



July 28, 2003

Summary of Financial Results for Three Months Ended June 30, 2003 (Consolidated)

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1. Accounting Policies in the Preparation of Quarterly Financial Results

Changes in accounting policies for net sales recognition from the most recent fiscal year: None

2. Financial Results for Three Months Ended June 2003 (April 1, 2003 - June 30, 2003)

(1) Net sales

Yen in millions, rounded down

Period	Net sales	YoY change (%)
Three months ended June 2003	37,298	1.8
Three months ended June 2002	36,622	-
(Reference) Year ended March 2003	154,329	5.1

Note: The percentages shown for net sales represent year-on-year changes.

Sales breakdown

Operating segment	Three months ended June 2002		Three months ended June 2003		YoY change	
	Million yen	% comp.	Million yen	% comp.	Million yen	%
Cosmetics	27,255	74.4	28,026	75.1	771	2.8
Cosmetaries	8,227	22.5	8,235	22.1	8	0.1
Other	1,139	3.1	1,036	2.8	(102)	(9.0)
Total net sales	36,622	100.0	37,298	100.0	676	1.8

Review of operations

Japan's economy continued to be held back by weakening consumer spending against a backdrop of deflation and a poor employment picture. However, there were some encouraging signs, such as the return of the Nikkei Stock Average to the ¥9,000 level. In the cosmetics industry, demand is remaining solid. Monetary sales are rising and there is substantial growth in terms of unit volume.

In this environment, KOSÉ recorded growth primarily in high value-added cosmetics and in "self-selection" cosmetics, which consumers choose on their own, a category of products sold through sales agents in the three-month period ended June 2003. As a result, there was a year-on-year increase of 1.8% in net sales to ¥37,298 million. Excluding the effect of foreign exchange rate movements, overseas sales were 2.4% higher than one year ago.

Cosmetics business

Sales in this business increased, mainly the result of the popularity of high value-added brands. Emphasis was placed on advertising campaigns and sales promotion activities to support major brands, chiefly RUTINA, SEKKISEI and SEIKISHO. The effective use of television commercials sparked a sharp increase in

sales of SEIKISHO WHITENING MASK.

In overseas markets, mostly in Asia, the main goals were strengthening brands sold at department stores and raising sales of the FASIO line of products targeting the "middle-mass" market. In China, SEKKISEI products posted higher sales thanks to promotional activities.

The result was a 2.8% increase in cosmetics sales to ¥28,026 million. Excluding the effect of foreign exchange rate movements, overseas sales were 3.5% higher than one year ago.

Cosmetaries business

In this business, KOSÉ introduced new products and took steps to make competitive brands even stronger with the goal of increasing sales of "self-selection" cosmetics. Backing up this drive were high-profile advertising campaigns and aggressive sales promotions. Makeup and whitening products did not perform as expected. However, in the SOFTYMO series of facial washing and cleansing products, sales of SOFTYMO WHITE series of whitening products continued to grow, and sales of the Hair-care brand "STEPHEN KNOLL Collection" and SALON STYLE super color care series in the hair care category were both higher.

The result was a 0.1% increase in cosmetaries sales to ¥8,235 million.

Other business

In the amenities category, sales were higher because of sales promotion initiatives targeting sales agents. However, there was a decrease in orders from Nihon L'Oreal K. K. for the manufacture of products. The result was a 9.0% decrease in sales to ¥1,036 million.

(2) Events having material impact on the financial position and financial results of the Group for the three months ended June 2003

No reportable information.

3. Forecast for the Fiscal Year Ending March 2004 (April 1, 2003 - March 31, 2004)

	Net sales	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Yen
Interim	77,800	5,800	5,000	109.86
Full Year	159,300	15,600	8,000	175.78

Cautionary statement

Forecasts regarding future performance in these materials are based judgments made in accordance with information available at the time this presentation was prepared. Forecasts therefore embody risks and uncertainties. Readers should be aware that actual results and events may differ substantially from these forecasts.