May 13, 2008

Financial Results for the Fiscal Year Ended 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
Representative:	Kunio Yamada, President and CEO		
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Scheduled date of Annual General Meeting of Shareholders: June 25, 2008
Scheduled date of filing of Annual Securities Report: June 26, 2008
Scheduled date of dividend payment: June 11, 2008

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

1. Consolidated Financial Results (April 1, 2007 – March 31, 2008)

(1) Consolidated results of operations

(Percentages for net sales, operating income, ordinary income and net income 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	%
Fiscal year ended Mar. 2008	108,131	13.1	13,037	14.5	12,338	19.8	7,525	13.7
Fiscal year ended Mar. 2007	95,619	11.4	11,382	8.3	10,301	5.5	6,617	1.4

	Net income per share	Diluted net income per share	ROE	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 2008	65.10	63.95	10.8	10.1	12.1
Fiscal year ended Mar. 2007	57.62	56.22	10.0	8.7	11.9

Reference: Equity in earnings (losses) of affiliates (Millions of yen): Mar. 2008: 22 Mar. 2007: (47)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended Mar. 2008	120,183	69,417	57.7	598.87
Fiscal year ended Mar. 2007	125,320	69,955	55.7	605.07

Reference: Shareholders' equity (Millions of yen): Mar. 2008: 69,370 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
Fiscal year ended Mar. 2008	12,610	(3,981)	(5,660)	9,709
Fiscal year ended Mar. 2007	9,358	(7,526)	(1,504)	7,108

2. Dividends

Dividends by cash

	Dividend per share			Total dividends (annual)	Payout ratio (consolidated)	Dividends on equity (consolidated)
	Interim	Year-end	Annual			
	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Mar. 2007	5.00	6.00	11.00	1,266	19.1	1.9
Fiscal year ended Mar. 2008	6.00	6.00	12.00	1,388	18.4	2.0
Fiscal year ending Mar. 2009 (forecast)	6.00	6.00	12.00		19.3	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2009 (April 1, 2008 – March 31, 2009)

(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
First half	52,500	6.2	4,500	(4.3)	4,200	(5.9)	2,400	(15.0)	20.72
Full year	113,000	4.5	12,000	(8.0)	11,300	(8.4)	7,200	(4.3)	62.16

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 9 for further information.

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

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

Note: Please refer to "Significant Accounting Policies in the Preparation of Consolidated Financial Statements" on page 19 for further information.

(3) Number of outstanding shares (common shares)

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

Mar. 2008: 116,107,795 shares Mar. 2007: 115,712,240 shares

2) Treasury stock at end of period:

Mar. 2008: 271,805 shares Mar. 2007: 250,204 shares

Note: Please refer to "Per Share Information" on page 33 for the number of shares used in calculating consolidated net income per share.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results (April 1, 2007 – March 31, 2008)

(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	%
Fiscal year ended Mar. 2008	67,426	7.5	9,344	17.4	9,100	20.7	5,490	17.7
Fiscal year ended Mar. 2007	62,723	7.0	7,958	5.4	7,541	6.8	4,664	4.5

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 2008	47.50	46.66
Fiscal year ended Mar. 2007	40.61	39.63

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended Mar. 2008	91,586	62,594	68.3	540.37
Fiscal year ended Mar. 2007	95,202	63,458	66.7	549.60

Reference: Shareholders' equity (Millions of yen): Mar. 2008: 62,594 Mar. 2007: 63,458

2. Non-consolidated Forecast for the Fiscal Year Ending March 31, 2009 (April 1, 2008 – March 31, 2009)

(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
First half	33,500	4.6	4,200	11.1	4,200	10.5	2,600	8.0	22.45
Full year	69,500	3.1	9,700	3.8	9,600	5.5	5,900	7.5	50.93

* The forecasts above have been prepared based on information available at the time this report was prepared. 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 fiscal year

1) Overview

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Fiscal year ended Mar. 2007	95,619	11,382	10,301	6,617
Fiscal year ended Mar. 2008	**108,131**	**13,037**	**12,338**	**7,525**
YoY change (%)	13.1	14.5	19.8	13.7

In the current fiscal year Japan's economy continued its moderate expansion, thanks to growing capital expenditure and an improving employment and income situation against a backdrop of strong corporate earnings. However, factors such as the international financial unease stemming from the US subprime mortgage crisis and the soaring price of raw materials, especially crude oil, have led to a growing sense of uncertainty about the future of the economy. In the healthcare-related industry, as elsewhere, the management environment remains harsh, with competition intensifying across all industries and business conditions as restructuring continues.

In this situation, the Rohto Group is planning to move into new fields with customer-oriented development and marketing activities for new products. In its existing markets, the Group has again achieved record sales and profits after endeavoring to develop high value-added products and activate markets.

Net sales soared to 108.131 billion yen (up 13.1% year-on-year), surpassing the 100 billion yen mark for the first time. Within Japan, weather factors such as heat waves and cold fronts contributed to the strong performance of seasonal products. Beauty-care products like the *Hada* (skin) *Labo* and *Obagi* series and the new *50-no-Megumi* brand also contributed to sales growth. The steady brand penetration of the *Wakansen* series of herbal medicine products, based on a user-friendly concept, and the creation of the Meguro Kako Inc. subsidiary also contributed to growth. Outside Japan, North America saw sluggish sales following a poor reaction to high-profile sales activities last year promoting the *OXY* lineup of acne treatments. In Asia, sales continued to grow, led by China and Vietnam. Europe also performed strongly.

Earnings rose to new heights, benefiting from sales growth and initiatives to use selling, general and administrative expenses more efficiently. As a result, operating income rose 14.5% year-on-year to 13,037 million yen, ordinary income rose 19.8% to 12,338 million yen, and net income rose 13.7% to 7,525 million yen.

The sales summary by business segment is as follows.

2) Results by business segment

(Millions of yen)

	Net sales			
	Fiscal year ended Mar. 2007	**Fiscal year ended Mar. 2008**	YoY change (Amount)	YoY change (%)
Eye Care Products	26,291	**27,568**	1,277	4.9
Skincare Products	51,425	**58,124**	6,698	13.0
Internal Medicines	9,992	**15,442**	5,449	54.5
Others	7,909	**6,996**	(912)	(11.5)
Total	95,619	**108,131**	12,511	13.1

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

In the core eye drops and eyewash sectors, the high value-added *Kaigan Shinsho* and *Rohto Zi* series of products and the *C CUBE* series of contact lens products performed well, as did the *ALGURD* brand of hay fever products. Overall sales of contact lens products fell slightly, however, due to intensifying competition and a downturn in sales of care solution products for hard contact lenses.

