



January 31, 2012

**Summary of Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2012  
(Nine Months Ended December 31, 2011)**

**[Japanese GAAP]**

Company name: **KOSÉ Corporation** Stock listing: Tokyo Stock Exchange, First Section  
 Stock code: 4922 URL: <http://www.kose.co.jp>  
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 Scheduled date of filing of Quarterly Report: February 10, 2012  
 Scheduled date of dividend payment: -  
 Preparation of supplementary materials for quarterly financial results: None  
 Holding of quarterly financial results meeting: None

*(Rounded down to million yen)*

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2011  
(April 1, 2011 – December 31, 2011)**

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

	Net sales	YoY change	Operating income	YoY change	Ordinary income	YoY change	Net income	YoY change
	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)
3Q FY03/2012	124,778	(4.0)	9,615	(25.7)	9,420	(24.3)	3,349	(42.9)
3Q FY03/2011	130,015	(0.5)	12,939	49.8	12,451	39.8	5,864	85.3

Note: Comprehensive income (million yen) 3Q FY03/2012: 3,632 (down 41.7%) 3Q FY03/2011: 6,230 (n.a.)

	Net income per share (basic)	Net income per share (diluted)
	(Yen)	(Yen)
3Q FY03/2012	57.71	-
3Q FY03/2011	101.03	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Million yen)	(Million yen)	(%)	(Yen)
3Q FY03/2012	166,303	113,014	63.7	1,825.55
FY03/2011	169,262	111,796	62.2	1,813.28

Ref.: Shareholders' equity (million yen) 3Q FY03/2012: 105,967 FY03/2011: 105,255

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY03/2011	-	20.00	-	20.00	40.00
FY03/2012	-	20.00	-	-	-
FY03/2012 (forecast)	-	-	-	20.00	40.00

Note: Revisions to the most recently announced dividend forecast: None

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2012 (April 1, 2011 – March 31, 2012)**

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

	Net sales	YoY change	Operating income	YoY change	Ordinary income	YoY change	Net income	YoY change	Net income per share
	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Yen)
Full year	169,000	(1.2)	10,000	(27.7)	10,200	(25.5)	3,800	(43.5)	65.46

Note: Revisions to the most recently announced consolidated forecast: Yes

#### 4. Others

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

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting consolidated quarterly financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above : None

3) Changes in accounting-based estimates : None

4) Restatements : None

(4) Number of shares outstanding (common stock)

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

As of December 31, 2011: 60,592,541 shares

As of March 31, 2011: 60,592,541 shares

2) Number of shares of treasury stock at end of the period

As of December 31, 2011: 2,545,525 shares

As of March 31, 2011: 2,545,558 shares

3) Average number of shares outstanding during the period

3Q FY03/2012: 58,046,975 shares

3Q FY03/2011: 58,047,369 shares

Note 1: 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.

Note 2: 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 Forecast" on page 2.

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## 1. Qualitative Information on Consolidated Quarterly Financial Performance

### (1) Qualitative Information Regarding Consolidated Results of Operations

Nine Months Ended December 31, 2011 (April 1, 2011 – December 31, 2011)

Millions of yen, %

Operating segment	3Q FY03/2011		3Q FY03/2012		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	%
Cosmetics	95,943	73.8	93,634	75.0	(2,308)	(2.4)
Cosmetaries	32,811	25.2	30,055	24.1	(2,756)	(8.4)
Other	1,260	1.0	1,088	0.9	(171)	(13.6)
Total net sales	130,015	100.0	124,778	100.0	(5,237)	(4.0)

	3Q FY03/2011		3Q FY03/2012		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Operating income	12,939	10.0	9,615	7.7	(3,324)	(25.7)
Ordinary income	12,451	9.6	9,420	7.5	(3,031)	(24.3)
Net income	5,864	4.5	3,349	2.7	(2,514)	(42.9)

In the first nine months of the current fiscal year, net sales decreased 4.0% from one year earlier to 124,778 million yen because the operating environment remained challenging due to the effects of the Great East Japan Earthquake. After excluding the effect of changes in foreign exchange rates, the decrease in net sales was 3.5% from one year earlier.

The decrease in net sales caused operating income to fall 25.7% to 9,615 million yen, ordinary income to fall 24.3% to 9,420 million yen. Net income was further reduced by an increase in deferred income taxes associated with a change in Japan's corporate income tax rate, resulting in a 42.9% decrease to 3,349 million yen.

