and leases out office premises. 4 concurrent directors (all employees of Mandom Corporation)	
BEUCOS CORPORATION	Chuo-ku, Osaka	10	Quality control of cosmetics	100.0	Mandom Corporation leases out office premises. 1 concurrent director (employee of Mandom Corporation)	
MANDOM PHILIPPINES CORPORATION	The Philippines	(million Philippine pesos) 30	Sales of cosmetics	100.0	Mandom Corporation exports and sells products through it. 4 concurrent directors (of which 3 are employees of Mandom Corporation)	
MANDOM CORPORATION (SINGAPORE) PTE LTD	Singapore	(thousand Singapore dollars) 600	Sales of cosmetics	100.0	Mandom Corporation exports and sells products through it. 1 concurrent director (employee of Mandom Corporation)	
MANDOM TAIWAN CORPORATION	Taiwan	(million new Taiwan dollars) 50	Sales of cosmetics	100.0	Mandom Corporation exports and sells products through it. 4 concurrent directors (of which 3 are employees of Mandom Corporation)	
MANDOM KOREA CORPORATION	South Korea	(million Korean won) 2,500	Sales of cosmetics	100.0	Mandom Corporation exports and sells products through it. 3 concurrent directors (of which 2 are employees of Mandom Corporation)	
MANDOM (MALAYSIA) SDN. BHD.	Malaysia	(million ringgit) 10	Sales of cosmetics	97.6	Mandom Corporation exports and sells products through it. 2 concurrent directors (of which 1 is an employee of Mandom Corporation)	
PT MANDOM INDONESIA Tbk	Indonesia	(million rupiah) 90,480	Manufacture and sales of cosmetics	60.7	Mandom Corporation sells cosmetics materials to it and purchases cosmetics products from it. 7 concurrent directors (of which 6 are employees of Mandom Corporation)	*1 *2
ZHONGSHAN CITY RIDA FINE CHEMICAL	China	(thousand yuan) 49,717	Manufacture and sales of	58.4	Mandom Corporation sells cosmetics materials to it and purchases cosmetics products	

Mandom Corporation (4917) 2008/3 Business Results

CO.,LTD.			cosmetics		from it. 4 concurrent directors (of which 1 is an employee of Mandom Corporation)	
(Equity-method SUNWA MARKETING CO.,LTD.	Hong Kong	(million Hong Kong dollars) 12	Sales of cosmetics	44.0	Mandom Corporation exports and sells products through it. 2 concurrent directors (both employees of Mandom Corporation)	

Notes:

1. *1 indicates special subsidiary.
2. There are no companies that have submitted securities registration or financial statements.
3. The ratio of sales of *2 (excluding internal sales between consolidated companies) to the consolidated sales total exceeds 10%.

Key Profit and Loss Data:

① Sales	13,136 million yen
② Ordinary Income	2,037 million yen
③ Net Income	1,434 million yen
④ Net Assets	8,151 million yen
⑤ Total Assets	8,774 million yen

3. Management Policies

1. Fundamental Management Policy

The Mandom Group's Philosophy lies at the heart of all corporate activities. The Group strives to fulfill the Group's Mission, "Aiming to Provide a Comfortable Lifestyle Supported by Health and Beauty" To accomplish this aim, we uphold Our Values: 1. Creating Lifestyle Value With Consumers, For Consumers; 2) Active Employee Participation; and 3) Social Responsibility and Sustainability. By accepting with integrity the economic accountability and social responsibility our stakeholders require of us and by taking expeditious and timely actions in response, the Group intends to maintain and reinforce strong bonds of trust while maximizing customer satisfaction.

To guide us on the course of fully realizing Our Values, Our Principles are in place to which direct members to engage in "KohDoh" (thinking and working and devising new and original ideas for improvement on an everyday level) so that Mandom's unique "Only One" management can be promoted in the interests of enhancing corporate value.

2. Management Targets and Performance Indicators

Management places particular priority on the efficient use of capital and on improving returns to shareholders. The two performance indicators Mandom uses in this regard are: 1. Return on Equity (ROE) and 2. Earnings Per Share (EPS). Management will continue the use of these indicators to measure progress in the Group's continued growth and corporate value enhancement based on increased profits.

The Three-Year Mid-Term Management Plan that started in April 2008 (April 2008 - March 2011) is an ambitious plan that includes not only the continued market investment into Southeast Asia aimed at further expansion of the Group's Overseas Business but also market investment into a new growth area, the Women's Sector (Women's Cosmetology Business and Women's Cosmetics Business). This Management Plan adopts an all-round approach, tackling the increase in costs brought on by expensive crude oil and raw materials, which will lead to a decrease in income, making market investment to engender business growth and pursuing management targets and performance indicators. The financial targets for the current Mid-Term Management Plan on a consolidated basis are:

Mid-Term Management Plan Financial Targets (Consolidated Basis)

	FY 2008	FY 2011
Return on Equity (ROE)	8.4%	At least 8%
Earnings Per Share (EPS)	¥147.13	At least ¥155

3. Medium- to Long-Term Business Strategy

The Mandom Group's key goal is to deliver the sustainable growth of the Group Business. To achieve this, a well-planned deployment of management resources will be made to continue increasing profits so that a gradual expansion can be made in the Group Business. The Three-Year Mid-Term Management Plan that commenced in April 2008 is built on the following strategic cornerstones: 1. Stable growth in the core business, Men's Grooming; 2. Foundation-laying in the growth pattern of the newly designated growth area, Women's Business (Women's Cosmetology, Women's Cosmetics); 3. Continued expansion of the Overseas Business, which will remain the growth engine in the new Management Plan.

