

Contents of Attachments

1. Qualitative Information on Consolidated Quarterly Financial Performance	2
(1) Qualitative Information Regarding Consolidated Results of Operations	2
(2) Qualitative Information Regarding Consolidated Forecasts	2
2. Other Information	3
(1) Overview of Changes in Consolidated Subsidiaries	3
(2) Overview of Application of Simplified Accounting Methods and Special Accounting Methods	3
(3) Overview of Changes in Accounting Principles, Procedures and Presentation Methods	3
3. Consolidated Quarterly Financial Statements	5
(1) Consolidated Quarterly Balance Sheets	5
(2) Consolidated Quarterly Statements of Income	7
(3) Going Concern Assumption	8
(4) Segment Information	8
(5) Precaution Concerning Significant Changes in Shareholders' Equity	9

1. Qualitative Information on Consolidated Quarterly Financial Performance

(1) Qualitative Information Regarding Consolidated Results of Operations

Three Months Ended June 30, 2010 (April 1, 2010 – June 30, 2010) Millions of yen, %

Operating segment	1Q FY03/2010		1Q FY03/2011		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	%
Cosmetics	29,472	72.6	30,178	74.1	706	2.4
Cosmetaries	10,748	26.5	10,141	24.9	(606)	(5.6)
Other	381	0.9	397	1.0	16	4.3
Total net sales	40,601	100.0	40,717	100.0	115	0.3

	1Q FY03/2010		1Q FY03/2011		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Operating income	487	1.2	1,888	4.6	1,400	287.1
Ordinary income	381	0.9	1,812	4.5	1,430	374.8
Net income	(575)	(1.4)	215	0.5	791	-

In the first quarter of the fiscal year, net sales increased 0.3% to 40,717 million yen as an increase in sales in the cosmetics business offset a decline in sales in the cosmetaries business compared with one year earlier. Net sales increased 0.2% after excluding the effect of changes in foreign exchange rates.

Operating income increased 287.1% to 1,888 million yen and ordinary income increased 374.8% to 1,812 million yen because of a decline in selling, general and administrative expenses. Including the effect of an extraordinary loss for asset retirement obligations, net income was 215 million yen compared with a 575 million yen net loss one year earlier.

In the cosmetics business, KOSÉ focused on enlarging the lineup of luxury products distributed through specialty cosmetics stores and department stores in Japan, where consumer spending remains weak. There were also a number of effective advertising and sales promotion activities in Japan. Overseas, measures were taken to increase sales, particularly in Asia. The result was a 2.4% increase in sales in the cosmetics business to 30,178 million yen and a 58.5% increase in operating income to 3,550 million yen.

In the cosmetaries business, sales benefited from extensive advertising campaigns and sales promotion activities. However, sales decreased 5.6% to 10,141 million yen. One reason was an upturn in sales one year earlier caused by new product introductions. Sales were also impacted by unfavorable weather. Due in part to up-front advertising expenses, there was an operating loss of 843 million yen.

In the other business segment, there was an increase in orders for the manufacture of OEM products. As a result, sales increased 4.3% to 397 million yen and operating income increased 30.9% to 85 million yen.

(2) Qualitative Information Regarding Consolidated Forecasts

There are no revisions to the consolidated forecasts announced on April 30, 2010.

2. Other Information

(1) Overview of Changes in Consolidated Subsidiaries

Not applicable.

(2) Overview of Application of Simplified Accounting Methods and Special Accounting Methods

1) Valuation of inventories

For inventories at the end of the first quarter of the current fiscal year, a valuation was determined by using a reasonable method based on actual inventories at the end of the previous fiscal year. 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 previous fiscal year. There are no revisions to these balance sheet values other than in cases where there has been a significant change since the end of the previous fiscal year.

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) Overview of Changes in Accounting Principles, Procedures and Presentation Methods

1. Changes in Basis of Preparation of Consolidated Quarterly Financial Statements

1) Accounting standard for asset retirement obligations

Beginning with the first quarter of the current fiscal year, "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan (ASBJ) Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008) have been applied.

The effect of this change was to decrease operating income, ordinary income by 5 million yen each and income before income taxes and minority interests by 290 million yen.