Outside Japan, the eye care brands steadily became recognized in North America, while in China and Vietnam the products established themselves and greatly increased sales growth. Total sales of products in this sector rose 4.9% year-on-year to 27,568 million yen.

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

The arrival of heat waves and cold fronts in Japan created a strong demand for seasonal products, such as sunscreens, and moisturizing products, such as lip balm and hand cream. Sales of *Hada* (skin*) Labo* brand products were also strong, backed by the success of the updated product lines in the core *Gokujyun* series and the *Sengan* (face wash) series. The *Obagi* series in the *Obagi Derma Force X* lineup and *50-no-Megumi*, which condenses 50 moisturizing ingredients into one bottle for customers in their fifties, also contributed to sales growth in this segment.

Outside Japan, sales increased in Asia, mainly China. As a result, total segment sales increased significantly by 13.0% to 58,124 million yen.

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

The *Wakansen* brand of 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. Segment sales also include the results of new subsidiary Meguro Kako Inc. As a result, sales in this segment significantly increased by 54.5% to 15,442 million yen.

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

Hay fever products sold well, although the influenza test kits launched last year fared badly and intensifying competition led to stagnating sales of pregnancy test kits and ovulation prediction kits in the *Dotest* series. As a result, sales fell 11.5% to 6,996 million yen.

Outlook for the fiscal year ending March 31, 2009 (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Fiscal year ended Mar. 2008	108,131	13,037	12,338	7,525
Fiscal year ending Mar. 2009	**113,000**	**12,000**	**11,300**	**7,200**
YoY change (%)	4.5	(8.0)	(8.4)	(4.3)

Japan’s economy should benefit from strong corporate results and consumer spending, but market conditions are predicted to remain opaque due to such factors as the impact of the economic slowdown in the US, product price trends including rising oil prices, and the state of the financial markets.

In this environment, the Rohto Group will respond to changes in the industry environment created by deregulation and other factors. It will aim to further expand business and improve earnings by creating new products and brands that respond appropriately to changing customer needs. At the same time it will rise to the challenge of diverse innovations, including alliances with a wide range of companies.

Within Japan, the Group will focus its energies on cultivating beauty care products and existing brands while establishing new sectors such as herbal medicines. Another goal is to enhance our development, technology, and manufacturing capabilities by boosting efficiency still further and supporting the future expansion of business content at the Rohto Research Village Kyoto and Meguro Kako Inc. To grow overseas, the Group will deploy its collective resources and take initiatives to develop new brands and products.

For the fiscal year beginning April 2008, we forecast net sales of 113 billion yen (up 4.5% year-on-year), due partly to the influence of exchange rate conversion for overseas business. From this fiscal year, moreover, new accounting rules in Japan require unified accounts processing with external subsidiaries. The amortization of goodwill to be implemented at our US subsidiary as a result of this is projected to lead to an operating income of 12,000 million yen (down 8.0% year-on-year), ordinary income of 11,300 million yen (down 8.4%), and net income of 7,200 million yen (down 4.3%). We predict that removing the effect of goodwill amortization would lead to a substantial profit gain. These forecasts are based on an exchange rate of 105 yen to the U.S. dollar.

(2) Analysis of Financial Position

Balance sheet and cash flow position

Balance sheet position

Assets totaled 120,183 million yen at the end of the current fiscal year, 5,137 million yen less than at the end of the previous fiscal year. There was an increase of 2,700 million yen in cash and deposits, but investment securities declined by 8,059 million yen.

Liabilities decreased 4,599 million yen to 50,765 million yen. There were a decline of 5,173 million yen in short-term loans payable and other factors.

Net assets decreased 537 million yen to 69,417 million yen. Although retained earnings increased 6,271 million yen, there were declines of 5,193 million yen in valuation difference on available-for-sale securities and 1,741 million yen in translation adjustments.

Cash flow position

(Millions of yen)

Item	Fiscal year ended Mar. 2007	**Fiscal year ended Mar. 2008**	YoY change (Amount)
Cash and cash equivalents at beginning of year	6,657	**7,108**	450
Cash flows from operating activities	9,358	**12,610**	3,252
Cash flows from investing activities	(7,526)	**(3,981)**	3,545
Cash flows from financing activities	(1,504)	**(5,660)**	(4,155)
Effect of exchange rate changes on cash and cash equivalents	123	**(368)**	(492)
Increase (decrease) in cash and cash equivalents	450	**2,600**	2,149
Cash and cash equivalents at end of year	7,108	**9,709**	2,600

During the fiscal year, there was a net increase of 2,600 million yen in cash and cash equivalents to 9,709 million yen. There were increases in income before income taxes and minority interests, and proceeds from sales of investment securities.

Operating activities

Net cash provided by operating activities was 12,610 million yen, 3,252 million yen more than one year earlier. Although there was an increase in inventories of 955 million yen (compared with a 523 million yen decrease one year earlier), there were an increase in income before income taxes and minority interests of 12,368 million yen (+14.9%), and a decrease in trade notes and accounts payable of 1,687 million yen (compared with a 650 million yen increase one year earlier).

Investing activities

Net cash used in investing activities decreased 3,545 million yen to 3,981 million yen. Payments for the purchase of property, plant and equipment declined 13.2% to 3,539 million yen and proceeds from sales of investment securities increased substantially to 1,457 million yen. In addition, other factors include the absence of payments for the purchase of subsidiary stock which was booked 2,471 million yen in the previous fiscal year.

Financing activities

Net cash used in financing activities increased 4,155 million yen to 5,660 million yen. Proceeds from long-term loans payable totaled 1,556 million yen, but there was a net decrease of 4,257 million yen (compared with a 1,525 million yen increase one year earlier) in short-term loans payable.

Trends in cash flow indicators

Item	70th Term Fiscal year ended Mar. 2006	71st Term Fiscal year ended Mar. 2007	72nd Term Fiscal year ended Mar. 2008
Shareholders' equity ratio (%)	55.6	55.7	57.7
Shareholders' equity ratio based on market price (%)	130.7	124.3	120.4
Interest-bearing debt to cash flow ratio	1.4	1.4	0.8
Interest coverage ratio	25.8	21.4	29.5

* 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)
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 includes 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 and Next Fiscal Years

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.

At the 70th general meeting of shareholders held on June 27, 2006, the Board of Directors resolved to update the articles of incorporation to enable the distribution of retained earnings.

We plan to distribute a dividend of 6 yen per share, payable at the end of the current fiscal year. Added to the interim dividend of 6 yen per share, which has been already distributed, this will bring the annual dividend to a total of 12 yen per share.

