Kao Corporation

News Release July 28, 2008

Summary of Consolidated Business Results for the First Quarter Ended June 30, 2008

Tokyo, July 28, 2008 — Kao Corporation today announced its consolidated business results for the three months ended June 30, 2008, the first quarter of the year ending March 31, 2009. The following summary of the business results that Kao submitted to the Tokyo Stock Exchange is unaudited and for reference only.

Ticker code: 4452

Consolidated Financial Highlights (Unaudited)

(Millions of yen, millions of U.S. dollars, except per share data)

	First quarter ended June 30			Fiscal 2007, ended March 31, 2008
	2008	2007	**2008**	
	Yen		U.S. Dollars	Yen
Net sales	**316,848**	318,225	**2,977.3**	1,318,513
Operating income	**25,707**	25,623	**241.6**	116,252
Ordinary income	**26,068**	25,479	**245.0**	114,223
Net income	**17,096**	13,006	**160.6**	66,561
Total assets	**1,174,085**	-	**11,032.6**	1,232,601
Total net assets	**560,226**	-	**5,264.3**	584,709
Net worth / Total assets	**46.8%**	-	**46.8%**	46.6%
Net worth per share (yen/US$)	**1,025.89**	-	**9.64**	1,070.67
Net income per share (yen/US$)	**31.89**	23.86	**0.30**	122.53
Net income per share, fully diluted (yen/US$)	**31.87**	23.83	**0.30**	122.41
Net cash provided by operating activities	**4,536**	23,931	**42.6**	180,322
Net cash used in investing activities	**(13,385)**	(12,430)	**(125.8)**	(52,389)
Net cash used in financing activities	**(10,349)**	(6,830)	**(97.2)**	(101,822)
Cash and cash equivalents at end of period	**85,512**	92,665	**803.5**	112,636

Notes:

1. *Percentage change is not presented because quarterly accounting standards, as defined and published by the Accounting Standards Board of Japan, are applied for the first time from the current fiscal year. For details, please refer to "Qualitative Information and Financial Statements – 4. Other" on page 9.*
2. *Number of shares outstanding at the end of the periods (including treasury stock): 549,443,701 shares as of June 30, 2008, 549,443,701 shares as of March 31, 2008.*
3. *Number of treasury stock at the end of the periods: 13,285,551 shares as of June 30, 2008, 13,296,218 shares as of March 31, 2008.*
4. *Weighted average number of shares outstanding during the three months ended June 30 of each year: 536,154,418 shares for 2008, 545,178,728 shares for 2007.*
5. *Net worth consists of shareholders' equity and adjustments for valuation, foreign currency translation and others.*
6. *Yen amounts are rounded down to the nearest million.*
7. *U.S. dollar amounts represent translations using the approximate exchange rate on June 30, 2008, of 106.42 yen=US$1, and are presented solely for the convenience of readers.*

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News Release July 28, 2008

Forecast of Consolidated Results for the Year Ending March 31, 2009

(Millions of yen, millions of U.S. dollars, except per share data)

	Six months ending September 30, 2008			Year ending March 31, 2009		
	Yen	Year-on-year	U.S. Dollars	Yen	Year-on-year	U.S. Dollars
Net sales	660,000	+0.8%	6,201.8	1,330,000	+0.9%	12,497.7
Operating income	54,000	(2.8%)	507.4	117,000	+0.6%	1,099.4
Ordinary income	53,000	(3.7%)	498.0	115,000	+0.7%	1,080.6
Net income	31,000	+5.7%	291.3	69,000	+3.7%	648.4
Net income per share (yen/US$)	57.82	-	0.54	128.69	-	1.21
Cash dividends per share	28.00	-	0.26	56.00	-	0.53

Notes:
1. *Except net income per share, the forecasts for the six months ending September 30, 2008 and the fiscal year ending March 31, 2009 remain the same as on April 23, 2008, when Kao announced its results for the year ended March 31, 2008.*
2. *The Kao Group forecasts that net sales for the fiscal year ending March 31, 2009 will increase 0.9% year on year to 1,330.0 billion yen. On a like-for-like basis excluding the effect of currency translation, net sales are forecast to increase 2.0%.*
3. *Net income per share is computed based on the estimated weighted average number of shares outstanding during the fiscal year.*
4. *U.S. dollar amounts represent translations using the approximate exchange rate on June 30, 2008, of 106.42 yen=US$1, and are presented solely for the convenience of readers.*

Forward-Looking Statements

This release contains forward-looking statements that are based on management’s estimates, assumptions and projections at the time of release. Certain factors, which include, but are not limited to, the risks and uncertainty associated with the worldwide economy, competitive activity, and fluctuations in currency exchange and interest rates, could cause actual results to differ materially from expectations.

