



August 6, 2008

**Summary of Financial Results for the First Quarter of Fiscal Year Ending March 31, 2009
(Three Months Ended June 30, 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 First Quarter (April 1, 2008 – June 30, 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 (%)
1Q FY03/2009	41,854	-	1,754	-	2,246	-	492	-
1Q FY03/2008	42,457	3.7	2,342	19.3	2,595	24.0	728	145.5

	Net income per share (basic) (Yen)	Net income per share (diluted) (Yen)
1Q FY03/2009	8.42	-
1Q FY03/2008	12.13	-

(2) Consolidated financial position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (Yen)
1Q FY03/2009	168,026	101,522	57.2	1,657.08
FY03/2008	172,128	105,048	58.1	1,693.55

(Ref.) Shareholders' equity (million yen) 1Q FY03/2009: 96,190 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	-	-	-	-	-
FY03/2009 (forecast)	-	20.00	-	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)
First half	89,500	-	5,600	-	5,700	-	2,200	-	37.76
Full year	183,700	1.9	15,500	2.1	15,700	5.7	7,400	7.2	127.24

(Note) Revision of consolidated forecast during the period: Yes

Due to a change in the number of shares, only net income per share has been revised.

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. Other” on page 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. Other” on page 4 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 June 30, 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 June 30, 2008: 2,544,303 shares

As of March 31, 2008: 1,544,258 shares

3) Average number of shares outstanding during the period

1Q FY03/2009 58,480,853 shares

1Q FY03/2008 60,049,361 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

Three Months Ended June 30, 2008 (April 1, 2008 – June 30, 2008) Millions of yen, %

Operating segment	1Q FY03/2008		1Q FY03/2009		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	%
Cosmetics	30,881	72.7	31,273	74.7	391	1.3
Cosmetaries	10,830	25.5	10,053	24.0	(777)	(7.2)
Other	745	1.8	528	1.3	(217)	(29.2)
Total net sales	42,457	100.0	41,854	100.0	(603)	(1.4)

* Figures for “YoY change” are provided for reference.

	1Q FY03/2008		1Q FY03/2009	
	Amount	% of sales	Amount	% of sales
Operating income	2,342	5.5	1,754	4.2
Ordinary income	2,595	6.1	2,246	5.4
Net income	728	1.7	492	1.2

In the first quarter ended in June 30, 2008, net sales decreased 1.4% year on year to 41,854 million yen (down 0.8%, after excluding the effect of changes in foreign exchange rates in overseas sales). Although sales in the cosmetics business were higher, there was a decline in cosmetaries and other business sales.

First quarter operating income was 1,754 million yen, ordinary income was 2,246 million yen and net income was 492 million yen.

In the cosmetics business, KOSÉ focused on increasing sales in Japan at locations that provide customers with counseling. Actions were taken to support luxury products distributed through specialty cosmetics stores and department stores. In addition, SEKKISEI SUPREME and other products were introduced in Japan. Overseas, KOSÉ started selling JILL STUART products in Taiwan and took other actions to utilize the lineup of powerful brands. The result was a 1.3% increase in cosmetics sales to 31,273 million yen and operating income of 2,783 million yen.

In the cosmetaries business, although KOSÉ conducted high-profile advertising and sales promotion activities, sales were lower than one year earlier. The main reasons were growth in sales in the previous fiscal year's first quarter due to new product introductions and the impact in the current fiscal year of revisions concerning the retailers that sell KOSÉ cosmetaries products. Overall, sales decreased 7.2% to 10,053 million yen and there was an operating loss of 386 million yen.

In other business, the sale of two subsidiaries in the previous fiscal year caused sales to fall 29.2% to 528 million yen. Operating income was 44 million yen.

2. Qualitative Information Regarding Consolidated Financial Position

Assets decreased 4,102 million yen compared with the end of March 2008. There were decreases of 2,550 million yen in notes and accounts receivable-trade and 3,793 million yen in short-term investment securities, increases of 3,001 million yen in inventories (merchandise and finished goods, work in process, raw materials and supplies) and 1,040 million yen in property, plant and equipment, and decreases of 316 million yen in intangible assets and 593 million yen in investment securities.

Liabilities decreased 577 million yen. This was mainly the result of a 4,484 million yen increase in notes and accounts payable-trade, a decrease of 6,177 million yen in accrued expenses and income taxes payable, and a decrease of 565 million yen in provision for retirement benefits.

Interest-bearing debt amounted to 5,113 million yen at the end of the first 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 May 8, 2008 other than a revision to the forecast for net income per share.

