

Interim Financial Results for the Fiscal Year Ending March 31, 2008

Company name: ROHTO Pharmaceutical Co., Ltd. Stock Exchange listing: TSE/OSE, First Section
 Stock code: 4527 URL: http://www.rohto.co.jp
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 Scheduled date of dividend payment: December 10, 2007

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2007

(April 1, 2007 – September 30, 2007)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 2007	49,450	13.7	4,702	0.7	4,462	5.1	2,823	7.5
Six months ended Sep. 2006	43,504	10.5	4,671	(3.8)	4,246	(9.2)	2,625	(17.0)
Fiscal year ended Mar. 2007	95,619	-	11,382	-	10,301	-	6,617	-

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 2007	24.43	23.99
Six months ended Sep. 2006	22.90	22.31
Fiscal year ended Mar. 2007	57.62	56.22

Reference: Equity in earnings (losses) of affiliates (Millions of yen): Sep. 2007: 14 Sep. 2006: (8) Mar. 2007: (47)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Six months ended Sep. 2007	122,851	69,389	56.4	599.46
Six months ended Sep. 2006	115,099	64,672	56.1	562.79
Fiscal year ended Mar. 2007	125,320	69,955	55.7	605.07

Reference: Shareholders' equity (Millions of yen): Sep. 2007: 69,298 Sep. 2006: 64,597 Mar. 2007: 69,863

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months ended Sep. 2007	3,631	(688)	(3,249)	6,866
Six months ended Sep. 2006	1,201	(2,267)	(1,017)	4,562
Fiscal year ended Mar. 2007	9,358	(7,526)	(1,504)	7,108

2. Dividends

Dividends by cash

	Dividend per share		
	Interim	Year-end	Annual
	Yen	Yen	Yen
Fiscal year ended Mar. 2007	5.00	6.00	11.00
Fiscal year ending Mar. 2008	6.00		12.00
Fiscal year ending Mar. 2008 (forecast)		6.00	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2008 (April 1, 2007 – March 31, 2008)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	105,000	9.8	11,600	1.9	10,800	4.8	6,900	4.3	59.69

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly added: 0 Excluded: 0

Note: Please refer to "Corporate Group" on page 8 for further information.

(2) Changes in accounting principles, procedures and presentation methods for preparation of interim consolidated financial statements

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

Note: Please refer to "Change in Significant Accounting Policies in the Preparation of Interim Consolidated Financial Statements" on page 20 for further information.

(3) Number of outstanding shares (common shares)

1) Shares outstanding at end of period (including treasury stock):

Sep. 2007: 115,867,232 shares Sep. 2006: 115,012,557 shares Mar. 2007: 115,712,240 shares

2) Treasury stock at end of period:

Sep. 2007: 265,578 shares Sep. 2006: 232,255 shares Mar. 2007: 250,204 shares

Note: Please refer to "Per Share Information" on page 31 for the number of shares used in calculating interim consolidated net income per share.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Six Months Ended September 30, 2007

(April 1, 2007 – September 30, 2007)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 2007	32,022	9.7	3,780	7.2	3,800	9.5	2,406	18.8
Six months ended Sep. 2006	29,191	4.3	3,526	(7.0)	3,472	(7.5)	2,025	(19.2)
Fiscal year ended Mar. 2007	62,723	-	7,958	-	7,541	-	4,664	-

	Net income per share
	Yen
Six months ended Sep. 2007	20.83
Six months ended Sep. 2006	17.67
Fiscal year ended Mar. 2007	40.61

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
Six months ended Sep. 2007	93,040		62,508		67.2		540.72	
Six months ended Sep. 2006	91,521		59,927		65.5		522.11	
Fiscal year ended Mar. 2007	95,202		63,458		66.7		549.60	

Reference: Shareholders' equity (Millions of yen): Sep. 2007: 62,508 Sep. 2006: 59,927 Mar. 2007: 63,458

2. Non-consolidated Forecast for the Fiscal Year Ending March 31, 2008 (April 1, 2007 – March 31, 2008)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	65,000	3.6	8,000	0.5	7,800	3.4	4,800	2.9	41.52

* The forecasts above have been prepared based on information currently available. Actual results of operations may differ from the forecasts depending on various factors.

Please see page 4 for more information concerning these forecasts.

1. Results of Operations

(1) Analysis of Results of Operations

Results of operation for the current interim period

1) Overview

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Six months ended Sep. 2007	49,450	4,702	4,462	2,823
Six months ended Sep. 2006	43,504	4,671	4,246	2,625
YoY change (%)	13.7	0.7	5.1	7.5

In the first half of the fiscal year, Japan's economy continued to expand slowly. Although there were concerns about the high cost of crude oil and other raw materials as well as rising interest rates, the economy benefited from growing capital expenditures and an improving employment picture as corporate earnings remained strong. The healthcare market was also strong due to the high level of public interest in leading a healthy life. However, competition is intensifying as companies from other industries enter this market. In response, the Rohto Group conducted aggressive sales activities that included developing new products that target customers' needs and marketing campaigns aimed at making inroads in new market categories.

Net sales increased 5,946 million yen, or 13.7%, year-on-year to 49,450 million yen. In Japan, there were strong sales of summer products because of intense summer heat. Beauty care products like the *HADA (SKIN) LABO* and *Obagi* series also performed well. The newly launched *50-no-Megumi* brand also contributed to sales growth. The *Wakansen* series of traditional Chinese herbal medicine products launched in November 2006 has been raised awareness of its brand and posting steady growth, backed in part by an increase in new prescriptions. New subsidiary Meguro Kako Inc. was another reason for sales growth in the first half.

Outside Japan, sales were lower in North America following high-profile sales activities in 2006 to promote the *OXY* lineup of acne treatments. Sales continued to grow in Asia and performance was strong in Europe, too.

Earnings benefited from sales growth and actions to use selling, general and administrative expenses more efficiently. As a result, earnings were higher even though we had expected an earnings decline. Operating income increased 0.7% year-on-year to 4,702 million yen, ordinary income increased 5.1% to 4,462 million yen, and net income increased 7.5% to 2,823 million yen.

2) Results by business segment

(Millions of yen)

	Net sales			
	Six months ended Sep. 2006	Six months ended Sep. 2007	YoY change (Amount)	YoY change (%)
Eye Care Products	12,241	13,014	772	6.3
Skincare Products	24,150	26,067	1,916	7.9
Internal Medicines	4,060	7,154	3,093	76.2
Others	3,051	3,215	163	5.3
Total	43,504	49,450	5,946	13.7

Results by regional segments

(Millions of yen)

	Net sales			
	Six months ended Sep. 2006	Six months ended Sep. 2007	YoY change (Amount)	YoY change (%)
Japan	30,334	35,215	4,880	16.1
North America	4,551	4,458	(93)	(2.0)
Europe	2,261	2,644	382	16.9
Asia	5,838	6,481	642	11.0
Others	518	650	132	25.6
Total	43,504	49,450	5,946	13.7

*External sales

Eye care products (eye drops, eyewash preparations, contact lens products, etc.)

In Japan, there were solid sales of eye drops and eyewash products in the value-added *Kaigan Shinsho* and *Rohto Zi* series of products and in the *C CUBE* series of contact lens products. Sales also benefited from a decline in returns of hay fever products. However, total sales in Japan were flat because of a downturn in sales of contact lens care solution products for hard contact lenses.

Outside Japan, sales in Asia performed well and total segment sales increased 6.3% year-on-year to 13,014 million yen.

Skincare products (dermal medicines, lip balm, sunscreens, functional cosmetics, etc.)

Favorable weather in Japan created strong demand for sunscreens and other seasonable products and there were also brisk sales of beauty care products. Sales of *HADA (SKIN) LABO* brand products were particularly strong, backed by the success of the updated line of products in the core *Gokujoyun* series and popularity of the *egg-like-skin* series of products. The September launch of *Obagi Derma Force X* also contributed to sales growth in this segment.

Outside Japan, sales increased in Asia, mainly China. As a result, total segment sales increased 7.9% to 26,067 million yen.

Internal medicines (gastrointestinal medicines, cold remedies, traditional Chinese herbal medicines, supplements, etc.)

The *Wakansen* brand of traditional Chinese herbal medicines, which features products that are easy to understand, was successful at creating new sources of demand. Consumers who had viewed Chinese herbal medicines as too complex welcomed this new form of product value. In addition, there were strong sales of *Vita Rest Tablets*, a nutritional agent that is a scientific means of restoring energy following overwork. Segment sales also include the results of new subsidiary Meguro Kako Inc. As a result, sales in this segment increased significantly from 76.2% to 7,154 million yen.

Others (in-vitro test kits, hay fever products, etc.)

Sales of pregnancy test kits and ovulation prediction kits in the *Dotest* series were unchanged because of intense competition. Sales of influenza test kits declined. This weakness was offset by growth in sales of hay fever products as returns of masks and other products declined. The result was a 5.3% increase in sales to 3,215 million yen.

Outlook for the fiscal year ending March 31, 2008

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Fiscal year ending Mar. 2008	105,000	11,600	10,800	6,900
Fiscal year ended Mar. 2007	95,619	11,382	10,301	6,617
YoY change (%)	9.8	1.9	4.8	4.3

Japan's economy is expected to continue to recover during the remainder of the fiscal year. However, there are concerns about the outlook due to the high cost of crude oil and fears concerning higher interest rates. The outlook for the global economy is also unclear despite ongoing growth, mainly in Asia, because of the trend in crude oil prices and the widening impact of the U.S. subprime loan problem.