For further information, please contact:

Katsuya Fujii
Vice President
Investor Relations
Tel: +81-3-3660-7101
Fax: +81-3-3660-8978
E-mail: ir@kao.co.jp

Kao Corporation

News Release July 28, 2008

Summary of Consolidated Business Results and Financial Condition for the First Quarter Ended June 30, 2008

Qualitative Information and Financial Statements

1. Qualitative Information on Consolidated Business Results

During the three months ended June 30, 2008, the Japanese economy was affected by worsening consumer sentiment caused by rising prices for petroleum-related products and food. In addition, factors such as a forecast decrease in corporate earnings heightened the perception that the economy is slowing. Overseas, the economies of China and other Asian countries continued to expand, but a slowdown in the economies of North America and Europe continued against the backdrop of rising energy prices and the subprime mortgage crisis.

In this environment, although its target markets began to weaken during the quarter, the Kao Group conducted business activities with the aim of profitable growth by continuing to promote products with high added value, and results were almost in line with the Group's plan. Sales were steady in the Consumer Products Business in Asia and Oceania and in the Chemical Business, but the impact of weakening consumer products markets in Japan, North America and Europe and fluctuations in exchange rates resulted in a decrease of 0.4% in net sales compared with the same quarter a year earlier to 316.8 billion yen. Excluding the effect of currency translation, net sales would have increased 1.7%. Prices for natural oils and fats and crude oil continued to rise, and the resulting increase in prices of the raw materials that use them had a significant impact on income. However, the Kao Group actively implemented measures such as sales price adjustments and cost reduction activities. As a result, operating income increased 83 million yen compared with the same quarter a year earlier to 25.7 billion yen, ordinary income increased 0.5 billion yen to 26.0 billion yen, and net income increased 4.0 billion yen to 17.0 billion yen. Operating income before amortization of goodwill and other items related to acquisitions was 35.2 billion yen, which is equivalent to 11.1% of net sales.

The main exchange rates used for translating the financial statement items (income and expenses) of foreign subsidiaries and affiliates were 103.79 yen per U.S. dollar and 158.34 yen per euro.

Summary of Results by Business Segment

Consumer Products Business

Sales decreased 2.7% compared with the same quarter a year earlier to 256.9 billion yen. Excluding the effect of currency translation, sales would have decreased 1.0%.

In the Japanese market, average consumer purchase prices in the major consumer products categories excluding prestige cosmetics were essentially unchanged from the same quarter a year earlier, but the size of the consumer products market decreased slightly in terms of value.

The Kao Group's efforts in Japan included launching new products that respond to changing consumer lifestyles and strengthening its sales system, but the lackluster market caused sales to decrease 1.4% to 206.9 billion yen. However, although the market contracted, the Kao Group was able to increase its market share compared with the same quarter a year earlier for consumer products categories other than prestige cosmetics.

In Asia and Oceania, the benefits of joint initiatives with local retailers and integration of business operations in the region, including Japan, became apparent as sales increased 6.0% to 20.7 billion yen. Excluding the effect of currency translation, sales would have increased 14.6%.

In North America and Europe, with the impact of cooling markets and intensifying competition, sales decreased 13.2% to 33.7 billion yen. Excluding the effect of currency translation, sales would have decreased 5.8%.

Operating income decreased 1.9 billion yen to 18.5 billion yen as a result of lower sales compared with the same quarter a year earlier and the impact of higher raw material prices, particularly for natural oils and fats and petrochemicals.

Beauty Care Business

Sales decreased 4.6% compared with the same quarter a year earlier to 146.1 billion yen. Excluding the effect of currency translation, sales would have decreased 2.4%.

