

4. Others (Please refer to “Other Information” on page 5 of the attachments for further information)

(1) Changes in consolidated subsidiaries during the period: None

Newly added: - Excluded: -

Note: Changes in specified subsidiaries affecting the scope of consolidation during the period

(2) Application of simplified accounting methods and special accounting methods: Yes

Note: Application of simplified accounting methods and special accounting methods for presenting consolidated quarterly financial statements

(3) Changes in accounting principles, procedures and presentation methods

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

Note: Changes in accounting principles, procedures and presentation methods, etc. for presenting consolidated quarterly financial statements described in “Changes in Basis of Preparation of Consolidated Quarterly Financial Statements”

(4) Number of shares outstanding (common shares)

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

As of September 30, 2010: 60,592,541 shares

As of March 31, 2010: 60,592,541 shares

2) Number of treasury stock at end of the period

As of September 30, 2010: 2,545,313 shares

As of March 31, 2010: 2,545,000 shares

3) Average number of shares outstanding during the period

2Q FY03/2011 58,047,443 shares

2Q FY03/2010 58,047,624 shares

* Indication of quarterly review procedure implementation status

The current quarterly financial statements are exempted from quarterly review procedures based on the Financial Instruments and Exchange Law. At the time of disclosure, we have not completed the review process for these consolidated statements.

*Cautionary statement with respect to forward-looking statements

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, actual results may differ significantly from these projections resulting from changes in the economic environment and other risks and uncertainties. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to the section “1. Qualitative Information on Consolidated Quarterly Financial Performance, (2) Qualitative Information Regarding Consolidated Forecasts” on page 4.

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1. Qualitative Information on Consolidated Quarterly Financial Performance

(1) Qualitative Information Regarding Consolidated Results of Operations

Six Months Ended September 30, 2010 (April 1, 2010 – September 30, 2010)

Millions of yen, %

Operating segment	2Q FY03/2010		2Q FY03/2011		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	%
Cosmetics	61,485	72.1	61,949	72.8	463	0.8
Cosmetaries	23,109	27.1	22,306	26.2	(803)	(3.5)
Other	674	0.8	812	1.0	138	20.5
Total net sales	85,269	100.0	85,067	100.0	(202)	(0.2)

	2Q FY03/2010		2Q FY03/2011		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Operating income	2,821	3.3	6,454	7.6	3,632	128.7
Ordinary income	2,589	3.0	6,071	7.1	3,481	134.5
Net income	740	0.9	2,403	2.8	1,662	224.3

1) Review of Operations

In the first half of the current fiscal year, Japan's economy recovered at a moderate pace and there was a rebound in consumer spending in some categories. However, the operating environment remained challenging as there were no improvements in employment or personal income statistics and consumer prices continued to fall. In the Japanese cosmetics industry, according to statistics for cosmetics shipments compiled by the Ministry of Economy, Trade and Industry, there were increases in unit volume and monetary sales in the first eight months of 2010 compared with one year earlier.

The KOSÉ Group responded by further refining its original brand marketing to meet diversifying markets and consumer needs with even greater flexibility. The Group also focused on achieving the optimal allocation of resources and improving operating efficiency and earnings.

First half net sales decreased 0.2% to 85,067 million yen as higher sales in the cosmetics business and other business segment were offset by a decline in sales in the cosmetaries business. After excluding the effect of foreign exchange rate changes, net sales were down 0.1%.

Selling, general and administrative expenses decreased because of improvements aimed at establishing an operating framework that can be profitable even during difficult market conditions. The result was a 128.7% increase in operating income to 6,454 million yen, a 134.5% increase in ordinary income to 6,071 million yen and a 224.3% increase in net income to 2,403 million yen.

2) Results by Business Segment

(a) Cosmetics Business

Millions of yen, %

	2Q FY03/2010	2Q FY03/2011	YoY change	
			Amount	%
Sales to third parties	61,485	61,949	463	0.8
Intragroup sales and transfers	-	-	-	-
Total net sales	61,485	61,949	-	-
Operating income	4,668	6,998	2,330	49.9
Operating margin	7.6	11.3	-	-

In the cosmetics business, KOSÉ focused on enlarging the lineup of luxury products distributed through specialty cosmetics stores and department stores in Japan. Activities included the start of a 40th anniversary promotion for COSME DECORTE. There were also advertising and sales promotion activities aimed at increasing the number of customers. One example is the “Save the Blue” campaign linked to the SEKKISEI brand.

