Kao Corporation

Revision of "Summary of Consolidated Business Results for the Nine Months Ended September 30, 2013"

December 5, 2013

Kao Corporation (Ticker Code: 4452) has revised "Summary of Consolidated Business Results for the Nine Months Ended September 30, 2013," which was released on October 30, 2013, as follows.

1. Reason for and Content of the Revision
   Please refer to "Revision of Securities Report, Business Results and Other Reports," which was released on November 21, 2013.

2. Corrections
   Because the corrections are numerous, the full pre-revision and post-revision texts are both attached with the corrections underlined.

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Post-revision

News Release

Kao Corporation
October 30, 2013

Summary of Consolidated Business Results for the Nine Months Ended September 30, 2013

Tokyo, October 30, 2013 - Kao Corporation today announced its consolidated business results for the nine months ended September 30, 2013, the third quarter of the fiscal year ending December 31, 2013. The following summary of the business results is unaudited and for reference only.

Ticker code: 4452

Consolidated Financial Highlights

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

	Nine-month period				Fiscal 2012 ended
	2013 Jan. - Sep.	2012 Apr. - Dec. [1]	Adjusted growth [2]	**2013 Jan. - Sep.**	Dec. 31, 2012
	Yen	Yen	%	U.S. dollars	Yen
Net sales	**950,538**	-	6.8	**9,724.2**	1,012,595
Operating income	**81,864**	-	17.5	**837.5**	101,567
Ordinary income	**84,509**	-	17.7	**864.5**	104,214
Net income	**39,552**	-	(0.5)	**404.6**	52,765
Comprehensive income	**63,981**	-	48.3	**654.5**	79,524
Total assets	**1,054,000**	-	-	**10,782.6**	1,030,347
Total net assets	**596,969**	-	-	**6,107.1**	596,083
Net worth[3]	**583,738**	-	-	**5,971.7**	582,699
Net worth ratio[4]	**55.4%**	-	-	-	56.6%
Net worth per share (Yen/US$)[5]	**1,139.84**	-	-	**11.66**	1,116.61
Net income per share (Yen/US$)[6]	**76.88**	-	1.0	**0.79**	101.12
Net income per share, fully diluted (Yen/US$)	**76.80**	-	0.9	**0.79**	101.08
Net cash provided by operating activities	**133,612**	-	-	**1,366.9**	97,357
Net cash used in investing activities	**(45,037)**	-	-	**(460.7)**	(44,641)
Net cash used in financing activities	**(65,756)**	-	-	**(672.7)**	(32,028)
Cash and cash equivalents, end of period	**188,894**	-	-	**1,932.4**	160,435

Notes:

1. *The Company changed its fiscal year end from March 31 to December 31 from the fiscal year ended December 31, 2012. Consequently, because consolidated financial statements were not prepared for the third quarter of the fiscal year ended December 31, 2012, business results for the nine months ended December 31, 2012 are not presented.*
2. *Adjusted growth for the first nine months of FY2013 (January 1 to September 30, 2013) is a comparison with the restated business results for the nine-month period from January 1 to September 30, 2012.*
3. *Net worth is net assets, excluding minority interests and stock acquisition rights.*
4. *The net worth ratio is defined as net worth divided by total assets.*
5. *Net worth per share is computed based on the number of shares outstanding at the end of the periods excluding treasury stock.*
6. *Net income per share is computed based on the weighted average number of shares outstanding during each respective period.*
7. *Number of shares outstanding at the end of the periods (common stock):*

	September 30, 2013	*December 31, 2012*
Number of shares including treasury stock	*516,000,000 shares*	*526,212,501 shares*
Number of shares of treasury stock	*3,875,635 shares*	*4,368,145 shares*

8. *Weighted average number of shares outstanding during the nine months*

	Ended September 30, 2013	*Ended December 31, 2012*
	514,463,824 shares	-

Due to the change in the fiscal year end, because consolidated financial statements were not prepared for the third quarter of the fiscal year ended December 31, 2012, the weighted average number of shares outstanding for the nine months ended December 31, 2012 is not presented.

Consolidated Results by Segment

Jan. - Sep.	Net sales: Billions of yen 2013	Restated 2012 [1]	Adjusted growth % [2]	Like-for-like [3]	Operating income: Billions of yen 2013	Restated 2012 [1]	Adjusted change [2]
Beauty Care	**414.5**	393.0	5.5	(0.3)	**11.7**	8.3	3.4
Human Health Care	**151.4**	137.3	10.3	6.9	**11.8**	8.1	3.7
Fabric and Home Care	**220.9**	208.3	6.0	3.8	**42.1**	39.5	2.7
Consumer Products Total	**786.8**	738.6	6.5	2.2	**65.7**	55.9	9.8
Chemical	**191.2**	177.3	7.8	(3.4)	**16.0**	13.6	2.4
Total	**977.9**	915.9	6.8	1.1	**81.7**	69.5	12.2
Reconciliations	**(27.4)**	(25.9)	-	-	**0.2**	0.2	(0.1)
Consolidated	**950.5**	890.1	6.8	1.0	**81.9**	69.7	12.2

Jan. - Sep.	Net sales: Millions of U.S. dollars 2013	Restated 2012 [1]	Adjusted growth % [2]	Like-for-like [3]	Operating income: Millions of U.S. dollars 2013	Restated 2012 [1]	Adjusted change [2]
Beauty Care	**4,240.3**	4,020.1	5.5	(0.3)	**119.6**	84.6	35.0
Human Health Care	**1,548.8**	1,404.7	10.3	6.9	**121.2**	83.0	38.2
Fabric and Home Care	**2,259.5**	2,131.4	6.0	3.8	**431.1**	404.0	27.1
Consumer Products Total	**8,048.6**	7,556.2	6.5	2.2	**671.9**	571.6	100.3
Chemical	**1,955.8**	1,813.9	7.8	(3.4)	**163.9**	139.0	24.8
Total	**10,004.4**	9,370.2	6.8	1.1	**835.8**	710.6	125.2
Reconciliations	**(280.2)**	(264.8)	-	-	**1.7**	2.3	(0.6)
Consolidated	**9,724.2**	9,105.4	6.8	1.0	**837.5**	712.9	124.6

Reference: Consolidated Results by Geographic Area[4]

Jan. - Sep.	Net sales: Billions of yen 2013	Restated 2012 [1]	Adjusted growth % [2]	Like-for-like [3]	Operating income: Billions of yen 2013	Restated 2012 [1]	Adjusted change [2]
Japan	**689.9**	678.7	1.6	1.6	**63.8**	58.0	5.8
Asia	**144.1**	119.2	21.0	(0.4)	**10.0**	5.4	4.6
Americas	**80.6**	66.6	20.9	(0.8)	**4.1**	2.2	1.9
Europe	**97.5**	81.0	20.2	(3.2)	**4.4**	3.8	0.6
Total	**1,012.1**	945.6	7.0	0.8	**82.4**	69.4	13.0
Reconciliations	**(61.6)**	(55.5)	-	-	**(0.5)**	0.3	(0.8)
Consolidated	**950.5**	890.1	6.8	1.0	**81.9**	69.7	12.2

Jan. - Sep.	Net sales: Millions of U.S. dollars 2013	Restated 2012 [1]	Adjusted growth % [2]	Like-for-like [3]	Operating income: Millions of U.S. dollars 2013	Restated 2012 [1]	Adjusted change [2]
Japan	**7,057.9**	6,943.4	1.6	1.6	**653.2**	593.6	59.6
Asia	**1,474.5**	1,219.0	21.0	(0.4)	**102.8**	55.4	47.4
Americas	**824.5**	681.8	20.9	(0.8)	**41.9**	22.2	19.7
Europe	**997.0**	829.1	20.2	(3.2)	**45.2**	38.8	6.4
Total	**10,353.9**	9,673.3	7.0	0.8	**843.0**	710.0	133.1
Reconciliations	**(629.7)**	(567.9)	-	-	**(5.5)**	2.9	(8.5)
Consolidated	**9,724.2**	9,105.4	6.8	1.0	**837.5**	712.9	124.6

Notes:

1. *Due to the change in the fiscal year end in 2012, "Restated 2012" presents the period from January 1 to September 30, 2012 for the purpose of comparison with the first nine months of FY2013 (January 1 to September 30, 2013).*
2. *Adjusted growth and adjusted change for the first nine months of FY2013 (January 1 to September 30, 2013) are comparisons with "Restated 2012."*
3. *Like-for-like growth rates exclude the currency translation effect related to translation of local currencies into Japanese yen*
4. *Information on consolidated results by geographic area is for reference.*
5. *Net sales to foreign customers were 31.3% of consolidated net sales compared with 27.2% for the same period a year earlier.*

Forecast of Consolidated Results for the Year Ending December 31, 2013

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

	Year ending December 31, 2013		
	Yen	Adjusted growth % [1]	U.S. dollars
Net sales	1,300.0	6.5	13,299.2
Operating income	116.0	3.8	1,186.7
Ordinary income	118.0	3.4	1,207.2
Net income	64.0	20.5	654.7
Net income per share (Yen/US$)[2]	124.97	-	1.28
Cash dividends per share (Yen/US$)	64.00	-	0.65

Notes:

1. *Due to the change in the fiscal year end in 2012, adjusted growth for the year ending December 31, 2013 is a comparison with the restated business results for the twelve-month period from January 1 to December 31, 2012.*
2. *Net income per share is computed based on the estimated weighted average number of shares outstanding during the fiscal year.*

Note for This News Release:
U.S. dollar amounts represent translations using the approximate exchange rate on September 30, 2013 of 97.75 yen = 1 U.S. dollar, and are presented solely for the convenience of readers.

Forward-Looking Statements
Forward-looking statements such as earnings forecasts and other projections contained in this release are based on information available at this time and assumptions that management believes to be reasonable, and do not constitute guarantees of future performance. Actual results may differ materially from those expectations due to various factors.

