Kao Corporation

News Release January 29, 2009

Summary of Consolidated Business Results for the Nine Months Ended December 31, 2008

Tokyo, January 29, 2009 — Kao Corporation today announced its consolidated business results for the nine months ended December 31, 2008, the third quarter of the year ending March 31, 2009.

Ticker code: 4452

Consolidated Financial Highlights (Unaudited)

(Millions of yen, millions of U.S. dollars, except per share data)

	Nine months ended December 31			Fiscal 2007 ended March 31, 2008
	2008	2007	**2008**	
	Yen		U.S. dollars	Yen
Net sales	**1,004,106**	1,000,114	**11,030.5**	1,318,513
Operating income	**91,413**	96,125	**1,004.2**	116,252
Ordinary income	**90,799**	95,527	**997.5**	114,223
Net income	**54,209**	53,696	**595.5**	66,561
Total assets	**1,202,881**	-	**13,214.1**	1,232,601
Total net assets	**582,866**	-	**6,403.0**	584,709
Net worth ratio	**47.6%**	-	**47.6%**	46.6%
Net worth per share (Yen/US$)	**1,067.66**	-	**11.73**	1,070.67
Net income per share (Yen/US$)	**101.12**	98.60	**1.11**	122.53
Net income per share, fully diluted (Yen/US$)	**101.08**	98.49	**1.11**	122.41
Net cash provided by operating activities	**83,260**	125,324	**914.6**	180,322
Net cash used in investing activities	**(33,426)**	(36,996)	**(367.2)**	(52,389)
Net cash used in financing activities	**(49,300)**	(71,030)	**(541.6)**	(101,822)
Cash and cash equivalents at end of period	**105,287**	104,462	**1,156.6**	112,636

Notes:

1. *Percentage change is not presented because quarterly accounting standards, as defined and published by the Accounting Standards Board of Japan, are applied for the first time from the current fiscal year. For details, please refer to "Qualitative Information and Financial Statements – 4. Other" on page 11.*
2. *Number of shares outstanding at the end of the periods (including treasury stock): 540,143,701 shares as of December 31, 2008; 549,443,701 shares as of March 31, 2008.*
3. *Number of treasury stock at the end of the periods: 4,132,092 shares as of December 31, 2008; 13,296,218 shares as of March 31, 2008.*
4. *Weighted average number of shares outstanding during the nine months ended December 31 of each year: 536,108,323 shares for 2008; 544,594,107 shares for 2007.*
5. *Net worth ratio is defined as net worth divided by total assets. Net worth consists of shareholders' equity and adjustments for valuation, foreign currency translation and others.*
6. *U.S. dollar amounts represent translations using the approximate exchange rate on December 30, 2008, of 91.03 yen=US$1, and are presented solely for the convenience of readers.*

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News Release January 29, 2009

Forecast of Consolidated Results for the Year Ending March 31, 2009

(Millions of yen, millions of U.S. dollars, except per share data)

	Year ending March 31, 2009		
	Yen	Year-on-year	U.S. dollars
Net sales	1,285,000	(2.5%)	14,116.2
Operating income	103,000	(11.4%)	1,131.5
Ordinary income	100,000	(12.5%)	1,098.5
Net income	60,000	(9.9%)	659.1
Net income per share (Yen/US$)	111.94	-	1.23
Cash dividends per share (Yen/US$)	56.00	-	0.62

Notes:

1. *The above forecasts are revised from October 27, 2008, when Kao announced its interim results for the year ending March 31, 2009.*
2. *Net income per share is computed based on the estimated weighted average number of shares outstanding during the fiscal year.*
3. *U.S. dollar amounts represent translations using the approximate exchange rate on December 30, 2008, of 91.03 yen=US$1, and are presented solely for the convenience of readers.*
4. *Annual cash dividend per share: 56.00 yen*
   Interim dividend per share: 28.00 yen; year-end dividend per share: 28.00 yen.

Notes for this News Release:

1. The summary of the business results that Kao submitted to the Tokyo Stock Exchange is unaudited and for reference only.
2. Yen amounts are rounded down to the nearest million.

Forward-Looking Statements

This release contains forward-looking statements that are based on management’s estimates, assumptions and projections at the time of release. Certain factors, which include, but are not limited to, the risks and uncertainty associated with the worldwide economy, competitive activity, and fluctuations in currency exchange and interest rates, could cause actual results to differ materially from expectations.

