



February 5, 2009

**Summary of Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2009  
(Nine Months Ended December 31, 2008)**

Company name: **KOSÉ Corporation** Stock listing: Tokyo Stock Exchange, First Section  
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*(Rounded down to million yen)*

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2008  
(April 1, 2008 – December 31, 2008)**

(1) Consolidated financial results *(YoY change % represents changes from the previous fiscal year)*

	Net sales (Million yen)	YoY change (%)	Operating income (Million yen)	YoY change (%)	Ordinary income (Million yen)	YoY change (%)	Net income (Million yen)	YoY change (%)
3Q FY03/2009	135,448	-	9,764	-	9,527	-	3,511	-
3Q FY03/2008	136,312	2.2	13,634	12.7	14,123	13.8	6,812	17.9

	Net income per share (basic) (Yen)	Net income per share (diluted) (Yen)
3Q FY03/2009	60.34	-
3Q FY03/2008	113.58	-

(2) Consolidated financial position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (Yen)
3Q FY03/2009	167,457	104,134	58.7	1,693.94
FY03/2008	172,128	105,048	58.1	1,693.55

(Ref.) Shareholders' equity (million yen)      3Q FY03/2009: 98,330      FY03/2008: 100,000

**2. Dividends**

Record date	Dividend per share				
	1Q-end (Yen)	2Q-end (Yen)	3Q-end (Yen)	Year-end (Yen)	Annual (Yen)
FY03/2008	-	20.00	-	20.00	40.00
FY03/2009	-	20.00	-	-	-
FY03/2009 (forecast)	-	-	-	20.00	40.00

(Note) Revision of dividend forecast during the period: None

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2009 (April 1, 2008 – March 31, 2009)**

*(YoY change % represents changes from the previous fiscal year)*

	Net sales (Million yen)	YoY change (%)	Operating income (Million yen)	YoY change (%)	Ordinary income (Million yen)	YoY change (%)	Net income (Million yen)	YoY change (%)	Net income per share (Yen)
Full year	181,500	0.7	13,400	(11.8)	13,600	(8.4)	5,700	(17.4)	98.01

(Note) Revision of consolidated forecast during the period: None

**4. Others**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

(2) Application of simplified accounting methods and special accounting methods in the preparation of consolidated quarterly financial statements: Yes

Note: Please refer to "Qualitative Information and Financial Statements, 4. Others" on pages 4 for further information.

(3) Changes in accounting principles, procedures and presentation methods for preparation of consolidated quarterly financial statements

1) Changes caused by revision of accounting standards: Yes

2) Other changes: Yes

Note: Please refer to "Qualitative Information and Financial Statements, 4. Others" on pages 4 and 5 for further information.

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding (incl. treasury stock) at end of the period

As of December 31, 2008:	60,592,541 shares
As of March 31, 2008:	60,592,541 shares

2) Number of treasury stock at end of the period

As of December 31, 2008:	2,544,433 shares
As of March 31, 2008:	1,544,258 shares

3) Average number of shares outstanding during the period

3Q FY03/2009	58,192,389 shares
3Q FY03/2008	59,978,079 shares

\*Cautionary statement with respect to forward-looking statements

1. These materials contain forward-looking statements and statements of this nature based on assumptions judged to be valid and information available to the Company as of the announcement date of the summary. As such, these projections entail risks and uncertainties resulting from changes in the economic environment. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to the section "Qualitative Information and Financial Statements, 3. Qualitative Information Regarding Consolidated Forecast."
2. Effective from the current fiscal year, the Company has adopted "Accounting Standards for Quarterly Financial Statements" (ASBJ Statement No. 12) and "Guidance on Accounting Standards for Quarterly Financial Statements" (ASBJ Guidance No. 14). In addition, the consolidated quarterly financial statements are prepared in accordance with "Regulations for Consolidated Quarterly Financial Statements."