In executing these strategies, Management will be flexible in considering the use of external resources through such means as mergers and acquisitions or business tie-ups.

(1) Stable Growth in Men's Grooming

Gatsby is on a sure course for becoming an Asian global brand in both Japanese and Overseas Business terms. The brand will be further reinforced. In Japan, more growth of Gatsby will be pursued by holding onto and enlarging the market share in Styling and by improving the line-up and boosting marketing drives in Face & Body. Lucido will be positioned as a priority brand in Japan. With the middle-age bracket as main target, high value-added products will be proposed.

Overseas, Styling will be the priority product category. The Basic Styling market will be delved deeply. Meanwhile, Hair Wax will have stronger impetus for market entry and a boost in share will be targeted. In tandem with the improved recognition rate of the Gatsby brand, Face & Body will benefit from a stronger marketing drive.

(2) Foundation-laying in the Growth Pattern of Women's Sector (Women's Cosmetology, Women's Cosmetics)

In Women's Cosmetology, the Japanese Business will focus on hair cosmetology and the Overseas Business on Face & Body, with reinforced marketing conducted on prioritized product clusters. In Japan, there will be two brands, Lucido-L with young customers as main target and Produce with middle-aged customers as main target. For each of these brands, priority products for special nurture will be designated and a heavy input of management resources will be made. Overseas, the Pucelle brand will be strengthened in ASEAN. In addition, "original" products will be developed exclusively for each country. Thus product marketing will adopt a selective approach, with some products being transferred internationally as Group-ware and other products being sold as country-exclusive lines.

In Women's Cosmetics, the previous Mid-Term Management Plan (April 2005 – March 2008) ensured the building of a stronger functional base with the aim of embarking on Mandom's own brand. Strategic operations have started with a view to laying a "growth track." Mandom Corporation as parent company together with the Indonesian subsidiary, PT MANDOM INDONESIA Tbk will take the lead in establishing a marketing model.

(3) Continued expansion of the Overseas Business

In the Mid-Term Management Plan that has just ended (April 2005 – March 2008), the geographical segment for operations and strategic marketing were ASEAN4 (Indonesia, Thailand, the Philippines and Malaysia), Asian NIEs (Singapore, Taiwan, Hong Kong, South Korea) and China. For the Mid-Term Management Plan that has just begun (April 2008 – March 2011), the three geographical areas will have three additional filters: major conurbations, regional cities and rural areas. Points in common and differences will be analyzed using these filters across the segments. Where there are points in common, business efficiency will be improved by means of transferring marketing actions beyond geographical segments. Where there are differences, in-depth marketing will be pursued by refining products and marketing methods. The ratio of Overseas Business to the whole will be further boosted by making active inroads into new areas in Asia where Mandom is as yet unavailable and by strongly expanding distribution channels in areas outside Asia.

4. Management Issues

Mandom regards the following as core issues to be addressed in view of the previous year's business results:

(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, with well over 70% share in turnover. Competition in the business environment in the sector, however, has hugely increased in intensity. This is not a short-lived trend but a permanent state of affairs for this market, with companies from different business sectors 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.

(2) Redressing the Dependence on PT MANDOM INDONESIA Tbk in Overseas Business Results

The Group's Overseas Business performance has a high degree of dependence on the Indonesian subsidiary, PT MANDOM INDONESIA Tbk. In view of the current market size and future expansion thereof, Management will pursue a growth strategy to make the overseas subsidiaries in the five nations of Thailand, the Philippines, Malaysia, South Korea and China outperform that of PT MANDOM INDONESIA Tbk.

(3) Combating Rising Costs Due to Soaring Crude Oil and Materials Prices

Costs are rising because of the high price of crude oil and materials. Further rises in these prices are expected. The Group will endeavor to contain the rise in cost by taking urgent action on the following: promotion of in-house manufacture by using the Group's overseas production capacities; promotion of local purchasing and engagement of more local suppliers; and improvement in the capacity utilization rate of the new plant in Indonesia.

(4) Personnel Development and HR Overhaul for Individual and Corporate Growth

It is Mandom's strong belief that corporate growth cannot be realized without individual growth of the employees. Thus, Management will continue to focus on "maximizing the full potential of all staff." While pursuing the strategy of human resources development for the benefit of the Group as a whole, Management will create a framework and mechanism for staff to acquire the "capacity for change," a requisite for the new age of rapid and massive corporate environmental change.

(5) Greater Social Contribution through Quality Assurance and Environmental Action

Corporate social responsibility (CSR) forms an increasingly significant part of business activities today. Mandom considers CSR to be a key management issue. Mandom will step up its effort to improve quality assurance and environmental action. Furthermore, Management will seek out CSR activities that the Group should undertake as a good corporate citizen and build a system whereby CSR can be properly implemented.

(6) Pursuit of Capital Efficiency

The pursuit of efficiency in capital management was a key issue for the Group's previous Management Plan (April 2005 – March 2008) and this will remain so in the current Management Plan. In Japan, however, the competitive environment in the corporate sector is intensifying, with aging society, low birth rate and declining population shrinking the market. In the overseas areas where the Group conducts its business, business competition is intensifying in the rapidly growing Southeast Asian markets. Thus competition among businesses is tremendously and increasingly fierce both in Japan and overseas. Compounding this is the rise in costs triggered by soaring crude oil and raw materials prices, meaning that short-term improvements in capital efficiency is

difficult to achieve through cost-cutting or cost-saving measures.

Given this situation, the Group's top priority will be expanding its business operations. A long-term and phased pursuit of capital efficiency will be the task to be undertaken by Management.