In Japan, sales decreased 1.9% to 107.9 billion yen. Sales of prestige cosmetics brands Kanebo Cosmetics and Kao Sofina decreased as the market cooled. Under these conditions, Kanebo Cosmetics aggressively promoted the creation of mega brands with the launch of the *BLANCHIR SUPERIOR* whitening skin care counseling brand and the addition of items to the *COFFRET D'OR* counseling makeup brand, while Kao Sofina also moved to strengthen its brand by launching the *SOFINA beauté* counseling skin care brand in January 2008. Sales of premium skin care products increased steadily, with strong performance by new products launched in spring 2008, such as *Bioré Deep Moisturizing Cotton Lotion* and *Bioré U Happy Citrus Scented* body cleanser. Sales of premium hair care products decreased but were almost in line with the Kao Group's plan. Sales of hair styling and coloring agents were robust, but sales of the *Segreta* hair care brand launched in spring 2007 weakened.

In Asia, body and facial cleansers under the *Bioré* premium skin care brand sold well, particularly in China and Indonesia. Moreover, the Kao Group is newly nurturing *Asience*, a line of premium hair care products, as a pan-Asian brand with launches in China and Thailand, and sales were strong.

In North America and Europe, sales decreased with the impact of cooling consumer sentiment and intensifying competition in the U.S. market, together with the negative effect of exchange rate fluctuations. However, sales of the *John Frieda* and *Guhl* premium hair care brands were solid in the European market.

Sales of prestige cosmetics decreased 2.8% to 73.7 billion yen.

Operating income increased 1.5 billion yen to 6.0 billion yen, due mainly to the completion of amortization of goodwill related to the acquisition of Kao Brands Company (formerly The Andrew Jergens Company) and trademark rights for *Curél*. Operating income before amortization of goodwill and other items related to acquisitions was 15.5 billion yen, which is equivalent to 10.6% of net sales.

Human Health Care Business

Sales increased 1.2% compared with the same quarter a year earlier to 46.8 billion yen. Excluding the effect of currency translation, sales would have increased 2.2%.

In Japan, sales increased 0.2% to 42.4 billion yen. In food and beverage products, the Kao Group launched *Healthya Water Acerola Flavor* sports drink, but intensifying competition caused sales to decrease. In sanitary products, sales of *Laurier Super Guard* sanitary napkins were steady. Sales of *Merries* baby diapers increased, supported by a major improvement in breathability. In personal health products, the Kao Group focused on renewed and improved *Clear Clean* toothpaste, but sales were flat.

In Asia, sales grew on strong performance by *Laurier* sanitary napkins in China and Thailand.

Despite efforts in response to rising raw material prices that included a price adjustment for baby diapers by reducing the number of units per package in tandem with a product improvement and cost reductions, operating income decreased 0.8 billion yen to 2.1 billion yen.

Fabric and Home Care Business

Sales decreased 1.2% compared with the same quarter a year earlier to 63.9 billion yen. Excluding the effect of currency translation, sales would have decreased 0.2%.

In Japan, sales decreased 1.6% to 56.5 billion yen. In fabric care products, continued severe market conditions and the contraction of the gift market led to a slight decrease in sales. The Kao Group worked to enhance the strength of the *Attack* laundry detergent brand while adjusting prices by reducing product volume per package concurrently with an improvement of its cleaning power. Sales of home care products were essentially unchanged. Initiatives such as the March 2008 launch of a *CuCute* dishwasher detergent variant that contains citric acid and orange oil strengthened the brand and supported steady sales. However, sales of household cleaners weakened.

In Asia and Oceania, sales grew as a result of particularly strong performance by *Attack Easy* laundry detergent in Indonesia and the further strengthening of the Kao Group's sales system in China.

Operating income decreased 2.6 billion yen to 10.3 billion yen. Despite efforts such as new and improved product launches, enhancements of the efficiency of marketing investments and price adjustments, the impact of rising raw material prices was substantial.

Chemical Business

As a result of ongoing efforts to further enhance the Chemical Business globally and locally with distinctive products that meet customer needs, sales increased 11.9% compared with the same quarter a year earlier to 69.3 billion yen. Excluding the effect of currency translation, sales would have increased 15.6%.

In Japan, sales increased 14.7% to 34.3 billion yen amid a slowdown among target industries, with weakening mining and manufacturing production. In oleo chemicals and performance chemicals, the Kao Group worked to adjust sales prices in response to rising raw material prices. In specialty chemicals, the Kao Group worked to add further value to and expand sales volume of products such as ink colorants for inkjet printers and cleaners for electronic parts.