In this environment, the Rohto Group will take advantage of opportunities created by deregulation and shifts in the healthcare industry's operating environment. Two priorities are entering new market sectors and introducing value-added products. In addition, plans include using the overseas network to expand operations while conducting extensive actions to cut costs and use expenses more productively. All activities will be focused on the goals of achieving further growth in operations and improving earnings.

In Japan, we will continue to concentrate on raising sales of beauty care products and *Wakansen* brand products. Another goal is reinforcing R&D capabilities, primarily at Rohto Research Village Kyoto, in order to develop new products. To grow overseas, the Rohto Group will use its collective resources to launch new brands and rapidly increase sales of new products.

For the fiscal year ending in March 31, 2008, we forecast net sales of 105,000 million yen, up 9.8%, operating income of 11,600 million yen, up 1.9%, ordinary income of 10,800 million yen, up 4.8%, and net income of 6,900 million yen, up 4.3% year-on-year. These forecasts are based on an exchange rate of 115 yen to the U.S. dollar.

(2) Analysis of Financial Position

Balance sheet and cash flow position

Balance sheet position

Assets totaled 122,851 million yen at the end of the first half, 2,468 million yen less than at the end of March 2007. There were increases of 1,566 million yen in trade notes and accounts receivable and 1,300 million yen in inventories, but investment securities declined by 4,790 million yen.

Liabilities decreased 1,902 million yen to 53,462 million yen. Trade notes and accounts payable increased 1,984 million yen, but there were declines of 3,357 million yen in short-term loans payable and 1,793 million yen in deferred tax liabilities.

Net assets decreased 566 million yen to 69,389 million yen. Although retained earnings increased 2,130 million yen, there was a 2,744 million yen decline in valuation difference on available-for-sale securities.

Cash flows

(Millions of yen)

Item	Six months ended Sep. 2006	Six months ended Sep. 2007	YoY change (Amount)
Cash and cash equivalents at beginning of year	6,657	7,108	450
Cash flows from operating activities	1,201	3,631	2,429
Cash flows from investing activities	(2,267)	(688)	1,579
Cash flows from financing activities	(1,017)	(3,249)	(2,232)
Effect of exchange rate changes on cash and cash equivalents	(12)	65	77
Increase (decrease) in cash and cash equivalents	(2,095)	(241)	1,853
Cash and cash equivalents at end of period	4,562	6,866	2,304

During the first half of the fiscal year, there was a net decrease of 241 million yen in cash and cash equivalents to 6,866 million yen. There were increases in income before income taxes and minority interests, and proceeds from sales of investment securities, but cash was used to repay debt.

Operating activities

Net cash provided by operating activities was 3,631 million yen, 2,429 million yen more than one year earlier. Income before income taxes and minority interests increased 11.1% to 5,045 million yen, there was a 37.4% decline in the increase in trade notes and accounts receivable to 1,288 million yen, and the increase in trade notes and accounts payable substantially rose by 66.2% to 1,858 million yen.

Investing activities

Net cash used in investing activities decreased 1,579 million yen to 688 million yen. Payments for the purchase of property, plant and equipment declined 42.2% to 1,286 million yen and proceeds from sales of investment securities totaled 1,449 million yen.

Financing activities

Net cash used in financing activities increased 2,232 million yen to 3,249 million yen. Proceeds from long-term loans payable totaled 1,197 million yen, but there was a net decrease of 2,832 million yen (compared with a 452 million yen increase one year earlier) in short-term loans payable.

Trends in cash flow indicators

Item	69th Term Fiscal year ended Mar. 2005	70th Term Fiscal year ended Mar. 2006	71st Term Fiscal year ended Mar. 2007	72nd Term Six months ended Sep. 2007
Shareholders' equity ratio (%)	49.4	55.6	55.7	56.4
Shareholders' equity ratio based on market price (%)	71.5	130.7	124.3	127.0
Interest-bearing debt to cash flow ratio	1.9	1.4	1.4	1.3
Interest coverage ratio	42.4	25.8	21.4	20.0

* Shareholders' equity ratio = Shareholders' equity / Total assets

Shareholders' equity ratio based on market price = Market capitalization / Total assets

Interest-bearing debt to cash flow ratio = Interest-bearing debt / Operating cash flows (before interests and income taxes paid)
(double that of the interim period)

Interest coverage ratio = Operating cash flows (before interests and income taxes paid) / Interest payments

1. All indices are calculated based on consolidated figures.

2. Market capitalization: Closing stock price on the balance sheet date x No. of shares outstanding (net of treasury stock) on the balance sheet date

3. Operating cash flows (before interests and income taxes paid) are calculated using the figures for cash flows from operating activities (before interests and income taxes paid) in the consolidated statements of cash flows. Interest-bearing debt include all liabilities on the consolidated balance sheets that incur interest. Interest payments are calculated using the figures for interest paid in the consolidated statement of cash flows.

(3) Basic Policy of Profit Distribution and Dividends for the Current Fiscal Year

Consistently returning to shareholders the profits earned through business activities is one of our highest priorities. The fundamental policy is to pay a dividend based on operating results. Retained earnings will be used for the development of new products, manufacturing equipment and other investments to respond to changes in the operating environment. We believe that these investments will contribute to future earnings, thereby enabling the company to pay a large and stable dividend to shareholders.

We plan to raise the interim dividend per share by 1 yen to 6 yen as initially planned. This will make the total dividend of 12 yen per share, 1 yen more than for the previous fiscal year.

(4) Business Risk

This section presents major risks that may have an effect on the Rohto Group's operating results and financial condition. Management is aware of these risks and is taking actions to prevent these problems and to respond appropriately if a problem occurs.

This section includes forward-looking statements that represent the judgments of management as of the end of the first half of the current fiscal year.

1) Legal restrictions and systems and regulatory matters

The operations of the Rohto Group fall under the jurisdiction of Japan's Pharmaceutical Affairs Law and other associated laws and regulations (and the deregulation of these laws). Future changes in these laws and regulations may have an effect on the Group's operating results and financial condition.

2) Overseas operations

The Group conducts operations on a global scale, and the share of overseas sales has been increasing in recent years. In the first half of the current fiscal year, overseas sales were 29.6% of consolidated sales. As a result, unforeseen negative political and economic developments in other countries, changes in laws and regulations, and other events may have an effect on the Group's operating results and financial condition.

3) Reliance on certain customers

The 10 largest companies that purchase the Group's products account for 81.3% of total sales. If there is a change in the business activities of any of these companies, a bankruptcy or other problem at these companies, there may be an effect on the Group's operating results and financial condition.

4) Termination of alliances with other companies

The Group has a variety of alliances with other companies that concern joint development projects, joint sales, the use of products (including the manufacture and sale of products under licenses) and other activities. If an alliance is terminated for whatever reason, there may be an effect on the Group's operating results and financial condition.

5) Suspension of sales, product recall, etc.

If there is a defect, unexpected side effect, contamination problem or other problem concerning a Group product that causes the suspension of sales or a product recall, there may be an effect on the Group's operating results and financial condition.

6) Intellectual property rights, litigation

In the event that the Group is unable to appropriately protect its intellectual properties, a third party may use the Group's technology. This event could have a negative impact on the Group's ability to compete in a particular market. In addition, although the Group exercises care and conducts studies for the purpose of avoiding an infringement on the intellectual property rights of other companies, there is a possibility of an infringement occurring. In this event, the Group may be sued for damages and be required to compensate the other party for losses. These payments may have an effect on the Group's operating results and financial condition. Furthermore, there may be litigation concerning matters other than intellectual property rights, such as cases involving product liability and the environment. Depending on the outcome of this litigation, there may be an effect on the Group's operating results and financial condition.

7) Management of information systems and information

The Group uses a variety of information systems to conduct its business operations. The suspension of operations or a malfunction of any of these systems could prevent the Group from efficiently conducting business operations. In addition, the Group holds a large volume of information, including personal information. There is an information management system in place and measures are taken to upgrade information management. However, a leak of any information could cause a loss of confidence in the Group that may have an effect on the Group's operating results and financial condition.

8) Natural and other disasters

Main products sold in Japan are manufactured at two locations: the Osaka Head Office Plant and the Ueno Plant. In addition, almost all of these products are shipped from the Central Distribution Center. Although the Group takes adequate care with regard to ensuring the safety of operations, a fire, earthquake or other disaster at a plant or the distribution center could disrupt operations and have an effect on the Group's operating results and financial condition.

9) Foreign exchange rates, stock prices and interest rates

Because the Group operates on a global scale, changes in foreign exchange rates may have an effect on the Group's operating results and financial condition. Furthermore, the Group holds securities with market quotations, interest-bearing debt and other financial instruments. As a result, changes in stock prices, interest rates and other financial indicators may have an effect on the Group's operating results and financial condition.

10) Other external risks

A cool summer, warm winter, changes in the amount of pollen dispersal and other seasonal factors can cause changes in the volume of product shipments and returned products. Furthermore, intense competition can cause unexpected declines in sales prices. All these events may have an effect on the Group's operating results and financial condition.