For the next fiscal year, we plan to pay a dividend of 6 yen per share at the end of the second and fourth quarters, bringing the annual total to 12 yen per share.

(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 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 current fiscal year, overseas sales were 31.2% 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 Company's products account for 83.6% 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) Business investment

The Group is aiming to expand its existing business and develop new business by strengthening cooperation with other companies outside the Group and making new alliances. To achieve this, the Group is cooperating to establish new companies while actively investing in existing companies, and may continue its investment activities in the future. In cases where the corporate value or share price of the investment target falls, this may have an effect on the Group's operating results and financial condition.

6) Suspension of sales, product recall, etc.

If there is a defect, unexpected side effect, contamination problem or other problem concerning the 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.

7) 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.

8) 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.

9) Natural and other disasters

The Group's 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.

10) 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.

11) Other external risks

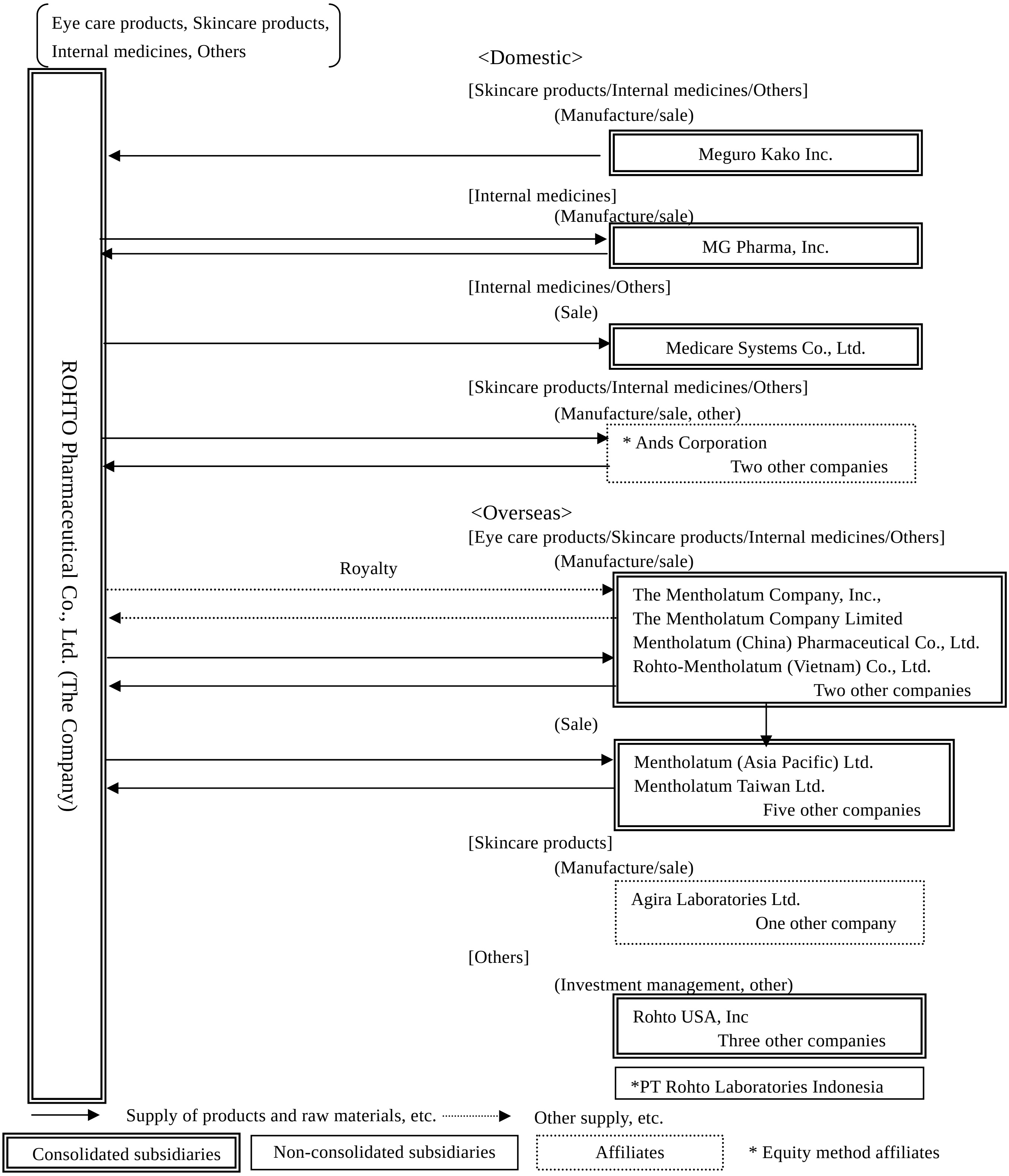
A cool summer, warm winter, changes in the amount of pollen dispersal and other seasonal factors can cause changes in the volume of product shipments and returned products. Furthermore, intense competition can cause unexpected declines in sales prices. All these events may have an effect on the Group's 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 medicines and other products (in-vitro test kits, hay fever products and other products).

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



A summary of group company is as follows.

Name	Location	Capital or investments	Main business	Voting rights (%)	Relationship
(Consolidated subsidiaries)					
Rohto USA, Inc. (Note 2)	New York, USA	Thousand US dollars 84,100	Others (Investment management)	100.0	Investment management for The Mentholatum Company, Inc., etc. One concurrent director
The Mentholatum Company, Inc. (Note 2)	New York, USA	Thousand US dollars 62,000	Eye care, skincare, internal medicines, others	100.0 (100.0)	Sales of the Company's products The Company guarantees this subsidiary's debt. The Company pays trademark license fee. Two concurrent directors
The Mentholatum Company Limited	Scotland, UK	Thousand UK pounds 1,900	Eye care, skincare, internal medicines, others	100.0 (100.0)	Sales of products, etc. of the Company and The Mentholatum Company, Inc. One concurrent director
Mentholatum (Asia Pacific) Ltd.	Hong Kong, China	Thousand HK dollars 23,320	Eye care, skincare, internal medicines, others	100.0 (100.0)	Sales of products, etc. of the Company, The Mentholatum Company, Inc. and Mentholatum (China) Pharmaceutical Co., Ltd. One concurrent director
Mentholatum (China) Pharmaceutical Co., Ltd. (Note 2)	Guangzhou, China	Thousand yuan 153,800	Eye care, skincare, others	100.0 (100.0)	Sales of products overseas thorough Mentholatum (Asia Pacific) Ltd. Sales of products to the Company One concurrent director
Mentholatum Taiwan Ltd.	Taipei, Taiwan	Thousand NT dollars 12,000	Eye care, skincare, others	100.0 (100.0)	The Company sells products to this subsidiary
Rohto-Mentholatum (Vietnam) Co., Ltd. (Note 2)	Binh Duong, Vietnam	Million Vietnam Dong 140,500	Eye care, skincare, internal medicines, others	100.0	The Company sells raw materials to this subsidiary Sales of products, etc. to the Company Two concurrent directors
Medicare Systems Co., Ltd. (Note 2)	Ikuno-ku, Osaka	Million yen 90	Internal medicines, others	90.0	Sales of products, etc. of the Company and MG Pharma, Inc.
Meguro Kako Inc.	Meguro-ku, Tokyo	Million yen 40	Skincare, internal medicines, others	100.0	Manufacture of the Company's products under outsourcing contracts One concurrent director
11 other companies					
(Equity-method affiliate)					
Ands Corporation	Chuo-ku, Osaka	Million yen 90	Skincare, internal medicines, others	39.0	Sales of products to the Company Two concurrent directors

Notes: 1. We have listed business segments in the "main business" column.