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1. Qualitative Information on Business Results for the Nine Months Ended September 30, 2013

(1) Qualitative Information on Consolidated Business Results

(Billions of yen, except per share data)

	First nine months of FY2013	(For reference) First nine months of restated FY2012[1]	Adjusted growth[2]	First nine months of FY2012[3]
Net sales	**950.5**	890.1	6.8%	-
Operating income	**81.9**	69.7	17.5%	-
Ordinary income	**84.5**	71.8	17.7%	-
Net income	**39.6**	39.7	(0.5)%	-
Net income per share (Yen)	**76.88**	76.14	1.0%	-
Net income per share, fully diluted (Yen)	**76.80**	76.11	0.9%	-

Notes:

1. *"(For reference) First nine months of restated FY2012" is the same period of the previous year (January 1 to September 30, 2012) for the purpose of comparison with the first nine months of FY2013 (January 1 to September 30, 2013).*
2. *"Adjusted growth" presents comparisons with the first nine months of restated FY2012.*
   (The first nine months of restated FY2012 are January 1, 2012 to September 30, 2012 for both Kao Corporation and its subsidiaries whose fiscal year end was previously March 31 and for subsidiaries whose fiscal year end was December 31.)
3. *The Company changed its fiscal year end from March 31 to December 31 from the fiscal year ended December 31, 2012. Consequently, because consolidated financial statements were not prepared for the third quarter of the fiscal year ended December 31, 2012, business results for the first nine months of FY2012 are not presented.*

The following rates of increase or decrease are comparisons with the first nine months of restated FY2012.

During the nine months ended September 30, 2013, a weak recovery of the overall global economy continued. While the tempo of economic expansion moderated in emerging nations, the United States showed a recovery trend and the downturn in Europe bottomed out. In the Japanese economy, personal consumption picked up due to a sense of expectation regarding government economic measures, and a gradual recovery is ongoing. The household and personal care products market in Japan, a key market for the Kao Group, grew by 2% on a value basis compared with the period from January to September 2012, and consumer purchase prices were flat. The cosmetics market in Japan was flat.

Under these circumstances, the Kao Group worked to launch and nurture products with high added value in response to changes in consumer needs based on its concept of *Yoki-Monozukuri*,* which emphasizes research and development geared to customers and consumers. The Kao Group also promoted cost reduction activities.

* *The Kao Group defines* Yoki-Monozukuri *as a strong commitment by all members to provide products and brands of excellent value for consumer satisfaction. In Japanese,* Yoki *literally means "good/excellent," and* Monozukuri *means "development/manufacturing of products."*

Kanebo Cosmetics Inc., Lissage Ltd. and e'quipe, Ltd. of the Kao Group announced a voluntary recall on July 4 due to the confirmation of cases of white blotches appearing on the skin of consumers who have used brightening products containing the ingredient Rhododenol that are manufactured and sold by the three companies because of the possibility of a connection between the symptoms and the products. Currently, the companies are conducting a thorough recall of the relevant products and are working to gain a full understanding of the conditions of people who are experiencing symptoms and to support their recovery. In addition, the Kao Group is working to prevent a recurrence. A total of 11.3 billion yen related to the voluntary recall consisted of a decrease of 2.8 billion yen in gross profit due to factors including the deduction from net sales of goods returned from retailers and 8.5 billion yen in other estimated outlays recorded under extraordinary loss.

Net sales increased 6.8% compared with the first nine months of restated FY2012 to 950.5 billion yen. Excluding the effect of currency translation, net sales would have increased 1.0%. In the Consumer Products Business in Japan, sales of each business were steady excluding the impact of the volunatry recall, due in part to market growth, new product launches and further strengthening of sales promotion activities. In Asia, sales were strong in the Human Health Care Business, which includes sanitary products, and the Fabric and Home Care Business, which includes laundry detergents. In the Chemical Business, excluding the effect of currency translation, sales decreased compared with the first nine months of restated FY2012 due to the impact of decreased demand from customer industries and fluctuations in selling prices in connection with lower prices for natural fats and oils used as raw materials.

Operating income increased 12.2 billion yen compared with the first nine months of restated FY2012 to 81.9 billion yen, despite recording expenses related to the voluntary recall, due to the effect of increased sales of the Consumer Products Business in Japan and Asia in addition to factors including cost reduction activities and a decrease in depreciation and amortization expenses, and ordinary income increased 12.7 billion yen compared with the first nine months of restated FY2012 to 84.5 billion yen. Net income decreased 0.2 billion yen compared with the first nine months of restated FY2012 to 39.6 billion yen due to recording extraordinary loss and other factors.

Operating income before amortization of goodwill and other items related to acquisitions (EBITA) increased 9.3 billion yen compared with the first nine months of restated FY2012 to 103.6 billion yen, which is equivalent to 10.9% of net sales.

The main exchange rates used for translating the financial statement items (income and expenses) of foreign subsidiaries and affiliates during the nine months ended September 30, 2013 were as shown below. The period of consolidation for the first quarter is from January to March, the period of consolidation for the second quarter is from April to June, and the period of consolidation for the third quarter is from July to September.

	First quarter	Second quarter	Third quarter
Yen/U.S. dollar	92.57 (79.75)	99.23 (79.81)	98.06 (78.12)
Yen/Euro	122.02 (106.31)	129.56 (101.20)	130.72 (98.15)

Note: Figures in parentheses represent the exchange rates for the same quarter of restated FY2012.

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Summary of Segment Information

Consolidated Results by Segment

Consumer Products Business

Sales increased 6.5% compared with the first nine months of restated FY2012 to 786.8 billion yen. Excluding the effect of currency translation, sales would have increased 2.2%.

In Japan, sales increased 1.8% to 622.1 billion yen. Sales grew as the Kao Group launched new and improved products in response to changing consumer lifestyles and social issues such as the environment, health consciousness and the aging society, and enhanced proposal-based sales, among other measures. On the other hand, sales in Japan were impacted by returns from retailers and self-imposed cutbacks in marketing activities in connection with the voluntary recall of Kanebo Cosmetics brightening products containing the ingredient Rhododenol.

In Asia, sales increased 34.3% to 85.4 billion yen. Excluding the effect of currency translation, sales would have increased 10.8%. Steady growth continued as a result of integrated management in Asia, including Japan, and the Kao Group carried out aggressive measures including collaboration with retailers, utilization of wholesale channels, and expansion of sales of laundry detergents. In China, the Kao Group launched baby diapers and laundry detergent targeting middle-class consumers.

In the Americas, sales increased 23.4% to 51.0 billion yen. Excluding the effect of currency translation, sales would have increased 1.8%. Sales of improved skin care products grew, but some hair care products were impacted by intensified market competition.

In Europe, sales increased 26.7% to 51.7 billion yen. Excluding the effect of currency translation, sales would have increased 2.6%. Professional hair care products contributed to sales growth.

Operating income increased 9.8 billion yen compared with the first nine months of restated FY2012 to 65.7 billion yen due to the effect of increased sales as a result of strong performance in Japan and Asia in addition to factors including a decrease in depreciation and amortization expenses and more efficient management of expenses.

Note: The Kao Group’s Consumer Products Business consists of the Beauty Care Business, the Human Health Care Business, and the Fabric and Home Care Business.

Beauty Care Business

Sales increased 5.5% compared with the first nine months of restated FY2012 to 414.5 billion yen. Excluding the effect of currency translation, sales would have decreased 0.3%.

Sales of cosmetics decreased 2.1% compared with the first nine months of restated FY2012 to 181.3 billion yen. Excluding the effect of currency translation, sales would have decreased 4.2%. In Japan, sales decreased compared with the first nine months of restated FY2012, due in part to the impact of returns from retailers and self-imposed cutbacks in marketing activities in connection with the voluntary recall of Kanebo Cosmetics brightening products containing the ingredient Rhododenol. In a flat market, the Kao Group continued to work to reinforce focal brands, with growth in sales of counseling brands *SOFINA Primavista* base makeup and the renewed *GRACE SOFINA* skin care line, as well as self-selection brands *KATE* makeup and *Allie* UV care. Outside Japan, sales increased compared with the first nine months of restated FY2012, excluding the effect of currency translation.

Sales of skin care products increased compared with the first nine months of restated FY2012. In Japan, sales increased with growth in sales of *Bioré* facial cleansers and UV care products and strong performance by *Bioré U* body cleanser, which added new scented offerings, and *Curél* derma care products. In Asia, *Bioré* facial and body cleansers performed strongly and sales grew. In the Americas, sales of *Jergens* hand and body lotions increased, partly due to product improvements to *Natural Glow* sunless self-tanning lotion.

Sales of hair care products were flat compared with the first nine months of restated FY2012. In Japan, shampoos and conditioners were impacted by intensified competition, although new products performed steadily. New hair styling products performed well. Hair coloring products were impacted by market contraction. In Asia, sales of *Liese* foam hair color increased. In the Americas and Europe, sales of the *Goldwell* professional hair care brand increased.

Operating income was impacted by the voluntary recall but increased 3.4 billion yen compared with the first nine months of restated FY2012 to 11.7 billion yen, due in part to the effect of increased sales and a decrease in depreciation and amortization expenses. Operating income before amortization of goodwill and other items related to acquisitions (EBITA) increased 0.5 billion yen compared with the first nine months of restated FY2012 to 33.4 billion yen, which is equivalent to 8.1% of sales.

Human Health Care Business
Sales increased 10.3% compared with the first nine months of restated FY2012 to 151.4 billion yen. Excluding the effect of currency translation, sales would have increased 6.9%.

Sales of food and beverage products increased compared with the first nine months of restated FY2012, due in part to strong sales of *Healthya Coffee*, launched in Japan in April from the *Healthya* series of functional drinks that promote body fat utilization.

Sales of sanitary products increased compared with the first nine months of restated FY2012. In the *Laurier* brand of sanitary napkins, sales of high-value-added products such as *Laurier F*, which protects skin from dampness and chafing, increased in Japan with the effect of the launch of improved products, and sales of the *Laurier* brand increased in Asia, mainly in Indonesia and Thailand.

Sales of *Merries* baby diapers were strong in Japan and also grew in China and Russia. In China, the Kao Group began sales of locally manufactured products targeting middle-class consumers at the beginning of the year and worked to expand sales.

Sales of personal health products increased compared with the first nine months of restated FY2012. Although sales of oral care products were flat compared with the first nine months of restated FY2012, bath additives sold steadily and sales of *Megurhythm* steam thermo power pads increased substantially.

Operating income increased 3.7 billion yen compared with the first nine months of restated FY2012 to 11.8 billion yen due to more efficient management of expenses in addition to the effect of increased sales.

Fabric and Home Care Business
Sales increased 6.0% compared with the first nine months of restated FY2012 to 220.9 billion yen. Excluding the effect of currency translation, sales would have increased 3.8%.