2) Accounting standards concerning business combinations

Beginning with the first quarter of the current fiscal year, "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, December 26, 2008), and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

2. Changes in Presentation Methods

(Consolidated Quarterly Statements of Income)

Following the application of “Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Presentation of Financial Statements” (Cabinet Office Ordinance No. 5, March 24, 2009) based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), an item “Income before minority interests” is presented in the first quarter of the current fiscal year.

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

	1Q FY03/2011 (As of Jun. 30, 2010)	FY03/2010 Summary (As of Mar. 31, 2010)
Assets		
Current assets		
Cash and deposits	24,047	22,505
Notes and accounts receivable-trade	21,520	23,720
Short-term investment securities	20,826	23,987
Merchandise and finished goods	12,738	12,764
Work in process	1,724	1,299
Raw materials and supplies	10,026	8,653
Deferred tax assets	4,973	4,387
Other	3,889	2,874
Allowance for doubtful accounts	(306)	(266)
Total current assets	99,441	99,925
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	31,651	31,435
Accumulated depreciation	(18,797)	(18,495)
Buildings and structures, net	12,854	12,940
Machinery, equipment and vehicles	13,319	13,326
Accumulated depreciation	(11,499)	(11,524)
Machinery, equipment and vehicles, net	1,820	1,802
Tools, furniture and fixtures	28,449	27,999
Accumulated depreciation	(23,273)	(22,888)
Tools, furniture and fixtures, net	5,175	5,111
Land	17,228	17,220
Lease assets	296	249
Accumulated depreciation	(70)	(55)
Lease assets, net	226	194
Construction in progress	60	68
Total property, plant and equipment	37,365	37,337
Intangible assets		
Software	1,721	1,825
Other	1,986	2,059
Total intangible assets	3,707	3,885
Investments and other assets		
Investment securities	10,845	10,505
Deferred tax assets	11,994	12,453
Other	3,270	3,499
Allowance for doubtful accounts	(203)	(211)
Total investments and other assets	25,907	26,247
Total noncurrent assets	66,979	67,470
Total assets	166,421	167,395

Millions of yen

	1Q FY03/2011 (As of Jun. 30, 2010)	FY03/2010 Summary (As of Mar. 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	17,169	12,604
Short-term loans payable	4,328	4,294
Lease obligations	68	57
Accounts payable-other	5,906	6,390
Accrued expenses	3,875	6,992
Income taxes payable	587	1,609
Accrued consumption taxes	667	733
Provision for sales returns	1,740	2,034
Other	2,342	926
Total current liabilities	36,686	35,643
Noncurrent liabilities		
Lease obligations	173	150
Provision for retirement benefits	19,672	20,034
Provision for directors' retirement benefits	2,624	3,998
Other	273	29
Total noncurrent liabilities	22,744	24,213
Total liabilities	59,431	59,857
Net assets		
Shareholders' equity		
Capital stock	4,848	4,848
Capital surplus	6,390	6,390
Retained earnings	96,865	97,810
Treasury stock	(7,229)	(7,229)
Total shareholders' equity	100,875	101,820
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(91)	45
Foreign currency translation adjustment	(224)	(480)
Total valuation and translation adjustments	(316)	(435)
Minority interests	6,430	6,153
Total net assets	106,989	107,538
Total liabilities and net assets	166,421	167,395