In the cosmetics business, KOSÉ took steps to nurture the luxury product lines sold at specialty cosmetics stores and department stores in Japan. Moreover, there were extensive advertising and sales promotion activities to increase the number of customers. Overseas, there were activities to expand business operations primarily in Asia. Overall, sales in the cosmetics business decreased 2.4% to 93,634 million yen and operating income decreased 13.3% to 10,936 million yen.

In the cosmetaries business, KOSÉ developed products that meet customers' needs and used effective advertising and sales promotion activities in order to make its brands even more appealing. However, sales decreased 8.4% to 30,055 million yen and operating income decreased 52.3% to 1,057 million yen.

In the other business segment, sales decreased 13.6% to 1,088 million yen and operating income increased 8.5% to 438 million yen.

### (2) Qualitative Information Regarding Consolidated Forecast

In the full-year consolidated forecast announced on October 31, 2011, the net income forecast has been revised to 3,800 million yen, a decrease of 43.5% from the previous fiscal year, because of an increase in deferred income taxes resulting from a change in Japan's corporate income tax rate.

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	169,000	10,000	10,200	5,300	91.31
Revised forecast (B)	169,000	10,000	10,200	3,800	65.46
Change (B – A)	-	-	-	(1,500)	-
Percentage change (%)	-	-	-	(28.3)	-
Reference: Previous fiscal year results (Fiscal year ended Mar. 31, 2011)	171,071	13,838	13,695	6,726	115.87

**2. Matters Related to Summary Information (Others)**

**(1) Changes in Consolidated Subsidiaries during the Period**

Not applicable.

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

	FY03/2011 (As of Mar. 31, 2011)	3Q FY03/2012 (As of Dec. 31, 2011)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	27,210	28,564
Notes and accounts receivable-trade	22,544	22,465
Short-term investment securities	24,761	21,223
Merchandise and finished goods	11,045	11,000
Work in process	1,315	1,286
Raw materials and supplies	8,450	9,885
Deferred tax assets	4,664	3,207
Other	3,159	6,501
Allowance for doubtful accounts	(305)	(265)
<b>Total current assets</b>	<b>102,847</b>	<b>103,869</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	30,450	30,522
Accumulated depreciation	(18,047)	(18,491)
Buildings and structures, net	12,403	12,031
Machinery, equipment and vehicles	12,521	12,372
Accumulated depreciation	(10,859)	(10,851)
Machinery, equipment and vehicles, net	1,662	1,520
Tools, furniture and fixtures	29,349	29,256
Accumulated depreciation	(24,356)	(24,626)
Tools, furniture and fixtures, net	4,992	4,629
Land	16,934	16,586
Lease assets	786	845
Accumulated depreciation	(138)	(240)
Lease assets, net	647	604
Construction in progress	140	60
<b>Total property, plant and equipment</b>	<b>36,780</b>	<b>35,434</b>
<b>Intangible assets</b>		
Software	1,506	1,456
Other	2,077	1,751
<b>Total intangible assets</b>	<b>3,583</b>	<b>3,207</b>
<b>Investments and other assets</b>		
Investment securities	11,322	10,742
Deferred tax assets	11,116	9,654
Other	3,797	3,572
Allowance for doubtful accounts	(185)	(177)
<b>Total investments and other assets</b>	<b>26,050</b>	<b>23,792</b>
<b>Total noncurrent assets</b>	<b>66,415</b>	<b>62,433</b>
<b>Total assets</b>	<b>169,262</b>	<b>166,303</b>

*Millions of yen*

	FY03/2011 (As of Mar. 31, 2011)	3Q FY03/2012 (As of Dec. 31, 2011)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	11,443	13,476
Short-term loans payable	4,418	4,374
Lease obligations	136	145
Accounts payable-other	6,116	5,067
Accrued expenses	6,937	3,952
Income taxes payable	2,552	863
Accrued consumption taxes	725	589
Provision for sales returns	1,725	1,976
Other	1,748	2,393
Total current liabilities	35,804	32,839
Noncurrent liabilities		
Lease obligations	549	497
Provision for retirement benefits	18,316	17,069
Provision for directors' retirement benefits	2,539	2,627
Other	256	255
Total noncurrent liabilities	21,661	20,449
Total liabilities	57,466	53,288
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,848	4,848
Capital surplus	6,390	6,390
Retained earnings	102,215	103,242
Treasury stock	(7,230)	(7,229)
Total shareholders' equity	106,223	107,251
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(157)	(85)
Foreign currency translation adjustment	(811)	(1,197)
Total accumulated other comprehensive income	(968)	(1,283)
Minority interests	6,541	7,046
Total net assets	111,796	113,014
Total liabilities and net assets	169,262	166,303