2. These companies are specified subsidiaries.

3. None of the above listed companies have submitted a securities registrations statement or a securities report (*yuka shoken hokokusho*) for the MOF.

4. In the "voting rights" column, the figure in parenthesis shows our indirect stake.

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, we are 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 is the R&D base for these activities. The facility strengthens 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 have entered the field of contract manufacturing associated with health and beauty care products. In addition to giving the Group a new business unit, this acquisition has expanded 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 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. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Item	FY3/07 As of Mar. 31, 2007 Amount		%	FY3/08 As of Mar. 31, 2008 Amount		%	Change Amount
Assets							
I Current assets							
1. Cash and deposits		7,108			9,809		
2. Notes and accounts receivable-trade		26,187			27,707		
3. Marketable securities		-			21		
4. Inventories		11,926			12,475		
5. Deferred tax assets		2,452			2,776		
6. Other		852			881		
Allowance for doubtful accounts		(284)			(257)		
Total current assets		48,244	38.5		53,414	44.4	5,170
II Fixed assets							
1. Property, plant and equipment							
(1) Buildings and structures	28,529			29,128			
Accumulated depreciation	12,073	16,456		13,004	16,124		
(2) Machinery, equipment and vehicles	27,475			27,977			
Accumulated depreciation	20,530	6,945		21,789	6,187		
(3) Equipment	7,473			7,677			
Accumulated depreciation	5,702	1,771		6,077	1,599		
(4) Land		8,819			9,323		
(5) Construction in progress		464			673		
Total property, plant and equipment		34,457	27.5		33,908	28.2	(548)
2. Intangible fixed assets							
(1) Goodwill		10,927			9,655		
(2) Right of trademark		2,953			2,287		
(3) Other		1,361			1,344		
Total intangible fixed assets		15,242	12.2		13,286	11.1	(1,955)
3. Investments and other assets							
(1) Investment securities		26,407			18,347		
(2) Deferred tax assets		14			9		
(3) Other		991			1,239		
Allowance for doubtful accounts		(36)			(22)		
Total investments and other assets		27,376	21.8		19,574	16.3	(7,802)
Total fixed assets		77,076	61.5		66,769	55.6	(10,307)
Total assets		125,320	100.0		120,183	100.0	(5,137)

(Millions of yen)

Item	FY3/07 As of Mar. 31, 2007 Amount	FY3/07 %	FY3/08 As of Mar. 31, 2008 Amount	FY3/08 %	Change Amount
Liabilities					
I Current liabilities					
1. Notes and accounts payable-trade	6,561		8,015		
2. Short-term loans payable	8,096		2,922		
3. Current portion of convertible bonds	-		1,075		
4. Accounts payable-other	1,480		1,740		
5. Accrued expenses	10,692		12,526		
6. Accrued income taxes	2,176		2,887		
7. Accrued consumption tax	428		236		
8. Deposits received	2,350		2,468		
9. Deposits received from employees	1,488		1,548		
10. Reserve for bonuses	1,440		1,576		
11. Reserve for directors' bonuses	49		42		
12. Reserve for returned goods unsold	687		611		
13. Reserve for rebates of sales	1,672		1,743		
14. Other	201		181		
Total current liabilities	37,324	29.8	37,575	31.2	250
II Non-current liabilities					
1. Convertible bonds	1,295		-		
2. Long-term loans payable	6,665		6,603		
3. Deferred tax liabilities	6,975		4,342		
4. Reserve for retirement benefits	2,215		1,355		
5. Reserve for directors' retirement benefits	751		777		
6. Other	137		111		
Total long-term liabilities	18,040	14.4	13,190	11.0	(4,849)
Total liabilities	55,365	44.2	50,765	42.2	(4,599)
Net assets					
I Shareholders' equity					
1. Capital stock	5,743		5,860		
2. Capital surplus	4,862		4,980		
3. Retained earnings	49,374		55,645		
4. Treasury stock	(173)		(203)		
Total shareholders' equity	59,806	47.7	66,283	55.2	6,477
II Valuation and translation adjustments					
1. Valuation difference on available-for-sale securities	10,085		4,891		
2. Deferred gains or losses on hedges	21		(13)		
3. Translation adjustments	(49)		(1,791)		
Total valuation and translation adjustments	10,057	8.0	3,086	2.6	(6,970)
III Minority interests	92	0.1	47	0.0	(44)
Total net assets	69,955	55.8	69,417	57.8	(537)
Total liabilities and net assets	125,320	100.0	120,183	100.0	(5,137)

(2) Consolidated Statements of Income

(Millions of yen)