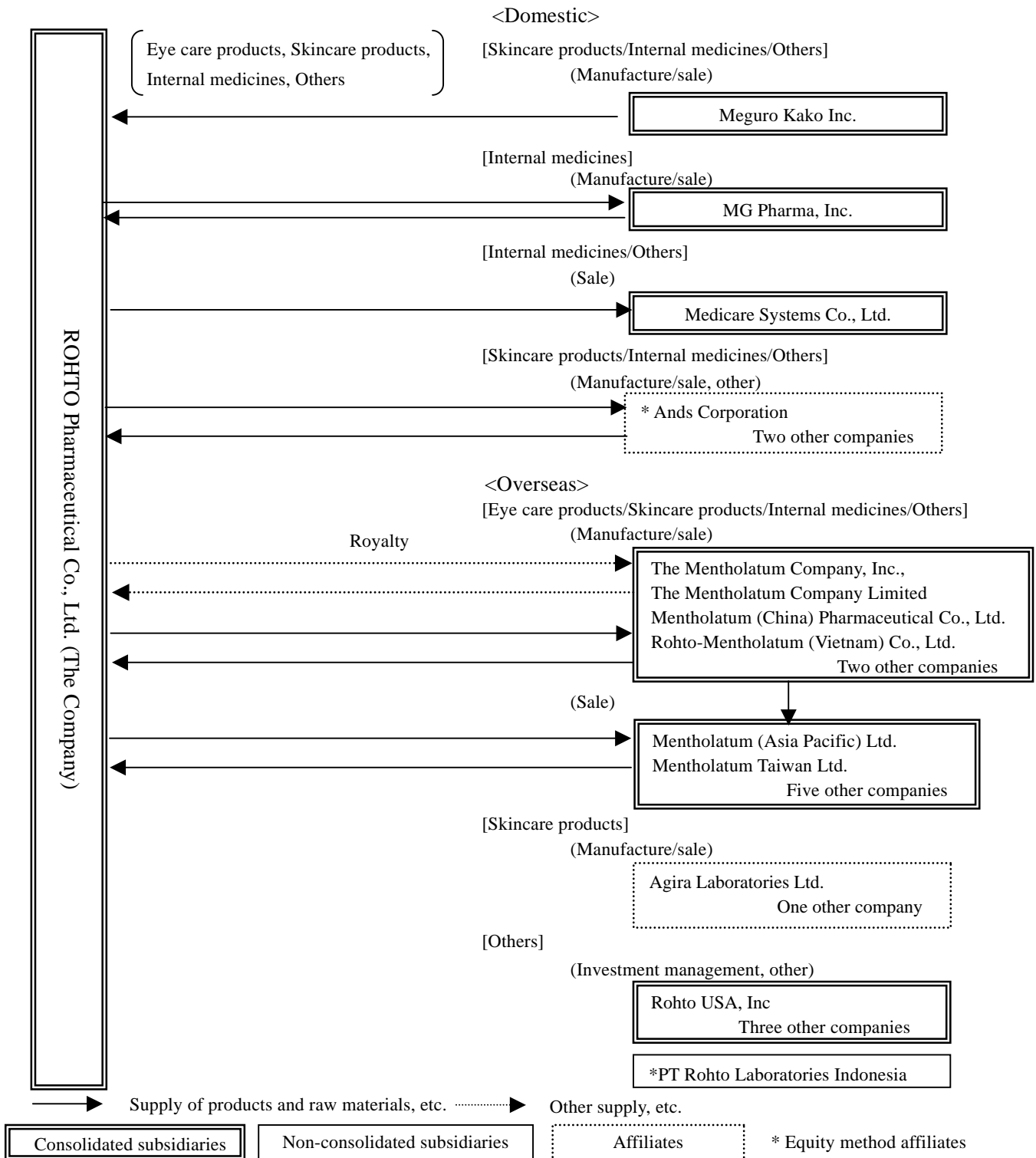
This is not intended to be a complete list of risks associated with the Group's operations. There are many other risks other than those listed above.

2. Corporate Group

The Rohto Group is made up of 21 subsidiaries and five affiliates. These companies are engaged primarily in the manufacture and sale of eye care products, skincare products, internal medicine and other products (in-vitro test kits, hay fever products and other products).

A diagram presenting the Group's operations is shown below.

No information concerning related companies is presented here because there is no significant changes from the information presented in the Group's securities report (Yuka Shoken Hokokusho) dated June 27, 2007.



3. Management Policies

(1) Basic Management Policy

The Rohto Group bases its operations on the corporate slogan “Rohto, a pharmaceutical company pledged to bring you Happy Surprises.” Based on this slogan, the Group aims to assist individuals use self-medication to improve their lives. Since Rohto’s inception, we have concentrated on creating a broad range of healthcare products and developing new markets. We have remained focused on the themes of persistence and taking on new challenges in order to create eye drops, gastrointestinal medicines, dermal medicines, and other products. Even in today’s rapidly changing operating environment, we remain committed to the spirit of this slogan in order to be a constant source of surprises and happiness for customers and society.

At the same time, the Rohto Group is dedicated to earning the trust and meeting the expectations of shareholders, customers, business partners, employees and all other stakeholders while operating in a manner that promotes mutual prosperity with others.

(2) Target Performance Indicators

The Rohto Group’s primary goals are maximizing shareholder value and enhancing the satisfaction of all stakeholders. In the healthcare market, the objective is to establish brands that are either number one or among the leaders in their respective categories. In addition, management places priority on earnings indicators, particularly the operating margin, return on equity and ordinary income to total assets.

(3) Medium-term Business Strategy and Challenges

An aging population and a growing interest among people of all ages in leading a healthy life are having an increasing effect on the healthcare market in Japan. Furthermore, deregulation that includes changes in sales methods associated with amendments to the Pharmaceutical Affairs Law is expected to create new business opportunities. On the other hand, competition is likely to become even more heated as companies from other industries enter the healthcare market.

In response, the Rohto Group is seeking “new items” that consumers want, whether in the pharmaceuticals category or other product categories. We are targeting the broad “health and beauty” field. By developing value-added products and creating brands that meet new needs, we aim to establish brands that rank either first or among the leaders in their respective markets. To accomplish this, we must develop new products. But we must also acquire new brands in Japan and overseas and form ties with more business partners in order to further expand the scale of its operations.

To adapt to the significant changes now taking place in the operating environment, we believe that superiority in product development and technologies is vital in order to earn the trust of customers and become more competitive. Rohto Research Village Kyoto, which began operations in May 2006, will be the R&D base for these activities. The facility will strengthen the technological foundation for healthcare operations. This research village is also the center for actions involving antiaging and the disease prevention; collaboration with venture capital-backed companies that have promising technologies; and joint research projects with partners in Japan and overseas. We are determined to rapidly build a broad-based research infrastructure that covers the entire health and beauty domain.

In February 2007, Rohto purchased all shares of Meguro Kako Inc. from Sankyo Co., Ltd. Making this company a subsidiary provides a base for the full-scale expansion of the contract manufacturing business. We had already partially started this business itself to capitalize on new opportunities. We now have a sound base for entering the field of contract manufacturing associated with health and beauty care products. In addition to giving the group a new business unit, this acquisition expands manufacturing capabilities for internal medicines. Management believes this will contribute to further growth in corporate value.

Outside Japan, our highest priority is to expand operations in the growing markets of China, Vietnam, and other Asian nations. In North America and Europe, we will acquire new brands and take other aggressive actions aimed at growth.

Looking ahead, the Rohto Group will retain its commitment as a pharmaceutical manufacturer to supplying products that are safe and have outstanding quality. At the same time, we will seek to enter new business fields in order to earn the trust of customers and meet a diverse range of needs. All group companies will work relentlessly with the goal of achieving more growth in the scale of operations as well as in sales and earnings.

(4) Other Important Management Matters

No reportable information.