Sales of fabric care products increased compared with the first nine months of restated FY2012. In Japan, the Kao Group worked to highlight the reduced laundry time and environmental appeal of conserving water, electricity and resources with the *Neo* series, which includes *Ultra Attack Neo* ultra-concentrated liquid laundry detergent. In August, the Kao Group launched *Ultra Attack Neo*, which effectively removes stains and odors in just five minutes of washing time, and expanded the number of users, including users of *Attack Neo Antibacterial EX Power*, which has strong deodorizing and antibacterial properties. In addition, the Kao Group stimulated the powder laundry detergent market with the launch in April of a refill product for *Attack* powder laundry detergent that reduces environmental impact. *Flair Fragrance* fabric softener and *Wide Haiter EX Power*, a fabric bleach for color garments with a powerful deodorizing function, performed well. Sales grew in Asia as *Attack* laundry detergent performed strongly in Indonesia and Thailand and the Kao Group stimulated the markets in Taiwan and Hong Kong with the launch of a liquid laundry detergent with a strengthened antibacterial function.

Sales of home care products increased compared with the first nine months of restated FY2012. In Japan, *Kitchen Haiter* bleach performed strongly, but kitchen cleaners were impacted by price competition. Sales of household cleaners increased with new products such as *Bath Magiclean Aroma Deodorizer Plus* and *Toilet Magiclean Aroma Deodorizer Plus*.

Operating income increased 2.7 billion yen compared with the first nine months of restated FY2012 to 42.1 billion yen due to the effect of increased sales and more efficient management of expenses.

Chemical Business

Demand increased in certain customer industries in Japan, including in export-related industries due to the depreciation of the yen and in construction-related industries due to reconstruction demand following the Great East Japan Earthquake. However, sales were impacted by selling price adjustments in connection with lower prices for natural fats and oils used as raw materials and the economic slump in Europe. As a result of these factors, sales were 191.2 billion yen, an increase of 7.8% compared with the first nine months of restated FY2012, including the impact of the depreciation of the yen on currency translation. However, excluding the effect of currency translation, sales would have decreased 3.4%.

In oleo chemicals, sales were impacted by a drop in demand from customer industries and fluctuations in selling prices due to lower prices for natural fats and oils used as raw materials. In performance chemicals, sales were firm as the Kao Group worked to develop and expand sales of high-value-added products with reduced environmental impact. Specialty chemicals were impacted by the economic downturn and structural changes in the personal computer market.

Operating income increased 2.4 billion yen compared with the first nine months of restated FY2012 to 16.0 billion yen, despite the impact of lower demand from customer industries, as the Kao Group worked to increase sales volume and reduce costs.

(2) Qualitative Information on Consolidated Financial Condition

Summary of Consolidated Financial Condition

	Billions of yen			Millions of U.S. dollars
	Q3/FY2013 Sep. 30, 2013	FY2012 Dec. 31, 2012	Incr./(Dcr.)	**Q3/FY2013 Sep. 30, 2013**
Total assets	**1,054.0**	1,030.3	23.7	**10,782.6**
Total net assets	**597.0**	596.1	0.9	**6,107.1**
Net worth ratio	**55.4%**	56.6%	-	**-**
Net worth per share (Yen/US$)	**1,139.84**	1,116.61	23.23	**11.66**
Total debt	**101.6**	103.2	(1.5)	**1,039.8**

Summary of Consolidated Cash Flows

	Billions of yen		Millions of U.S. dollars
	First nine months of FY2013	First nine months of FY2012	**First nine months of FY2013**
Net cash provided by operating activities	**133.6**	-	**1,366.9**
Net cash used in investing activities	**(45.0)**	-	**(460.7)**
Free cash flow*	**88.6**	-	**906.1**
Net cash used in financing activities	**(65.8)**	-	**(672.7)**

** Free cash flow is the sum of net cash provided by operating activities and net cash used in investing activities.*

Note: The Company changed its fiscal year end from March 31 to December 31 from the fiscal year ended December 31, 2012. Consequently, because consolidated financial statements were not prepared for the third quarter of the fiscal year ended December 31, 2012, cash flows for the first nine months of FY2012 are not presented.

Total assets increased 23.7 billion yen from the end of fiscal 2012 to 1,054.0 billion yen. The principal increases in assets were a 32.5 billion yen increase in short-term investments, a 12.8 billion yen increase in merchandise and finished goods and an 18.2 billion yen increase in property, plant and equipment. The principal decreases in assets were a 6.0 billion yen decrease in cash and time deposits, a 26.7 billion yen decrease in notes and accounts receivable – trade and a 17.5 billion yen decrease in intangible assets due to the progress of amortization of trademarks and other intellectual property rights and goodwill.

Total liabilities increased 22.8 billion yen from the end of fiscal 2012 to 457.0 billion yen. The principal increases in liabilities were an 11.2 billion yen increase in notes and accounts payable – trade, a 20.0 billion yen increase in current portion of long-term loans, an 8.5

billion yen increase in income taxes payable and a 5.6 billion yen increase in liability for employee retirement benefits. The principal decreases in liabilities were a 1.6 billion yen decrease in short-term loans and a 20.0 billion yen decrease in long-term loans.

Total net assets increased 0.9 billion yen from the end of fiscal 2012 to 597.0 billion yen. The principal increases in net assets were net income for the first nine months totaling 39.6 billion yen and foreign currency translation adjustments of 25.1 billion yen. The principal decreases in net assets were a 30.0 billion yen decrease due to the repurchase of Kao Corporation stock from the market and payments of dividends from retained earnings totaling 32.6 billion yen. In June 2013, Kao Corporation retired treasury stock.

As a result, the net worth ratio (defined as net worth divided by total assets) was 55.4% compared with 56.6% at the end of fiscal 2012.

Net cash provided by operating activities totaled 133.6 billion yen. The principal increases in net cash were income before income taxes and minority interests of 74.5 billion yen, depreciation and amortization of 56.2 billion yen and change in trade receivables of 35.5 billion yen. The principal decreases in net cash were income taxes paid of 27.5 billion yen and change in inventories of 9.9 billion yen.

Net cash used in investing activities totaled 45.0 billion yen. This primarily consisted of 40.6 billion yen for purchase of property, plant and equipment and 3.7 billion yen for purchase of intangible assets and 3.6 billion yen for payments for long-term prepaid expenses.

Free cash flow, the sum of net cash provided by operating activities and net cash used in investing activities, was 88.6 billion yen.

Net cash used in financing activities totaled 65.8 billion yen. The principal decreases in net cash were 30.0 billion yen for purchase of treasury stock and 33.8 billion yen for payments of cash dividends, including to minority shareholders. In June 2013, Kao Corporation redeemed 50.0 billion yen in bonds and issued bonds in the same amount in the same month to maintain an appropriate capital cost ratio and to enhance its financial base for investment in growth.

The balance of cash and cash equivalents at September 30, 2013 increased 28.5 billion yen compared with the end of fiscal 2012 to 188.9 billion yen.

(3) Qualitative Information on Forecast of Consolidated Results

Revised Forecast of Consolidated Results for the Fiscal Year Ending December 31, 2013

(Billions of yen, except where noted)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Previous forecast (A)	1,300.0	116.0	118.0	67.0	130.84
Revised forecast (B)	1,300.0	116.0	118.0	64.0	124.97
Change (B-A)	0.0	0.0	0.0	(3.0)	-
Percentage change	0.0%	0.0%	0.0%	(4.5)%	-
(For reference)					
Restated FY2012*	1,220.4	111.8	114.1	53.1	101.77

* *"(For reference) Restated FY2012" presents figures for the twelve-month period from January 1 to December 31, 2012 for Kao Corporation and its subsidiaries whose fiscal year end was previously March 31.*

Recovery, albeit weak, is forecast for the global economy, although there are concerns about the risk of a downturn due to factors including the problem of the sovereign debt crisis in Europe and the response to financial issues in the United States. In Japan, despite expectations of an economic recovery against the backdrop of factors including improved export conditions with the depreciation of the yen and the effect of economic measures, the outlook for the operating environment remains unclear amid persistently severe employment conditions.

Under these circumstances, the Kao Group aims to become a company with a global presence as it works for both sustained "profitable growth" by increasing the added value of its products and "contributions to society" by resolving social issues and conducting social contribution activities through its business activities. Moreover, the Kao Group emphasizes research and development to make high-quality, innovative products geared to consumers and customers, a concept referred to within the Group as *Yoki-Monozukuri*.

Regarding its management structure, through global integrated management of the Consumer Products Business, the Kao Group is strengthening matrix management of its business units and functions and promoting profit structure reform from the perspective of what is best for the Kao Group as a whole.

Please note that net income and net income per share in the forecast of consolidated results for the fiscal year have been revised as a result of recording an additional extraordinary loss in connection with the voluntary recall of Kanebo Cosmetics brightening products containing the ingredient Rhododenol.

The main exchange rates used in the forecast of consolidated results are 95 yen per U.S. dollar and 125 yen per euro.

2. Other

(1) Changes in material subsidiaries during the nine-month period: None

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

(3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements:

(Changes in accounting principles that are difficult to distinguish from changes in accounting estimates)

The method for depreciation of property, plant and equipment (excluding lease assets), which was previously mainly the declining balance method for Kao Corporation and its consolidated subsidiaries in Japan, has been changed to the straight-line method from the fiscal year ending December 31, 2013. The change is due to a reconsideration of factors including the actual conditions of use of the property, plant and equipment of the Kao Group on the occasion of a shift to global integrated management that began in the Beauty Care Business in the Americas and Europe in 2012 and includes the Consumer Products Business in Asia from 2013.

As a result, Kao Corporation has decided that the use of the straight-line method of depreciation is able to more appropriately reflect the corporate activities of the Kao Group because stable operation is expected throughout the period of use due to the extension of product life cycles to establish a global brand.

The impact of this change on operating income, ordinary income and income before income taxes and minority interests for the nine months ended September 30, 2013 is immaterial.

(4) Explanatory notes regarding the going concern assumption: None

(5) Significant change in shareholders' equity

Increase of treasury stock
Kao Corporation purchased its own stock pursuant to a resolution of its Board of Directors at a meeting held on February 5, 2013. Consequently, treasury stock increased by 30,024 million yen.

Decrease of treasury stock

Kao Corporation retired treasury stock pursuant to a resolution of its Board of Directors at a meeting held on May 30, 2013. Consequently, treasury stock decreased by 29,485 million yen.

As a result of the above, treasury stock increased by 539 million yen during the nine months ended September 30, 2013 and totaled 9,524 million yen as of September 30, 2013.