Overseas, measures were taken to increase sales. In China, KOSÉ is increasing the number of specialty cosmetics stores that sell its products. In addition, KOSÉ introduced new products and conducted promotional activities in several countries.

The result was a 0.8% increase in sales in the cosmetics business to 61,949 million yen and a 49.9% increase in operating income to 6,998 million yen.

(b) Cosmetaries Business*Millions of yen, %*

	2Q FY03/2010	2Q FY03/2011	YoY change	
			Amount	%
Sales to third parties	23,109	22,306	(803)	(3.5)
Intragroup sales and transfers	-	0	-	-
Total net sales	23,109	22,306	-	-
Operating income	(543)	795	1,339	-
Operating margin	-	3.6	-	-

In the cosmetaries business, KOSÉ developed products that meet customers' needs and used effective advertising and promotion activities to energize brands. However, sales were lower due to higher sales one year earlier because of new product introductions and to unfavorable weather.

As a result, sales in the cosmetaries business decreased 3.5% to 22,306 million yen and operating income was 795 million yen compared with a 543 million yen operating loss one year earlier.

(c) Other Business*Millions of yen, %*

	2Q FY03/2010	2Q FY03/2011	YoY change	
			Amount	%
Sales to third parties	674	812	138	20.5
Intragroup sales and transfers	1,229	542	-	-
Total net sales	1,904	1,354	-	-
Operating income	167	233	65	39.4
Operating margin	8.8	17.2	-	-

In the other business segment, there was an increase in orders for the manufacture of OEM products. As a result, sales increased 20.5% to 812 million yen and operating income increased 39.4% to 233 million yen.

(2) Qualitative Information Regarding Consolidated Forecasts

There are hopes for a recovery of the Japanese economy because of economic stimulus programs and other factors. But high unemployment and low personal incomes are creating concerns about a continuation in the current uncertain outlook. In Japan's cosmetics industry, competition is becoming more heated as domestic demand weakens.

In response to this difficult operating environment, the KOSÉ Group will continue to aim for growth in sales of its current major products while continuing to introduce new products and conduct effective sales initiatives. The goal is to adapt with flexibility to the diversification in markets and consumer needs. Overseas, strengthening global brands and establishing more sales channels remain the primary goals. Furthermore, KOSÉ is enacting management reforms in order to improve operating efficiency and earnings by using resources effectively.

Based on this outlook, KOSÉ has revised the forecast for the current fiscal year as follows.

Due to a revision in foreign exchange rate assumptions and performance in the first half, KOSÉ forecasts a 1.1% increase in net sales to 174,400 million yen, an 8.6% increase in operating income to 11,000 million yen, a 2.5% increase in ordinary income to 11,100 million yen and a 14.5% increase in net income to 5,900 million yen.

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	<i>Million yen</i>	<i>Million yen</i>	<i>Million yen</i>	<i>Million yen</i>	<i>Yen</i>
Previous forecast (A)	178,400	11,000	11,100	5,900	101.64
Revised forecast (B)	174,400	11,000	11,100	5,900	101.64
Change (B – A)	(4,000)	-	-	-	-
Percentage change (%)	(2.2)	-	-	-	-
(Reference) Previous fiscal year results (Fiscal year ended Mar. 31, 2010)	172,564	10,132	10,832	5,154	88.81

Consolidated Forecasts for the Fiscal Year Ending March 31, 2011 (April 1, 2010 – March 31, 2011)

Millions of yen, %

Operating segment	FY03/2010		FY03/2011 (forecast)		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	%
Cosmetics	126,104	73.1	128,100	73.4	1,995	1.6
Cosmetaries	44,972	26.0	44,600	25.6	(372)	(0.8)
Other	1,487	0.9	1,700	1.0	212	14.3
Total net sales	172,564	100.0	174,400	100.0	1,835	1.1

	FY03/2010		FY03/2011 (forecast)		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Operating income	10,132	5.9	11,000	6.3	867	8.6
Ordinary income	10,832	6.3	11,100	6.4	267	2.5
Net income	5,154	3.0	5,900	3.4	745	14.5

*Forecasts are based on foreign exchange rates of 90 yen to the U.S. dollar, 2.8 yen to the Taiwan dollar and 13.2 yen to the Chinese yuan.

2. Other Information

(1) Overview of Changes in Consolidated Subsidiaries

Not applicable.

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

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 41 million yen each and income before income taxes and minority interests by 325 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) have been applied.

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 for the first half of the current fiscal year.