## Qualitative Information and Financial Statements

### 1. Qualitative Information Regarding Consolidated Results of Operations

Nine Months Ended December 31, 2008 (April 1, 2008 – December 31, 2008)

Millions of yen, %

Operating segment	3Q FY03/2008		3Q FY03/2009		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	%
Cosmetics	100,373	73.6	100,351	74.1	(21)	(0.0)
Cosmetaries	33,866	24.9	33,683	24.9	(183)	(0.5)
Other	2,072	1.5	1,413	1.0	(659)	(31.8)
Total net sales	136,312	100.0	135,448	100.0	(864)	(0.6)

\* Figures for "YoY change" are provided for reference.

	3Q FY03/2008		3Q FY03/2009	
	Amount	% of sales	Amount	% of sales
Operating income	13,634	10.0	9,764	7.2
Ordinary income	14,123	10.4	9,527	7.0
Net income	6,812	5.0	3,511	2.6

In the first nine months of the fiscal year, which ended on December 31, 2008, weakening consumer spending due to the economic downturn along with the yen's strength resulted in year-on-year declines in sales in the cosmetics, cosmetaries and other business segments. Net sales decreased 0.6% from one year earlier to 135,448 million yen. After excluding the effect of changes in foreign exchange rates, overseas sales were unchanged.

Earnings were affected by the growth in the cost of sales ratio, head office relocation expenses and other items. Operating income was 9,764 million yen, ordinary income was 9,527 million yen and net income was 3,511 million yen.

In the cosmetics business, KOSÉ concentrated on the lineup of luxury products distributed through specialty cosmetics stores and department stores in Japan. Another goal is upgrading sales in Japan of products accompanied by counseling. Actions in this field included the introduction of SEKKISEI SUPREME and an increase in the number of stores selling INFINITY products. Overseas, in addition to taking steps aimed at increasing sales of existing brands, KOSÉ is making even greater use of its lineup of powerful brands. One example is the introduction of JILLSTUART products in Taiwan. However, overseas sales were unchanged from one year earlier after yen conversions because of the yen's appreciation. As a result, cosmetics sales totaled 100,351 million yen, unchanged from one year earlier, and operating income was 11,197 million yen.

In the cosmetaries business, KOSÉ concentrated on strengthening core brands by updating products and introducing more items. In addition, KOSÉ conducted effective advertising and sales promotion activities with the goals of making its brands more appealing and attracting more customers. However, sales were lower due to an upturn in sales one year earlier caused by new product introductions and to the effect in the current fiscal year of revisions concerning retailers that sell KOSÉ cosmetaries products. The result was a 0.5% decrease in sales to 33,683 million yen and operating income of 515 million yen.

In other business, the sale of two subsidiaries in the previous fiscal year caused sales to fall 31.8% to 1,413 million yen. Operating income was 258 million yen.

## 2. Qualitative Information Regarding Consolidated Financial Position

Assets decreased 4,671 million yen compared with the end of March 2008. There were an increase of 2,233 million yen in cash and deposits, a decrease of 5,114 million yen in short-term investment securities, increases of 356 million yen in merchandise and finished goods, and 1,015 million yen in property, plant and equipment, decreases of 676 million yen in intangible assets and 4,929 million yen in investment securities.

Liabilities decreased 3,757 million yen. This was mainly the result of a 2,698 million yen increase in notes and accounts payable-trade, a decrease of 2,732 million yen in income taxes payable, and a decrease of 1,699 million yen in provision for retirement benefits.

Interest-bearing debt amounted to 4,576 million yen at the end of the third quarter and the debt-to-equity ratio was 0.05.

## 3. Qualitative Information Regarding Consolidated Forecast

There are no revisions to the consolidated forecasts announced on November 6, 2008.

## 4. Others

### (1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation)

No reportable information.

### (2) Application of simplified accounting methods and special accounting methods in the preparation of consolidated quarterly financial statements

#### 1) Valuation of inventories

For inventories at the end of the third quarter of the current fiscal year, a valuation was determined by using a reasonable method based on actual inventories at the end of the second quarter. No physical inventory count was performed.