4. Interim Consolidated Financial Statements**(1) Consolidated Balance Sheets**

(Millions of yen)

Item	Interim FY3/07 As of Sep. 30, 2006		Interim FY3/08 As of Sep. 30, 2007		FY3/07 Summary As of Mar. 31, 2007		Change Amount	
	Amount	%	Amount	%	Amount	%		
Assets								
I Current assets								
1. Cash and deposits	4,562		6,866		7,108			
2. Notes and accounts receivable-trade	25,723		27,753		26,187			
3. Marketable securities	-		22		-			
4. Inventories	13,940		13,227		11,926			
5. Deferred tax assets	2,133		2,852		2,452			
6. Other	993		1,068		852			
Allowance for doubtful accounts	(298)		(289)		(284)			
Total current assets	47,054	40.9	51,501	41.9	48,244	38.5	3,257	
II Fixed assets								
1. Property, plant and equipment								
(1) Buildings and structures	14,895		16,286		16,456			
(2) Machinery, equipment and vehicles	5,847		6,679		6,945			
(3) Equipment	1,679		1,689		1,771			
(4) Land	7,400		8,821		8,819			
(5) Construction in progress	302	30,124	397	33,873	464	34,457	27.5	(583)
2. Intangible fixed assets								
(1) Goodwill	8,952		10,629		10,927			
(2) Right of trademark	2,871		2,853		2,953			
(3) Other	1,484	13,308	1,319	14,801	1,361	15,242	12.2	(440)
3. Investments and other assets								
(1) Investment securities	23,623		21,616		26,407			
(2) Deferred tax assets	12		15		14			
(3) Other	1,140		1,060		991			
Allowance for doubtful accounts	(164)	24,611	(18)	22,674	(36)	27,376	21.8	(4,702)
Total fixed assets		68,044		71,349		77,076	61.5	(5,726)
Total assets		115,099		122,851		125,320	100.0	(2,468)

(Millions of yen)

Item	Interim FY3/07 As of Sep. 30, 2006		Interim FY3/08 As of Sep. 30, 2007		FY3/07 Summary As of Mar. 31, 2007		Change
	Amount	%	Amount	%	Amount	%	Amount
Liabilities							
I Current liabilities							
1. Notes and accounts payable-trade	7,913		8,546		6,561		
2. Short-term loans payable	4,915		4,738		8,096		
3. Current portion of convertible bonds	-		1,213		-		
4. Accrued expenses	8,987		10,996		10,692		
5. Accrued income taxes	1,659		2,529		2,176		
6. Accrued consumption tax	210		183		428		
7. Deposits received	3,249		2,514		2,350		
8. Reserve for bonuses	1,266		1,488		1,440		
9. Reserve for directors' bonuses	38		29		49		
10. Reserve for returned goods unsold	796		736		687		
11. Reserve for rebates of sales	1,737		2,007		1,672		
12. Other	3,123		2,808		3,170		
Total current liabilities	33,895	29.4	37,790	30.8	37,324	29.8	465
II Non-current liabilities							
1. Convertible bond	1,703		-		1,295		
2. Long-term loans payable	7,293		7,328		6,665		
3. Deferred tax liabilities	5,543		5,182		6,975		
4. Reserve for retirement benefits	1,032		2,271		2,215		
5. Reserve for directors' retirement benefits	667		754		751		
6. Reserve for loss on liabilities for guarantee	109		-		-		
7. Other	181		135		137		
Total long-term liabilities	16,531	14.4	15,671	12.7	18,040	14.4	(2,368)
Total liabilities	50,427	43.8	53,462	43.5	55,365	44.2	(1,902)
Net assets							
I Shareholders' equity							
1. Capital stock	5,534		5,788		5,743		
2. Capital surplus	4,654		4,908		4,862		
3. Retained earnings	45,943		51,504		49,374		
4. Treasury stock	(151)		(193)		(173)		
Total shareholders' equity	55,980	48.6	62,007	50.5	59,806	47.7	2,201
II Valuation and translation adjustments							
1. Valuation difference on available-for-sale securities	9,014		7,341		10,085		
2. Deferred gains or losses on hedges	29		16		21		
3. Translation adjustments	(427)		(66)		(49)		
Total valuation and translation adjustments	8,616	7.5	7,290	5.9	10,057	8.0	(2,766)
III Minority interests							
Total net assets	64,672	56.2	69,389	56.5	69,955	55.8	(566)
Total liabilities and net assets	115,099	100.0	122,851	100.0	125,320	100.0	(2,468)

(2) Consolidated Statements of Income

(Millions of yen)

Item	Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006		Interim FY3/08 Apr. 1, 2007 – Sep. 30, 2007		Change Amount	FY3/07 Summary Apr. 1, 2006 – Mar. 31, 2007			
	Amount	%	Amount	%		Amount	%		
I Net sales	43,504	100.0	49,450	100.0	5,946	95,619	100.0		
II Cost of sales	16,083	37.0	20,281	41.0	4,198	36,407	38.1		
Gross profit	27,421	63.0	29,169	59.0	1,747	59,212	61.9		
Provision of reserve for returned goods unsold	150	0.3	48	0.1	(101)	42	0.0		
Gross profit -net	27,270	62.7	29,120	58.9	1,849	59,170	61.9		
III Selling, general and administrative expenses									
1. Promotion expenses	5,087		5,527			11,043			
2. Advertising expenses	7,600		7,959			16,399			
3. Salaries and bonuses	2,417		2,766			5,660			
4. Provision of reserve for bonuses	656		725			674			
5. Provision of reserve for directors' bonuses	38		29			49			
6. Retirement benefit expenses	178		185			380			
7. Provision of reserve for directors' retirement benefits	34		37			65			
8. Depreciation and amortization	460		380			923			
9. Amortization of goodwill	26		121			52			
10. R&D expenses	1,903		1,856			3,750			
11. Provision of allowance for doubtful accounts	-		5			-			
12. Other	4,196	22,599	4,823	24,417	49.4	1,817	8,789	47,788	50.0
Operating income	4,671	10.7	4,702	9.5	31	11,382	11.9		
IV Non-operating income									
1. Interest income	44		74			107			
2. Dividend income	145		171			262			
3. Equity in earnings of affiliates	-		14			-			
4. Other	88	278	124	384	0.8	105	187	556	0.6
V Non-operating expenses									
1. Interest expenses	300		305			628			
2. Loss on abandonment of inventories	332		233			808			
3. Equity in losses of affiliates	8		-			47			
4. Other	61	703	86	624	1.3	(78)	153	1,637	1.7
Ordinary income	4,246	9.8	4,462	9.0	216	10,301	10.8		
VI Extraordinary income									
1. Gain on sales of investment securities	37		1,278			40			
2. Reversal of allowance for doubtful accounts	204		-			249			
3. State subsidies received	423		-			447			
4. Reversal of reserve for loss on liabilities for guarantee	-	665	-	1,278	2.6	612	117	854	0.9
VII Extraordinary loss									
1. Loss on valuation of investment securities	-		694			-			
2. Loss on reduction of fixed assets	368	368	-	694	1.4	326	392	392	0.4
Income before income taxes and minority interests	4,543	10.4	5,045	10.2	502	10,764	11.3		
Current income taxes	1,689		2,540			3,963			
Deferred income taxes	225	1,915	(316)	2,224	4.5	309	163	4,127	4.3
Minority interests in income (loss) (deduction)	2	0.0	(1)	(0.0)	(4)	19	0.1		
Net income	2,625	6.0	2,823	5.7	197	6,617	6.9		

(3) Consolidated Statements of Change in Shareholders' Equity

Interim FY3/07 (Apr. 1, 2006 – Sep. 30, 2006)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Mar. 31, 2006	5,409	4,530	43,959	(135)	53,764
Changes in the current period					
Exercise of convertible bonds	119	119	-	-	238
Exercise of stock options	4	4	-	-	8
Dividends from surplus	-	-	(571)	-	(571)
Directors' bonuses	-	-	(40)	-	(40)
Decrease in surplus from the adoption of US GAAP by overseas subsidiaries	-	-	(29)	-	(29)
Net income	-	-	2,625	-	2,625
Acquisition of treasury stock	-	-	-	(16)	(16)
Disposal of treasury stock	-	0	-	0	0
Changes (net) in items other than shareholders' equity	-	-	-	-	-
Total changes in the current period	124	124	1,983	(16)	2,215
Balance as of Sep. 30, 2006	5,534	4,654	45,943	(151)	55,980

	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Translation adjustments	Total valuation and translation adjustments		
Balance as of Mar. 31, 2006	9,599	-	(644)	8,955	71	62,791
Changes in the current period						
Exercise of convertible bonds	-	-	-	-	-	238
Exercise of stock options	-	-	-	-	-	8
Dividends from surplus	-	-	-	-	-	(571)
Directors' bonuses	-	-	-	-	-	(40)
Decrease in surplus from the adoption of US GAAP by overseas subsidiaries	-	-	-	-	-	(29)
Net income	-	-	-	-	-	2,625
Acquisition of treasury stock	-	-	-	-	-	(16)
Disposal of treasury stock	-	-	-	-	-	0
Changes (net) in items other than shareholders' equity	(585)	29	217	(338)	2	(335)
Total changes in the current period	(585)	29	217	(338)	2	1,880
Balance as of Sep. 30, 2006	9,014	29	(427)	8,616	74	64,672

Interim FY3/08 (Apr. 1, 2007 – Sep. 30, 2007)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Mar. 31, 2007	5,743	4,862	49,374	(173)	59,806
Changes in the current period					
Exercise of convertible bonds	41	40	-	-	81
Exercise of stock options	4	4	-	-	8
Dividends from surplus (Note)	-	-	(692)	-	(692)
Net income	-	-	2,823	-	2,823
Acquisition of treasury stock	-	-	-	(19)	(19)
Changes (net) in items other than shareholders' equity	-	-	-	-	-
Total changes in the current period	45	45	2,130	(19)	2,201
Balance as of Sep. 30, 2007	5,788	4,908	51,504	(193)	62,007

	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Translation adjustments	Total valuation and translation adjustments		
Balance as of Mar. 31, 2007	10,085	21	(49)	10,057	92	69,955
Changes in the current period						
Exercise of convertible bonds	-	-	-	-	-	81
Exercise of stock options	-	-	-	-	-	8
Dividends from surplus (Note)	-	-	-	-	-	(692)
Net income	-	-	-	-	-	2,823
Acquisition of treasury stock	-	-	-	-	-	(19)
Changes (net) in items other than shareholders' equity	(2,744)	(5)	(16)	(2,766)	(1)	(2,767)
Total changes in the current period	(2,744)	(5)	(16)	(2,766)	(1)	(566)
Balance as of Sep. 30, 2007	7,341	16	(66)	7,290	91	69,389