In Asia, sales increased 33.2% to 20.5 billion yen. Excluding the effect of currency translation, sales would have increased 45.4 %. The Kao Group concentrated on increasing sales volume and adjusting prices for fatty alcohols, which are a core product, in response to rising raw material prices.

In North America and Europe, sales increased 6.4% to 26.3 billion yen. Excluding the effect of currency translation, sales would have increased 11.2%. Sales of tertiary amines and toner and toner binder for copiers and printers were strong.

Operating income increased 2.1 billion yen to 7.2 billion yen despite the impact of rising prices for natural oils and fats and other raw materials as the Kao Group worked to adjust prices, increase sales volume and reduce costs.

Summary of Results by Geographic Segment

Total sales in Japan, including intersegment sales, increased 0.1% compared with the same quarter a year earlier to 233.3 billion yen. Rising prices for petroleum-related products and food caused consumer sentiment to worsen and the market to cool. However, Kao aggressively launched high-value-added products, strengthened its sales system and adjusted prices in response to rising raw material prices. Despite these measures and cost reduction activities, operating income decreased 0.7 billion yen to 20.1 billion yen due to the impact of higher raw material prices.

Total sales in Asia and Oceania, including intersegment sales, increased 18.0% compared with the same quarter a year earlier to 40.6 billion yen. Excluding the effect of currency translation, sales would have increased 28.1%. The Consumer Products Business benefited from joint initiatives with local retailers and the integration of business operations in Asia, including Japan, while the Chemical Business concentrated on adjusting prices. As a result, operating income increased 2.0 billion yen to 2.4 billion yen.

Total sales in North America, including intersegment sales, decreased 12.6 % compared with the same quarter a year earlier to 25.4 billion yen. Excluding the effect of currency translation, sales would have increased 0.2%. Intense market competition continued in the Consumer Products Business. Operating income decreased 0.9 billion yen to 1.3 billion yen despite measures such as new product launches and other efforts to stimulate the market.

Total sales in Europe, including intersegment sales, increased 0.1% compared with the same quarter a year earlier to 37.4 billion yen. Excluding the effect of currency translation, sales would have increased 1.0%. Despite the impact of the economic slowdown, efforts to improve profitability led to a 0.3 billion yen increase in operating income to 2.0 billion yen.

2. Analysis of Financial Condition

Total assets decreased 58.5 billion yen from the previous fiscal year-end to 1,174.0 billion yen. Principal factors reducing total assets were a 14.4 billion yen decrease in intangible assets with the progress of amortization of intellectual property rights including trademarks and goodwill, a 13.9 billion yen decrease in short-term investments, and an 11.1 billion yen decrease in cash and time deposits.

Total liabilities decreased 34.0 billion yen from the previous fiscal year-end to 613.8 billion yen. A principal item decreasing liabilities was a 23.3 billion yen decrease in accrued income taxes. In addition, accrued expenses included in other current liabilities also decreased.

Net assets decreased 24.4 billion yen compared with the previous fiscal year-end to 560.2 billion yen. Principal factors increasing net assets included net income for the first quarter totaling 17.0 billion yen. Factors reducing net assets included dividend payments and foreign currency translation adjustments totaling 26.0 billion yen associated with the translation of the net assets of overseas subsidiaries into yen. As a result, the net worth ratio was 46.8%, compared with 46.6% at the end of the previous fiscal year.

Net cash provided by operating activities totaled 4.5 billion yen. Items increasing net cash included income before income taxes and minority interests of 25.5 billion yen and depreciation and amortization of 21.5 billion yen. Items decreasing net cash included income taxes paid of 28.5 billion yen, increase in trade receivables of 8.7 billion yen and increase in inventories of 3.7 billion yen.

Net cash used in investing activities totaled 13.3 billion yen. This primarily consisted of purchase of property, plant and equipment of 9.6 billion yen and purchase of intangible assets of 2.1 billion yen.

Net cash used in financing activities totaled 10.3 billion yen. This primarily consisted of 13.2 billion yen for payment of cash dividends, including to minority shareholders.

As a result, the balance of cash and cash equivalents at June 30, 2008 decreased 27.1 billion compared with the end of the previous fiscal year to 85.5 billion yen.