(6) Information regarding voluntary recall

In connection with the voluntary recall by Kanebo Cosmetics Inc., Lissage Ltd. and e'quipe, Ltd., gross profit decreased by 2,797 million yen due to factors including the deduction from net sales of goods returned from retailers, and other estimated outlays of 8,504 million yen have been recorded as "Loss related to cosmetics" under extraordinary loss on the consolidated statements of income for the nine months ended September 30, 2013.

The relevant amount of impact is included in operating income of the "Beauty Care Business" segment in consolidated segment information.

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Consolidated Balance Sheets

Millions of yen

	3Q/FY2013 Sep. 30, 2013	FY2012 Dec. 31, 2012
Assets		
Current assets		
Cash and time deposits	93,318	99,334
Notes and accounts receivable - trade	137,511	164,250
Short-term investments	89,919	57,443
Merchandise and finished goods	97,525	84,712
Work in process	11,955	10,789
Raw materials and supplies	29,397	26,706
Other	57,119	51,522
Allowance for doubtful receivables	(1,509)	(1,349)
Total current assets	**515,235**	**493,407**
Fixed assets		
Property, plant and equipment		
Property, plant and equipment	1,184,009	1,141,257
Accumulated depreciation	(913,514)	(888,913)
Total property, plant and equipment	270,495	252,344
Intangible assets		
Goodwill	154,086	159,165
Trademarks	31,836	41,851
Other	12,496	14,907
Total intangible assets	198,418	215,923
Investments and other assets		
Investments and other assets	70,613	69,101
Allowance for doubtful receivables	(761)	(428)
Total investments and other assets	69,852	68,673
Total fixed assets	**538,765**	**536,940**
Total assets	**1,054,000**	**1,030,347**

Consolidated Balance Sheets

Millions of yen

	3Q/FY2013 Sep. 30, 2013	FY2012 Dec. 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable - trade	116,687	105,472
Short-term loans	1,560	3,115
Current portion of bonds	-	50,000
Current portion of long-term loans	20,008	7
Income taxes payable	20,121	11,658
Other	144,869	145,622
Total current liabilities	**303,245**	**315,874**
Long-term liabilities		
Bonds	50,000	-
Long-term loans	30,072	50,066
Liability for employee retirement benefits	51,267	45,717
Other	22,447	22,607
Total long-term liabilities	**153,786**	**118,390**
Total liabilities	**457,031**	**434,264**
Net assets		
Shareholders' equity		
Common stock	85,424	85,424
Capital surplus	109,561	109,561
Retained earnings	446,189	468,019
Treasury stock, at cost	(9,524)	(8,985)
Total shareholders' equity	**631,650**	**654,019**
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	3,958	2,447
Deferred gain (loss) on derivatives under hedge accounting	4	6
Foreign currency translation adjustments	(46,814)	(71,872)
Post retirement liability adjustments for foreign consolidated subsidiaries	(5,060)	(1,901)
Total accumulated other comprehensive income	**(47,912)**	**(71,320)**
Stock acquisition rights	**1,162**	**1,294**
Minority interests	**12,069**	**12,090**
Total net assets	**596,969**	**596,083**
Total liabilities and net assets	**1,054,000**	**1,030,347**

Consolidated Statements of Income

Millions of yen

	3Q/FY2013 Jan. - Sep.
Net sales	**950,538**
Cost of sales	415,496
Gross profit	**535,042**
Selling, general and administrative expenses	453,178
Operating income	**81,864**
Non-operating income	
Interest income	693
Dividend income	101
Equity in earnings of nonconsolidated subsidiaries and affiliates	1,957
Other	2,125
Total non-operating income	4,876
Non-operating expenses	
Interest expense	945
Foreign currency exchange loss	255
Other	1,031
Total non-operating expenses	2,231
Ordinary income	**84,509**
Extraordinary gain	
Gain on sales of fixed assets	43
Gain on transfer of business	350
Other	413
Total extraordinary gain	806
Extraordinary loss	
Loss on sales/disposals of fixed assets	1,895
Loss related to cosmetics	8,504
Other	427
Total extraordinary loss	10,826
Income before income taxes and minority interests	**74,489**
Income taxes	
Income taxes - current	36,360
Income taxes - deferred	(2,442)
Total income taxes	33,918
Income before minority interests	**40,571**
Minority interests	1,019
Net income	**39,552**

Consolidated Statements of Comprehensive Income

Millions of yen

	3Q/FY2013 Jan. - Sep.
Income before minority interests	**40,571**
Other comprehensive income	
Adjustments for unrealized gains or losses on available-for-sale securities	1,306
Foreign currency translation adjustments	25,179
Share in other comprehensive income of associates applied for equity method	243
Post retirement liability adjustments for foreign consolidated subsidiaries	(3,318)
Other comprehensive income	23,410
Comprehensive income	**63,981**
Attributable to:	
Shareholders of Kao Corporation	62,960
Minority interests	1,021

Major Items of Consolidated Selling, General and Administrative Expenses

Millions of yen

	3Q/FY2013 Jan. - Sep.
Freight/warehouse	55,626
Advertising	63,586
Sales promotion	50,444
Salaries and bonuses	97,791
Research and development	36,616

Consolidated Statements of Cash Flows

Millions of yen

	3Q/FY2013 Jan. - Sep.
Operating activities:	
Income before income taxes and minority interests	74,489
Adjustments for:	
Depreciation and amortization	56,166
Interest and dividend income	(794)
Interest expense	945
Unrealized foreign currency exchange (gain) loss	2,671
Equity in (earnings) losses of nonconsolidated subsidiaries and affiliates	(1,957)
(Gain) loss on sales and retirement of fixed assets	1,851
(Gain) loss on transfer of business	(350)
Change in trade receivables	35,484
Change in inventories	(9,862)
Change in trade payables	7,184
Change in accounts payable - other and accrued expenses	(5,893)
Other, net	(588)
Subtotal	159,346
Interest and cash dividends received	2,704
Interest paid	(963)
Income taxes paid	(27,475)
Net cash provided by operating activities	**133,612**
Investing activities:	
Payments into time deposits	(4,802)
Proceeds from withdrawal of time deposits	7,190
Purchase of short-term investments	(7,998)
Proceeds from the redemption and sales of short-term investments	8,000
Purchase of property, plant and equipment	(40,571)
Purchase of intangible assets	(3,666)
Payments for long-term prepaid expenses	(3,583)
Change in short-term loans, net	764
Payments for long-term loans	(240)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(891)
Other, net	760
Net cash used in investing activities	**(45,037)**
Financing activities:	
Change in short-term loans, net	(1,928)
Proceeds from issuance of bonds	50,000
Redemption of bonds	(50,000)
Purchase of treasury stock	(30,025)
Payments of cash dividends	(32,602)
Payments of cash dividends to minority shareholders	(1,161)
Other, net	(40)
Net cash used in financing activities	**(65,756)**
Translation adjustments on cash and cash equivalents	**5,017**
Net increase (decrease) in cash and cash equivalents	**27,836**
Cash and cash equivalents, beginning of period	**160,435**
Cash and cash equivalents from newly consolidated subsidiaries, increase	**623**
Cash and cash equivalents, end of period	**188,894**

Consolidated Segment Information

Millions of yen

3Q/FY2013 Jan. - Sep.	Consumer Products Business							
	Beauty Care Business	Human Health Care Business	Fabric and Home Care Business	Total	Chemical Business	Total	Reconciliations	Consolidated
Net sales								
Sales to customers	414,486	151,395	220,871	786,752	163,786	950,538	-	950,538
Intersegment sales	-	-	-	-	27,389	27,389	(27,389)	-
Total	**414,486**	**151,395**	**220,871**	**786,752**	**191,175**	**977,927**	**(27,389)**	**950,538**
Operating income	**11,691**	**11,849**	**42,140**	**65,680**	**16,018**	**81,698**	**166** *	**81,864**
% of net sales	2.8	7.8	19.1	8.3	8.4	8.4	-	8.6

* *Reconciliation of operating income includes elimination of intersegment inventory transactions.*

Consolidated Net Sales Composition

Millions of yen

	3Q/FY2013 Jan. - Sep.	Restated 2012 [1] Jan. - Sep.	Adjusted growth % [2]
Consumer Products Business			
Beauty Care Business	296,751	299,497	(0.9)
Human Health Care Business	130,740	123,586	5.8
Fabric and Home Care Business	194,616	188,104	3.5
Total Japan	622,107	611,187	1.8
Asia	85,350	63,531	34.3
Americas	50,997	41,338	23.4
Europe	51,668	40,768	26.7
Eliminations	(23,370)	(18,202)	-
Total	**786,752**	**738,622**	**6.5**
Chemical Business			
Japan	91,231	90,094	1.3
Asia	61,438	57,794	6.3
Americas	29,756	25,444	16.9
Europe	45,963	40,409	13.7
Eliminations	(37,213)	(36,428)	-
Total	**191,175**	**177,313**	**7.8**
Total before Reconciliations	**977,927**	**915,935**	**6.8**
Reconciliations	(27,389)	(25,881)	-
Consolidated	**950,538**	**890,054**	**6.8**

Notes:

1. *"Restated 2012" is the same period of the previous year (January 1 to September 30, 2012) for the purpose of comparison with the first nine months of FY2013 (January 1 to September 30, 2013).*
2. *Adjusted growth presents comparisons with "Restated 2012".*
   ("Restated 2012" is January 1, 2012 to September 30, 2012 for both Kao Corporation and its subsidiaries whose fiscal year end was previously March 31 and for subsidiaries whose fiscal year end was December 31.)