Note: Dividends resolved at the Board of Directors meeting on May 15, 2007: 692 million yen

FY3/07 (Apr. 1, 2006 – Mar. 31, 2007)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Mar. 31, 2006	5,409	4,530	43,959	(135)	53,764
Changes in the current fiscal year					
Exercise of convertible bonds	324	322	-	-	646
Exercise of stock options	8	8	-	-	17
Dividends from surplus (Note)	-	-	(1,145)	-	(1,145)
Directors' bonuses in the appropriation of earnings	-	-	(40)	-	(40)
Decrease in surplus from the adoption of US GAAP by overseas subsidiaries	-	-	(16)	-	(16)
Net income	-	-	6,617	-	6,617
Acquisition of treasury stock	-	-	-	(39)	(39)
Disposal of treasury stock	-	0	-	0	1
Changes (net) in items other than shareholders' equity	-	-	-	-	-
Total changes in the current fiscal year	333	332	5,414	(38)	6,041
Balance as of Mar. 31, 2007	5,743	4,862	49,374	(173)	59,806

	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Translation adjustments	Total valuation and translation adjustments		
Balance as of Mar. 31, 2006	9,599	-	(644)	8,955	71	62,791
Changes in the current fiscal year						
Exercise of convertible bonds	-	-	-	-	-	646
Exercise of stock options	-	-	-	-	-	17
Dividends from surplus (Note)	-	-	-	-	-	(1,145)
Directors' bonuses in the appropriation of earnings	-	-	-	-	-	(40)
Decrease in surplus from the adoption of US GAAP by overseas subsidiaries	-	-	-	-	-	(16)
Net income	-	-	-	-	-	6,617
Acquisition of treasury stock	-	-	-	-	-	(39)
Disposal of treasury stock	-	-	-	-	-	1
Changes (net) in items other than shareholders' equity	485	21	594	1,101	20	1,122
Total changes in the current fiscal year	485	21	594	1,101	20	7,163
Balance as of Mar. 31, 2007	10,085	21	(49)	10,057	92	69,955

Note: Appropriation of earnings resolved at the annual general meeting of shareholders on June 27, 2006: 571 million yen
Dividends resolved at the Board of Directors meeting on November 14, 2006: 573 million yen

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	Interim FY3/08 Apr. 1, 2007 – Sep. 30, 2007	FY3/07 Summary Apr. 1, 2006 – Mar. 31, 2007
Item	Amount	Amount	Amount
I Cash flows from operating activities			
Income before income taxes and minority interests	4,543	5,045	10,764
Depreciation and amortization	1,655	1,970	3,479
Amortization of goodwill	26	121	52
Increase (decrease) in allowance for doubtful accounts	(206)	4	(266)
Increase (decrease) in reserve for bonuses	(51)	48	(56)
Increase (decrease) in reserve for directors' bonuses	38	(20)	49
Increase (decrease) in reserve for retirement benefits	214	64	328
Increase (decrease) in reserve for returned goods unsold	150	48	42
Increase (decrease) in reserve for rebates of sales	0	335	(64)
(Gain) loss on sales of investment securities	(37)	(1,278)	(40)
Loss on valuation of investment securities	-	694	-
State subsidies received	(423)	-	(447)
Loss on reduction of fixed assets	368	-	392
Interest and dividend income	(189)	(245)	(369)
Interest expenses	300	305	628
Equity in (earnings) losses of affiliates	8	(14)	47
Decrease (increase) in notes and accounts receivable-trade	(2,059)	(1,288)	(2,071)
Decrease (increase) in inventories	(1,653)	(1,263)	523
Increase (decrease) in notes and accounts payable-trade	1,118	1,858	(650)
Directors' bonuses paid	(40)	-	(40)
Other	(624)	(506)	900
Subtotal	3,139	5,882	13,200
Interest and dividends income received	185	237	357
Interest expenses paid	(300)	(305)	(634)
Income tax paid	(1,822)	(2,183)	(3,564)
Net cash provided by operating activities	1,201	3,631	9,358
II Cash flows from investing activities			
Purchase of property, plant and equipment	(2,226)	(1,286)	(4,077)
Purchase of intangible fixed assets	(88)	(94)	(172)
Purchase of investment securities	(436)	(701)	(1,448)
Proceeds from sales of investment securities	74	1,449	85
Proceeds from state subsidies received	423	-	447
Purchase of subsidiary stock resulting in changes in scope of consolidation	-	-	(2,471)
Other	(12)	(56)	111
Net cash used in investing activities	(2,267)	(688)	(7,526)
III Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	452	(2,832)	1,525
Proceeds from long-term loans payable	-	1,197	-
Repayment of long-term loans payable	(885)	(905)	(1,854)
Proceeds from issuance of common stock	8	8	17
Proceeds from sales of treasury stock	0	-	1
Cash dividends paid	(571)	(692)	(1,145)
Other	(22)	(24)	(48)
Net cash used in financing activities	(1,017)	(3,249)	(1,504)
IV Effect of exchange rate changes on cash and cash equivalents	(12)	65	123
V Increase (decrease) in cash and cash equivalents	(2,095)	(241)	450
VI Cash and cash equivalents at the beginning of period	6,657	7,108	6,657
VII Cash and cash equivalents at the end of period	4,562	6,866	7,108

(5) Significant Accounting Policies in the Preparation of Interim Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries: 20

Name of major consolidated subsidiaries:

Rohto USA, Inc., The Mentholatum Company Inc., Rohto-Mentholatum (Vietnam) Co., Ltd., The Mentholatum Company Limited, Mentholatum (Asia Pacific) Ltd., Mentholatum (China) Pharmaceutical Co., Ltd, Medicare Systems Co., Ltd.

PT Rohto Laboratories Indonesia is excluded from the consolidation since it has a very minor effect on total assets, net sales, net income/loss and retained earnings and is relatively insignificant in the context of the interim consolidated financial statements.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries accounted for under the equity method: 1 PT Rohto Laboratories Indonesia

(2) Number of equity method affiliates: 1 Ands Corporation

(3) Number of affiliates not accounted for under the equity method: 4 Yamato Kaihatsu Kogyo and 3 others

These affiliates are not accounted for under the equity method since they have a very minor effect on net income/loss and retained earnings and are relatively insignificant in the context of the interim consolidated financial statements.

3. Period end of consolidated subsidiaries

The interim period of Medicare Systems Co., Ltd. and two other subsidiaries ends on the closing date for the interim consolidated financial statements. The interim period of other consolidated subsidiaries ends on as follows.

June 30: Mentholatum (China) Pharmaceutical Co., Ltd., and 3 other consolidated subsidiaries

August 31: Rohto USA, Inc., The Mentholatum Company, Inc., Mentholatum (Asia Pacific) Ltd., and 10 other consolidated subsidiaries

In the preparation of the interim consolidated financial statements, appropriate adjustments are made for significant transactions during the periods from the balance sheet date of the consolidated subsidiaries and the consolidated balance sheet date.

4. Significant accounting policies

(1) Valuation criteria and methods for principal assets

1) Marketable securities

Available-for-sale securities

Securities with market quotations

Stated at fair value on the balance sheet date.

(Unrealized holding gain (loss) is included directly in net assets. Cost of securities sold is determined by the moving-average method.)

Securities without market quotations

Stated at cost, cost being determined by the moving-average method.

As for investments in limited liability investment partnerships and similar investment associations as defined in Article 2, Section 2 of the Securities Exchanges Law, the Company books the net value of proportional holdings based on the most recent available financial report of the association, according to the financial settlement date stipulated in the association contract.

2) Assets and liabilities deriving from derivatives Market value method.

3) Inventories

The Company and domestic consolidated subsidiaries: Stated at cost, cost being determined by the period-average method.

Overseas consolidated subsidiaries: Primarily stated at the lower of the cost method by the first-in first-out method.

(2) Depreciation method for principal depreciable assets

1) Property, plant and equipment

The Company and domestic consolidated subsidiaries: Depreciation is computed by the declining-balance method, except for buildings (excluding attached structure) acquired on or after April 1, 1998 on which depreciation is calculated by the straight-line method.

Overseas consolidated subsidiaries: Primarily by the straight-line method.

2) Intangible fixed assets

The Company and domestic consolidated subsidiaries: Depreciation is computed by the straight-line method. Software for internal use is amortized over an expected useful life of five years by the straight-line method.

Overseas consolidated subsidiaries: US consolidated subsidiaries follow the US FASB Statement No.142 which discusses the treatment of goodwill and other intangible fixed assets.

(3) Accounting for significant allowances

1) Allowance for doubtful accounts

To prepare for credit losses on receivables, an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case determination of collectibility.

2) Reserve for bonuses

To provide for employees' bonus obligation, the Company and its domestic consolidated subsidiaries book an allowance in the amount to have accrued for the current interim period among the estimated amount of future payment. Overseas consolidated subsidiaries primarily book an allowance in the estimated amount of future payment and included in accrued expenses.