3. Qualitative Information on Forecast of Consolidated Results

Results for the three months ended June 30, 2008 were generally in line with the Kao Group's plan. However, consumer sentiment is cooling because of the rising prices of petroleum-related products and food, and the operating environment is challenging, both in Japan and overseas, with rising concerns about inflation and economic recession. In addition, international market prices for natural oils and fats and crude oil have risen compared with the beginning of this fiscal year, and the likelihood of higher prices is increasing. In order to absorb their impact, the Kao Group will further strengthen collaboration with retailers in ways such as offering in-store merchandizing proposals that respond to consumer changes. In addition, the Kao Group will work to accelerate the product development cycle, launch new and improved products with high added value, adjust sales prices to reflect higher costs and undertake other initiatives to achieve its forecasts.

Therefore, the forecasts for the six months ending September 30, 2008 and the fiscal year ending March 31, 2009 remain the same as announced on April 23, 2008, except for a minor adjustment to net income per share. The main exchange rates are forecast to be 110 yen per U.S. dollar and 160 yen per euro.

4. Other

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries with changes in the scope of consolidation): None

(2) Application of the following accounting procedures:

(a) Simplified accounting procedures:

(i) Valuation of inventories

Inventories at the end of the first quarter are mainly calculated using a reasonable estimate based on actual inventories at the end of the previous fiscal year, in lieu of an actual physical inventory.

In addition, the carrying amount of inventories is reduced to estimated net selling value only where there is an obvious decrease in profitability.

(ii) Method of calculating depreciation of fixed assets

For assets depreciated using the declining balance method, depreciation expenses applicable to the fiscal year are calculated on a pro-rata basis.

(b) Accounting procedures specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles and procedures as well as presentation methods related to preparation of quarterly consolidated financial statements

(a) Application of “Accounting Standard for Quarterly Financial Reporting” and related guidance

“Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan [ASBJ] Statement No. 12, March 14, 2007) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14, March 14, 2007) are applied from the current fiscal year ending March 31, 2009. Quarterly financial statements are prepared in accordance with “Rules for Quarterly Consolidated Financial Statements.”

(b) Application of “Accounting Standard for Measurement of Inventories”

Inventories were previously stated at the lower of cost or market, determined principally by the average method. However, with the Company’s adoption of “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) from the first quarter ended June 30, 2008, inventories held for sale in the ordinary course of business are measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses, determined principally by the average method. The impact of the change on operating income, ordinary income and income before income taxes and minority interests is immaterial.

(c) Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”
“Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18, May 17, 2006) has been applied from the first quarter ended June 30, 2008 and necessary modifications have been made for consolidation. The impact of this change on operating income, ordinary income and income before income taxes and minority interests is immaterial.

(d) Application of “Accounting Standard for Lease Transactions” and related guidance
Finance lease transactions without title transfer were formerly accounted for as operating leases. On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, “Accounting Standard for Lease Transactions,” which revised the former accounting standard for lease transactions issued on June 17, 1993, and ASBJ Guidance No. 16, “Guidance on Accounting Standard for Lease Transactions,” which revised the former guidance issued on January 18, 1994. The revised accounting standard is permitted to be adopted for fiscal years beginning on or after April 1, 2008. Accordingly, the Company has applied the revised accounting standard from the first quarter ended June 30, 2008. The revised accounting standard requires that all finance lease transactions shall be capitalized. In addition, leased assets related to finance lease transactions without title transfer are depreciated on a straight-line basis, with the lease periods as their useful lives and no residual value. The impact of this change on operating income, ordinary income and income before income taxes and minority interests is immaterial.

(e) Changes of items related to the business year of consolidated subsidiaries
The fiscal year-end for Kanebo Cosmetics Inc. and its seven domestic subsidiaries, which was previously December 31, has been changed to March 31. Consequently, the results of these companies for the three months from April 1, 2008 to June 30, 2008 are consolidated in the first quarter ended June 30, 2008. Income for the three-month period from January 1, 2008 to March 31, 2008 is recorded in retained earnings. In the consolidated statements of cash flows, this change is stated as “Decrease in cash and cash equivalents resulting from change of fiscal term of subsidiaries.”