	FY3/07 Apr. 1, 2006 – Mar. 31, 2007			FY3/08 Apr. 1, 2007 – Mar. 31, 2008			Change
Item	Amount		%	Amount		%	Amount
I Net sales		95,619	100.0		108,131	100.0	12,511
II Cost of sales		36,407	38.1		43,522	40.2	7,114
Gross profit		59,212	61.9		64,609	59.8	5,397
Provision of reserve for returned goods unsold		42	0.0		-	-	(42)
Reversal of reserve for returned goods unsold		-	-		75	0.0	75
Gross profit -net		59,170	61.9		64,685	59.8	5,514
III Selling, general and administrative expenses							
1. Promotion expenses	11,043			11,761			
2. Advertising expenses	16,399			17,490			
3. Salaries and bonuses	5,660			6,296			
4. Provision of reserve for bonuses	674			800			
5. Provision of reserve for directors' bonuses	49			42			
6. Retirement benefit expenses	380			339			
7. Provision of reserve for directors' retirement benefits	65			67			
8. Depreciation and amortization	923			784			
9. Amortization of goodwill	52			243			
10. R&D expenses	3,750			3,797			
11. Provision of allowance for doubtful accounts	-			8			
12. Other	8,789	47,788	50.0	10,013	51,647	47.7	3,858
Operating income		11,382	11.9		13,037	12.1	1,655
IV Non-operating income							
1. Interest income	107			147			
2. Dividend income	262			306			
3. Equity in earnings of affiliates	-			22			
4. Other	187	556	0.6	310	786	0.7	229
V Non-operating expenses							
1. Interest expenses	628			587			
2. Loss on abandonment of inventories	808			670			
3. Equity in losses of affiliates	47			-			
4. Other	153	1,637	1.7	228	1,486	1.4	(150)
Ordinary income		10,301	10.8		12,338	11.4	2,036
VI Extraordinary income							
1. Gain on sales of investment securities	40			1,284			
2. Reversal of allowance for doubtful accounts	249			-			
3. State subsidies received	447			-			
4. Reversal of reserve for loss on liabilities for guarantee	117	854	0.9	-	1,284	1.2	429
VII Extraordinary losses							
1. Loss on valuation of investment securities	-			944			
2. Impairment loss	-			308			
3. Loss on reduction of fixed assets	392	392	0.4	-	1,253	1.2	861
Income before income taxes and minority interests		10,764	11.3		12,368	11.4	1,604
Current income taxes	3,963			4,866			
Deferred income taxes	163	4,127	4.3	(18)	4,847	4.4	720
Minority interests (deduction) in income or loss (addition)		19	0.1		(4)	(0.0)	(23)
Net income		6,617	6.9		7,525	7.0	908

(3) Consolidated Statements of Change in Shareholders' Equity

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
Interim dividends resolved at the Board of Directors meeting on November 14, 2006: 573 million yen

FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)

(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 fiscal year					
Exercise of convertible bonds	110	109	-	-	219
Exercise of stock options	6	6	-	-	13
Dividends from surplus (Note)	-	-	(1,386)	-	(1,386)
Decrease in surplus from the adoption of US GAAP by overseas subsidiaries	-	-	132	-	132
Net income	-	-	7,525	-	7,525
Acquisition of treasury stock	-	-	-	(30)	(30)
Disposal of treasury stock	-	1	-	1	3
Changes (net) in items other than shareholders' equity	-	-	-	-	-
Total changes in the current fiscal year	117	118	6,271	(29)	6,477
Balance as of Mar. 31, 2008	5,860	4,980	55,645	(203)	66,283

	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 fiscal year						
Exercise of convertible bonds	-	-	-	-	-	219
Exercise of stock options	-	-	-	-	-	13
Dividends from surplus (Note)	-	-	-	-	-	(1,386)
Decrease in surplus from the adoption of US GAAP by overseas subsidiaries	-	-	-	-	-	132
Net income	-	-	-	-	-	7,525
Acquisition of treasury stock	-	-	-	-	-	(30)
Disposal of treasury stock	-	-	-	-	-	3
Changes (net) in items other than shareholders' equity	(5,193)	(35)	(1,741)	(6,970)	(44)	(7,014)
Total changes in the current fiscal year	(5,193)	(35)	(1,741)	(6,970)	(44)	(537)
Balance as of Mar. 31, 2008	4,891	(13)	(1,791)	3,086	47	69,417

Note: Dividends resolved at the Board of Directors meeting on May 15, 2007: 692 million yen
Interim dividends resolved at the Board of Directors meeting on November 13, 2007: 693 million yen

(4) Consolidated Statements of Cash Flows

(Millions of yen)

Item	FY3/07 Apr. 1, 2006 – Mar. 31, 2007 Amount	FY3/08 Apr. 1, 2007 – Mar. 31, 2008 Amount
I Cash flows from operating activities		
Income before income taxes and minority interests	10,764	12,368
Depreciation and amortization	3,479	4,169
Impairment loss	-	308
Amortization of goodwill	52	243
Increase (decrease) in allowance for doubtful accounts	(266)	37
Increase (decrease) in reserve for bonuses	(56)	133
Increase (decrease) in reserve for directors’ bonuses	49	(7)
Increase (decrease) in reserve for retirement benefits	328	(818)
Increase (decrease) in reserve for loss on liabilities for guarantee	(117)	-
Increase (decrease) in reserve for returned goods unsold	42	(75)
Increase (decrease) in reserve for rebates of sales	(64)	71
(Gain) loss on sales of investment securities	(40)	(1,284)
Loss on valuation of investment securities	-	944
State subsidies received	(447)	-
Loss on reduction of fixed assets	392	-
Interest and dividend income	(369)	(454)
Interest expenses	628	587
Equity in (earnings) losses of affiliates	47	(22)
Decrease (increase) in notes and accounts receivable-trade	(2,071)	(2,180)
Decrease (increase) in inventories	523	(955)
Increase (decrease) in notes and accounts payable-trade	(650)	1,687
Directors’ bonuses paid	(40)	-
Other	1,017	2,090
Subtotal	13,200	16,844
Interest and dividends income received	357	428
Interest expenses paid	(634)	(586)
Income tax paid	(3,564)	(4,076)
Net cash provided by operating activities	9,358	12,610
II Cash flows from investing activities		
Payments for time deposits	-	(100)
Purchase of property, plant and equipment	(4,077)	(3,539)
Proceeds from sales of property, plant and equipment	3	18
Purchase of intangible fixed assets	(172)	(204)
Purchase of investment securities	(1,448)	(1,238)
Proceeds from sales of investment securities	85	1,457
Proceeds from state subsidies received	447	-
Purchase of subsidiary stock resulting in changes in scope of consolidation	(2,471)	-
Other	108	(375)
Net cash used in investing activities	(7,526)	(3,981)
III Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,525	(4,257)
Proceeds from long-term loans payable	-	1,556
Repayment of long-term loans payable	(1,854)	(1,559)
Proceeds from issuance of common stock	17	13
Proceeds from sales of treasury stock	1	3
Cash dividends paid	(1,145)	(1,386)
Other	(48)	(31)
Net cash used in financing activities	(1,504)	(5,660)
IV Effect of exchange rate changes on cash and cash equivalents	123	(368)
V Increase (decrease) in cash and cash equivalents	450	2,600
VI Cash and cash equivalents at the beginning of period	6,657	7,108
VII Cash and cash equivalents at the end of period	7,108	9,709

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

1. Scope of consolidation

Number of consolidated subsidiaries: 20

Name of major consolidated subsidiaries:

Name of consolidated subsidiaries are not presented here, please refer to “2. Corporate Group.”

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 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 consolidated financial statements.