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

Millions of yen

	1Q FY03/2010 (Apr. 1, 2009 – Jun. 30, 2009)	1Q FY03/2011 (Apr. 1, 2010 – Jun. 30, 2010)
Net sales	40,601	40,717
Cost of sales	10,551	10,661
Gross profit	30,050	30,055
Selling, general and administrative expenses		
Advertising expenses	2,557	2,348
Promotion expenses	8,527	7,679
Freightage and packing expenses	1,343	1,334
Salaries and allowances	9,311	9,341
Retirement benefit expenses	407	384
Legal welfare expenses	1,212	1,255
Depreciation	640	583
Other	5,562	5,239
Total selling, general and administrative expenses	29,562	28,167
Operating income	487	1,888
Non-operating income		
Interest income	71	54
Dividends income	41	62
Miscellaneous income	67	76
Total non-operating income	179	193
Non-operating expenses		
Interest expenses	15	9
Foreign exchange losses	266	254
Miscellaneous loss	3	4
Total non-operating expenses	285	269
Ordinary income	381	1,812
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Reversal of allowance for doubtful accounts	8	-
Gain on sales of investment securities	-	0
Total extraordinary income	8	0
Extraordinary loss		
Loss on disposal of noncurrent assets	29	88
Loss on sales of investment securities	0	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	284
Other	-	45
Total extraordinary losses	29	418
Income before income taxes and minority interests	361	1,394
Income taxes-current	945	912
Income taxes-deferred	(273)	(33)
Total income taxes	672	878
Income before minority interests	-	516
Minority interests in income	265	300
Net income (loss)	(575)	215

(3) Going Concern Assumption

Not applicable.

(4) Segment Information**a. Business segments**

1Q FY03/2010 (Apr. 1, 2009 – Jun. 30, 2009)

Millions of yen

	Cosmetics	Cosmetaries	Other	Total	Eliminations or corporate	Consolidated
Net sales						
(1) Sales to third parties	29,472	10,748	381	40,601	-	40,601
(2) Intragroup sales and transfers	-	-	595	595	(595)	-
Total sales	29,472	10,748	976	41,196	(595)	40,601
Operating income (loss)	2,239	(1,030)	65	1,274	(786)	487

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, JILLSTUART, CRIE, ALBION, export of manufactured products and merchandise and overseas production

(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

1Q FY03/2010 (Apr. 1, 2009 – Jun. 30, 2009)

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

1Q FY03/2010 (Apr. 1, 2009 – Jun. 30, 2009)

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

d. Segment information**(1) Overview of reportable segment**

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the highest management decision-making body performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

To sell products that meet a diverse range of customer needs, the KOSÉ Group uses a variety of brands to sell products that it conceives and develops. Group companies conduct business activities by establishing and implementing comprehensive strategies in Japan and overseas for each brand.

As a result, the Company has two reportable business segments, cosmetics and cosmetaries, that are based on individual brands.

In the cosmetics segment, principal products are KOSÉ, BEAUTÉ de KOSÉ, COSME DECORTE, PRÉDIA, INFINITY, JILLSTUART, CRIE, ALBION and others. In the cosmetaries segment, principal products are FASIO, ELSIA, SALON STYLE, SOFTYMO, STEPHEN KNOLL Collection, RIMMEL, adidas and others.

(2) Information related to net sales and profit or loss for each reportable segment

1Q FY03/2011 (Apr. 1, 2010 – Jun. 30, 2010)

Millions of yen

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated quarterly statements of income (Note 3)
	Cosmetics	Cosmetaries	Total				
Net sales							
(1) Sales to third parties	30,178	10,141	40,319	397	40,717	-	40,717
(2) Intragroup sales and transfers	-	0	0	213	213	(213)	-
Total sales	30,178	10,141	40,319	611	40,931	(213)	40,717
Segment profit or loss	3,550	(843)	2,706	85	2,792	(903)	1,888

Notes: 1. The other segment consists of activities that are not included in the reportable segments: amenity products and real estate leasing.

2. Adjustments to segment profits are as follows.

Eliminations for intersegment transactions (millions of yen)	81
Corporate expenses that cannot be allocated to reporting segments (millions of yen)	822

Corporate expenses consist primarily of expenses related to the administration division at the Company and expenses for basic research, that are not assigned to any particular reportable segment.

3. Segment profit is adjusted to be consistent with operating income shown on the quarterly statements of income.

(3) Information related to impairment of noncurrent assets and goodwill, etc.

There are no significant applicable items in the first quarter of the current fiscal year.

(4) Geographic sales information

1Q FY03/2011 (Apr. 1, 2010 – Jun. 30, 2010)

Millions of yen

Japan	Asia	Other area	Total
36,577	3,995	144	40,717

Supplementary Information

Beginning with the first quarter of the current fiscal year, the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008) have been applied.

(5) Precaution Concerning Significant Changes in Shareholders’ Equity

Not applicable.

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.