Consolidated Balance Sheets

Millions of yen

	Q1/FY2008 Jun 30, 2008	FY2007 Mar 31, 2008
Assets		
Current assets	**396,164**	**435,566**
Cash and time deposits	42,647	53,785
Notes and accounts receivable-trade	144,832	154,201
Short-term investments	40,966	54,959
Merchandise and finished goods	86,055	83,778
Work in process	15,305	15,459
Raw materials and supplies	23,732	26,350
Other	44,762	49,425
Allowance for doubtful receivables	(2,138)	(2,394)
Fixed assets	**777,921**	**796,986**
Property, plant and equipment	1,110,082	1,119,875
Accumulated depreciation	(832,410)	(838,127)
Net property, plant and equipment	277,671	281,747
Goodwill	228,311	238,500
Trademarks	122,433	127,328
Other	35,862	35,258
Intangible assets	386,608	401,087
Investments and other assets	113,641	114,151
Deferred assets	**-**	**48**
Total assets	**1,174,085**	**1,232,601**
Liabilities		
Current liabilities	**283,511**	**323,971**
Notes and accounts payable-trade	106,205	109,574
Short-term debt	21,613	21,828
Current portion of long-term debt	22,045	22,049
Accrued income taxes	5,970	29,344
Other	127,676	141,175
Long-term liabilities	**330,347**	**323,920**
Bonds	99,996	99,996
Long-term debt	170,285	169,764
Liability for employee retirement benefits	34,224	32,041
Other	25,840	22,117
Total liabilities	**613,858**	**647,891**
Net assets		
Shareholders' equity	**583,858**	**582,030**
Common stock	85,424	85,424
Capital surplus	109,561	109,561
Retained earnings	427,995	426,206
Treasury stock, at cost	(39,122)	(39,161)
Adjustments for valuation, foreign currency translation and others	**(33,821)**	**(7,992)**
Unrealized gain on available-for-sale securities	3,848	3,394
Deferred gains or losses on hedges	73	-
Foreign currency translation adjustments	(37,399)	(11,386)
Other	(344)	-
Stock acquisition rights	**598**	**598**
Minority interests	**9,591**	**10,072**
Total net assets	**560,226**	**584,709**
Total liabilities and net assets	**1,174,085**	**1,232,601**

Note: The results for the first quarter of FY2007, ended June 30, 2007, are stated using figures disclosed under the guidelines of the Tokyo Stock Exchange effective at the time of announcement for reference purposes only. The said guidelines differ from the quarterly accounting standards defined and published by Accounting Standards Board of Japan that are applied for the first time from the current fiscal year.

Consolidated quarterly statements of income

Millions of yen

	Q1/FY2008 Apr '08 - Jun '08	Q1/FY2007 Apr '07 - Jun '07
Net sales	**316,848**	**318,225**
Cost of sales	134,890	131,556
Gross profit	**181,957**	**186,669**
Selling, general and administrative expenses	156,250	161,045
Operating income	**25,707**	**25,623**
Non-operating income	2,206	1,643
Interest income	658	-
Dividend income	112	-
Interest income and dividend income	-	862
Equity in earnings of nonconsolidated subsidiaries and affiliates	337	-
Other	1,098	780
Non-operating expenses	1,845	1,787
Interest expense	1,350	1,445
Foreign currency exchange loss	333	-
Equity in losses of nonconsolidated subsidiaries and affiliates	-	70
Other	160	271
Ordinary income	**26,068**	**25,479**
Extraordinary gain	175	99
Gain on sales of fixed assets	18	-
Reversal of allowance for doubtful receivables	117	-
Other	39	-
Extraordinary loss	699	674
Loss on sales/disposals of fixed assets	226	-
Loss on impairment of long-lived assets	365	-
Other	107	-
Income before income taxes and minority interests	**25,543**	**24,904**
Income taxes	7,981	11,509
Income taxes-current	6,130	-
Income taxes-deferred	1,851	-
Minority interests in earnings of consolidated subsidiaries	464	388
Net income	**17,096**	**13,006**

Note: The results for the first quarter of FY2007, ended June 30, 2007, are stated using figures disclosed under the guidelines of the Tokyo Stock Exchange effective at the time of announcement for reference purposes only. The said guidelines differ from the quarterly accounting standards defined and published by Accounting Standards Board of Japan that are applied for the first time from the current fiscal year.