Appendix

Major Products by Reportable Segment

<table>
<tr><th colspan="2">Reportable Segments</th><th colspan="2">Major Products</th></tr>
<tr><td rowspan="8">Consumer Products Business</td><td rowspan="3">Beauty Care Business</td><td>Cosmetics</td><td>Counseling cosmetics,
self-selection cosmetics</td></tr>
<tr><td>Skin care products</td><td>Soaps, facial cleansers,
body cleansers</td></tr>
<tr><td>Hair care products</td><td>Shampoos, conditioners,
hair styling agents,
hair coloring agents</td></tr>
<tr><td rowspan="3">Human Health Care Business</td><td>Food and beverage products</td><td>Beverages</td></tr>
<tr><td>Sanitary products</td><td>Sanitary napkins,
baby diapers</td></tr>
<tr><td>Personal health products</td><td>Bath additives, oral care products,
men's products</td></tr>
<tr><td rowspan="2">Fabric and Home Care Business</td><td>Fabric care products</td><td>Laundry detergents,
fabric treatments</td></tr>
<tr><td>Home care products</td><td>Kitchen cleaning products,
house cleaning products,
paper cleaning products,
commercial-use products</td></tr>
<tr><td colspan="2" rowspan="3">Chemical Business</td><td>Oleo chemicals</td><td>Fatty alcohols, fatty amines,
fatty acids, glycerin,
commercial-use edible fats
and oils</td></tr>
<tr><td>Performance chemicals</td><td>Surfactants, plastics additives,
superplasticizers for concrete admixtures</td></tr>
<tr><td>Specialty chemicals</td><td>Toner and toner binder for
copiers and printers, ink and
colorants for inkjet printers,
fragrances and aroma chemicals</td></tr>
</table>

Pre-revision

News Release

Kao Corporation
October 30, 2013

Summary of Consolidated Business Results for the Nine Months Ended September 30, 2013

Tokyo, October 30, 2013 - Kao Corporation today announced its consolidated business results for the nine months ended September 30, 2013, the third quarter of the fiscal year ending December 31, 2013. The following summary of the business results is unaudited and for reference only.

Ticker code: 4452

Consolidated Financial Highlights

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

	Nine-month period				Fiscal 2012 ended
	2013 Jan. - Sep.	2012 Apr. - Dec. [1]	Adjusted growth [2]	**2013 Jan. - Sep.**	Dec. 31, 2012
	Yen	Yen	%	U.S. dollars	Yen
Net sales	**950,538**	-	6.8	**9,724.2**	1,012,595
Operating income	**81,864**	-	17.5	**837.5**	101,567
Ordinary income	**84,509**	-	17.7	**864.5**	104,214
Net income	**39,552**	-	(0.5)	**404.6**	62,386
Comprehensive income	**63,981**	-	48.3	**654.5**	89,145
Total assets	**1,063,621**	-	-	**10,881.0**	1,039,968
Total net assets	**606,590**	-	-	**6,205.5**	605,704
Net worth[3]	**593,359**	-	-	**6,070.2**	592,320
Net worth ratio[4]	**55.8%**	-	-	-	57.0%
Net worth per share (Yen/US$)[5]	**1,158.62**	-	-	**11.85**	1,135.05
Net income per share (Yen/US$)[6]	**76.88**	-	1.0	**0.79**	119.55
Net income per share, fully diluted (Yen/US$)	**76.80**	-	0.9	**0.79**	119.50
Net cash provided by operating activities	**133,612**	-	-	**1,366.9**	97,357
Net cash used in investing activities	**(45,037)**	-	-	**(460.7)**	(44,641)
Net cash used in financing activities	**(65,756)**	-	-	**(672.7)**	(32,028)
Cash and cash equivalents, end of period	**188,894**	-	-	**1,932.4**	160,435

Notes:

1. *The Company changed its fiscal year end from March 31 to December 31 from the fiscal year ended December 31, 2012. Consequently, because consolidated financial statements were not prepared for the third quarter of the fiscal year ended December 31, 2012, business results for the nine months ended December 31, 2012 are not presented.*
2. *Adjusted growth for the first nine months of FY2013 (January 1 to September 30, 2013) is a comparison with the restated business results for the nine-month period from January 1 to September 30, 2012.*
3. *Net worth is net assets, excluding minority interests and stock acquisition rights.*
4. *The net worth ratio is defined as net worth divided by total assets.*
5. *Net worth per share is computed based on the number of shares outstanding at the end of the periods excluding treasury stock.*
6. *Net income per share is computed based on the weighted average number of shares outstanding during each respective period.*
7. *Number of shares outstanding at the end of the periods (common stock):*

	September 30, 2013	*December 31, 2012*
Number of shares including treasury stock	*516,000,000 shares*	*526,212,501 shares*
Number of shares of treasury stock	*3,875,635 shares*	*4,368,145 shares*

8. *Weighted average number of shares outstanding during the nine months*

	Ended September 30, 2013	*Ended December 31, 2012*
Weighted average number of shares outstanding during the nine months	*514,463,824 shares*	-

Due to the change in the fiscal year end, because consolidated financial statements were not prepared for the third quarter of the fiscal year ended December 31, 2012, the weighted average number of shares outstanding for the nine months ended December 31, 2012 is not presented.

Consolidated Results by Segment

	Net sales				Operating income		
	Billions of yen		Adjusted growth % [2]		Billions of yen		
Jan. - Sep.	**2013**	Restated 2012 [1]		Like-for-like [3]	**2013**	Restated 2012 [1]	Adjusted change [2]
Beauty Care	**414.5**	393.0	5.5	(0.3)	**11.7**	8.3	3.4
Human Health Care	**151.4**	137.3	10.3	6.9	**11.8**	8.1	3.7
Fabric and Home Care	**220.9**	208.3	6.0	3.8	**42.1**	39.5	2.7
Consumer Products Total	**786.8**	738.6	6.5	2.2	**65.7**	55.9	9.8
Chemical	**191.2**	177.3	7.8	(3.4)	**16.0**	13.6	2.4
Total	**977.9**	915.9	6.8	1.1	**81.7**	69.5	12.2
Reconciliations	**(27.4)**	(25.9)	-	-	**0.2**	0.2	(0.1)
Consolidated	**950.5**	890.1	6.8	1.0	**81.9**	69.7	12.2

	Net sales				Operating income		
	Millions of U.S. dollars		Adjusted growth % [2]		Millions of U.S. dollars		
Jan. - Sep.	**2013**	Restated 2012 [1]		Like-for-like [3]	**2013**	Restated 2012 [1]	Adjusted change [2]
Beauty Care	**4,240.3**	4,020.1	5.5	(0.3)	**119.6**	84.6	35.0
Human Health Care	**1,548.8**	1,404.7	10.3	6.9	**121.2**	83.0	38.2
Fabric and Home Care	**2,259.5**	2,131.4	6.0	3.8	**431.1**	404.0	27.1
Consumer Products Total	**8,048.6**	7,556.2	6.5	2.2	**671.9**	571.6	100.3
Chemical	**1,955.8**	1,813.9	7.8	(3.4)	**163.9**	139.0	24.8
Total	**10,004.4**	9,370.2	6.8	1.1	**835.8**	710.6	125.2
Reconciliations	**(280.2)**	(264.8)	-	-	**1.7**	2.3	(0.6)
Consolidated	**9,724.2**	9,105.4	6.8	1.0	**837.5**	712.9	124.6

Reference: Consolidated Results by Geographic Area[4]

	Net sales				Operating income		
	Billions of yen		Adjusted growth % [2]		Billions of yen		
Jan. - Sep.	**2013**	Restated 2012 [1]		Like-for-like [3]	**2013**	Restated 2012 [1]	Adjusted change [2]
Japan	**689.9**	678.7	1.6	1.6	**63.8**	58.0	5.8
Asia	**144.1**	119.2	21.0	(0.4)	**10.0**	5.4	4.6
Americas	**80.6**	66.6	20.9	(0.8)	**4.1**	2.2	1.9
Europe	**97.5**	81.0	20.2	(3.2)	**4.4**	3.8	0.6
Total	**1,012.1**	945.6	7.0	0.8	**82.4**	69.4	13.0
Reconciliations	**(61.6)**	(55.5)	-	-	**(0.5)**	0.3	(0.8)
Consolidated	**950.5**	890.1	6.8	1.0	**81.9**	69.7	12.2

	Net sales				Operating income		
	Millions of U.S. dollars		Adjusted growth % [2]		Millions of U.S. dollars		
Jan. - Sep.	**2013**	Restated 2012 [1]		Like-for-like [3]	**2013**	Restated 2012 [1]	Adjusted change [2]
Japan	**7,057.9**	6,943.4	1.6	1.6	**653.2**	593.6	59.6
Asia	**1,474.5**	1,219.0	21.0	(0.4)	**102.8**	55.4	47.4
Americas	**824.5**	681.8	20.9	(0.8)	**41.9**	22.2	19.7
Europe	**997.0**	829.1	20.2	(3.2)	**45.2**	38.8	6.4
Total	**10,353.9**	9,673.3	7.0	0.8	**843.0**	710.0	133.1
Reconciliations	**(629.7)**	(567.9)	-	-	**(5.5)**	2.9	(8.5)
Consolidated	**9,724.2**	9,105.4	6.8	1.0	**837.5**	712.9	124.6

Notes:

1. *Due to the change in the fiscal year end in 2012, "Restated 2012" presents the period from January 1 to September 30, 2012 for the purpose of comparison with the first nine months of FY2013 (January 1 to September 30, 2013).*
2. *Adjusted growth and adjusted change for the first nine months of FY2013 (January 1 to September 30, 2013) are comparisons with "Restated 2012."*
3. *Like-for-like growth rates exclude the currency translation effect related to translation of local currencies into Japanese yen*
4. *Information on consolidated results by geographic area is for reference.*
5. *Net sales to foreign customers were 31.3% of consolidated net sales compared with 27.2% for the same period a year earlier.*

Forecast of Consolidated Results for the Year Ending December 31, 2013

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

	Year ending December 31, 2013		
	Yen	Adjusted growth % [1]	U.S. dollars
Net sales	1,300.0	6.5	13,299.2
Operating income	116.0	3.8	1,186.7
Ordinary income	118.0	3.4	1,207.2
Net income	64.0	2.0	654.7
Net income per share (Yen/US$)[2]	124.97	-	1.28
Cash dividends per share (Yen/US$)	64.00	-	0.65

Notes:

1. *Due to the change in the fiscal year end in 2012, adjusted growth for the year ending December 31, 2013 is a comparison with the restated business results for the twelve-month period from January 1 to December 31, 2012.*
2. *Net income per share is computed based on the estimated weighted average number of shares outstanding during the fiscal year.*

Note for This News Release:
U.S. dollar amounts represent translations using the approximate exchange rate on September 30, 2013 of 97.75 yen = 1 U.S. dollar, and are presented solely for the convenience of readers.

Forward-Looking Statements
Forward-looking statements such as earnings forecasts and other projections contained in this release are based on information available at this time and assumptions that management believes to be reasonable, and do not constitute guarantees of future performance. Actual results may differ materially from those expectations due to various factors.

