May 12, 2009

Financial Results for the Fiscal Year Ended March 31, 2009

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 Annual General Meeting of Shareholders: June 25, 2009
Scheduled date of filing of Annual Securities Report: June 26, 2009
Scheduled date of dividend payment: June 11, 2009

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

1. Consolidated Financial Results (April 1, 2008 – March 31, 2009)

(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. 2009	110,611	2.3	11,638	(10.7)	11,349	(8.0)	6,139	(18.4)
Fiscal year ended Mar. 2008	108,131	13.1	13,037	14.5	12,338	19.8	7,525	13.7

	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. 2009	52.42	52.07	9.0	9.8	10.5
Fiscal year ended Mar. 2008	65.10	63.95	10.8	10.1	12.1

Reference: Equity in earnings (losses) of affiliates (Millions of yen): Mar. 2009: 32 Mar. 2008: 22

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2009	112,086	67,117	59.3	565.23
As of Mar. 31, 2008	120,183	69,417	57.7	598.87

Reference: Shareholders' equity (Millions of yen): Mar. 31, 2009: 66,476 Mar. 31, 2008: 69,370

(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. 2009	7,364	(8,996)	(1,373)	6,051
Fiscal year ended Mar. 2008	12,610	(3,981)	(5,660)	9,709

2. Dividends

Dividends by cash

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Mar. 2008	-	6.00	-	6.00	12.00	1,388	18.4	2.0
Fiscal year ended Mar. 2009	-	6.00	-	7.00	13.00	1,528	24.8	2.2
Fiscal year ending Mar. 2010 (forecast)	-	7.00	-	7.00	14.00		22.9	

Note: Breakdown of dividends for the second quarter of the fiscal year ending Mar. 31, 2010
Ordinary dividends: 6.00 yen   Commemorative dividends: 1.00 yen (Commemorating a century of eye-drop sales)

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2010 (April 1, 2009 – March 31, 2010)

(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	51,500	(0.3)	4,400	(1.5)	4,300	(4.8)	2,400	(12.8)	20.41
Full year	111,000	0.4	11,600	(0.3)	11,500	1.3	7,200	17.3	61.22

4. Others

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

(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: Yes

Note: Please refer to "Change in Significant Accounting Policies in the Preparation of 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):

Mar. 31, 2009: 117,907,528 shares Mar. 31, 2008: 116,107,795 shares

2) Treasury stock at end of period:

Mar. 31, 2009: 296,825 shares Mar. 31, 2008: 271,805 shares

Note: Please refer to "Per Share Information" on page 34 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, 2008 – March 31, 2009)

(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. 2009	70,946	5.2	10,010	7.1	10,392	14.2	5,379	(2.0)
Fiscal year ended Mar. 2008	67,426	7.5	9,344	17.4	9,100	20.7	5,490	17.7

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 2009	45.93	45.63
Fiscal year ended Mar. 2008	47.50	46.66

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2009	92,157	67,246	72.3	566.73
As of Mar. 31, 2008	91,586	62,594	68.3	540.37

Reference: Shareholders' equity (Millions of yen): Mar. 31, 2009: 66,653 Mar. 31, 2008: 62,594

2. Non-consolidated Forecast for the Fiscal Year Ending March 31, 2010 (April 1, 2009 – March 31, 2010)

(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	34,500	0.2	4,300	(9.9)	4,500	(10.6)	2,800	(10.2)	23.81
Full year	70,000	(1.3)	9,200	(8.1)	9,500	(8.6)	5,900	9.7	50.17

* 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 pages 4 and 5 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. 2008	108,131	13,037	12,338	7,525
Fiscal year ended Mar. 2009	**110,611**	**11,638**	**11,349**	**6,139**
YoY change (%)	2.3	(10.7)	(8.0)	(18.4)

The current fiscal year saw the Japanese economy enter a deep recessionary phase, triggered by such factors as price rises stemming from the soaring cost of raw materials, especially crude oil, at the start of the fiscal year and the spread of the US-originated financial crisis to the real economy in the second half. Overseas, the expansionary trend of the Asian economies appeared to slow, and the sense of uncertainty deepened still further in Europe and the US as the financial crisis and real economy both worsened. The business environment of the healthcare-related industries also remained harsh as competition intensified in all sectors.

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 endeavored to develop high value-added products and activate markets.