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Kao Corporation

News Release January 29, 2009

Summary of Consolidated Business Results and Financial Condition for the Nine Months Ended December 31, 2008

Qualitative Information and Financial Statements

1. Qualitative Information on Consolidated Business Results

During the nine months ended December 31, 2008, the economic environment became increasingly severe, with major volatility over a short period, including a shift from rising to falling prices for crude oil, agricultural products and other commodities, as well as a deteriorating global economy stemming from the financial crisis in the United States.

Under these conditions, the Kao Group concentrated on launches of high-value-added products, sales price adjustments, cost reduction activities and cutbacks in expenditures.

While sales in the Consumer Products Business in Asia and Oceania and the Chemical Business expanded, a sense of a downturn has been emerging in the Japanese market since autumn 2008 and the Consumer Products Business in North America and Europe faced difficult conditions. As a result, net sales increased only 0.4% compared with the same period a year earlier to 1,004.1 billion yen. Excluding the effect of currency translation, net sales would have increased 2.4%.

In terms of profit, the Kao Group actively implemented measures such as sales price adjustments, cost reduction activities and selection and concentration of marketing expenditures. However, with the substantial impact of rising prices for raw materials, mainly natural oils and fats and petrochemicals, operating income decreased 4.7 billion yen compared with the same period a year earlier to 91.4 billion yen and ordinary income decreased 4.7 billion yen to 90.7 billion yen. Net income increased 0.5 billion yen to 54.2 billion yen as a result of factors including a decline in deferred income taxes related to undistributed foreign earnings due to the stronger yen.

Operating income before amortization of goodwill and other items related to acquisitions (EBITA) was 119.9 billion yen, which is equivalent to 11.9% of net sales.

Comparisons with the same period a year earlier in this qualitative information on consolidated business results are provided as a reference.

The main exchange rates used for translating the financial statement items (income and expenses) of foreign subsidiaries and affiliates were as shown below. Note that for foreign subsidiaries and affiliates, the period of consolidation for the first quarter is from January to March, the second quarter is from April to June and the third quarter is from July to September.

	First quarter	Second quarter	Third quarter
Yen / U.S. dollar	103.79	105.44	107.02
Yen/Euro	158.34	164.77	159.47

Summary of Results by Business Segment

Consumer Products Business

Sales decreased 1.0% compared with the same period a year earlier to 823.7 billion yen. Excluding the effect of currency translation, sales would have increased 0.6%.

In the Japanese market, consumer sentiment cooled due to the deteriorating economy. The size of the cosmetics market remained at about the same level as in the same period a year earlier. However, although average consumer purchase prices in major categories of the household and personal care products market were near the level of the same period a year earlier, the scale of the market in value terms shrunk by about one percent in the third quarter, after being flat for the first two quarters.

Sales in Japan increased 0.2% to 669.8 billion yen. By working to launch new products that respond to changing consumer lifestyles and to strengthen its proposal-based sales capabilities and in-store merchandising activities, the Kao Group continued to increase its share of the household and personal care products market compared with the same period a year earlier.

In Asia and Oceania, economic expansion continued, and the Kao Group benefited from collaborations with local retailers and integration of business operations in the region, including Japan, resulting in a 1.5% increase in sales to 64.6 billion yen. Excluding the effect of currency translation, sales would have increased 10.5%.

In North America and Europe, with the impact of cooling markets and fierce competition due to the aggravated economic environment, sales decreased 9.5% to 101.9 billion yen. Excluding the effect of currency translation, sales would have decreased 2.5%.

Operating income decreased 6.5 billion yen to 73.5 billion yen due to the impact of higher raw material prices, particularly for natural oils and fats and petrochemicals.

<u>*Beauty Care Business*</u>

Sales decreased 2.3% compared with the same period a year earlier to 454.1 billion yen. Excluding the effect of currency translation, sales would have decreased 0.3%.

In Japan, sales increased 0.1% to 335.5 billion yen. Sales of prestige cosmetics decreased due to the impact of a sluggish market for mid-priced products ranging from 2,000 to 5,000 yen while the high-priced and low-priced product market segments grew. At the Kao Group, in order to stimulate the market, Kanebo Cosmetics has been aggressively promoting the creation of mega brands with the launch of the *BLANCHIR SUPERIOR* whitening skin care counseling brand and the addition of items to the *COFFRET D'OR* counseling makeup brand, while Kao Sofina's measures to strengthen its brand included the launches of the counseling brands *SOFINA Primavista* base makeup and *AUBE couture* makeup. Sales of premium skin care products increased steadily, with strong performance by new *Bioré* brand products. In premium hair care products, sales of new product *Blauné* hair color foam were robust, but the comparison base was high due to the launch of a new brand in spring 2007, and total sales were flat.