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

	2Q FY03/2011 (As of Sep. 30, 2010)	FY03/2010 Summary (As of Mar. 31, 2010)
Assets		
Current assets		
Cash and deposits	24,799	22,505
Notes and accounts receivable-trade	22,728	23,720
Short-term investment securities	21,647	23,987
Merchandise and finished goods	12,436	12,764
Work in process	1,407	1,299
Raw materials and supplies	9,260	8,653
Deferred tax assets	4,541	4,387
Other	3,809	2,874
Allowance for doubtful accounts	(314)	(266)
Total current assets	100,316	99,925
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	31,543	31,435
Accumulated depreciation	(18,904)	(18,495)
Buildings and structures, net	12,639	12,940
Machinery, equipment and vehicles	13,286	13,326
Accumulated depreciation	(11,544)	(11,524)
Machinery, equipment and vehicles, net	1,741	1,802
Tools, furniture and fixtures	28,647	27,999
Accumulated depreciation	(23,564)	(22,888)
Tools, furniture and fixtures, net	5,083	5,111
Land	17,187	17,220
Lease assets	353	249
Accumulated depreciation	(89)	(55)
Lease assets, net	264	194
Construction in progress	39	68
Total property, plant and equipment	36,956	37,337
Intangible assets		
Software	1,631	1,825
Other	2,050	2,059
Total intangible assets	3,681	3,885
Investments and other assets		
Investment securities	11,193	10,505
Deferred tax assets	11,627	12,453
Other	3,385	3,499
Allowance for doubtful accounts	(200)	(211)
Total investments and other assets	26,005	26,247
Total noncurrent assets	66,643	67,470
Total assets	166,959	167,395

Millions of yen

	2Q FY03/2011 (As of Sep. 30, 2010)	FY03/2010 Summary (As of Mar. 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,570	12,604
Short-term loans payable	4,667	4,294
Lease obligations	82	57
Accounts payable-other	4,942	6,390
Accrued expenses	6,792	6,992
Income taxes payable	1,780	1,609
Accrued consumption taxes	586	733
Provision for sales returns	1,857	2,034
Other	1,436	926
Total current liabilities	35,716	35,643
Noncurrent liabilities		
Lease obligations	199	150
Provision for retirement benefits	19,164	20,034
Provision for directors' retirement benefits	2,486	3,998
Other	272	29
Total noncurrent liabilities	22,122	24,213
Total liabilities	57,838	59,857
Net assets		
Shareholders' equity		
Capital stock	4,848	4,848
Capital surplus	6,390	6,390
Retained earnings	99,053	97,810
Treasury stock	(7,229)	(7,229)
Total shareholders' equity	103,062	101,820
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(32)	45
Foreign currency translation adjustment	(508)	(480)
Total valuation and translation adjustments	(540)	(435)
Minority interests	6,599	6,153
Total net assets	109,121	107,538
Total liabilities and net assets	166,959	167,395

(2) Consolidated Quarterly Statements of Income
(For the Six-month Period)
Millions of yen

	2Q FY03/2010 (Apr. 1, 2009 – Sep. 30, 2009)	2Q FY03/2011 (Apr. 1, 2010 – Sep. 30, 2010)
Net sales	85,269	85,067
Cost of sales	22,207	21,959
Gross profit	63,062	63,108
Selling, general and administrative expenses		
Advertising expenses	5,133	4,624
Promotion expenses	18,062	15,942
Freightage and packing expenses	2,715	2,669
Salaries and allowances	18,921	18,950
Retirement benefit expenses	814	645
Legal welfare expenses	2,449	2,504
Depreciation	1,318	1,196
Other	10,823	10,119
Total selling, general and administrative expenses	60,240	56,653
Operating income	2,821	6,454
Non-operating income		
Interest income	139	105
Dividends income	41	71
Miscellaneous income	109	105
Total non-operating income	290	282
Non-operating expenses		
Interest expenses	28	22
Foreign exchange losses	486	633
Miscellaneous loss	8	9
Total non-operating expenses	522	665
Ordinary income	2,589	6,071
Extraordinary income		
Gain on sales of noncurrent assets	0	2
Reversal of allowance for doubtful accounts	13	-
Gain on sales of investment securities	-	0
Reversal of provision for directors' retirement benefits	-	85
Total extraordinary income	14	88
Extraordinary loss		
Loss on disposal of noncurrent assets	87	186
Loss on valuation of investment securities	-	151
Loss on sales of investment securities	0	-
Provision of allowance for doubtful accounts	17	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	284
Other	-	54
Total extraordinary losses	104	677
Income before income taxes and minority interests	2,498	5,482
Income taxes-current	1,600	1,876
Income taxes-deferred	(201)	724
Total income taxes	1,398	2,600
Income before minority interests	-	2,881
Minority interests in income	359	478
Net income	740	2,403