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 period under review, 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) 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 period under review, 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 period under review, 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 these standards 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 period under review, 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 will continue 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*

	1Q FY03/2009 (As of Jun. 30, 2008)	FY03/2008 Summary (As of Mar. 31, 2008)
Assets		
Current assets		
Cash and deposits	17,953	19,107
Notes and accounts receivable-trade	22,184	24,735
Short-term investment securities	25,081	28,875
Merchandise and finished goods	12,103	11,137
Work in process	1,622	1,299
Raw materials and supplies	10,573	8,862
Deferred tax assets	4,420	4,725
Other	2,911	2,035
Allowance for doubtful accounts	(289)	(276)
Total current assets	96,563	100,502
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	28,416	28,420
Accumulated depreciation	(16,812)	(16,653)
Buildings and structures, net	11,604	11,767
Machinery, equipment and vehicles	13,835	13,855
Accumulated depreciation	(11,588)	(11,507)
Machinery, equipment and vehicles, net	2,246	2,347
Tools, furniture and fixtures	25,706	25,474
Accumulated depreciation	(20,168)	(19,857)
Tools, furniture and fixtures, net	5,537	5,616
Land	17,752	17,773
Lease assets	28	-
Accumulated depreciation	(0)	-
Lease assets, net	28	-
Construction in progress	2,702	1,326
Total property, plant and equipment	39,872	38,831
Intangible assets		
Software	2,740	2,947
Other	490	600
Total intangible assets	3,231	3,548
Investments and other assets		
Investment securities	12,568	13,161
Deferred tax assets	13,000	13,260
Other	3,076	3,070
Allowance for doubtful accounts	(285)	(246)
Total investments and other assets	28,359	29,246
Total noncurrent assets	71,462	71,625
Total assets	168,026	172,128

Millions of yen

	1Q FY03/2009 (As of Jun. 30, 2008)	FY03/2008 Summary (As of Mar. 31, 2008)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,487	14,002
Short-term loans payable	5,083	4,824
Lease obligations	6	-
Accounts payable-other	6,098	6,686
Accrued expenses	4,222	7,288
Income taxes payable	599	3,711
Accrued consumption taxes	725	617
Provision for sales returns	2,081	2,321
Other	2,725	692
Total current liabilities	40,030	40,145
Noncurrent liabilities		
Lease obligations	22	-
Provision for retirement benefits	22,631	23,197
Provision for directors' retirement benefits	3,734	3,649
Other	82	87
Total noncurrent liabilities	26,472	26,935
Total liabilities	66,503	67,080
Net assets		
Shareholders' equity		
Capital stock	4,848	4,848
Capital surplus	6,391	6,391
Retained earnings	91,888	92,577
Treasury stock	(7,227)	(4,789)
Total shareholders' equity	95,899	99,027
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	398	230
Foreign currency translation adjustment	(108)	743
Total valuation and translation adjustments	290	973
Minority interests	5,332	5,047
Total net assets	101,522	105,048
Total liabilities and net assets	168,026	172,128

(2) Consolidated Quarterly Statements of Income

	<i>Millions of yen</i>
	1Q FY03/2009 (Apr. 1, 2008 - Jun. 30, 2008)
Net sales	41,854
Cost of sales	10,574
Gross profit	31,279
Selling, general and administrative expenses	
Advertising expenses	1,822
Promotion expenses	9,381
Freightage and packing expenses	1,321
Salaries and allowances	9,630
Retirement benefit expenses	212
Welfare expenses	1,693
Depreciation	632
Other	4,829
Total selling, general and administrative expenses	29,524
Operating income	1,754
Non-operating income	
Interest income	84
Dividends income	79
Foreign exchange gains	302
Miscellaneous income	62
Total non-operating income	528
Non-operating expenses	
Interest expenses	29
Miscellaneous loss	8
Total non-operating expenses	37
Ordinary income	2,246
Extraordinary income	
Gain on sales of investment securities	16
Total extraordinary income	16
Extraordinary loss	
Loss on disposal of noncurrent assets	18
Total extraordinary losses	18
Income before income taxes and minority interests	2,244
Income taxes-current	989
Income taxes-deferred	449
Total income taxes	1,439
Minority interests in income	313
Net income	492