In Asia, sales were strong, with steady performance by *Bioré*, particularly in China and Indonesia, as a result of product line enhancements and other factors, and the rollout in China and Thailand of *Asience*, a line of premium hair care products that the Kao Group is newly nurturing as a pan-Asian brand. In addition, the Kao Group concentrated on raising the brand equity of its prestige cosmetics in China through qualitative improvements of its counseling activities and other measures.

In North America and Europe, sales decreased with the impact of cooling consumer sentiment and intense competition due to aggravated economic conditions, together with the negative effect on currency translation due to exchange rate fluctuations. However, sales of the *John Frieda* and *Guhl* premium hair care brands and the *Goldwell* brand for beauty salons were solid in the European market.

Although sales decreased in North America and Europe, operating income increased 1.2 billion yen to 19.0 billion yen with the completion of amortization of goodwill related to the acquisition of Kao Brands Company (formerly The Andrew Jergens Company) and trademark rights for *Curél*, a premium skin care brand. Operating income before amortization of remaining goodwill and other items related to acquisitions other than the above (EBITA) was 47.4 billion yen, which is equivalent to 10.4% of net sales.

Sales of prestige cosmetics decreased 1.9% to 225.1 billion yen. Excluding the effect of currency translation, sales would have decreased 1.2%.

Human Health Care Business

Sales increased 1.1% compared with the same period a year earlier to 151.0 billion yen. Excluding the effect of currency translation, sales would have increased 2.0%.

In Japan, sales increased 0.6% to 137.9 billion yen. In food and beverage products, intensifying market competition caused sales to decrease, but this downward trend is easing due to rising awareness of health management. In sanitary products, sales of *Laurier* sanitary napkins were solid. Sales of *Merries* baby diapers increased supported by a major improvement in breathability and other functionality. Sales of personal health products remained flat with the contribution of *Success* men’s products while facing challenges in bath additives, toothpaste and toothbrush.

In Asia, sales grew on strong performance by *Laurier* in China and Indonesia.

Operating income decreased 0.5 billion yen to 12.4 billion yen due to rising raw material prices.

Fabric and Home Care Business

Sales increased 0.2% compared with the same period a year earlier to 218.5 billion yen. Excluding the effect of currency translation, sales would have increased 1.4%.

In Japan, sales increased 0.2% to 196.3 billion yen. In fabric care products, the Kao Group worked to strengthen its laundry detergent brands by improving *Attack* with greater cleaning performance and *New Beads with Fabric Softener* with an enhanced fabric softening effect. At the same time, the Kao Group implemented price increases through volume reductions. However, sales were flat, mainly due to contraction of the gift market. Sales of home care products were flat as the Kao Group worked to strengthen its brands with the launch of new products under brands including *CuCute* dishwashing detergent and *Resesh* fabric and air freshener, but consumers became more budget-conscious.

In Asia and Oceania, sales grew as the Kao Group enhanced the *Attack* and *Magiclean* brands. Sales of *Attack Easy* laundry detergent in Thailand and Indonesia were particularly strong.

Operating income decreased 7.2 billion yen to 42.0 billion yen. Despite efforts such as new and improved product launches, enhancements of the efficiency of marketing investments, and package volume and price adjustments in tandem with product improvements, the impact of rising raw material prices was substantial.

Chemical Business

Sales increased 8.5% compared with the same period a year earlier to 211.3 billion yen. Excluding the effect of currency translation, sales would have increased 12.0%.

Sales in Japan increased 6.9% to 104.0 billion yen. In oleo chemicals and performance chemicals, the Kao Group made efforts to adjust sales prices in response to the increase in raw material prices that has been progressing since 2007. In specialty chemicals, the Kao Group worked to add further value to and expand sales volume of products such as ink and colorants for inkjet printers and cleaners for electronic parts. However, the sudden downturn in customer industries since the third quarter had an impact.

In Asia, sales increased 19.7% to 65.0 billion yen. Excluding the effect of currency translation, sales would have increased 30.7%. For fatty alcohols, which are a core product, the Kao Group made significant efforts to adjust sales prices in response to rising raw material prices.