3) Reserve for directors' bonuses

To provide for directors' bonus obligation, the Company and its domestic consolidated subsidiaries book an allowance in the amount deemed to have accrued at the end of the current interim period among the estimated amount of future payment.

4) Reserve for returned goods unsold

To provide for potential losses on returned goods, the Company and its domestic consolidated subsidiaries book an allowance equal to the estimated profit on the approximate amount of returned goods that is calculated based on the trade notes and accounts receivable at the end of the current interim period.

5) Reserve for rebates of sales

To provide for future rebates on net sales recognized in the current interim period, the Company and its domestic consolidated subsidiaries book an allowance equal to the amount obtained by applying the historical rebate ratio to trade notes and accounts receivable at the end of the current interim period.

6) Reserve for retirement benefits

To provide for reserve for retirement benefits, the Company and its domestic consolidated subsidiaries book an allowance in the amount deemed to have accrued at the end of the current interim period based on the projected benefit obligations and pension assets at the end of the current fiscal year.

US consolidated subsidiaries follow the US FASB Statement No. 87, which covers accounting treatment of employee pensions, and Statement No. 158, which discusses accounting treatment of defined-benefit pension and other post-retirement plans.

The prior service cost is expensed using the straight-line method, based on the specified number of years (5-18 years) within the average length of remaining work period of employees.

The actuarial difference is expensed in the following fiscal years using the straight-line method, based on the specified number of years (mostly 15 years) within the average length of remaining work period of employees.

7) Reserve for directors' retirement benefits

To provide for directors' retirement benefits, the Company books an allowance in the aggregate amount payable at the end of the current interim period pursuant to the Company's rules on directors' retirement benefits. Some overseas consolidated subsidiaries book an allowance for directors' retirement benefits.

(4) Translation of principal foreign currency-denominated assets and liabilities

Foreign currency-denominated monetary assets and liabilities are translated into yen at the exchange rate in effect on the balance sheet date. Exchange gain or loss is accounted as income or loss. The balance sheet accounts of overseas consolidated subsidiaries are also translated at the exchange rate in effect on their balance sheet dates. The revenue and expense accounts of overseas consolidated subsidiaries are translated into yen at the average exchange rate for their accounting periods. Translation adjustments are stated as a component of translation adjustments and minority interests in the net assets.

(5) Accounting for leases

The Company and its domestic consolidated subsidiaries account all finance lease contracts other than those that are deemed to transfer the ownership of the leased assets to lessees by the method similar to that applicable to ordinary operating leases. Overseas consolidated subsidiaries account lease transactions by the method similar to that applicable to regular trading transactions.

(6) Accounting for hedges

Deferred hedge accounting is adopted. However, short-cut method is applied to forward foreign exchange and other contracts in cases meeting the necessary requirements.

US consolidated subsidiaries follow the US FASB Statement No. 133 which discusses the treatment of accounting for derivatives.

(7) Accounting for consumption taxes

Consumption taxes are accounted by the tax-exclusion method.

5. Amortization of goodwill and negative goodwill

Goodwill is amortized equally over a 5-10 year period.

US consolidated subsidiaries follow the US FASB Statement No. 142 which discusses the treatment of goodwill and other intangible fixed assets, and do not amortize goodwill. Instead an impairment loss is recognized in the case of impairment of goodwill.

6. Cash and cash equivalents in the statements of cash flows

Vault cash, deposits that can be withdrawn on demand, and short-term investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash, and are so near maturity that they present insignificant risk of change in value.

(6) Change in Significant Accounting Policies in the Preparation of Interim Consolidated Financial Statements

(Depreciation method for property, plant and equipment)

Effective from the current interim period, the Company and its domestic consolidated subsidiaries depreciate property, plant and equipment acquired on or after April 1, 2007 according to the depreciation method stipulated in the revised standard, in line with revisions to the Corporation Tax Law including Law No. 6 to Partially Revise the Income Tax and Other Laws (March 30, 2007) and Government Ordinance No. 83 to Partially Revise Corporate Tax Law Ordinances (March 30, 2007).

The effect of this change was to decrease operating income, ordinary income and income before income taxes and minority interests by 18 million yen each.

The impact on segment information can be found in applicable portions of this report.

(Supplementary information)

Effective from the current interim period, the Company and its domestic consolidated subsidiaries depreciate property, plant and equipment acquired on or before March 31, 2007 by the straight-line method over 5 years, starting from the fiscal year following the fiscal year in which the maximum allowable depreciation is completed.

The effect of this change was to decrease operating income, ordinary income and income before income taxes and minority interests by 47 million yen each.

The impact on segment information can be found in applicable portions of this report.

(7) Notes to Interim Consolidated Financial Statements**Notes to Consolidated Balance Sheets**

(Millions of yen)

Interim FY3/07 As of Sep. 30, 2006	Interim FY3/08 As of Sep. 30, 2007	FY3/07 As of Mar. 31, 2007
1. Accumulated depreciation of property, plant and equipment 31,544	1. Accumulated depreciation of property, plant and equipment 39,915	1. Accumulated depreciation of property, plant and equipment 38,306
2. Accumulated advanced depreciation reduced from property, plant and equipment 862	2. Accumulated advanced depreciation reduced from property, plant and equipment 886	2. Accumulated advanced depreciation reduced from property, plant and equipment 886
3. Assets pledged as collateral 70	3. Assets pledged as collateral 76	3. Assets pledged as collateral 77
4. Notes receivable endorsed -	4. Notes receivable endorsed -	4. Notes receivable endorsed 1
5. Trade notes maturing at the end of the interim period The settlement of trade notes maturing on the interim balance sheet date is accounted on the clearance date. As the interim balance sheet date was a bank holiday, the trade notes maturing on the interim balance sheet date, in the following amounts were included in the period-end balance. Notes receivable 529 Notes payable 4	5. Trade notes maturing at the end of the interim period The settlement of trade notes maturing on the interim balance sheet date is accounted on the clearance date. As the interim balance sheet date was a bank holiday, the trade notes maturing on the interim balance sheet date, in the following amounts were included in the period-end balance. Notes receivable 513 Notes payable -	5. Trade notes maturing at the end of the fiscal year The settlement of trade notes maturing on the balance sheet date is accounted on the clearance date. As the balance sheet date was a bank holiday, the trade notes maturing on the balance sheet date, in the following amounts were included in the year-end balance. Notes receivable 430 Notes payable 6

Notes to Consolidated Statements of Income

(Millions of yen)

Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	Interim FY3/08 Apr. 1, 2007 – Sep. 30, 2007	FY3/07 Apr. 1, 2006 – Mar. 31, 2007
1. Loss on reduction of fixed assets Buildings and structures 342 Equipment 26	1. Loss on reduction of fixed assets Buildings and structures - Equipment -	1. Loss on reduction of fixed assets Buildings and structures 366 Equipment 26

Notes to Consolidated Statement of Changes in Shareholders' Equity

Interim FY3/07 (Apr. 1, 2006 – Sep. 30, 2006)

1. Type and number of outstanding shares (Shares)

Type of shares	Number of shares as of Mar. 31, 2006	Increase	Decrease	Number of shares as of Sep. 30, 2006
Common shares	114,595,243	417,314	-	115,012,557

Note: Number of outstanding common shares increased by 399,314 shares due to conversion of convertible bonds and 18,000 shares due to exercise of stock options.

2. 1. Type and number of treasury stock (Shares)

Type of shares	Number of shares as of Mar. 31, 2006	Increase	Decrease	Number of shares as of Sep. 30, 2006
Common shares	219,522	13,407	674	232,255

Notes: 1. Number of treasury stock increased due to the buyback of odd lot shares.

2. Number of treasury stock decreased due to the transfer of odd lot shares.

3. Items related to stock acquisition rights

No reportable information.

4. Dividends

(1) Dividends payment

Resolution	Type of share	Total amount of dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Annual general meeting of shareholders on Jun. 27, 2006	Common shares	571	5.00	Mar. 31, 2006	Jun. 28, 2006

(2) Dividends with a record date in the current interim period but an effective date in the following interim period

Resolution	Type of share	Total amount of dividend (Millions of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on Nov. 14, 2006	Common shares	573	Retained earnings	5.00	Sep. 30, 2006	Dec. 11, 2006

Interim FY3/08 (Apr. 1, 2007 – Sep. 30, 2007)

1. Type and number of outstanding shares (Shares)

Type of shares	Number of shares as of Mar. 31, 2007	Increase	Decrease	Number of shares as of Sep. 30, 2007
Common shares	115,712,240	154,992	-	115,867,232

Note: Number of outstanding common shares increased by 136,992 shares due to conversion of convertible bonds and 18,000 shares due to exercise of stock options.

2. Type and number of treasury stock (Shares)

Type of shares	Number of shares as of Mar. 31, 2007	Increase	Decrease	Number of shares as of Sep. 30, 2007
Common shares	250,204	15,374	-	265,578

Note: Number of treasury stock increased due to the buyback of odd lot shares.

3. Items related to stock acquisition rights

No reportable information.