(3) Consolidated Statements of Cash Flows*Millions of yen*

	2Q FY03/2010 (Apr. 1, 2009 – Sep. 30, 2009)	2Q FY03/2011 (Apr. 1, 2010 – Sep. 30, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,498	5,482
Depreciation and amortization	2,693	2,404
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	284
Increase (decrease) in allowance for doubtful accounts	(2)	36
Increase (decrease) in provision for retirement benefits	(641)	(870)
Increase (decrease) in provision for directors' retirement benefits	87	(1,512)
Increase (decrease) in other provision	(10)	(131)
Loss (gain) on disposal of noncurrent assets	86	184
Interest and dividends income	(181)	(176)
Interest expenses	28	22
Foreign exchange losses (gains)	336	401
Loss (gain) on sales of investment securities	0	(0)
Loss (gain) on valuation of investment securities	-	151
Decrease (increase) in notes and accounts receivable-trade	230	880
Decrease (increase) in inventories	(1,934)	(497)
Increase (decrease) in notes and accounts payable-trade	1,336	774
Decrease (increase) in other assets	(79)	(357)
Increase (decrease) in other liabilities	419	(741)
Subtotal	4,869	6,334
Interest and dividends income received	169	161
Interest expenses paid	(39)	(25)
Income taxes paid	(2,123)	(1,705)
Net cash provided by (used in) operating activities	2,875	4,766
Net cash provided by (used in) investing activities		
Payments into time deposits	(2,800)	(3,600)
Proceeds from withdrawal of time deposits	1,800	1,800
Purchase of short-term investment securities	(17,189)	(12,741)
Proceeds from sales of short-term investment securities	11,986	12,895
Purchase of investments in subsidiaries	(114)	-
Purchase of property, plant and equipment	(1,969)	(1,873)
Proceeds from sales of property, plant and equipment	12	31
Purchase of intangible assets	(281)	(299)
Purchase of investment securities	(576)	(1,490)
Proceeds from sales of investment securities	7	6
Decrease (increase) in other investments	(135)	(566)
Net cash provided by (used in) investing activities	(9,259)	(5,837)

Millions of yen

	2Q FY03/2010 (Apr. 1, 2009 – Sep. 30, 2009)	2Q FY03/2011 (Apr. 1, 2010 – Sep. 30, 2010)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-	392
Net decrease (increase) in treasury stock	(0)	(0)
Cash dividends paid	(1,160)	(1,160)
Cash dividends paid to minority shareholders	(32)	(44)
Other, net	(16)	(33)
Net cash provided by (used in) financing activities	(1,210)	(847)
Effect of exchange rate change on cash and cash equivalents	(55)	(273)
Net increase (decrease) in cash and cash equivalents	(7,649)	(2,191)
Cash and cash equivalents at beginning of period	39,066	33,787
Cash and cash equivalents at end of period	31,416	31,595

(4) Going Concern Assumption

Not applicable.

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

2Q FY03/2010 (Apr. 1, 2009 – Sep. 30, 2009)

Millions of yen

	Cosmetics	Cosmetaries	Other	Total	Eliminations or corporate	Consolidated
Net sales						
(1) Sales to third parties	61,485	23,109	674	85,269	-	85,269
(2) Intragroup sales and transfers	-	-	1,229	1,229	(1,229)	-
Total sales	61,485	23,109	1,904	86,499	(1,229)	85,269
Operating income (loss)	4,668	(543)	167	4,292	(1,470)	2,821

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

2Q FY03/2010 (Apr. 1, 2009 – Sep. 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

2Q FY03/2010 (Apr. 1, 2009 – Sep. 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 offer 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

2Q FY03/2011 (Apr. 1, 2010 – Sep. 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	61,949	22,306	84,255	812	85,067	-	85,067
(2) Intragroup sales and transfers	-	0	0	542	542	(542)	-
Total sales	61,949	22,306	84,255	1,354	85,609	(542)	85,067
Segment profit	6,998	795	7,794	233	8,027	(1,573)	6,454

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)	(26)
Corporate expenses that cannot be allocated to reporting segments (millions of yen)	(1,546)

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 second quarter of the current fiscal year.

(4) Geographic sales information

2Q FY03/2011 (Apr. 1, 2010 – Sep. 30, 2010)

Millions of yen

Japan	Asia	Other area	Total
75,443	9,336	287	85,067

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.

(6) 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.