In North America and Europe, sales increased 9.8% to 80.9 billion yen. Excluding the effect of currency translation, sales would have increased 14.5%. Sales of tertiary amines and toner and toner binder for copiers and printers were strong.

Although the current economic slowdown resulted in a decrease in operating income for the third quarter, cumulative operating income for the full nine months increased 2.1 billion yen to 17.8 billion yen.

Summary of Results by Geographic Segment

Japan

Total sales in Japan, including intersegment sales, increased 0.6% compared with the same period a year earlier to 747.5 billion yen. Consumer sentiment cooled as a result of the aggravated economy. However, the Kao Group actively launched high-value-added products and strengthened its sales capabilities. In addition, the Kao Group worked to adjust sales prices in response to rising raw material prices.

Despite these measures and cost reduction activities, operating income decreased 5.4 billion yen to 79.8 billion yen due to the substantial impact of higher raw material prices.

Asia and Oceania

Total sales in Asia and Oceania, including intersegment sales, increased 10.0% compared with the same period a year earlier to 127.9 billion yen. Excluding the effect of currency translation, sales would have increased 19.9%. The Consumer Products Business benefited from joint initiatives with local retailers and the integration of business operations in Asia, including Japan, while the Chemical Business concentrated on adjusting sales prices in response to rising raw material prices.

As a result, operating income increased 3.1 billion yen to 3.5 billion yen.

North America

Total sales in North America, including intersegment sales, decreased 5.2% compared with the same period a year earlier to 77.8 billion yen. Excluding the effect of currency translation, sales would have increased 6.3%. Intense market competition continued in the Consumer Products Business, partly due to the deterioration of the U.S. economy.

Operating income decreased 0.9 billion yen to 3.5 billion yen despite new product launches and other efforts to stimulate the market.

Europe

Total sales in Europe, including intersegment sales, increased 0.7% compared with the same period a year earlier to 112.7 billion yen. Excluding the effect of currency translation, sales would have increased 2.5%. Operating income decreased 0.2 billion yen to 4.6 billion yen due to higher raw material prices.

2. Qualitative Information on Financial Condition

Total assets decreased 29.7 billion yen from the previous fiscal year-end to 1,202.8 billion yen. The principal factors increasing assets were a 21.2 billion yen increase in notes and accounts receivable – trade due to a bank holiday on the last day of the quarter. The principal factors reducing assets were a 34.3 billion yen decrease in intangible assets with the progress of amortization of intellectual property rights including trademarks and goodwill and a 7.4 billion yen decrease in investments and other assets.

Total liabilities decreased 27.8 billion yen from the previous fiscal year-end to 620.0 billion yen. The principal factor increasing liabilities was a 13.1 billion yen increase in notes and accounts payable – trade, reflecting the impact of higher raw material purchase prices, a bank holiday on the last day of the quarter and other factors. The principal factors reducing liabilities were a decrease of 22.2 billion yen due to repayment of a portion of long-term debt and a 19.5 billion yen decrease in accrued income taxes due to payment of income taxes.

Total net assets decreased 1.8 billion yen from the previous fiscal year-end to 582.8 billion yen. The principal factor increasing total net assets was net income for the first nine months totaling 54.2 billion yen, and the principal factors reducing total net assets were payments of dividends from retained earnings totaling 29.4 billion yen and foreign currency translation adjustments, associated with the translation of the total net assets of overseas subsidiaries into yen, totaling 24.3 billion yen due to the appreciation of the yen. Kao Corporation retired 9.3 million shares of its own stock in September 2008.

As a result, the net worth ratio (defined as net worth divided by total assets) was 47.6%, compared with 46.6% at the end of the previous fiscal year.

Net cash provided by operating activities totaled 83.2 billion yen. Items increasing net cash included income before income taxes and minority interests of 89.3 billion yen and depreciation and amortization of 65.5 billion yen. Items decreasing net cash included income taxes paid of 50.0 billion yen and increase in trade receivables of 40.8 billion yen.

Net cash used in investing activities totaled 33.4 billion yen. This primarily consisted of purchase of property, plant and equipment of 26.3 billion yen and purchase of intangible assets of 5.1 billion yen.

Free cash flow, the sum of net cash provided by operating activities and net cash used in investing activities, was 49.8 billion yen.

Net cash used in financing activities totaled 49.3 billion yen. This primarily consisted of 22.1 billion yen for repayment of a portion of long-term debt and 28.4 billion yen for payment of cash dividends, including to minority shareholders.