4. Dividends

(1) Dividends payment

Resolution	Type of share	Total amount of dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on May 15, 2007	Common shares	692	6.00	Mar. 31, 2007	Jun. 6, 2007

(2) Dividends with a record date in the current interim period but an effective date in the following interim period

Resolution	Type of share	Total amount of dividend (Millions of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on Nov. 13, 2007	Common shares	693	Retained earnings	6.00	Sep. 30, 2007	Dec. 10, 2007

FY3/07 (Apr. 1, 2006 – Mar. 31, 2007)

1. Type and number of outstanding shares (Shares)

Type of shares	Number of shares as of Mar. 31, 2006	Increase	Decrease	Number of shares as of Mar. 31, 2007
Common shares	114,595,243	1,116,997	-	115,712,240

Note: Number of outstanding common shares increased by 1,080,997 shares due to conversion of convertible bonds and 36,000 shares due to exercise of stock options.

2. Type and number of treasury stock (Shares)

Type of shares	Number of shares as of Mar. 31, 2006	Increase	Decrease	Number of shares as of Mar. 31, 2007
Common shares	219,522	32,156	1,474	250,204

Notes: 1. Number of treasury stock increased due to the buyback of odd lot shares.

2. Number of treasury stock decreased due to the transfer of odd lot shares.

3. Items related to stock acquisition rights

No reportable information.

4. Dividends

(1) Dividends payment

Resolution	Type of share	Total amount of dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Annual general meeting of shareholders on Jun. 27, 2006	Common shares	571	5.00	Mar. 31, 2006	Jun. 28, 2006
Board of Directors meeting on Nov. 14, 2006	Common shares	573	5.00	Sep. 30, 2006	Dec. 11, 2006

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (Millions of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on May 15, 2007	Common shares	692	Retained earnings	6.00	Mar. 31, 2007	Jun. 6, 2007

Notes to Consolidated Statements of Cash Flows

(Millions of yen)

Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	Interim FY3/08 Apr. 1, 2007 – Sep. 30, 2007	FY3/07 Apr. 1, 2006 – Mar. 31, 2007
1. Reconciliation of “Cash and cash equivalents” of the consolidated statements of cash flows and balance sheet items for the current interim period is made as follows:	1. Reconciliation of “Cash and cash equivalents” of the consolidated statements of cash flows and balance sheet items for the current interim period is made as follows:	1. Reconciliation of “Cash and cash equivalents” of the consolidated statements of cash flows and balance sheet items for the current fiscal year is made as follows:
Cash and deposits 4,562	Cash and deposits 6,866	Cash and deposits 7,108
Marketable securities <u>-</u>	Marketable securities <u>22</u>	Marketable securities <u>-</u>
Total 4,562	Total 6,888	Total 7,108
Debt securities with maturities longer than three months <u>-</u>	Debt securities with maturities longer than three months <u>(22)</u>	Debt securities with maturities longer than three months <u>-</u>
Cash and cash equivalents <u>4,562</u>	Cash and cash equivalents <u>6,866</u>	Cash and cash equivalents <u>7,108</u>
2. Significant non-cash transactions	2. Significant non-cash transactions	2. Significant non-cash transactions
Exercise of convertible bonds	Exercise of convertible bonds	Exercise of convertible bonds
Increase in capital stock 119	Increase in capital stock 41	Increase in capital stock 324
Increase in capital reserves <u>119</u>	Increase in capital reserves <u>40</u>	Increase in capital reserves <u>322</u>
Decrease in convertible bonds <u>239</u>	Decrease in convertible bonds <u>82</u>	Decrease in convertible bonds <u>647</u>

Segment Information**1. Operating segment information**

(Millions of yen)

	Interim FY3/07 (Apr. 1, 2006 – Sep. 30, 2006)						
	Eye care products	Skincare products	Internal medicines	Others	Total	Elimination or corporate	Consolidated
Net sales and operating income (loss)							
Net sales							
(1) External sales	12,241	24,150	4,060	3,051	43,504	-	43,504
(2) Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	12,241	24,150	4,060	3,051	43,504	-	43,504
Operating expenses	8,059	22,223	4,201	3,128	37,612	1,220	38,833
Operating income (loss)	4,181	1,927	(140)	(76)	5,891	[1,220]	4,671

(Millions of yen)

	Interim FY3/08 (Apr. 1, 2007 – Sep. 30, 2007)						
	Eye care products	Skincare products	Internal medicines	Others	Total	Elimination or corporate	Consolidated
Net sales and operating income (loss)							
Net sales							
(1) External sales	13,014	26,067	7,154	3,215	49,450	-	49,450
(2) Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	13,014	26,067	7,154	3,215	49,450	-	49,450
Operating expenses	8,555	24,129	7,515	3,248	43,448	1,299	44,748
Operating income (loss)	4,458	1,937	(360)	(32)	6,002	[1,299]	4,702

(Millions of yen)

	FY3/07 (Apr. 1, 2006 – Mar. 31, 2007)						
	Eye care products	Skincare products	Internal medicines	Others	Total	Elimination or corporate	Consolidated
Net sales and operating income (loss)							
Net sales							
(1) External sales	26,291	51,425	9,992	7,909	95,619	-	95,619
(2) Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	26,291	51,425	9,992	7,909	95,619	-	95,619
Operating expenses	16,939	47,311	10,070	7,440	81,762	2,475	84,237
Operating income (loss)	9,351	4,114	(77)	468	13,857	[2,475]	11,382

Notes: 1. Method of segmentation

The operating segment information is presented on the basis of the similarity of its products, in use of products and how they are manufactured.

2. Summary of operating segments

- (1) Eye care products: Eye drops, eyewash preparations, and contact lens products
(2) Skincare products: Mentholatum, moisturizing antipruritics, lip balm, hand cream, acne treatments, sunscreens, and functional cosmetics
(3) Internal medicines: Gastrointestinal medicines, liquid gastrointestinal medicines, cold remedies, traditional Chinese herbal medicines, and supplements
(4) Others: In-vitro test kits, hay fever products, denture cleanser, and sanitary products

3. Unallocated operating expenses included in “Elimination or corporate” consist primarily of expenses related to the administration division of the Company.

Interim FY3/07: 1,220 million yen Interim FY3/08: 1,299 million yen FY3/07: 2,475 million yen

4. As noted in the section on “Change in Significant Accounting Policies in the Preparation of Interim Consolidated Financial Statements” and “Supplementary information,” the Company and its domestic consolidated subsidiaries have changed the depreciation method from the current interim period, due to the revision of the Corporation Tax Law. The effect of this change was to increase operating expenses for “Eye care products”, “Skincare products”, “Internal medicines”, “Others” and “Elimination or corporate” in the current interim period by 13 million yen, 25 million yen, 19 million yen, 5 million yen, and 1 million yen respectively, and decrease operating income by the same amount.

2. Geographical segment information

(Millions of yen)

	Interim FY3/07 (Apr. 1, 2006 – Sep. 30, 2006)							Eliminations or corporate	Consolidated
	Japan	North America	Europe	Asia	Others	Total			
Net sales and operating income (loss)									
Net sales									
(1) External sales	30,334	4,551	2,261	5,838	518	43,504	-	43,504	
(2) Inter-segment sales and transfers	476	844	2	1,156	12	2,493	[2,493]	-	
Total	30,811	5,396	2,263	6,995	531	45,997	[2,493]	43,504	
Operating expenses	27,310	5,633	2,152	5,821	468	41,386	[2,553]	38,833	
Operating income (loss)	3,500	(237)	110	1,173	62	4,611	59	4,671	

(Millions of yen)

	Interim FY3/08 (Apr. 1, 2007 – Sep. 30, 2007)							Eliminations or corporate	Consolidated
	Japan	North America	Europe	Asia	Others	Total			
Net sales and operating income (loss)									
Net sales									
(1) External sales	35,215	4,458	2,644	6,481	650	49,450	-	49,450	
(2) Inter-segment sales and transfers	663	883	0	1,148	16	2,713	[2,713]	-	
Total	35,879	5,342	2,644	7,630	667	52,164	[2,713]	49,450	
Operating expenses	32,230	5,455	2,494	6,526	626	47,334	[2,585]	44,748	
Operating income (loss)	3,649	(113)	150	1,103	40	4,830	[127]	4,702	

(Millions of yen)

	FY3/07 (Apr. 1, 2006 – Mar. 31, 2007)							Eliminations or corporate	Consolidated
	Japan	North America	Europe	Asia	Others	Total			
Net sales and operating income									
Net sales									
(1) External sales	64,960	9,526	5,044	15,016	1,071	95,619	-	95,619	
(2) Inter-segment sales and transfers	1,076	1,443	5	2,249	18	4,792	[4,792]	-	
Total	66,036	10,970	5,049	17,265	1,089	100,412	[4,792]	95,619	
Operating expenses	58,115	10,468	4,406	14,922	970	88,883	[4,646]	84,237	
Operating income	7,920	501	643	2,342	119	11,528	[146]	11,382	

- Notes: 1. The classification of country or area is based on geographical proximity.
 2. Major countries or areas outside Japan included in each segment
 (1) North America: USA, Canada
 (2) Europe: UK
 (3) Asia: China, Taiwan, Vietnam
 (4) Others: Australia
 3. As noted in the section on “Change in Significant Accounting Policies in the Preparation of Interim Consolidated Financial Statements” and “Supplementary information,” the Company and its domestic consolidated subsidiaries have changed the depreciation method from the current interim period, due to the revision of the Corporation Tax Law. The effect of this change was to increase operating expenses for Japan in the current interim period by 66 million yen and decrease operating income by the same amount.