Within Japan, sales of new products such as *Rohto V 11* and hay fever products performed well, as did the *Hada (Skin) Labo* and *50-no-Megumi* brand series of beauty care products. The *Wakansen* brand, centered on *Rohto Bofu-Tsusho-San*, performed strongly amid growing interest in the prevention of a series of metabolic syndromes, contributing to a rise in sales. Overseas, sales rose steadily in Asia but fell in North America and Europe, due to the impact of the rising yen and other factors.

As a result, net sales achieved a sixteenth successive period of increase, rising 2.3% year-on-year to 110,611 million yen.

Profits were impacted by the new accounting procedures introduced to Japan in the current fiscal year, which require unified accounts processing with foreign subsidiaries, together with amortization of goodwill amounting to 1,557 million yen implemented at these subsidiaries. Loss on revaluation of investments securities amounting to 1,748 million yen was another contributing factor. As a result, operating income fell 10.7% year-on-year to 11,638 million yen, ordinary income 8.0% to 11,349 million yen, and net income 18.4% to 6,139 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. 2008	**Fiscal year ended Mar. 2009**	YoY change (Amount)	YoY change (%)
Eye Care Products	27,568	**25,630**	(1,937)	(7.0)
Skincare Products	58,124	**63,113**	4,989	8.6
Internal Medicines	15,442	**16,429**	987	6.4
Others	6,996	**5,437**	(1,558)	(22.3)
Total	108,131	**110,611**	2,480	2.3

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

The core eyedrop and eyewash sectors saw strong sales from new products such as *Rohto V 11*, which offers a combination of 11 active ingredients (the largest number among Japanese eye-care products) and dry-eye product *Dryaid Ex*. Eye drops for middle-aged and senior customers, which became topical due to the appeal of a unique commercial, and the *Alguard* brand of hay fever products, including the gold and silver series, also sold well. The contact lens sector saw sales drop slightly, however, due to intensifying competition and a downturn in sales of care solution products for hard contact lenses.

Outside Japan, sales fell due to such factors as the strong yen and inventory adjustment in China. Total sales of products in the eyecare sector fell 7.0% year-on-year to 25,630 million yen.

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

Domestically, Japan's sustained mild winter trend made it harder for lip balm, hand cream, and other moisturizing products to sell. In the beauty market, products such as the *Hada (Skin) Labo*, *50-no-Megumi*, and male cosmetic *OXY* brands performed well, with new products such as the *Mama Hug* brand and the *Mentholatum Flady CC Vaginal Tablets* treatment for vaginal candida also contributing to the rise in sales.

Although sales outside Japan were sluggish, affected by a strong yen amid the sense of a deteriorating business climate, the *Hada (Skin) Labo* and male cosmetic *OXY* brands sold well upon their launch in China, contributing to a strong Asian performance. As a result, total segment sales for skin care products rose 8.6% to 63,113 million yen.

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

The *Wakansen* brand of herbal medicines, which presents and responds to conditions suffered by the modern person in a way that is easy to understand, features a carefully selected line-up totalling eight formulations. These are led by *Rohto Bofu-Tsusho-San* (breaks down and burns fat, and reduces fat that has built up around the stomach) and include *Rohto Toki-Inshi* (effective for unbearably itchy dry skin), *Rohto Sho-Seiryu-To* (effective against allergies, chronic nasal mucus, and rhinitis), and *Rohto Kami-Kihi-To* (relieves depression and anxiety caused by mental fatigue from accumulated stress). Sales of around 4.0 billion yen were achieved for this brand series. The digestive medicine *Pancillon Cure*, effective against stress-related stomach ache and heartburn, also contributed to higher sales, and contract manufacturing business at Meguro Kako Inc. performed well. Total sales for the internal medicine segment rose 6.4% year-on-year to reach 16,429 million yen.

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

Hay fever products sold well, although the decision to stop handling the *Capilia* influenza test kit had a major impact, and intensifying competition led to stagnating sales of the *Dotest* brand of pregnancy and ovulation prediction tests. As a result, segment sales fell 22.3% to 5,437 million yen.