As a result, the balance of cash and cash equivalents at December 31, 2008 decreased 7.3 billion yen compared with the end of the previous fiscal year to 105.2 billion yen.

3. Qualitative Information on Forecast of Consolidated Results

Revised Forecast of Consolidated Results for the Year Ending March 31, 2009

(Billions of yen, except where noted)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Previous forecast (A)	1,330.0	117.0	115.0	69.0	128.73
Revised forecast (B)	1,285.0	103.0	100.0	60.0	111.94
Change (B-A)	(45.0)	(14.0)	(15.0)	(9.0)	(16.79)
Percentage change	(3.4%)	(12.0%)	(13.0%)	(13.0%)	(13.0%)
Actual results for the year ended March 31, 2008	1,318.5	116.2	114.2	66.5	122.53

Consolidated results for the nine months ended December 31, 2008 were unfavorable, although sales were flat, with a decline in profit due to the impact of rising raw material prices.

In addition, consumer sentiment is cooling further because of uncertainty about the economic outlook amid a downturn of the global economy caused by the financial crisis that started in the United States. On the other hand, international market prices for natural oils and fats and crude oil, which had been rising for several years, are plummeting due mainly to the effects of the aggravated economy. However, this decline in prices will likely be fully reflected in the Kao Group’s results starting in the next fiscal year.

In this environment, the Kao Group will work even harder to launch new and improved products with high added value in order to strengthen the value of its brands in response to changes taking place among consumers and customers. In addition, the Kao Group will pursue further collaborations with stores in ways such as proposing promotional plans that respond to changes appearing among consumers and in the retail industry and linking them to in-store merchandising. However, there is a growing sense of a slowdown in the Consumer Products Business in Japan as well as in North America and Europe, while the Chemical Business is also facing a rapidly deteriorating market environment. Because of these factors, coupled with the negative currency translation effect from the rapid appreciation of the yen since autumn 2008, we have revised the forecast of consolidated results as shown in the chart above.

The main exchange rates used in the forecast of consolidated results for the fiscal year are 103 yen per U.S. dollar and 152 yen per euro.

4. Other

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries with changes in the scope of consolidation): None

(2) Application of the following accounting procedures:

(a) Simplified accounting procedures:

(i) Valuation of inventories
Inventories at the end of the third quarter are mainly calculated using a reasonable estimate based on actual inventories at the end of the previous fiscal year, in lieu of an actual physical inventory.
In addition, the carrying amount of inventories is reduced to estimated net selling value only where there is an obvious decrease in profitability.

(ii) Method of calculating depreciation of fixed assets
For assets depreciated using the declining balance method, depreciation expenses applicable to the fiscal year are calculated on a pro-rata basis.

(b) Accounting procedures specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles and procedures as well as presentation methods related to preparation of quarterly consolidated financial statements

(a) Application of “Accounting Standard for Quarterly Financial Reporting” and related guidance
“Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan [ASBJ] Statement No. 12, March 14, 2007) and “Guidance on

Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14, March 14, 2007) are applied from the current fiscal year ending March 31, 2009. Quarterly financial statements are prepared in accordance with "Rules for Quarterly Consolidated Financial Statements."

(b) Application of "Accounting Standard for Measurement of Inventories"
Inventories were previously stated at the lower of cost or market, determined principally by the average method. However, with the Company's adoption of "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006) from the first quarter ended June 30, 2008, inventories held for sale in the ordinary course of business are measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses, determined principally by the average method. The impact of the change on operating income, ordinary income and income before income taxes and minority interests for the cumulative third-quarter period is immaterial.

(c) Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"
"Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18, May 17, 2006) has been applied from the first quarter ended June 30, 2008 and necessary modifications have been made for consolidation. The impact of this change on operating income, ordinary income and income before income taxes and minority interests for the cumulative third-quarter period is immaterial.

(d) Application of "Accounting Standard for Lease Transactions" and related guidance
Finance lease transactions without title transfer were formerly accounted for as operating leases. On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the former accounting standard for lease transactions issued on June 17, 1993, and ASBJ Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions," which revised the former guidance issued on January 18, 1994. The revised accounting standard is permitted to be adopted for fiscal years beginning on or after April 1, 2008. Accordingly, the Company has applied the revised accounting standard from the first quarter ended June 30, 2008. The revised accounting standard requires that all finance lease transactions shall be capitalized. In addition, leased assets related to finance lease transactions without title transfer are depreciated on a straight-line basis, with the

lease periods as their useful lives and no residual value. The impact of this change on operating income, ordinary income and income before income taxes and minority interests for the cumulative third-quarter period is immaterial.