Book values of idle inventories that are no longer required for business activities and inventories that are to be disposed of were marked down to the expected disposal value at the end of the second quarter. There are no revisions to these quarterly balance sheet values other than in cases where there has been a significant change since the end of the second quarter.

#### 2) Calculation of income taxes, deferred tax assets and deferred tax liabilities

For the Company and its certain consolidated subsidiaries, the amount of income taxes paid is calculated using only significant taxable and deductible items and tax credit items.

Judgments about the recoverability of deferred tax assets are made based on the earnings forecast at the end of the previous fiscal year and tax planning with regard to items where there have been no significant changes in the operating environment or in the occurrence of temporary differences following the end of the previous fiscal year.

### (3) Changes in accounting principles, procedures and presentation methods for preparation of consolidated quarterly financial statements

- 1) Effective from the current fiscal year, the Company has adopted "Accounting Standards for Quarterly Financial Statements" (ASBJ Statement No. 12) and "Guidance on Accounting Standards for Quarterly Financial Statements" (ASBJ Guidance No. 14). In addition, the consolidated quarterly financial statements are prepared in accordance with "Regulations for Consolidated Quarterly Financial Statements."

## 2) Changes in valuation criteria and methods for principal assets

### Inventories

In prior years, inventory for regular sales purposes was computed primarily by the periodic-average cost method. With the adoption of “Accounting Standards for Measurement of Inventories” (ASBJ Statement No. 9: July 5, 2006) from the first quarter of the current fiscal year, inventory is valued primarily by the periodic-average cost method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

These corrections do not have a material effect on earnings.

## 3) Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

Effective from the first quarter of the current fiscal year, the Company has adopted “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF No. 18: May 17, 2006) and has made the necessary adjustments to the consolidated financial statements.

The application of this standard does not have a material effect on earnings.

## 4) Application of accounting standards for lease transactions

In prior years, the Company accounted for finance leases where there is no transfer of ownership as ordinary lease transactions for accounting purposes. However, the Company is able to use the following accounting standards beginning with consolidated quarterly financial statements for fiscal years starting on or after April 1, 2008: “Accounting Standards for Lease Transactions” (ASBJ Statement No. 13: originally issued on June 17, 1993 by Section 1 of the Business Accounting Deliberation Counsel, and revised on March 30, 2007 by Accounting Standards Board of Japan); and “Guidance on Accounting Standards for Lease Transactions” (ASBJ Guidance No. 16: originally issued on January 18, 1994 by Accounting Standards Committee of the Japanese Institute of Certified Public Accountants, and revised on March 30, 2007 by Accounting Standards Board of Japan). The Company has adopted these standards and guidance beginning with the first quarter of the current fiscal year, using an accounting method for leases that is based on the method used for ordinary purchases and sales. Furthermore, for the depreciation of lease assets associated with finance leases where there is no transfer of ownership, the straight-line method with no residual value is applied with the lease period used as the useful life of the asset. For finance leases where there is no transfer of ownership that started prior to the fiscal year when these standards were first applied, the Company continues to use an accounting method that is based on the method used for ordinary lease transactions.

The application of these standards does not have a material effect on earnings.