(3) Consolidated Quarterly Statements of Cash Flows

	<i>Millions of yen</i>
	1Q FY03/2009
	(Apr. 1, 2008 - Jun. 30, 2008)
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	2,244
Depreciation and amortization	1,187
Increase (decrease) in allowance for doubtful accounts	55
Increase (decrease) in provision for retirement benefits	(565)
Increase (decrease) in provision for directors' retirement benefits	85
Increase (decrease) in other provision	(240)
Loss (gain) on disposal of noncurrent assets	18
Interest and dividends income	(163)
Interest expenses	29
Foreign exchange losses (gains)	(200)
Loss (gain) on sales of investment securities	(16)
Decrease (increase) in notes and accounts receivable-trade	2,174
Decrease (increase) in inventories	(3,213)
Increase (decrease) in notes and accounts payable-trade	3,887
Decrease (increase) in other assets	(793)
Increase (decrease) in other liabilities	(500)
Subtotal	3,988
Interest and dividends income received	156
Interest expenses paid	(20)
Income taxes paid	(4,100)
Net cash provided by (used in) operating activities	24
Net cash provided by (used in) investment activities	
Proceeds from withdrawal of time deposits	100
Purchase of short-term investment securities	(7,488)
Proceeds from sales of short-term investment securities	9,982
Purchase of property, plant and equipment	(1,888)
Proceeds from sales of property, plant and equipment	1
Purchase of intangible assets	(425)
Purchase of investment securities	(229)
Proceeds from sales of investment securities	1,265
Decrease (increase) in other investments	1
Net cash provided by (used in) investment activities	1,319
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	257
Net decrease (increase) in treasury stock	(2,439)
Cash dividends paid	(1,180)
Cash dividends paid to minority shareholders	(32)
Other, net	(0)
Net cash provided by (used in) financing activities	(3,396)
Effect of exchange rate change on cash and cash equivalents	(335)
Net increase (decrease) in cash and cash equivalents	(2,389)
Cash and cash equivalents at beginning of period	34,093
Cash and cash equivalents at end of period	31,704

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

1Q FY03/2009 (Apr. 1, 2008 – Jun. 30, 2008)

Millions of yen

	Cosmetics	Cosmetaries	Others	Total	Eliminations or corporate	Consolidated
Net sales						
(1) Sales to third parties	31,273	10,053	528	41,854	-	41,854
(2) Intragroup sales and transfers	-	-	516	516	(516)	-
Total sales	31,273	10,053	1,044	42,371	(516)	41,854
Operating income (loss)	2,783	(386)	44	2,441	(686)	1,754

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

(Others)

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

b. Geographic segment information

1Q FY03/2009 (Apr. 1, 2008 – Jun. 30, 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

1Q FY03/2009 (Apr. 1, 2008 – Jun. 30, 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 quarter of the current fiscal year, raising the balance of treasury stock to 7,227 million yen as of June 30, 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 First Quarter****(1) Summary Consolidated Quarterly Statements of Income***Millions of yen*

Account	1Q FY03/2008 (Apr. 1, 2007 - Jun. 30, 2007)
	Amount
Net sales	42,457
Cost of sales	10,335
Gross profit	32,122
SG&A expenses	29,780
Operating income	2,342
Non-operating income	
Interest and dividend income	114
Foreign exchange gains	97
Other non-operating income	61
Total non-operating income	274
Non-operating expenses	
Interest expense	12
Other non-operating expenses	7
Total non-operating expenses	20
Ordinary income	2,595
Extraordinary income	14
Extraordinary loss	24
Net income before income taxes and minority interests	2,585
Income taxes-current	1,518
Income taxes-deferred	(11)
Minority interests-income	349
Net income	728

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

Account	1Q FY03/2008 (Apr. 1, 2007 - Jun. 30, 2007)
	Amount
I. Cash flows from operating activities	
Net income before income taxes and minority interests	2,585
Depreciation	1,228
Increase (decrease) in allowance for doubtful accounts	(8)
Increase (decrease) in accrued employees' retirement benefits	(624)
Increase (decrease) in accrued officers' severance benefits for director	111
Loss (gain) on disposal of fixed assets	24
Compensation for premises removal	-
Interest and dividend income	(114)
Loss (gain) on sale of investment in securities	(10)
Decrease (increase) in notes and accounts receivable	2,866
Decrease (increase) in inventories	(3,293)
Increase (decrease) in notes and accounts payable	4,279
Others	(2,032)
Subtotal	5,012
Interests and dividends received	124
Interests paid	(6)
Compensation received for premises removal	-
Income taxes paid	(3,815)
Net cash provided by operating activities	1,314
II. Cash flows from investing activities	
Net change in time deposit accounts	180
Decrease (increase) in short-term investments in securities	998
Payment for acquisition of property, plant and equipment	(1,485)
Proceeds from sale of property, plant and equipment	-
Payment for acquisition of intangible assets	(68)
Payment for acquisition of investments in securities	(805)
Proceeds from sale of investments in securities	110
Others	0
Net cash used in investing activities	(1,069)
III. Cash flows from financing activities	
Increase (decrease) in short-term borrowings	47
Net change from acquisition and sale of treasury stock	(0)
Cash dividends paid	(1,233)
Net cash used in financing activities	(1,186)
IV. Effect of exchange rate changes on cash and cash equivalents	(30)
V. Increase (decrease) in cash and cash equivalents	(972)
VI. Cash and cash equivalents at beginning of year	31,119
VII. Cash and cash equivalents at end of period	30,147