(e) Changes of items related to the business year of consolidated subsidiaries
The fiscal year-end for Kanebo Cosmetics Inc. and its seven domestic subsidiaries, which was previously December 31, has been changed to March 31. Consequently, the results of these companies for the nine months from April 1, 2008 to December 31, 2008 are consolidated in the cumulative third-quarter period ended December 31, 2008. Income for the three-month period from January 1, 2008 to March 31, 2008 is recorded in retained earnings. In the consolidated statements of cash flows, this change is stated as “Decrease in cash and cash equivalents resulting from change of fiscal term of subsidiaries.”

Consolidated Balance Sheets

Millions of yen

	Q3/FY2008 Dec 31, 2008	FY2007 Mar 31, 2008
Assets		
Current assets	**460,158**	**435,566**
Cash and time deposits	50,531	53,785
Notes and accounts receivable-trade	175,455	154,201
Short-term investments	52,450	54,959
Merchandise and finished goods	89,939	83,778
Work in process	16,497	15,459
Raw materials and supplies	24,264	26,350
Other	52,843	49,425
Allowance for doubtful receivables	(1,822)	(2,394)
Fixed assets	**742,722**	**796,986**
Property, plant and equipment	1,111,183	1,119,875
Accumulated depreciation	(841,868)	(838,127)
Net property, plant and equipment	269,314	281,747
Goodwill	219,347	238,500
Trademarks	112,910	127,328
Other	34,467	35,258
Intangible assets	366,725	401,087
Investments and other assets	106,831	114,308
Allowance for doubtful receivables	(149)	(156)
Investments and other assets	106,682	114,151
Deferred assets	**-**	**48**
Total assets	**1,202,881**	**1,232,601**
Liabilities		
Current liabilities	**312,768**	**323,971**
Notes and accounts payable-trade	122,708	109,574
Short-term debt	21,141	21,828
Current portion of long-term debt	22,043	22,049
Accrued income taxes	9,833	29,344
Other	137,040	141,175
Long-term liabilities	**307,245**	**323,920**
Bonds	99,996	99,996
Long-term debt	148,248	169,764
Liability for employee retirement benefits	33,961	32,041
Other	25,039	22,117
Total liabilities	**620,014**	**647,891**
Net assets		
Shareholders' equity	**605,466**	**582,030**
Common stock	85,424	85,424
Capital surplus	109,561	109,561
Retained earnings	421,562	426,206
Treasury stock, at cost	(11,081)	(39,161)
Adjustments for valuation, foreign currency translation and others	**(33,187)**	**(7,992)**
Unrealized gain on available-for-sale securities	3,041	3,394
Deferred gains or losses on hedges	123	-
Foreign currency translation adjustments	(35,718)	(11,386)
Other	(633)	-
Stock acquisition rights	**865**	**598**
Minority interests	**9,721**	**10,072**
Total net assets	**582,866**	**584,709**
Total liabilities and net assets	**1,202,881**	**1,232,601**

Consolidated statements of income

Millions of yen

	(A) Q3/FY2008 Apr '08 - Dec '08	(B) Q3/FY2007 Apr '07 - Dec '07
Net sales	**1,004,106**	**1,000,114**
Cost of sales	438,344	416,622
Gross profit	**565,762**	**583,492**
Selling, general and administrative expenses	474,348	487,366
Operating income	**91,413**	**96,125**
Non-operating income	5,475	4,828
Interest income	1,928	-
Dividend income	178	-
Interest and dividend income	-	2,316
Equity in earnings of nonconsolidated subsidiaries and affiliates	831	63
Foreign currency exchange gain	-	125
Other	2,536	2,323
Non-operating expenses	6,089	5,426
Interest expense	4,448	4,700
Foreign currency exchange loss	977	-
Other	663	726
Ordinary income	**90,799**	**95,527**
Extraordinary gain	1,049	331
Gain on sales of fixed assets	274	-
Reversal of allowance for doubtful receivables	209	-
Gain on transfer of business	495	-
Other	69	-
Extraordinary loss	2,485	1,735
Loss on sales/disposals of fixed assets	1,354	-
Loss on impairment of long-lived assets	564	-
Other	566	-
Income before income taxes and minority interests	**89,363**	**94,123**
Income taxes	34,107	39,557
Income taxes-current	30,028	-
Income taxes-deferred	4,079	-
Minority interests in earnings of consolidated subsidiaries	1,045	869
Net income	**54,209**	**53,696**

Note: The results for the first nine months of FY2007, ended December 31, 2007, are stated using figures disclosed under the guidelines of the Tokyo Stock Exchange effective at the time of announcement and are provided for reference purposes only. The said guidelines differ from the quarterly accounting standards defined and published by Accounting Standards Board of Japan that are applied for the first time from the current fiscal year.