**5. Consolidated Quarterly Financial Statements****(1) Consolidated Quarterly Balance Sheets***Millions of yen*

	3Q FY03/2009 (As of Dec. 31, 2008)	FY03/2008 Summary (As of Mar. 31, 2008)
<b>Assets</b>		
Current assets		
Cash and deposits	21,340	19,107
Notes and accounts receivable-trade	25,646	24,735
Short-term investment securities	23,761	28,875
Merchandise and finished goods	11,494	11,137
Work in process	1,527	1,299
Raw materials and supplies	10,692	8,862
Deferred tax assets	3,998	4,725
Other	2,199	2,035
Allowance for doubtful accounts	(342)	(276)
<b>Total current assets</b>	<b>100,317</b>	<b>100,502</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	31,244	28,420
Accumulated depreciation	(17,269)	(16,653)
Buildings and structures, net	13,975	11,767
Machinery, equipment and vehicles	13,851	13,855
Accumulated depreciation	(11,687)	(11,507)
Machinery, equipment and vehicles, net	2,164	2,347
Tools, furniture and fixtures	26,641	25,474
Accumulated depreciation	(21,008)	(19,857)
Tools, furniture and fixtures, net	5,632	5,616
Land	17,746	17,773
Lease assets	77	-
Accumulated depreciation	(6)	-
Lease assets, net	71	-
Construction in progress	256	1,326
<b>Total property, plant and equipment</b>	<b>39,847</b>	<b>38,831</b>
Intangible assets		
Software	2,142	2,947
Other	729	600
<b>Total intangible assets</b>	<b>2,872</b>	<b>3,548</b>
Investments and other assets		
Investment securities	8,231	13,161
Deferred tax assets	12,872	13,260
Other	3,600	3,070
Allowance for doubtful accounts	(283)	(246)
<b>Total investments and other assets</b>	<b>24,421</b>	<b>29,246</b>
<b>Total noncurrent assets</b>	<b>67,140</b>	<b>71,625</b>
<b>Total assets</b>	<b>167,457</b>	<b>172,128</b>

*Millions of yen*

	3Q FY03/2009 (As of Dec. 31, 2008)	FY03/2008 Summary (As of Mar. 31, 2008)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	16,701	14,002
Short-term loans payable	4,501	4,824
Lease obligations	19	-
Accounts payable-other	6,027	6,686
Accrued expenses	4,786	7,288
Income taxes payable	979	3,711
Accrued consumption taxes	563	617
Provision for sales returns	2,388	2,321
Other	1,952	692
<b>Total current liabilities</b>	<b>37,920</b>	<b>40,145</b>
<b>Noncurrent liabilities</b>		
Lease obligations	55	-
Provision for retirement benefits	21,498	23,197
Provision for directors' retirement benefits	3,806	3,649
Other	41	87
<b>Total noncurrent liabilities</b>	<b>25,402</b>	<b>26,935</b>
<b>Total liabilities</b>	<b>63,323</b>	<b>67,080</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,848	4,848
Capital surplus	6,390	6,391
Retained earnings	93,746	92,577
Treasury stock	(7,228)	(4,789)
<b>Total shareholders' equity</b>	<b>97,757</b>	<b>99,027</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	135	230
Foreign currency translation adjustment	436	743
<b>Total valuation and translation adjustments</b>	<b>572</b>	<b>973</b>
<b>Minority interests</b>	<b>5,804</b>	<b>5,047</b>
<b>Total net assets</b>	<b>104,134</b>	<b>105,048</b>
<b>Total liabilities and net assets</b>	<b>167,457</b>	<b>172,128</b>

**(2) Consolidated Quarterly Statements of Income****(For the Nine-month Period)**

	<i>Millions of yen</i>
	3Q FY03/2009 (Apr. 1, 2008 – Dec. 31, 2008)
Net sales	135,448
Cost of sales	34,325
Gross profit	101,123
Selling, general and administrative expenses	
Advertising expenses	7,014
Promotion expenses	28,977
Freightage and packing expenses	4,020
Salaries and allowances	28,887
Retirement benefit expenses	606
Welfare expenses	4,984
Depreciation	2,098
Other	14,769
Total selling, general and administrative expenses	91,358
Operating income	9,764
Non-operating income	
Interest income	257
Dividends income	92
Miscellaneous income	182
Total non-operating income	532
Non-operating expenses	
Interest expenses	50
Foreign exchange losses	701
Miscellaneous loss	17
Total non-operating expenses	769
Ordinary income	9,527
Extraordinary income	
Gain on sales of noncurrent assets	0
Gain on sales of investment securities	36
Compensation for transfer	85
Total extraordinary income	122
Extraordinary loss	
Loss on disposal of noncurrent assets	226
Loss on valuation of investment securities	206
Other	7
Total extraordinary losses	439
Income before income taxes and minority interests	9,210
Income taxes-current	3,670
Income taxes-deferred	1,184
Total income taxes	4,855
Minority interests in income	843
Net income	3,511