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1. Qualitative Information on Business Results for the Nine Months Ended September 30, 2013

(1) Qualitative Information on Consolidated Business Results

(Billions of yen, except per share data)

	First nine months of FY2013	(For reference) First nine months of restated FY2012[1]	Adjusted growth[2]	First nine months of FY2012[3]
Net sales	**950.5**	890.1	6.8%	-
Operating income	**81.9**	69.7	17.5%	-
Ordinary income	**84.5**	71.8	17.7%	-
Net income	**39.6**	39.7	(0.5)%	-
Net income per share (Yen)	**76.88**	76.14	1.0%	-
Net income per share, fully diluted (Yen)	**76.80**	76.11	0.9%	-

Notes:

1. *"(For reference) First nine months of restated FY2012" is the same period of the previous year (January 1 to September 30, 2012) for the purpose of comparison with the first nine months of FY2013 (January 1 to September 30, 2013).*
2. *"Adjusted growth" presents comparisons with the first nine months of restated FY2012.*
   (The first nine months of restated FY2012 are January 1, 2012 to September 30, 2012 for both Kao Corporation and its subsidiaries whose fiscal year end was previously March 31 and for subsidiaries whose fiscal year end was December 31.)
3. *The Company changed its fiscal year end from March 31 to December 31 from the fiscal year ended December 31, 2012. Consequently, because consolidated financial statements were not prepared for the third quarter of the fiscal year ended December 31, 2012, business results for the first nine months of FY2012 are not presented.*

The following rates of increase or decrease are comparisons with the first nine months of restated FY2012.

During the nine months ended September 30, 2013, a weak recovery of the overall global economy continued. While the tempo of economic expansion moderated in emerging nations, the United States showed a recovery trend and the downturn in Europe bottomed out. In the Japanese economy, personal consumption picked up due to a sense of expectation regarding government economic measures, and a gradual recovery is ongoing. The household and personal care products market in Japan, a key market for the Kao Group, grew by 2% on a value basis compared with the period from January to September 2012, and consumer purchase prices were flat. The cosmetics market in Japan was flat.

Under these circumstances, the Kao Group worked to launch and nurture products with high added value in response to changes in consumer needs based on its concept of *Yoki-Monozukuri*,* which emphasizes research and development geared to customers and consumers. The Kao Group also promoted cost reduction activities.

* *The Kao Group defines* Yoki-Monozukuri *as a strong commitment by all members to provide products and brands of excellent value for consumer satisfaction. In Japanese,* Yoki *literally means "good/excellent," and* Monozukuri *means "development/manufacturing of products."*

Kanebo Cosmetics Inc., Lissage Ltd. and e'quipe, Ltd. of the Kao Group announced a voluntary recall on July 4 due to the confirmation of cases of white blotches appearing on the skin of consumers who have used brightening products containing the ingredient Rhododenol that are manufactured and sold by the three companies because of the possibility of a connection between the symptoms and the products. Currently, the companies are conducting a thorough recall of the relevant products and are working to gain a full understanding of the conditions of people who are experiencing symptoms and to support their recovery. In addition, the Kao Group is working to prevent a recurrence. A total of 11.3 billion yen related to the voluntary recall consisted of a decrease of 2.8 billion yen in gross profit due to factors including the deduction from net sales of goods returned from retailers and 8.5 billion yen in other estimated outlays recorded under extraordinary loss.

Net sales increased 6.8% compared with the first nine months of restated FY2012 to 950.5 billion yen. Excluding the effect of currency translation, net sales would have increased 1.0%. In the Consumer Products Business in Japan, sales of each business were steady excluding the impact of the volunatry recall, due in part to market growth, new product launches and further strengthening of sales promotion activities. In Asia, sales were strong in the Human Health Care Business, which includes sanitary products, and the Fabric and Home Care Business, which includes laundry detergents. In the Chemical Business, excluding the effect of currency translation, sales decreased compared with the first nine months of restated FY2012 due to the impact of decreased demand from customer industries and fluctuations in selling prices in connection with lower prices for natural fats and oils used as raw materials.

Operating income increased 12.2 billion yen compared with the first nine months of restated FY2012 to 81.9 billion yen, despite recording expenses related to the voluntary recall, due to the effect of increased sales of the Consumer Products Business in Japan and Asia in addition to factors including cost reduction activities and a decrease in depreciation and amortization expenses, and ordinary income increased 12.7 billion yen compared with the first nine months of restated FY2012 to 84.5 billion yen. Net income decreased 0.2 billion yen compared with the first nine months of restated FY2012 to 39.6 billion yen due to recording extraordinary loss and other factors.

Operating income before amortization of goodwill and other items related to acquisitions (EBITA) increased 9.3 billion yen compared with the first nine months of restated FY2012 to 103.6 billion yen, which is equivalent to 10.9% of net sales.

The main exchange rates used for translating the financial statement items (income and expenses) of foreign subsidiaries and affiliates during the nine months ended September 30, 2013 were as shown below. The period of consolidation for the first quarter is from January to March, the period of consolidation for the second quarter is from April to June, and the period of consolidation for the third quarter is from July to September.

	First quarter	Second quarter	Third quarter
Yen/U.S. dollar	92.57 (79.75)	99.23 (79.81)	98.06 (78.12)
Yen/Euro	122.02 (106.31)	129.56 (101.20)	130.72 (98.15)

Note: Figures in parentheses represent the exchange rates for the same quarter of restated FY2012.

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Summary of Segment Information

Consolidated Results by Segment

Consumer Products Business

Sales increased 6.5% compared with the first nine months of restated FY2012 to 786.8 billion yen. Excluding the effect of currency translation, sales would have increased 2.2%.

In Japan, sales increased 1.8% to 622.1 billion yen. Sales grew as the Kao Group launched new and improved products in response to changing consumer lifestyles and social issues such as the environment, health consciousness and the aging society, and enhanced proposal-based sales, among other measures. On the other hand, sales in Japan were impacted by returns from retailers and self-imposed cutbacks in marketing activities in connection with the voluntary recall of Kanebo Cosmetics brightening products containing the ingredient Rhododenol.

In Asia, sales increased 34.3% to 85.4 billion yen. Excluding the effect of currency translation, sales would have increased 10.8%. Steady growth continued as a result of integrated management in Asia, including Japan, and the Kao Group carried out aggressive measures including collaboration with retailers, utilization of wholesale channels, and expansion of sales of laundry detergents. In China, the Kao Group launched baby diapers and laundry detergent targeting middle-class consumers.

In the Americas, sales increased 23.4% to 51.0 billion yen. Excluding the effect of currency translation, sales would have increased 1.8%. Sales of improved skin care products grew, but some hair care products were impacted by intensified market competition.

In Europe, sales increased 26.7% to 51.7 billion yen. Excluding the effect of currency translation, sales would have increased 2.6%. Professional hair care products contributed to sales growth.

Operating income increased 9.8 billion yen compared with the first nine months of restated FY2012 to 65.7 billion yen due to the effect of increased sales as a result of strong performance in Japan and Asia in addition to factors including a decrease in depreciation and amortization expenses and more efficient management of expenses.

Note: The Kao Group’s Consumer Products Business consists of the Beauty Care Business, the Human Health Care Business, and the Fabric and Home Care Business.

Beauty Care Business
Sales increased 5.5% compared with the first nine months of restated FY2012 to 414.5 billion yen. Excluding the effect of currency translation, sales would have decreased 0.3%.

Sales of cosmetics decreased 2.1% compared with the first nine months of restated FY2012 to 181.3 billion yen. Excluding the effect of currency translation, sales would have decreased 4.2%. In Japan, sales decreased compared with the first nine months of restated FY2012, due in part to the impact of returns from retailers and self-imposed cutbacks in marketing activities in connection with the voluntary recall of Kanebo Cosmetics brightening products containing the ingredient Rhododenol. In a flat market, the Kao Group continued to work to reinforce focal brands, with growth in sales of counseling brands *SOFINA Primavista* base makeup and the renewed *GRACE SOFINA* skin care line, as well as self-selection brands *KATE* makeup and *Allie* UV care. Outside Japan, sales increased compared with the first nine months of restated FY2012, excluding the effect of currency translation.

Sales of skin care products increased compared with the first nine months of restated FY2012. In Japan, sales increased with growth in sales of *Bioré* facial cleansers and UV care products and strong performance by *Bioré U* body cleanser, which added new scented offerings, and *Curél* derma care products. In Asia, *Bioré* facial and body cleansers performed strongly and sales grew. In the Americas, sales of *Jergens* hand and body lotions increased, partly due to product improvements to *Natural Glow* sunless self-tanning lotion.

Sales of hair care products were flat compared with the first nine months of restated FY2012. In Japan, shampoos and conditioners were impacted by intensified competition, although new products performed steadily. New hair styling products performed well. Hair coloring products were impacted by market contraction. In Asia, sales of *Liese* foam hair color increased. In the Americas and Europe, sales of the *Goldwell* professional hair care brand increased.

Operating income was impacted by the voluntary recall but increased 3.4 billion yen compared with the first nine months of restated FY2012 to 11.7 billion yen, due in part to the effect of increased sales and a decrease in depreciation and amortization expenses. Operating income before amortization of goodwill and other items related to acquisitions (EBITA) increased 0.5 billion yen compared with the first nine months of restated FY2012 to 33.4 billion yen, which is equivalent to 8.1% of sales.

Human Health Care Business
Sales increased 10.3% compared with the first nine months of restated FY2012 to 151.4 billion yen. Excluding the effect of currency translation, sales would have increased 6.9%.

Sales of food and beverage products increased compared with the first nine months of restated FY2012, due in part to strong sales of *Healthya Coffee*, launched in Japan in April from the *Healthya* series of functional drinks that promote body fat utilization.

Sales of sanitary products increased compared with the first nine months of restated FY2012. In the *Laurier* brand of sanitary napkins, sales of high-value-added products such as *Laurier F*, which protects skin from dampness and chafing, increased in Japan with the effect of the launch of improved products, and sales of the *Laurier* brand increased in Asia, mainly in Indonesia and Thailand.

Sales of *Merries* baby diapers were strong in Japan and also grew in China and Russia. In China, the Kao Group began sales of locally manufactured products targeting middle-class consumers at the beginning of the year and worked to expand sales.

Sales of personal health products increased compared with the first nine months of restated FY2012. Although sales of oral care products were flat compared with the first nine months of restated FY2012, bath additives sold steadily and sales of *Megurhythm* steam thermo power pads increased substantially.