Major items of consolidated SG&A expenses

Millions of yen

	Q3/FY2008 Apr '08 - Dec '08
Freight/warehouse	58,063
Advertising	71,027
Sales promotion	51,666
Salaries and wages	97,025
Research and development	34,403

Consolidated Statements of Cash Flows

Millions of yen

	Q3/FY2008 Apr '08 - Dec '08	Q3/FY2007 Apr '07 - Dec '07
Operating activities:		
Income before income taxes and minority interests	89,363	94,123
Adjustments for:		
Depreciation and amortization	65,539	69,163
Loss on impairment of long-lived assets	564	-
Interest and dividend income	(2,106)	(2,316)
Interest expense	4,448	4,700
Unrealized foreign currency exchange loss (gain)	(57)	-
Equity in (earnings) losses of nonconsolidated subsidiaries and affiliates	(831)	-
Loss (gain) on sales and retirement of fixed assets	1,079	-
Change in trade receivables	(40,887)	(13,903)
Change in inventories	(10,397)	(11,367)
Change in prepaid pension cost	-	4,973
Change in trade payables	20,773	4,272
Change in liability for retirement benefits	1,930	781
Other, net	5,902	4,426
Subtotal	135,319	154,853
Interest and cash dividends received	2,218	2,292
Interest paid	(4,220)	(4,713)
Income taxes paid	(50,056)	(27,108)
Net cash provided by operating activities	**83,260**	**125,324**
Investing activities:		
Purchase of marketable securities and investment securities	-	(2,103)
Proceeds from the redemption and sales of marketable securities and investment securities	-	3,097
Purchase of property, plant and equipment	(26,370)	-
Increase in intangible assets	(5,138)	-
Purchase of property, plant and equipment, and intangible assets	-	(31,596)
Proceeds from sales of property, plant and equipment	-	751
Payments for long-term prepaid expenses	(3,870)	-
Change in short-term loans, net	(58)	(779)
Payments for long-term loans	(2,814)	(1,738)
Change in other investments	4,824	(4,628)
Net cash used in investing activities	**(33,426)**	**(36,996)**
Financing activities:		
Change in debt	-	(27,953)
Change in short-term debt, net	1,751	-
Proceeds from long-term loans	759	-
Repayments of long-term loans	(22,179)	-
Purchase of treasury stock	(1,166)	(15,840)
Payments of cash dividends	(28,210)	(28,333)
Payments of cash dividends to minority shareholders	(224)	-
Other, net	(30)	1,096
Net cash used in financing activities	**(49,300)**	**(71,030)**
Translation adjustments on cash and cash equivalents	**(7,871)**	**(988)**
Net increase (decrease) in cash and cash equivalents	**(7,338)**	**16,308**
Cash and cash equivalents at beginning of period	**112,636**	**88,154**
Cash and cash equivalents from newly consolidated subsidiary, increase	**338**	**-**
Decrease in cash and cash equivalents resulting from change of fiscal term of subsidiaries	**(349)**	**-**
Cash and cash equivalents at end of period	**105,287**	**104,462**

Note: The results for the first nine months of FY2007, ended December 31, 2007, are stated using figures disclosed under the guidelines of the Tokyo Stock Exchange effective at the time of announcement and are provided for reference purposes only. The said guidelines differ from the quarterly accounting standards defined and published by Accounting Standards Board of Japan that are applied for the first time from the current fiscal year.