3. Period end of consolidated subsidiaries

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

December 31:	Mentholatum (China) Pharmaceutical Co., Ltd., and 3 other consolidated subsidiaries
February 29:	Rohto USA, Inc., The Mentholatum Company, Inc., Mentholatum (Asia Pacific) Ltd., and 10 other consolidated subsidiaries

In the preparation of the 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 Financial Instruments and Exchange 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 subsidairies:	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 subsidairies:	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.

(Change in accounting policy)

Effective from the current fiscal year, 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 91 million yen each. The impact on segment information can be found in applicable portions of this report.

(Supplementary information)

Effective from the current fiscal year, in line with revisions to the Corporation Tax Law, 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 100 million yen each. The impact on segment information can be found in applicable portions of this report.

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

2) Intangible fixed assets

The Company and domestic consolidated subsidairies:	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 fiscal year 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 allwance in the amount deemed to have accrued at the end of the current fiscal year 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 fiscal year.

5) Reserve for rebates of sales

To provide for future rebates on net sales recognized in the current fiscal year, 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 fiscal year.

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 fiscal year 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 and its domestic consolidated subsidiaries book an allowance in the aggregate amount payable at the end of the current fiscal year 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 spot 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 into yen at the spot 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 adpoted. 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. Valuation of assets and liabilities of consolidated subsidiaries

All assets and liabilities of consolidated subsidiaries are valued at market.

6. Amortization of goodwill and negative goodwill

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

7. 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) Notes to Consolidated Financial Statements

Notes to Consolidated Balance Sheets

(Millions of yen)

FY3/07 As of Mar. 31, 2007	FY3/08 As of Mar. 31, 2008
1. Accumulated advanced depreciation reduced from property, plant and equipment 886	1. Accumulated advanced depreciation reduced from property, plant and equipment 886
2. Assets pledged as collateral 77	2. Assets pledged as collateral 66
3. Notes receivable endorsed 1	3. Notes receivable endorsed -
4. 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	4. 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 - Notes payable -

Notes to Consolidated Statements of Income

(Millions of yen)

FY3/07 Apr. 1, 2006 – Mar. 31, 2007	FY3/08 Apr. 1, 2007– Mar. 31, 2008
1. Loss on reduction of fixed assets Buildings and structures 366 Equipment 26	1. Loss on reduction of fixed assets Buildings and structures - Equipment -
___________	2. Impairment loss US consolidated subsidiary books impairment loss of treadmark rights of 308 million yen in the current fiscal year as a result of impairment test results pursuant to the US FASB Statement No. 142 which discuss the treatment of goodwill and other intangible fixed assets.

Notes to Consolidated Statement of Changes in Shareholders' Equity

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	Source of funds	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	Retained earnings	692	6.00	Mar. 31, 2007	Jun. 6, 2007

FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)

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 Mar. 31, 2008
Common shares	115,712,240	395,555	-	116,107,795

Note: Number of outstanding common shares increased by 367,555 shares due to conversion of convertible bonds and 28,000 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 Mar. 31, 2008
Common shares	250,204	24,160	2,559	271,805

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
Board of Directors meeting on May 15, 2007	Common shares	692	6.00	Mar. 31, 2007	Jun. 6, 2007
Board of Directors meeting on Nov. 13, 2007	Common shares	693	6.00	Sep. 30, 2007	Dec. 10, 2007

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

Resolution	Type of share	Source of funds	Total amount of dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on May 13, 2008	Common shares	Retained earnings	695	6.00	Mar. 31, 2008	Jun. 11, 2008

Notes to Consolidated Statements of Cash Flows

(Millions of yen)

	FY3/07 Apr. 1, 2006 – Mar. 31, 2007	FY3/08 Apr. 1, 2007 – Mar. 31, 2008
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	7,108	9,809
Marketable securities	-	21
Total	7,108	9,830
Time deposits with maturities longer than three months	-	(100)
Debt securities with maturities longer than three months	-	(21)
Cash and cash equivalents	7,108	9,709
2. Significant non-cash transactions		
Exercise of convertible bonds		
Increase in capital stock	324	110
Increase in capital reserves	322	109
Decrease in convertible bonds	647	220

Segment Information

1. Operating segment information

(Millions of yen)

	FY3/07 (Apr. 1, 2006 – Mar. 31, 2007)						
	Eye care products	Skincare products	Internal medicines	Others	Total	Elimination or corporate	Consolidated
I 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
II Assets, depreciation, capital expenditures							
Assets	19,248	49,652	14,241	8,455	91,597	33,722	125,320
Depreciation	1,041	1,775	282	137	3,237	242	3,479
Capital expenditures	589	1,288	602	132	2,612	1,737	4,349

(Millions of yen)

	FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)						
	Eye care products	Skincare products	Internal medicines	Others	Total	Elimination or corporate	Consolidated
I Net sales and operating income							
Net sales							
(1) External sales	27,568	58,124	15,442	6,996	108,131	-	108,131
(2) Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	27,568	58,124	15,442	6,996	108,131	-	108,131
Operating expenses	17,595	53,050	15,143	6,801	92,591	2,502	95,093
Operating income	9,972	5,073	298	195	15,540	(2,502)	13,037
II Assets, depreciation, impairment loss, capital expenditures							
Assets	19,215	49,930	14,499	8,575	92,221	27,962	120,183
Depreciation	1,060	1,934	644	399	4,038	130	4,169
Impairment loss	-	308	-	-	308	-	308
Capital expenditures	792	1,857	928	475	4,053	58	4,112

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 (2,475 million yen for FY3/07; 2,502 million yen for FY3/08) included in “Elimination or corporate” consist primarily of expenses related to the general affairs and other administration divisions of the Company.

4. Corporate assets (33,722 million yen for FY3/07; 27,962 million yen for FY3/08) included in "Elimination or corporate" consist primarily of the Company's surplus funds (cash and deposits, marketable securities), long-term investment funds (investment securities) and assets related to the administrative division.
5. "Depreciation" and "Capital expenditures" include long-term prepaid expenses and related depreciation.
6. As noted in the section on "Significant Accounting Policies in the Preparation of Consolidated Financial Statements," the Company and its domestic consolidated subsidiaries have changed the depreciation method from the current fiscal year, 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 fiscal year by 37 million yen, 70 million yen, 65 million yen, 14 million yen, and 4 million yen respectively, and decrease operating income by the same amount.