Major items of consolidated SG&A expenses

Millions of yen

	Q1/FY2008 Apr '08 - Jun '08
Freight/warehouse	18,163
Advertising	24,959
Sales promotion	16,112
Salaries and wages	32,436
Research and development	11,501

Consolidated Statements of Cash Flows

Millions of yen

	Q1/FY2008 Apr '08 - Jun '08	Q1/FY2007 Apr '07 - Jun '07
Operating activities:		
Income before income taxes and minority interests	25,543	24,904
Adjustments for:		
Depreciation and amortization	21,519	22,347
Loss on impairment of long-lived assets	365	-
Interest and dividend income	(770)	(862)
Interest expense	1,350	1,445
Unrealized foreign currency exchange gain (loss)	(420)	-
Equity in (earnings) losses of nonconsolidated subsidiaries and affiliates	(337)	-
Loss (gain) on sales and retirement of fixed assets	208	-
Change in trade receivables	(8,789)	(6,092)
Change in inventories	(3,786)	(9,504)
Change in trade payables	3,676	4,101
Change in liability for retirement benefits	2,068	290
Change in prepaid pension cost	-	1,642
Other, net	(7,307)	(4,346)
Subtotal	33,321	33,926
Interest and cash dividends received	872	854
Interest paid	(1,073)	(1,271)
Income taxes paid	(28,583)	(9,578)
Net cash provided by operating activities	**4,536**	**23,931**
Investing activities:		
Purchase of property, plant and equipment	(9,635)	-
Increase in intangible assets	(2,146)	-
Purchase of marketable securities and investment securities	-	(6)
Proceeds from the redemption and sales of marketable securities and investment securities	-	0
Purchase of property, plant and equipment and intangible assets	-	(11,080)
Proceeds from sales of property, plant and equipment	-	232
Payments for long-term prepaid expenses	(1,328)	-
Change in short-term loans, net	(245)	(600)
Payments for long-term debt	(518)	(509)
Change in other investments	489	(465)
Net cash used in investing activities	**(13,385)**	**(12,430)**
Financing activities:		
Change in short-term debt, net	2,157	-
Net increase (decrease) in debt	-	5,689
Proceeds from long-term loans	757	-
Repayments of long-term loans	(80)	-
Purchase of treasury stock	(95)	(155)
Payments of cash dividends	(13,181)	(12,766)
Payments of cash dividends to minority shareholders	(27)	-
Other, net	119	402
Net cash used in financing activities	**(10,349)**	**(6,830)**
Translation adjustments on cash and cash equivalents	**(7,914)**	**(159)**
Net increase (decrease) in cash and cash equivalents	**(27,113)**	**4,511**
Cash and cash equivalents at beginning of period	**112,636**	**88,154**
Cash and cash equivalents from newly consolidated subsidiary, increase	**338**	**-**
Decrease in cash and cash equivalents resulting from change of fiscal term of subsidiaries	**(349)**	**-**
Cash and cash equivalents at end of period	**85,512**	**92,665**

Note: The results for the first quarter of FY2007, ended June 30, 2007, are stated using figures disclosed under the guidelines of the Tokyo Stock Exchange effective at the time of announcement for reference purposes only. The said guidelines differ from the quarterly accounting standards defined and published by Accounting Standards Board of Japan that are applied for the first time from the current fiscal year.

Segment Information by Business

Millions of yen

Q1/FY2008 Apr '08 - Jun '08	Consumer Products Business: Beauty Care Business	Consumer Products Business: Human Health Care Business	Consumer Products Business: Fabric & Home Care Business	Consumer Products Business: Total	Chemical Business	Total	Corporate/ Eliminations	Consolidated
Net sales								
Sales to customers	146,196	46,817	63,980	256,994	59,853	316,848	-	316,848
Intersegment sales	-	-	-	-	9,492	9,492	(9,492)	-
Total	**146,196**	**46,817**	**63,980**	**256,994**	**69,346**	**326,340**	**(9,492)**	**316,848**
Operating expenses	**140,133**	**44,664**	**53,679**	**238,476**	**62,132**	**300,609**	**(9,468)**	**291,140**
Operating income	**6,063**	**2,152**	**10,300**	**18,517**	**7,213**	**25,731**	**(23)**	**25,707**