## (2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income

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

Millions of yen

	3Q FY03/2011 (Apr. 1, 2010 – Dec. 31, 2010)	3Q FY03/2012 (Apr. 1, 2011 – Dec. 31, 2011)
Net sales	130,015	124,778
Cost of sales	32,676	30,924
Gross profit	97,339	93,854
Selling, general and administrative expenses		
Advertising expenses	6,058	6,563
Promotion expenses	24,672	24,505
Freightage and packing expenses	3,988	4,281
Salaries and allowances	28,055	27,662
Retirement benefit expenses	968	969
Legal welfare expenses	3,868	3,914
Depreciation	1,819	1,706
Other	14,969	14,635
Total selling, general and administrative expenses	84,399	84,238
Operating income	12,939	9,615
Non-operating income		
Interest income	151	119
Dividends income	88	120
Patent royalty income	63	61
Miscellaneous income	100	151
Total non-operating income	404	454
Non-operating expenses		
Interest expenses	33	33
Foreign exchange losses	846	590
Miscellaneous loss	13	24
Total non-operating expenses	892	648
Ordinary income	12,451	9,420
Extraordinary income		
Gain on sales of noncurrent assets	145	62
Gain on sales of investment securities	0	-
Reversal of provision for directors' retirement benefits	85	-
Compensation income	-	238
Total extraordinary income	231	301
Extraordinary loss		
Loss on disposal of noncurrent assets	225	102
Loss on valuation of investment securities	1	212
Loss on adjustment for changes of accounting standard for asset retirement obligations	284	-
Other	56	-
Total extraordinary losses	569	315
Income before income taxes and minority interests	12,113	9,406
Income taxes-current	3,279	2,587
Income taxes-deferred	2,256	2,857
Total income taxes	5,536	5,445
Income before minority interests	6,577	3,960
Minority interests in income	713	610
Net income	5,864	3,349

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

*Millions of yen*

	3Q FY03/2011 (Apr. 1, 2010 – Dec. 31, 2010)	3Q FY03/2012 (Apr. 1, 2011 – Dec. 31, 2011)
Income before minority interests	6,577	3,960
Other comprehensive income		
Valuation difference on available-for-sale securities	(119)	72
Foreign currency translation adjustment	(227)	(400)
Total other comprehensive income	(347)	(328)
Comprehensive income	6,230	3,632
Attributable to:		
Comprehensive income attributable to owners of the parent	5,517	3,034
Comprehensive income attributable to minority interests	713	597

**(3) Going Concern Assumption**

Not applicable.

**(4) Segment Information**

Segment Information

I. 3Q FY03/2011 (Apr. 1, 2010 – Dec. 31, 2010)

1. Information related to net sales and profit or loss for each reportable segment

*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	95,943	32,811	128,755	1,260	130,015	-	130,015
(2) Intragroup sales and transfers	-	0	0	815	815	(815)	-
Total sales	95,943	32,812	128,755	2,075	130,831	(815)	130,015
Segment profit	12,609	2,217	14,827	404	15,231	(2,291)	12,939

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

2. Adjustments to segment profits are as follows.

*Millions of yen*

Eliminations for intersegment transactions	(90)
Corporate expenses that cannot be allocated to reporting segments	(2,201)

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 consolidated quarterly statements of income.

2. Information related to impairment losses on noncurrent assets and goodwill, etc. for each reportable segment

No significant items in the first nine months.

3. Geographic sales information

*Millions of yen*

Japan	Asia	Other areas	Total
115,593	13,998	424	130,015

## II. 3Q FY03/2012 (Apr. 1, 2011 – Dec. 31, 2011)

## 1. Information related to net sales and profit or loss for each reportable segment

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	93,634	30,055	123,690	1,088	124,778	-	124,778
(2) Intragroup sales and transfers	-	0	0	845	845	(845)	-
Total sales	93,634	30,055	123,690	1,934	125,624	(845)	124,778
Segment profit	10,936	1,057	11,994	438	12,432	(2,817)	9,615

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

2. Adjustments to segment profits are as follows.

Millions of yen

Eliminations for intersegment transactions	(129)
Corporate expenses that cannot be allocated to reporting segments	(2,687)

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 consolidated quarterly statements of income.

## 2. Information related to impairment losses on noncurrent assets and goodwill, etc. for each reportable segment

No significant items in the first nine months.

## 3. Geographic sales information

Millions of yen

Japan	Asia	Other areas	Total
110,494	13,965	318	124,778

**(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.*