Operating income increased 3.7 billion yen compared with the first nine months of restated FY2012 to 11.8 billion yen due to more efficient management of expenses in addition to the effect of increased sales.

Fabric and Home Care Business
Sales increased 6.0% compared with the first nine months of restated FY2012 to 220.9 billion yen. Excluding the effect of currency translation, sales would have increased 3.8%.

Sales of fabric care products increased compared with the first nine months of restated FY2012. In Japan, the Kao Group worked to highlight the reduced laundry time and environmental appeal of conserving water, electricity and resources with the *Neo* series, which includes *Ultra Attack Neo* ultra-concentrated liquid laundry detergent. In August, the Kao Group launched *Ultra Attack Neo*, which effectively removes stains and odors in just five minutes of washing time, and expanded the number of users, including users of *Attack Neo Antibacterial EX Power*, which has strong deodorizing and antibacterial properties. In addition, the Kao Group stimulated the powder laundry detergent market with the launch in April of a refill product for *Attack* powder laundry detergent that reduces environmental impact. *Flair Fragrance* fabric softener and *Wide Haiter EX Power*, a fabric bleach for color garments with a powerful deodorizing function, performed well. Sales grew in Asia as *Attack* laundry detergent performed strongly in Indonesia and Thailand and the Kao Group stimulated the markets in Taiwan and Hong Kong with the launch of a liquid laundry detergent with a strengthened antibacterial function.

Sales of home care products increased compared with the first nine months of restated FY2012. In Japan, *Kitchen Haiter* bleach performed strongly, but kitchen cleaners were impacted by price competition. Sales of household cleaners increased with new products such as *Bath Magiclean Aroma Deodorizer Plus* and *Toilet Magiclean Aroma Deodorizer Plus*.

Operating income increased 2.7 billion yen compared with the first nine months of restated FY2012 to 42.1 billion yen due to the effect of increased sales and more efficient management of expenses.

Chemical Business

Demand increased in certain customer industries in Japan, including in export-related industries due to the depreciation of the yen and in construction-related industries due to reconstruction demand following the Great East Japan Earthquake. However, sales were impacted by selling price adjustments in connection with lower prices for natural fats and oils used as raw materials and the economic slump in Europe. As a result of these factors, sales were 191.2 billion yen, an increase of 7.8% compared with the first nine months of restated FY2012, including the impact of the depreciation of the yen on currency translation. However, excluding the effect of currency translation, sales would have decreased 3.4%.

In oleo chemicals, sales were impacted by a drop in demand from customer industries and fluctuations in selling prices due to lower prices for natural fats and oils used as raw materials. In performance chemicals, sales were firm as the Kao Group worked to develop and expand sales of high-value-added products with reduced environmental impact. Specialty chemicals were impacted by the economic downturn and structural changes in the personal computer market.

Operating income increased 2.4 billion yen compared with the first nine months of restated FY2012 to 16.0 billion yen, despite the impact of lower demand from customer industries, as the Kao Group worked to increase sales volume and reduce costs.

(2) Qualitative Information on Consolidated Financial Condition

Summary of Consolidated Financial Condition

	Billions of yen			Millions of U.S. dollars
	Q3/FY2013 Sep. 30, 2013	FY2012 Dec. 31, 2012	Incr./(Dcr.)	**Q3/FY2013 Sep. 30, 2013**
Total assets	**1,063.6**	1,040.0	23.7	**10,881.0**
Total net assets	**606.6**	605.7	0.9	**6,205.5**
Net worth ratio	**55.8%**	57.0%	-	-
Net worth per share (Yen/US$)	**1,158.62**	1,135.05	23.57	**11.85**
Total debt	**101.6**	103.2	(1.5)	**1,039.8**

Summary of Consolidated Cash Flows

	Billions of yen		Millions of U.S. dollars
	First nine months of FY2013	First nine months of FY2012	**First nine months of FY2013**
Net cash provided by operating activities	**133.6**	-	**1,366.9**
Net cash used in investing activities	**(45.0)**	-	**(460.7)**
Free cash flow*	**88.6**	-	**906.1**
Net cash used in financing activities	**(65.8)**	-	**(672.7)**

** Free cash flow is the sum of net cash provided by operating activities and net cash used in investing activities.*

Note: The Company changed its fiscal year end from March 31 to December 31 from the fiscal year ended December 31, 2012. Consequently, because consolidated financial statements were not prepared for the third quarter of the fiscal year ended December 31, 2012, cash flows for the first nine months of FY2012 are not presented.

Total assets increased 23.7 billion yen from the end of fiscal 2012 to 1,063.6 billion yen. The principal increases in assets were a 32.5 billion yen increase in short-term investments, a 12.8 billion yen increase in merchandise and finished goods and an 18.2 billion yen increase in property, plant and equipment. The principal decreases in assets were a 6.0 billion yen decrease in cash and time deposits, a 26.7 billion yen decrease in notes and accounts receivable – trade and a 17.5 billion yen decrease in intangible assets due to the progress of amortization of trademarks and other intellectual property rights and goodwill.

Total liabilities increased 22.8 billion yen from the end of fiscal 2012 to 457.0 billion yen. The principal increases in liabilities were an 11.2 billion yen increase in notes and accounts payable – trade, a 20.0 billion yen increase in current portion of long-term loans, an 8.5

billion yen increase in income taxes payable and a 5.6 billion yen increase in liability for employee retirement benefits. The principal decreases in liabilities were a 1.6 billion yen decrease in short-term loans and a 20.0 billion yen decrease in long-term loans.

Total net assets increased 0.9 billion yen from the end of fiscal 2012 to 606.6 billion yen. The principal increases in net assets were net income for the first nine months totaling 39.6 billion yen and foreign currency translation adjustments of 25.1 billion yen. The principal decreases in net assets were a 30.0 billion yen decrease due to the repurchase of Kao Corporation stock from the market and payments of dividends from retained earnings totaling 32.6 billion yen. In June 2013, Kao Corporation retired treasury stock.

As a result, the net worth ratio (defined as net worth divided by total assets) was 55.8% compared with 57.0% at the end of fiscal 2012.

Net cash provided by operating activities totaled 133.6 billion yen. The principal increases in net cash were income before income taxes and minority interests of 74.5 billion yen, depreciation and amortization of 56.2 billion yen and change in trade receivables of 35.5 billion yen. The principal decreases in net cash were income taxes paid of 27.5 billion yen and change in inventories of 9.9 billion yen.

Net cash used in investing activities totaled 45.0 billion yen. This primarily consisted of 40.6 billion yen for purchase of property, plant and equipment and 3.7 billion yen for purchase of intangible assets and 3.6 billion yen for payments for long-term prepaid expenses.

Free cash flow, the sum of net cash provided by operating activities and net cash used in investing activities, was 88.6 billion yen.

Net cash used in financing activities totaled 65.8 billion yen. The principal decreases in net cash were 30.0 billion yen for purchase of treasury stock and 33.8 billion yen for payments of cash dividends, including to minority shareholders. In June 2013, Kao Corporation redeemed 50.0 billion yen in bonds and issued bonds in the same amount in the same month to maintain an appropriate capital cost ratio and to enhance its financial base for investment in growth.

The balance of cash and cash equivalents at September 30, 2013 increased 28.5 billion yen compared with the end of fiscal 2012 to 188.9 billion yen.

(3) Qualitative Information on Forecast of Consolidated Results

Revised Forecast of Consolidated Results for the Fiscal Year Ending December 31, 2013

(Billions of yen, except where noted)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Previous forecast (A)	1,300.0	116.0	118.0	67.0	130.84
Revised forecast (B)	1,300.0	116.0	118.0	64.0	124.97
Change (B-A)	0.0	0.0	0.0	(3.0)	-
Percentage change	0.0%	0.0%	0.0%	(4.5)%	-
(For reference) Restated FY2012*	1,220.4	111.8	114.1	62.7	120.21

* *"(For reference) Restated FY2012" presents figures for the twelve-month period from January 1 to December 31, 2012 for Kao Corporation and its subsidiaries whose fiscal year end was previously March 31.*

Recovery, albeit weak, is forecast for the global economy, although there are concerns about the risk of a downturn due to factors including the problem of the sovereign debt crisis in Europe and the response to financial issues in the United States. In Japan, despite expectations of an economic recovery against the backdrop of factors including improved export conditions with the depreciation of the yen and the effect of economic measures, the outlook for the operating environment remains unclear amid persistently severe employment conditions.

Under these circumstances, the Kao Group aims to become a company with a global presence as it works for both sustained "profitable growth" by increasing the added value of its products and "contributions to society" by resolving social issues and conducting social contribution activities through its business activities. Moreover, the Kao Group emphasizes research and development to make high-quality, innovative products geared to consumers and customers, a concept referred to within the Group as *Yoki-Monozukuri*.

Regarding its management structure, through global integrated management of the Consumer Products Business, the Kao Group is strengthening matrix management of its business units and functions and promoting profit structure reform from the perspective of what is best for the Kao Group as a whole.

Please note that net income and net income per share in the forecast of consolidated results for the fiscal year have been revised as a result of recording an additional extraordinary loss in connection with the voluntary recall of Kanebo Cosmetics brightening products containing the ingredient Rhododenol.

The main exchange rates used in the forecast of consolidated results are 95 yen per U.S. dollar and 125 yen per euro.

2. Other

(1) Changes in material subsidiaries during the nine-month period: None

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

(3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements:

(Changes in accounting principles that are difficult to distinguish from changes in accounting estimates)

The method for depreciation of property, plant and equipment (excluding lease assets), which was previously mainly the declining balance method for Kao Corporation and its consolidated subsidiaries in Japan, has been changed to the straight-line method from the fiscal year ending December 31, 2013. The change is due to a reconsideration of factors including the actual conditions of use of the property, plant and equipment of the Kao Group on the occasion of a shift to global integrated management that began in the Beauty Care Business in the Americas and Europe in 2012 and includes the Consumer Products Business in Asia from 2013.

As a result, Kao Corporation has decided that the use of the straight-line method of depreciation is able to more appropriately reflect the corporate activities of the Kao Group because stable operation is expected throughout the period of use due to the extension of product life cycles to establish a global brand.

The impact of this change on operating income, ordinary income and income before income taxes and minority interests for the nine months ended September 30, 2013 is immaterial.

(4) Explanatory notes regarding the going concern assumption: None

(5) Significant change in shareholders’ equity

Increase of treasury stock
Kao Corporation purchased its own stock pursuant to a resolution of its Board of Directors at a meeting held on February 5, 2013. Consequently, treasury stock increased by 30,024 million yen.