Q1/FY2007 Apr '07 - Jun '07	Consumer Products Business: Beauty Care Business	Consumer Products Business: Human Health Care Business	Consumer Products Business: Fabric & Home Care Business	Consumer Products Business: Total	Chemical Business	Total	Corporate/ Eliminations	Consolidated
Net sales								
Sales to customers	153,236	46,252	64,762	264,251	53,974	n/a	-	318,225
Intersegment sales	-	-	-	-	8,011	n/a	(8,011)	-
Total	**153,236**	**46,252**	**64,762**	**264,251**	**61,985**	**n/a**	**(8,011)**	**318,225**
Operating expenses	**148,685**	**43,234**	**51,837**	**243,757**	**56,890**	**n/a**	**(8,046)**	**292,601**
Operating income	**4,550**	**3,017**	**12,924**	**20,493**	**5,094**	**n/a**	**35**	**25,623**

Note: The results for the first quarter of FY2007, ended June 30, 2007, are stated using figures disclosed under the guidelines of the Tokyo Stock Exchange effective at the time of announcement for reference purposes only. The said guidelines differ from the quarterly accounting standards defined and published by Accounting Standards Board of Japan that are applied for the first time from the current fiscal year.

Consolidated Segment Information by Geography

Millions of yen

Q1/FY2008 Apr '08 - Jun '08	**Japan**	**Asia/Oceania**	**North America**	**Europe**	**Total**	**Corporate/ Eliminations**	**Consolidated**
Net sales							
Sales to customers	228,454	29,923	25,270	33,199	316,848	-	316,848
Intersegment sales	4,938	10,749	217	4,211	20,117	(20,117)	-
Total	**233,393**	**40,673**	**25,488**	**37,410**	**336,965**	**(20,117)**	**316,848**
Operating expenses	**213,289**	**38,214**	**24,157**	**35,318**	**310,980**	**(19,840)**	**291,140**
Operating income	**20,103**	**2,458**	**1,330**	**2,092**	**25,984**	**(277)**	**25,707**

Sales to Foreign Customers

Millions of yen

Q1/FY2008 **Apr '08 - Jun '08**	**Asia/Oceania**	**Americas**	**Europe**	**Total**
Total sales to foreign customers	33,249	26,349	31,283	90,883
Consolidated net sales				316,848
Percentage of sales to foreign customers to consolidated net sales	10.5%	8.3%	9.9%	28.7%

Sales Composition

Millions of yen

	Q1/FY2008 Apr '08 - Jun '08	Q1/FY2007 Apr '07 - Jun '07
Consumer Products Business		
Beauty Care Business	107,957	110,098
Human Health Care Business	42,489	42,424
Fabric and Home Care Business	56,506	57,433
Total Japan	206,952	209,956
Asia and Oceania	20,771	19,600
North America and Europe	33,756	38,901
Eliminations	(4,486)	(4,207)
Total	**256,994**	**264,251**
Chemical Business		
Japan	34,392	29,991
Asia	20,520	15,403
North America and Europe	26,350	24,754
Eliminations	(11,917)	(8,164)
Total	**69,346**	**61,985**
Total before Eliminations	**326,340**	**326,236**
Eliminations	(9,492)	(8,011)
Consolidated Net Sales	**316,848**	**318,225**

Note: The results for the first quarter of FY2007, ended June 30, 2007, are stated using figures disclosed under the guidelines of the Tokyo Stock Exchange effective at the time of announcement for reference purposes only. The said guidelines differ from the quarterly accounting standards defined and published by Accounting Standards Board of Japan that are applied for the first time from the current fiscal year.

[Appendix]

Major Products by Business Segment

Business Segment		Major Products	
Consumer products business	Beauty care business	Prestige cosmetics	Counseling cosmetics, self-selection cosmetics
		Premium skin care products	Soaps, facial cleansers, body cleansers
		Premium hair care products	Shampoos, conditioners, hair styling agents, hair coloring agents
	Human health care business	Food and beverage products	Cooking oils, beverages
		Sanitary products	Sanitary napkins, baby diapers
		Personal health products	Bath additives, oral care products, men’s products
	Fabric and home care business	Fabric care products	Laundry detergents, fabric treatments
		Home care products	Kitchen cleaning products, house cleaning products, paper cleaning products, commercial-use products
Chemical business		Oleo chemicals	Fatty alcohols, fatty amines, fatty acids, glycerin, commercial-use edible fats and oils
		Performance chemicals	Surfactants, plastics additives, superplasticizers for concrete admixtures
		Specialty chemicals	Toner and toner binder for copiers and printers, ink and colorants for inkjet printers, fragrances and aroma chemicals