Outlook for the fiscal year ending March 31, 2010 (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Fiscal year ended Mar. 2009	110,611	11,638	11,349	6,139
Fiscal year ending Mar. 2010	111,000	11,600	11,500	7,200
YoY change (%)	0.4	(0.3)	1.3	17.3

The economic climate is predicted to remain harsh amid such factors as a deteriorating global economy, falling corporate profits, and a cautious consumer mindset as income and employment anxieties rise. Outside Japan, the impact of the financial crisis has spread to the real economy, and recovery is expected to take some time.

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.

We anticipate that net sales will rise 0.4% year-on-year to 111 billion yen in the coming fiscal year. Although the healthcare market in Japan is predicted to remain sluggish due to the deteriorating economy, we aim to introduce new products with high value-added, drive development in new areas, and activate the markets. Outside Japan as well, we aim to strengthen business focused on Asia. Due to such factors as a rise in depreciation and amortization caused by the previous fiscal year's high level of capital investment, we anticipate a 0.3% fall in operating income to 11.6 billion yen, a 1.3% rise in ordinary income to 11.5 billion yen, and a 17.3% rise in net income to 7.2 billion yen. These forecasts are based on an exchange rate of 95 yen to the US dollar.

(2) Analysis of Financial Position

Balance sheet and cash flow position

Balance sheet position

Assets totaled 112,086 million yen at the end of the current fiscal year, 8,097 million yen less than at the end of the previous fiscal year. There was an increase of 1,740 million yen in property, plant and equipment, but intangible fixed assets and cash and deposits declined by 9,560 million yen and 3,657 million yen respectively.

Liabilities decreased 5,796 million yen to 44,969 million yen. This is due to such factors as a 1,249 million yen fall in accrued income taxes, a 1,075 million yen fall in convertible bonds and a 685 million yen fall in reserve for directors' retirement benefits accompanying the termination of the retirement benefit plan for directors and corporate auditors.

Net assets decreased 2,300 million yen to 67,117 million yen. Although capital stock and capital surplus increased 538 million yen and 536 million yen respectively, there were decreases in translation adjustments of 2,012 million yen and retained earnings of 950 million yen.

Moreover, the declines in intangible fixed assets and retained earnings (mentioned above) are mainly attributable to the Company adopting "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18: Accounting Standards Board of Japan, May 17, 2006) from the current fiscal year, and to implementing amortization of goodwill possessed by the foreign subsidiaries.

Cash flow position (Millions of yen)

Item	Fiscal year ended Mar. 2008	**Fiscal year ended Mar. 2009**	YoY change (Amount)
Cash and cash equivalents at beginning of year	7,108	9,709	2,600
Cash flows from operating activities	12,610	7,364	(5,245)
Cash flows from investing activities	(3,981)	(8,996)	(5,015)
Cash flows from financing activities	(5,660)	(1,373)	4,286
Effect of exchange rate changes on cash and cash equivalents	(368)	(651)	(283)
Increase (decrease) in cash and cash equivalents	2,600	(3,657)	(6,258)
Cash and cash equivalents at end of period	9,709	6,051	(3,657)

During the fiscal year, there was a net decrease of 3,657 million yen in cash and cash equivalents to 6,051 million yen. There were decrease in income before income taxes and minority interests and an increase in payments for the purchase of property, plant and equipment.

Operating activities

Net cash provided by operating activities was 7,364 million yen, 5,245 million yen less than one year earlier. Income before income taxes and minority interests declined 25.3% year-on-year to 9,244 million yen, and inventories substantially increased 213.3% to 2,994 million yen.

Investing activities

Net cash used in investing activities increased 5,015 million yen to 8,996 million yen. Payments for the purchase of property, plant and equipment increased 69.4% to 5,996 million yen and proceeds from sales of investment securities substantially decreased 98.7% to 19 million yen.

Financing activities

Net cash used in financing activities decreased 4,286 million yen to 1,373 million yen. There was a net increase of 208 million yen (compared with a 4,257 million yen decrease one year earlier) in short-term loans payable.

Trends in cash flow indicators

Item	71st Term Fiscal year ended Mar. 2007	72nd Term Fiscal year ended Mar. 2008	73rd Term Fiscal year ended Mar. 2009
Shareholders' equity ratio (%)	55.7	57.7	59.3
Shareholders' equity ratio based on market price (%)	124.3	120.4	93.6
Interest-bearing debt to cash flow ratio	1.4	0.8	0.9
Interest coverage ratio	21.4	29.5	27.0

* 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)
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 70^{th} annual 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 7 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 13 yen per share.