3. Overseas sales

(Millions of yen)

	Interim FY3/07 (Apr. 1, 2006 – Sep. 30, 2006)				
	North America	Europe	Asia	Others	Total
I Overseas sales	4,704	2,261	6,059	520	13,546
II Consolidated net sales					43,504
III Share of overseas sales among the consolidated net sales (%)	10.8	5.2	13.9	1.2	31.1

(Millions of yen)

	Interim FY3/08 (Apr. 1, 2007 – Sep. 30, 2007)				
	North America	Europe	Asia	Others	Total
I Overseas sales	4,621	2,644	6,702	653	14,622
II Consolidated net sales					49,450
III Share of overseas sales among the consolidated net sales (%)	9.3	5.4	13.6	1.3	29.6

(Millions of yen)

	FY3/07 (Apr. 1, 2006 – Mar. 31, 2007)				
	North America	Europe	Asia	Others	Total
I Overseas sales	9,497	5,044	15,003	1,071	30,616
II Consolidated net sales					95,619
III Share of overseas sales among the consolidated net sales (%)	9.9	5.3	15.7	1.1	32.0

- Notes: 1. The classification of country or area is based on geographical proximity.
 2. Major countries or areas included in each segment
 (1) North America: USA, Canada
 (2) Europe: UK
 (3) Asia: China, Taiwan, Vietnam
 (4) Others: Australia
 3. Overseas sales include sales of the Company and its consolidated subsidiary in countries and areas outside Japan.

Lease Transactions

(Millions of yen)

Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	Interim FY3/08 Apr. 1, 2007 – Sep. 30, 2007	FY3/07 Apr. 1, 2006 – Mar. 31, 2007
1. Finance lease contracts other than those that are deemed to transfer the ownership of the leased assets to lessees	1. Finance lease contracts other than those that are deemed to transfer the ownership of the leased assets to lessees	1. Finance lease contracts other than those that are deemed to transfer the ownership of the leased assets to lessees
1) Acquisition amount, accumulated depreciation and the period-end balance equivalents of leased properties	1) Acquisition amount, accumulated depreciation and the period-end balance equivalents of leased properties	1) Acquisition amount, accumulated depreciation and the year-end balance equivalents of leased properties
Machinery equipment and vehicles:	Machinery equipment and vehicles:	Machinery equipment and vehicles:
Acquisition amount 4	Acquisition amount -	Acquisition amount 4
Accumulated depreciation 4	Accumulated depreciation -	Accumulated depreciation 4
Period-end balance 0	Period-end balance -	Year-end balance 0
Equipment:	Equipment:	Equipment:
Acquisition amount 7	Acquisition amount 21	Acquisition amount 21
Accumulated depreciation 3	Accumulated depreciation 10	Accumulated depreciation 8
Period-end balance 3	Period-end balance 11	Year-end balance 13
Total:	Total:	Total:
Acquisition amount 12	Acquisition amount 21	Acquisition amount 26
Accumulated depreciation 8	Accumulated depreciation 10	Accumulated depreciation 12
Period-end balance 4	Period-end balance 11	Year-end balance 13
2) Outstanding future lease payments at the end of the period	2) Outstanding future lease payments at the end of the period	2) Outstanding future lease payments at the end of the fiscal year
Due within one year 2	Due within one year 4	Due within one year 4
Due after one year 2	Due after one year 6	Due after one year 9
Total 4	Total 11	Total 13
Note: Acquisition cost and outstanding future lease payments at the end of the period are calculated based on the interest-inclusive method since the weight of outstanding future lease payments in the balance of property, plant and equipment at the end of the period is insignificant.	Note: Acquisition cost and outstanding future lease payments at the end of the period are calculated based on the interest-inclusive method since the weight of outstanding future lease payments in the balance of property, plant and equipment at the end of the period is insignificant.	Note: Acquisition cost and outstanding future lease payments at the end of the fiscal year are calculated based on the interest-inclusive method since the weight of outstanding future lease payments in the balance of property, plant and equipment at the end of the fiscal year is insignificant.
3) Lease payments and depreciation equivalents	3) Lease payments and depreciation equivalents	3) Lease payments and depreciation equivalents
Lease payments 1	Lease payments 2	Lease payments 2
Depreciation equivalents 1	Depreciation equivalents 2	Depreciation equivalents 2
4) Calculation of depreciation equivalents Depreciation is based on the straight-line method, assuming the lease period to be the useful life and no residual value.	4) Calculation of depreciation equivalents Depreciation is based on the straight-line method, assuming the lease period to be the useful life and no residual value.	4) Calculation of depreciation equivalents Depreciation is based on the straight-line method, assuming the lease period to be the useful life and no residual value.
2. Operating lease transactions	2. Operating lease transactions	2. Operating lease transactions
Outstanding future lease payments	Outstanding future lease payments	Outstanding future lease payments
Due within one year 107	Due within one year 132	Due within one year 102
Due after one year 250	Due after one year 233	Due after one year 201
Total 357	Total 366	Total 304

Marketable Securities

Interim FY3/07

1. Marketable securities with market quotations (Millions of yen)

Item	As of Sep. 30, 2006		
	Acquisition cost	Carrying value	Unrealized gain/loss
(1) Available-for-sale securities			
1) Equity	6,962	22,117	15,155
2) Bond			
Corporate bond	38	40	2
Total	7,000	22,158	15,157

2. Marketable securities without market quotations (Millions of yen)

Item	As of Sep.30, 2006
(1) Available-for-sale securities	Carrying value
1) Unlisted stock	495
2) Investment in limited liability investment partnerships and similar investment associations	134
Total	630

Interim FY3/08

1. Marketable securities with market quotations (Millions of yen)

Item	As of Sep. 30, 2007		
	Acquisition cost	Carrying value	Unrealized gain/loss
(1) Available-for-sale securities			
1) Equity	7,923	20,319	12,396
2) Bond			
Corporate bond	37	40	2
Total	7,960	20,359	12,399

2. Marketable securities without market quotations (Millions of yen)

Item	As of Sep.30, 2007
(1) Available-for-sale securities	Carrying value
1) Unlisted stock	226
2) Investment in limited liability investment partnerships and similar investment associations	270
Total	497

FY3/07

1. Marketable securities with market quotations (Millions of yen)

Item	As of Mar. 31, 2007		
	Acquisition cost	Carrying value	Unrealized gain/loss
(1) Available-for-sale securities			
1) Equity	5,514	22,926	17,412
2) Bond			
Corporate bond	30	33	3
Total	5,544	22,960	17,416

2. Marketable securities without market quotations (Millions of yen)

Item	As of Mar.31, 2007
(1) Available-for-sale securities	Carrying value
1) Unlisted stock	623
2) Investment in limited liability investment partnerships and similar investment associations	276
Total	899

Derivatives

No reportable information since derivative transactions are accounted by the hedge accounting method.

Stock Options

Interim FY3/08 (Apr. 1, 2007 – Sep. 30, 2007)

No reportable information.

FY3/07 (Apr. 1, 2006 – Mar. 31, 2007)

Notes on stock options are not presented since the disclosure of this information is not significant in the context of the interim consolidated financial results.

Business Combinations

Interim FY3/08 (Apr. 1, 2007 – Sep. 30, 2007)

No reportable information.

FY3/07 (Apr. 1, 2006 – Mar. 31, 2007)

No reportable information.

Per Share Information

(Yen)

	Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	Interim FY3/08 Apr. 1, 2007 – Sep. 30, 2007	FY3/07 Apr. 1, 2006 – Mar. 31, 2007
Net assets per share:	562.79	599.46	605.07
Net income per share:	22.90	24.43	57.62
Diluted net income per share:	22.31	23.99	56.22

Notes: Basis for calculation

1. Net assets per share

(Millions of yen)

	Interim FY3/07 As of Sep. 30, 2006	Interim FY3/08 As of Sep. 30, 2007	FY3/07 As of Mar. 31, 2007
Total net assets on the balance sheets	64,672	69,389	69,955
Net assets available to common shares	64,597	69,298	69,863
Breakdown of differences			
Minority interests	74	91	92
Number of common shares outstanding (thousand shares)	115,012	115,867	115,712
Number of common shares of treasury stock (thousand shares)	232	265	250
Number of common shares used in calculation of net assets per share (thousand shares)	114,780	115,601	115,462

2. Net income per share and diluted net income per share

(Millions of yen)

	Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	Interim FY3/08 Apr. 1, 2007 – Sep. 30, 2007	FY3/07 Apr. 1, 2006 – Mar. 31, 2007
Net income per share			
Net income	2,625	2,823	6,617
Amount not available to common shareholders	-	-	-
Net income applicable to common shares	2,625	2,823	6,617
Average number of common shares outstanding during the period (thousand shares)	114,640	115,539	114,848
Diluted net income per share			
Adjusted to net income	-	-	-
Increase in the number of common shares (thousand shares)	3,053	2,136	2,840
[of which convertible bonds (thousand shares)]	[2,982]	[2,091]	[2,774]
[of which stock acquisition rights (thousand shares)]	[70]	[45]	[65]
Summary of potential stock not included in the calculation of “diluted net income per share” since there was no dilutive effect.	-	-	-

Material Subsequent Events

No reportable information.

* This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.