Decrease of treasury stock
Kao Corporation retired treasury stock pursuant to a resolution of its Board of Directors at a meeting held on May 30, 2013. Consequently, treasury stock decreased by 29,485 million yen.

As a result of the above, treasury stock increased by 539 million yen during the nine months ended September 30, 2013 and totaled 9,524 million yen as of September 30, 2013.

(6) Information regarding voluntary recall

In connection with the voluntary recall by Kanebo Cosmetics Inc., Lissage Ltd. and e'quipe, Ltd., gross profit decreased by 2,797 million yen due to factors including the deduction from net sales of goods returned from retailers, and other estimated outlays of 8,504 million yen have been recorded as "Loss related to cosmetics" under extraordinary loss on the consolidated statements of income for the nine months ended September 30, 2013.

The relevant amount of impact is included in operating income of the "Beauty Care Business" segment in consolidated segment information.

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Consolidated Balance Sheets

Millions of yen

	3Q/FY2013 Sep. 30, 2013	FY2012 Dec. 31, 2012
Assets		
Current assets		
Cash and time deposits	93,318	99,334
Notes and accounts receivable - trade	137,511	164,250
Short-term investments	89,919	57,443
Merchandise and finished goods	97,525	84,712
Work in process	11,955	10,789
Raw materials and supplies	29,397	26,706
Other	57,119	51,522
Allowance for doubtful receivables	(1,509)	(1,349)
Total current assets	**515,235**	**493,407**
Fixed assets		
Property, plant and equipment		
Property, plant and equipment	1,184,009	1,141,257
Accumulated depreciation	(913,514)	(888,913)
Total property, plant and equipment	270,495	252,344
Intangible assets		
Goodwill	154,086	159,165
Trademarks	31,836	41,851
Other	12,496	14,907
Total intangible assets	198,418	215,923
Investments and other assets		
Investments and other assets	80,234	78,722
Allowance for doubtful receivables	(761)	(428)
Total investments and other assets	79,473	78,294
Total fixed assets	**548,386**	**546,561**
Total assets	**1,063,621**	**1,039,968**

Consolidated Balance Sheets

Millions of yen

	3Q/FY2013 Sep. 30, 2013	FY2012 Dec. 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable - trade	116,687	105,472
Short-term loans	1,560	3,115
Current portion of bonds	-	50,000
Current portion of long-term loans	20,008	7
Income taxes payable	20,121	11,658
Other	144,869	145,622
Total current liabilities	**303,245**	**315,874**
Long-term liabilities		
Bonds	50,000	-
Long-term loans	30,072	50,066
Liability for employee retirement benefits	51,267	45,717
Other	22,447	22,607
Total long-term liabilities	**153,786**	**118,390**
Total liabilities	**457,031**	**434,264**
Net assets		
Shareholders' equity		
Common stock	85,424	85,424
Capital surplus	109,561	109,561
Retained earnings	455,810	477,640
Treasury stock, at cost	(9,524)	(8,985)
Total shareholders' equity	**641,271**	**663,640**
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	3,958	2,447
Deferred gain (loss) on derivatives under hedge accounting	4	6
Foreign currency translation adjustments	(46,814)	(71,872)
Post retirement liability adjustments for foreign consolidated subsidiaries	(5,060)	(1,901)
Total accumulated other comprehensive income	**(47,912)**	**(71,320)**
Stock acquisition rights	**1,162**	**1,294**
Minority interests	**12,069**	**12,090**
Total net assets	**606,590**	**605,704**
Total liabilities and net assets	**1,063,621**	**1,039,968**

Consolidated Statements of Income

Millions of yen

	3Q/FY2013 Jan. - Sep.
Net sales	**950,538**
Cost of sales	415,496
Gross profit	**535,042**
Selling, general and administrative expenses	453,178
Operating income	**81,864**
Non-operating income	
Interest income	693
Dividend income	101
Equity in earnings of nonconsolidated subsidiaries and affiliates	1,957
Other	2,125
Total non-operating income	4,876
Non-operating expenses	
Interest expense	945
Foreign currency exchange loss	255
Other	1,031
Total non-operating expenses	2,231
Ordinary income	**84,509**
Extraordinary gain	
Gain on sales of fixed assets	43
Gain on transfer of business	350
Other	413
Total extraordinary gain	806
Extraordinary loss	
Loss on sales/disposals of fixed assets	1,895
Loss related to cosmetics	8,504
Other	427
Total extraordinary loss	10,826
Income before income taxes and minority interests	**74,489**
Income taxes	
Income taxes - current	36,360
Income taxes - deferred	(2,442)
Total income taxes	33,918
Income before minority interests	**40,571**
Minority interests	1,019
Net income	**39,552**

Consolidated Statements of Comprehensive Income

Millions of yen

	3Q/FY2013 Jan. - Sep.
Income before minority interests	**40,571**
Other comprehensive income	
Adjustments for unrealized gains or losses on available-for-sale securities	1,306
Foreign currency translation adjustments	25,179
Share in other comprehensive income of associates applied for equity method	243
Post retirement liability adjustments for foreign consolidated subsidiaries	(3,318)
Other comprehensive income	23,410
Comprehensive income	**63,981**
Attributable to:	
Shareholders of Kao Corporation	62,960
Minority interests	1,021

Major Items of Consolidated Selling, General and Administrative Expenses

Millions of yen

	3Q/FY2013 Jan. - Sep.
Freight/warehouse	55,626
Advertising	63,586
Sales promotion	50,444
Salaries and bonuses	97,791
Research and development	36,616

Consolidated Statements of Cash Flows

Millions of yen

	3Q/FY2013 Jan. - Sep.
Operating activities:	
Income before income taxes and minority interests	74,489
Adjustments for:	
Depreciation and amortization	56,166
Interest and dividend income	(794)
Interest expense	945
Unrealized foreign currency exchange (gain) loss	2,671
Equity in (earnings) losses of nonconsolidated subsidiaries and affiliates	(1,957)
(Gain) loss on sales and retirement of fixed assets	1,851
(Gain) loss on transfer of business	(350)
Change in trade receivables	35,484
Change in inventories	(9,862)
Change in trade payables	7,184
Change in accounts payable - other and accrued expenses	(5,893)
Other, net	(588)
Subtotal	159,346
Interest and cash dividends received	2,704
Interest paid	(963)
Income taxes paid	(27,475)
Net cash provided by operating activities	**133,612**
Investing activities:	
Payments into time deposits	(4,802)
Proceeds from withdrawal of time deposits	7,190
Purchase of short-term investments	(7,998)
Proceeds from the redemption and sales of short-term investments	8,000
Purchase of property, plant and equipment	(40,571)
Purchase of intangible assets	(3,666)
Payments for long-term prepaid expenses	(3,583)
Change in short-term loans, net	764
Payments for long-term loans	(240)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(891)
Other, net	760
Net cash used in investing activities	**(45,037)**
Financing activities:	
Change in short-term loans, net	(1,928)
Proceeds from issuance of bonds	50,000
Redemption of bonds	(50,000)
Purchase of treasury stock	(30,025)
Payments of cash dividends	(32,602)
Payments of cash dividends to minority shareholders	(1,161)
Other, net	(40)
Net cash used in financing activities	**(65,756)**
Translation adjustments on cash and cash equivalents	**5,017**
Net increase (decrease) in cash and cash equivalents	**27,836**
Cash and cash equivalents, beginning of period	**160,435**
Cash and cash equivalents from newly consolidated subsidiaries, increase	**623**
Cash and cash equivalents, end of period	**188,894**

Consolidated Segment Information

Millions of yen

3Q/FY2013 Jan. - Sep.	Consumer Products Business: Beauty Care Business	Consumer Products Business: Human Health Care Business	Consumer Products Business: Fabric and Home Care Business	Consumer Products Business: Total	Chemical Business	Total	Reconciliations	Consolidated
Net sales								
Sales to customers	414,486	151,395	220,871	786,752	163,786	950,538	-	950,538
Intersegment sales	-	-	-	-	27,389	27,389	(27,389)	-
Total	**414,486**	**151,395**	**220,871**	**786,752**	**191,175**	**977,927**	**(27,389)**	**950,538**
Operating income	**11,691**	**11,849**	**42,140**	**65,680**	**16,018**	**81,698**	**166** *	**81,864**
% of net sales	2.8	7.8	19.1	8.3	8.4	8.4	-	8.6

* *Reconciliation of operating income includes elimination of intersegment inventory transactions.*

Consolidated Net Sales Composition

Millions of yen

	3Q/FY2013 Jan. - Sep.	Restated 2012 [1] Jan. - Sep.	Adjusted growth % [2]
Consumer Products Business			
Beauty Care Business	296,751	299,497	(0.9)
Human Health Care Business	130,740	123,586	5.8
Fabric and Home Care Business	194,616	188,104	3.5
Total Japan	622,107	611,187	1.8
Asia	85,350	63,531	34.3
Americas	50,997	41,338	23.4
Europe	51,668	40,768	26.7
Eliminations	(23,370)	(18,202)	-
Total	**786,752**	**738,622**	**6.5**
Chemical Business			
Japan	91,231	90,094	1.3
Asia	61,438	57,794	6.3
Americas	29,756	25,444	16.9
Europe	45,963	40,409	13.7
Eliminations	(37,213)	(36,428)	-
Total	**191,175**	**177,313**	**7.8**
Total before Reconciliations	**977,927**	**915,935**	**6.8**
Reconciliations	(27,389)	(25,881)	-
Consolidated	**950,538**	**890,054**	**6.8**

Notes:

1. *"Restated 2012" is the same period of the previous year (January 1 to September 30, 2012) for the purpose of comparison with the first nine months of FY2013 (January 1 to September 30, 2013).*
2. *Adjusted growth presents comparisons with "Restated 2012".*
   ("Restated 2012" is January 1, 2012 to September 30, 2012 for both Kao Corporation and its subsidiaries whose fiscal year end was previously March 31 and for subsidiaries whose fiscal year end was December 31.)

Appendix

Major Products by Reportable Segment

Reportable Segments		Major Products	
Consumer Products Business	Beauty Care Business	Cosmetics	Counseling cosmetics, self-selection cosmetics
		Skin care products	Soaps, facial cleansers, body cleansers
		Hair care products	Shampoos, conditioners, hair styling agents, hair coloring agents
	Human Health Care Business	Food and beverage products	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