Consolidated Segment Information by Business

Millions of yen

Q3/FY2008 Apr '08 - Dec '08	Consumer Products Business							
	Beauty Care Business	Human Health Care Business	Fabric & Home Care Business	Total	Chemical Business	Total	Corporate/ Eliminations	Consolidated
Net sales								
Sales to customers	454,139	151,026	218,558	823,724	180,382	1,004,106	-	1,004,106
Intersegment sales	-	-	-	-	30,977	30,977	(30,977)	-
Total	**454,139**	**151,026**	**218,558**	**823,724**	**211,359**	**1,035,083**	**(30,977)**	**1,004,106**
Operating expenses	**435,076**	**138,564**	**176,505**	**750,146**	**193,509**	**943,656**	**(30,963)**	**912,692**
Operating income	**19,062**	**12,462**	**42,053**	**73,577**	**17,849**	**91,427**	**(14)**	**91,413**

Q3/FY2007 Apr '07 - Dec '07	Consumer Products Business							
	Beauty Care Business	Human Health Care Business	Fabric & Home Care Business	Total	Chemical Business	Total	Corporate/ Eliminations	Consolidated
Net sales								
Sales to customers	464,872	149,443	218,037	832,353	167,761	1,000,114	-	1,000,114
Intersegment sales	-	-	-	-	27,060	27,060	(27,060)	-
Total	**464,872**	**149,443**	**218,037**	**832,353**	**194,821**	**1,027,174**	**(27,060)**	**1,000,114**
Operating expenses	**447,036**	**136,458**	**168,738**	**752,234**	**179,074**	**931,308**	**(27,319)**	**903,989**
Operating income	**17,836**	**12,984**	**49,298**	**80,118**	**15,747**	**95,866**	**259**	**96,125**

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Consolidated Segment Information by Geography

Millions of yen

Q3/FY2008 Apr '08 - Dec '08	Japan	Asia/Oceania	North America	Europe	Total	Corporate/ Eliminations	Consolidated
Net sales							
Sales to customers	733,652	92,513	77,107	100,833	1,004,106	-	1,004,106
Intersegment sales	13,908	35,479	773	11,937	62,098	(62,098)	-
Total	**747,561**	**127,992**	**77,880**	**112,770**	**1,066,205**	**(62,098)**	**1,004,106**
Operating expenses	**667,727**	**124,414**	**74,341**	**108,166**	**974,649**	**(61,956)**	**912,692**
Operating income	**79,834**	**3,577**	**3,539**	**4,604**	**91,555**	**(141)**	**91,413**

Consolidated Sales to Foreign Customers

Millions of yen

Q3/FY2008 **Apr '08 - Dec '08**	**Asia/Oceania**	**Americas**	**Europe**	**Total**
Total sales to foreign customers	103,023	80,234	96,013	279,271
Consolidated net sales				1,004,106
Percentage of sales to foreign customers to consolidated net sales	10.2%	8.0%	9.6%	27.8%

Consolidated Sales Composition

Millions of yen

	Q3/FY2008 Apr '08 - Dec '08	Q3/FY2007 Apr '07 - Dec '07
Consumer Products Business		
Beauty Care Business	335,579	335,085
Human Health Care Business	137,941	137,117
Fabric and Home Care Business	196,350	196,055
Total Japan	669,871	668,259
Asia and Oceania	64,667	63,724
North America and Europe	101,913	112,638
Eliminations	(12,728)	(12,269)
Total	**823,724**	**832,353**
Chemical Business		
Japan	104,079	97,369
Asia	65,075	54,369
North America and Europe	80,983	73,774
Eliminations	(38,778)	(30,691)
Total	**211,359**	**194,821**
Total before Eliminations	**1,035,083**	**1,027,174**
Eliminations	(30,977)	(27,060)
Consolidated Net Sales	**1,004,106**	**1,000,114**

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[Appendix]

Major Products by Business Segment

Business Segment		Major Products	
Consumer products business	Beauty care business	Prestige cosmetics	Counseling cosmetics, self-selection cosmetics
		Premium skin care products	Soaps, facial cleansers, body cleansers
		Premium hair care products	Shampoos, conditioners, hair styling agents, hair coloring agents
	Human health care business	Food and beverage products	Cooking oils, beverages
		Sanitary products	Sanitary napkins, baby diapers
		Personal health products	Bath additives, oral care products, men's products
	Fabric and home care business	Fabric care products	Laundry detergents, fabric treatments
		Home care products	Kitchen cleaning products, house cleaning products, paper cleaning products, commercial-use products
Chemical business		Oleo chemicals	Fatty alcohols, fatty amines, fatty acids, glycerin, commercial-use edible fats and oils
		Performance chemicals	Surfactants, plastics additives, superplasticizers for concrete admixtures
		Specialty chemicals	Toner and toner binder for copiers and printers, ink and colorants for inkjet printers, fragrances and aroma chemicals