2. Geographical segment information

(Millions of yen)

	FY3/07 (Apr. 1, 2006 – Mar. 31, 2007)							
	Japan	North America	Europe	Asia	Others	Total	Elimination or corporate	Consolidated
I 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
II Assets	106,070	31,030	2,979	15,922	1,016	157,019	(31,698)	125,320

(Millions of yen)

	FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)							
	Japan	North America	Europe	Asia	Others	Total	Elimination or corporate	Consolidated
I Net sales and operating income								
Net sales								
(1) External sales	74,429	9,385	5,565	17,381	1,369	108,131	-	108,131
(2) Inter-segment sales and transfers	1,206	1,558	4	2,420	19	5,209	(5,209)	-
Total	75,636	10,943	5,569	19,801	1,388	113,340	(5,209)	108,131
Operating expenses	66,347	10,502	4,925	17,398	1,251	100,426	(5,332)	95,093
Operating income	9,288	441	643	2,403	136	12,914	123	13,037
II Assets	101,927	26,956	2,818	17,093	1,129	149,926	(29,743)	120,183

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 "Significant Accounting Policies in the Preparation of Consolidated Financial Statements," the Company and its domestic consolidated subsidiaries have changed the depreciation method from the current fiscal year, due to the revision of the Corporation Tax Law. The effect of this change was to increase operating expenses for Japan in the current fiscal year by 191 million yen and decrease operating income by the same amount.

3. Overseas sales

(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

(Millions of yen)

	FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)				
	North America	Europe	Asia	Others	Total
I Overseas sales	9,390	5,565	17,408	1,369	33,734
II Consolidated net sales					108,131
III Share of overseas sales among the consolidated net sales (%)	8.7	5.1	16.1	1.3	31.2

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)

FY3/07 Apr. 1, 2006 – Mar. 31, 2007		FY3/08 Apr. 1, 2007 – Mar. 31, 2008	
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 year-end balance equivalents of leased properties		1) Acquisition amount, accumulated depreciation and the year-end balance equivalents of leased properties	
Machinery equipment and vehicles:		Buildings and structures:	
Acquisition amount	4	Acquisition amount	18
Accumulated depreciation	4	Accumulated depreciation	1
Year-end balance	0	Year-end balance	16
Equipment:		Machinery equipment and vehicles:	
Acquisition amount	21	Acquisition amount	12
Accumulated depreciation	8	Accumulated depreciation	4
Year-end balance	13	Year-end balance	8
Total:		Equipment:	
Acquisition amount	26	Acquisition amount	37
Accumulated depreciation	12	Accumulated depreciation	13
Year-end balance	13	Year-end balance	23
		Total:	
		Acquisition amount	68
		Accumulated depreciation	19
		Year-end balance	48
2) Outstanding future lease payments at the end of the fiscal year		2) Outstanding future lease payments at the end of the fiscal year	
Due within one year	4	Due within one year	11
Due after one year	9	Due after one year	37
Total	13	Total	48
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.		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	
Lease payments	2	Lease payments	9
Depreciation equivalents	2	Depreciation equivalents	9
4) Calculation of depreciation equivalents Depreciation equivalents are 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 equivalents are 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	
Outstanding future lease payments		Outstanding future lease payments	
Due within one year	102	Due within one year	626
Due after one year	201	Due after one year	2,131
Total	304	Total	2,757

Related Party Transactions

FY3/07 (Apr. 1, 2006 – Mar. 31, 2007)

No reportable information.

FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)

No reportable information.

Deferred Tax Accounting

(Millions of yen)

FY3/07 As of Mar. 31, 2007		FY3/08 As of Mar. 31, 2008	
1. Significant components of deferred tax assets and liabilities		1. Significant components of deferred tax assets and liabilities	
(Deferred tax assets)		(Deferred tax assets)	
Reserve for rebates of sales	688	Reserve for rebates of sales	741
Accrued expenses	681	Accrued expenses	788
Accrued enterprise tax	163	Accrued enterprise tax	222
Reserve for bonuses	591	Reserve for bonuses	645
Reserve for retirement benefits	734	Reserve for retirement benefits	482
Reserve for directors’ retirement benefits	306	Reserve for directors’ retirement benefits	314
Loss on valuation of investment securities	163	Loss on valuation of investment securities	549
Loss carried forward	393	Loss carried forward	466
Tax deduction carried forward	664	Tax deduction carried forward	712
Other	820	Other	708
Deferred tax assets –subtotal	5,207	Deferred tax assets –subtotal	5,632
Valuation allowance	(1,222)	Valuation allowance	(1,781)
Deferred tax assets –total	3,984	Deferred tax assets –total	3,850
(Deferred tax liabilities)		(Deferred tax liabilities)	
Property, plant and equipment	(150)	Property, plant and equipment	(95)
Reserve for reduction of fixed assets	(830)	Reserve for reduction of fixed assets	(748)
Valuation difference on available-for-sale securities	(7,078)	Valuation difference on available-for-sale securities	(4,133)
Other	(433)	Other	(429)
Deferred tax liabilities –total	(8,493)	Deferred tax liabilities –total	(5,407)
Deferred tax liabilities –net	(4,508)	Deferred tax liabilities –net	(1,556)
2. Significant components of difference between statutory and effective tax rates		2. Significant components of difference between statutory and effective tax rates	
Statutory tax rates	40.6%	Statutory tax rates	40.6%
(Adjustments)		(Adjustments)	
Entertainment expenses and other items not included in expenses indefinitely	1.1%	Entertainment expenses and other items not included in expenses indefinitely	0.9%
Dividend income and other items not included in expenses indefinitely	(0.5)%	Dividend income and other items not included in expenses indefinitely	(0.6)%
Per capita residential tax	0.2%	Per capita residential tax	0.2%
R&D tax credit	(2.4)%	R&D tax credit	(2.2)%
Foreign tax credit	(0.2)%	Foreign tax credit	0.1%
Difference in effective tax rates between the Company and overseas consolidated subsidiaries	(2.1)%	Difference in effective tax rates between the Company and overseas consolidated subsidiaries	(2.6)%
Valuation allowance	1.8%	Valuation allowance	2.4%
Other	(0.2)%	Other	0.4%
Effective tax rates	38.3%	Effective tax rates	39.2%

Marketable Securities

FY3/07 (Apr. 1, 2006 – Mar. 31, 2007)

1. Available-for-sale securities with market quotations

(Millions of yen)

Item	Acquisition cost	Carrying value	Unrealized gain/loss
(1) Securities whose carrying value exceeds their acquisition cost			
Equities	5,514	22,926	17,412
Bonds	30	33	3
Subtotal	5,544	22,960	17,416
(2) Securities whose carrying value do not exceed their acquisition cost			
Equities	1,992	1,574	(418)
Bonds	8	7	(0)
Subtotal	2,000	1,582	(418)
Total	7,545	24,542	16,997

2. Available-for-sale securities sold during the period

(Millions of yen)