**(3) Consolidated Quarterly Statements of Cash Flows**

	<i>Millions of yen</i>
	3Q FY03/2009
	(Apr. 1, 2008 – Dec. 31, 2008)
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	9,210
Depreciation and amortization	4,003
Increase (decrease) in allowance for doubtful accounts	106
Increase (decrease) in provision for retirement benefits	(1,699)
Increase (decrease) in provision for directors' retirement benefits	156
Increase (decrease) in other provision	67
Loss (gain) on disposal of noncurrent assets	225
Compensation for removal	(85)
Interest and dividends income	(349)
Interest expenses	50
Foreign exchange losses (gains)	354
Loss (gain) on sales of investment securities	(36)
Loss (gain) on valuation of investment securities	206
Decrease (increase) in notes and accounts receivable-trade	(1,246)
Decrease (increase) in inventories	(2,640)
Increase (decrease) in notes and accounts payable-trade	2,258
Decrease (increase) in other assets	(157)
Increase (decrease) in other liabilities	(688)
Subtotal	<u>9,736</u>
Interest and dividends income received	327
Interest expenses paid	(38)
Proceeds from compensation for removal	85
Income taxes paid	<u>(6,413)</u>
Net cash provided by (used in) operating activities	<u>3,697</u>
Net cash provided by (used in) investment activities	
Payments into time deposits	(400)
Proceeds from withdrawal of time deposits	300
Purchase of short-term investment securities	(18,976)
Proceeds from sales of short-term investment securities	24,061
Purchase of property, plant and equipment	(4,471)
Proceeds from sales of property, plant and equipment	10
Purchase of intangible assets	(713)
Purchase of investment securities	(337)
Proceeds from sales of investment securities	4,816
Decrease (increase) in other investments	(611)
Net cash provided by (used in) investment activities	<u>3,677</u>
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	(317)
Net decrease (increase) in treasury stock	(2,439)
Cash dividends paid	(2,341)
Cash dividends paid to minority shareholders	(72)
Other, net	(6)
Net cash provided by (used in) financing activities	<u>(5,178)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(182)</u>
Net increase (decrease) in cash and cash equivalents	<u>2,014</u>
Cash and cash equivalents at beginning of period	<u>34,093</u>
Cash and cash equivalents at end of period	<u>36,108</u>

Effective from the current fiscal year, the Company has adopted “Accounting Standards for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Guidance on Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14). In addition, the consolidated quarterly financial statements are prepared in accordance with “Regulations for Consolidated Quarterly Financial Statements.”

#### (4) Going Concern Assumption

Not applicable.

#### (5) Segment Information

##### a. Business segments

3Q FY03/2009 (Apr. 1, 2008 – Dec. 31, 2008)

Millions of yen

	Cosmetics	Cosmetaries	Other	Total	Eliminations or corporate	Consolidated
Net sales						
(1) Sales to third parties	100,351	33,683	1,413	135,448	-	135,448
(2) Intragroup sales and transfers	-	-	1,742	1,742	(1,742)	-
Total sales	100,351	33,683	3,155	137,190	(1,742)	135,448
Operating income	11,197	515	258	11,970	(2,206)	9,764

Notes:

Segmentation policies and breakdown of principal products by business segment

Information on business segments is based on operating segments reported for internal use by management.

(Cosmetics)

Principal products: KOSÉ, BEAUTÉ de KOSÉ, COSME DECORTE, PRÉDIA, INFINITY, export of manufactured products and merchandise, overseas production, CRIE, and ALBION

(Cosmetaries)

Principal products: FASIO, ELSIA, SALON STYLE, SOFTYMO, STEPHEN KNOLL Collection, and RIMMEL

(Other)

Principal products: Amenity products, real estate leasing, and raw material exports

##### b. Geographic segment information

3Q FY03/2009 (Apr. 1, 2008 – Dec. 31, 2008)

No information on geographic segments is presented because the Company and its consolidated subsidiaries have conducted over 90% of their total sales in Japan.

##### c. Overseas sales

3Q FY03/2009 (Apr. 1, 2008 – Dec. 31, 2008)

No information on overseas sales is presented since overseas sales accounted for less than 10% of total consolidated sales.

#### (6) Precaution Concerning Significant Changes in Shareholders' Equity

KOSÉ repurchased its stock using market transactions during the period from May 15, 2008 through June 6, 2008. Due to these repurchases, there was an increase of 2,438 million yen in treasury stock during the first nine months of the current fiscal year, raising the balance of treasury stock to 7,228 million yen as of December 31, 2008.

*Note: This is a translation of Japanese kessan Tanshin (including attachments), a summary of financial statements prepared in accordance with accounting principles generally accepted in Japan. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the report for complete information.*

**Supplementary Information****Financial Statements for the Previous Third Quarter****(1) Summary Consolidated Statements of Income***Millions of yen*

	3Q FY03/2008 (Apr. 1, 2007 – Dec. 31, 2007)
Account	Amount
<b>Net sales</b>	136,312
<b>Cost of sales</b>	33,012
<b>Gross profit</b>	103,300
SG&A expenses	89,665
<b>Operating income</b>	13,634
Non-operating income	
Interest and dividend income	299
Foreign exchange gains	1
Other non-operating income	252
Total non-operating income	553
Non-operating expenses	
Interest expense	42
Other non-operating expenses	22
Total non-operating expenses	64
<b>Ordinary income</b>	14,123
Extraordinary income	72
Extraordinary loss	284
<b>Net income before income taxes and minority interests</b>	13,911
Income taxes-current	5,664
Income taxes-deferred	469
Minority interests-income	966
<b>Net income</b>	6,812

**(2) Summary Consolidated Statements of Cash Flows***Millions of yen*

	3Q FY03/2008 (Apr. 1, 2007 – Dec. 31, 2007)
Account	Amount
I. Cash flows from operating activities	
Net income before income taxes and minority interests	13,911
Depreciation	3,974
Increase (decrease) in allowance for doubtful accounts	116
Increase (decrease) in accrued employees' retirement benefits	(1,902)
Increase (decrease) in accrued officers' severance benefits for director	210
Loss (gain) on disposal of fixed assets	94
Interest and dividend income	(299)
Decrease (increase) in notes and accounts receivable	577
Decrease (increase) in inventories	(2,414)
Increase (decrease) in notes and accounts payable	1,802
Others	(4,573)
Subtotal	11,496
Interests and dividends received	305
Interests paid	(75)
Income taxes paid	(6,013)
Net cash provided by operating activities	5,713
II. Cash flows from investing activities	
Net change in time deposit accounts	1,790
Decrease (increase) in short-term investment securities	903
Payment for acquisition of property, plant and equipment	(4,207)
Proceeds from sale of property, plant and equipment	4
Payment for acquisition of intangible assets	(236)
Payment for acquisition of investments in securities	(1,304)
Proceeds from sale of investments in securities	412
Others	(93)
Net cash used in investing activities	(2,731)
III. Cash flows from financing activities	
Increase (decrease) in short-term borrowings	167
Repayment of long-term debt	(1,500)
Net change from acquisition and sale of treasury stock	(1,933)
Cash dividends paid	(2,467)
Net cash used in financing activities	(5,734)
IV. Effect of exchange rate changes on cash and cash equivalents	(80)
V. Increase (decrease) in cash and cash equivalents	(2,832)
VI. Cash and cash equivalents at beginning of year	31,119
VII. Cash and cash equivalents at end of period	28,287