Sales amount	Aggregate gains	Aggregate losses
85	40	-

3. Marketable securities without market quotations

(Millions of yen)

Item	Carrying value
Available-for-sale securities	
1) Unlisted stock	623
2) Investment in limited liability investment partnerships and similar investment associations	276

4. The redemption schedule of available-for-sale securities with maturity dates

(Millions of yen)

Item	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Bonds				
Corporate bonds	-	41	-	-

FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)

1. Available-for-sale securities with market quotations

(Millions of yen)

Item	Acquisition cost	Carrying value	Unrealized gain/loss
(1) Securities whose carrying value exceeds their acquisition cost			
Equities	4,331	14,512	10,181
Bonds	21	21	0
Subtotal	4,352	14,533	10,181
(2) Securities whose carrying value do not exceed their acquisition cost			
Equities	3,739	2,440	(1,298)
Bonds	16	15	(0)
Subtotal	3,755	2,456	(1,299)
Total	8,107	16,989	8,882

Note: Available-for-sale securities with market quotations at 70 million yen were written down.

2. Available-for-sale securities sold during the period

(Millions of yen)

Sales amount	Aggregate gains	Aggregate losses
1,457	1,284	0

3. Marketable securities without market quotations

(Millions of yen)

Item	Carrying value
Available-for-sale securities	
1) Unlisted stock	319
2) Investment in limited liability investment partnerships and similar investment associations	257

Note: Unlisted stock at 874 million yen was written down.

4. The redemption schedule of available-for-sale securities with maturity dates

(Millions of yen)

Item	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Bonds				
Corporate bonds	21	15	-	-

Derivatives

Derivative transactions are accounted by the hedge accounting method.

Retirement Benefits

(Millions of yen)

FY3/07 Apr. 1, 2006 – Mar. 31, 2007		FY3/08 Apr. 1, 2007 – Mar. 31, 2008	
1. Retirement benefit plans The Company had defined benefit plans, i.e., qualified pension plan, and lump-sum payment plan. Following the full revision of the Company's retirement benefit systems, these plans were switched to a new defined benefit plan (cash-balance plan) and defined contribution plan in April 2005. Certain subsidiaries have defined benefit pension plans.		1. Retirement benefit plans The Company had defined benefit plans, i.e., qualified pension plan, and lump-sum payment plan. Following the full revision of the Company's retirement benefit systems, these plans were switched to a new defined benefit plan (cash-balance plan) and defined contribution plan in April 2005. Certain subsidiaries have defined benefit pension plans.	
2. Items relating to projected benefit obligation		2. Items relating to projected benefit obligation	
1) Projected benefit obligation	(7,732)	1) Projected benefit obligation	(7,269)
2) Pension assets at fair value	4,551	2) Pension assets at fair value	5,032
3) Employee retirement benefit trust	644	3) Employee retirement benefit trust	-
4) Unfunded projected benefit obligation (1+2+3)	(2,536)	4) Unfunded projected benefit obligation (1+2+3)	(2,237)
5) Unrecognized actuarial differences	235	5) Unrecognized actuarial differences	826
6) Unrecognized prior service cost (decrease in obligation)	85	6) Unrecognized prior service cost (decrease in obligation)	55
7) Reserve for retirement benefits (4+5+6)	(2,215)	7) Reserve for retirement benefits (4+5+6)	(1,355)
Note: Certain subsidiaries use a simplified method to calculate projected benefit obligations.		Note: Certain subsidiaries use a simplified method to calculate projected benefit obligations.	
3. Items relating to retirement benefit expenses		3. Items relating to retirement benefit expenses	
1) Service cost	353	1) Service cost	408
2) Interest cost	216	2) Interest cost	223
3) Expected return on plan assets	(140)	3) Expected return on plan assets	(177)
4) Amortization of actuarial differences	49	4) Amortization of actuarial differences	31
5) Amortization of prior service cost	32	5) Amortization of prior service cost	1
6) Retirement benefit expenses (1+2+3+4+5)	511	6) Retirement benefit expenses (1+2+3+4+5)	487
7) Other	131	7) Other	205
8) Total (6+7)	642	8) Total (6+7)	692
Note: "Other" represents expenses related to the defined contribution pension plan.		Note: "Other" represents expenses related to the defined contribution pension plan.	
4. Items relating basis of calculating projected benefit obligation, etc.		4. Items relating basis of calculating projected benefit obligation, etc.	
1) Distribution of estimated retirement benefit obligations	Straight-line	1) Distribution of estimated retirement benefit obligations	Straight-line
2) Discount rate	Mostly 2.5%	2) Discount rate	Mostly 2.5%
3) Expected rate of return on plan assets	Mostly 2.5%	3) Expected rate of return on plan assets	Mostly 2.5%
4) Amortization period of prior service cost	5-18 years	4) Amortization period of prior service cost	5-18 years
5) Amortization period of actuarial differences	Mostly 15 years	5) Amortization period of actuarial differences	Mostly 15 years

Stock Options

No reportable information since the disclosure of this information is not significant in the context of the consolidated financial results.

Business Combinations

No reportable information since the disclosure of this information is not significant in the context of the consolidated financial results.

Per Share Information

(Yen)

Item	FY3/07 Apr. 1, 2006 – Mar. 31, 2007	FY3/08 Apr. 1, 2007 – Mar. 31, 2008
Net assets per share:	605.07	598.87
Net income per share:	57.62	65.10
Diluted net income per share:	56.22	63.95

Notes: Basis for calculation

1. Net assets per share (Millions of yen)

Item	FY3/07 As of Mar. 31, 2007	FY3/08 As of Mar. 31, 2008
Total net assets on the balance sheets	69,955	69,417
Net assets available to common shares	69,863	69,370
Breakdown of differences Minority interests	92	47
Number of common shares outstanding (thousand shares)	115,712	116,107
Number of common shares of treasury stock (thousand shares)	250	271
Number of common shares used in calculation of net assets per share (thousand shares)	115,462	115,835

2. Net income per share and diluted net income per share (Millions of yen)

Item	FY3/07 Apr. 1, 2006 – Mar. 31, 2007	FY3/08 Apr. 1, 2007 – Mar. 31, 2008
Net income per share		
Net income	6,617	7,525
Amount not available to common shareholders	-	-
Net income applicable to common shares	6,617	7,525
Average number of common shares outstanding during the period (thousand shares)	114,848	115,594
Diluted net income per share		
Adjusted to net income	-	-
Increase in the number of common shares (thousand shares)	2,840	2,078
[of which convertible bonds (thousand shares)]	[2,774]	[2,035]
[of which stock acquisition rights (thousand shares)]	[65]	[42]
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.*