Furthermore, in April 2009, the Company celebrated the 100^{th} sales anniversary for its core eye-drop products. For the next fiscal year, despite the prediction of harsh results, we would like to show our gratitude to all the shareholders who have supported us over many years. Thus we plan to add a commemorative dividend of 1 yen per share to the ordinary dividend of 6 yen as an interim dividend, and pay 7 yen per share as a year-end dividend, bringing the annual total to 14 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 28.8% 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 89.9% 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

No information concerning “main business” and “related companies” are presented here because there is no significant changes from the information presented in the Group’s annual securities report (Yuka Shoken Hokokusho) dated June 26, 2008.

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.

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)

	FY3/08 (As of Mar. 31, 2008)	FY3/09 (As of Mar. 31, 2009)
Assets		
Current assets		
Cash and deposits	9,809	6,151
Notes and accounts receivable-trade	27,707	27,891
Marketable securities	21	-
Inventories	12,475	-
Merchandise and finished goods	-	8,704
Work in process	-	1,096
Raw materials and supplies	-	4,545
Deferred tax assets	2,776	2,990
Other	881	1,187
Allowance for doubtful accounts	(257)	(202)
Total current assets	53,414	52,364
Fixed assets		
Property, plant and equipment		
Buildings and structures *1,2	29,128	30,205
Accumulated depreciation	(13,004)	(13,929)
Buildings and structures, net	16,124	16,276
Machinery, equipment and vehicles	27,977	29,681
Accumulated depreciation	(21,789)	(22,675)
Machinery, equipment and vehicles, net	6,187	7,005
Equipment *1	7,677	7,919
Accumulated depreciation	(6,077)	(6,484)
Equipment, net	1,599	1,435
Land *2	9,323	9,285
Construction in progress *2	673	1,624
Other	-	20
Total property, plant and equipment	33,908	35,649
Intangible fixed assets		
Goodwill	9,655	2,423
Right of trademark	2,287	341
Other	1,344	960
Total intangible fixed assets	13,286	3,726
Investments and other assets		
Investment securities	18,347	16,691
Deferred tax assets	9	2,247
Other	1,239	1,488
Allowance for doubtful accounts	(22)	(81)
Total investments and other assets	19,574	20,345
Total fixed assets	66,769	59,721
Total assets	120,183	112,086

(Millions of yen)

	FY3/08 (As of Mar. 31, 2008)	FY3/09 (As of Mar. 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,015	8,383
Short-term loans payable	2,922	4,252
Current portion of convertible bonds	1,075	-
Accounts payable-other	1,740	2,519
Accrued expenses	12,526	11,416
Accrued income taxes	2,887	1,637
Accrued consumption tax	236	199
Deposits received	2,468	1,257
Deposits received from employees	1,548	1,633
Reserve for bonuses	1,576	1,651
Reserve for directors' bonuses	42	30
Reserve for returned goods unsold	611	622
Reserve for rebates of sales	1,743	1,964
Other	181	154
Total current liabilities	37,575	35,721
Non-current liabilities		
Long-term loans payable	6,603	4,679
Deferred tax liabilities	4,342	2,735
Reserve for retirement benefits	1,355	1,528
Reserve for directors' retirement benefits	777	92
Other	111	212
Total non-current liabilities	13,190	9,247
Total liabilities	50,765	44,969
Net assets		
Shareholders' equity		
Capital stock	5,860	6,398
Capital surplus	4,980	5,517
Retained earnings	55,645	54,695
Treasury stock	(203)	(234)
Total shareholders' equity	66,283	66,377
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,891	3,915
Deferred gains or losses on hedges	(13)	(12)
Translation adjustments	(1,791)	(3,803)
Total valuation and translation adjustments	3,086	99
Stock acquisition rights	-	593
Minority interests	47	46
Total net assets	69,417	67,117
Total liabilities and net assets	120,183	112,086

(2) Consolidated Statements of Income

(Millions of yen)

	FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)
Net sales	108,131	110,611
Cost of sales	43,522	45,399
Gross profit	64,609	65,212
Provision of reserve for returned goods unsold	-	10
Reversal of reserve for returned goods unsold	75	-
Gross profit -net	64,685	65,201
Selling, general and administrative expenses		
Promotion expenses	11,761	13,066
Advertising expenses	17,490	16,320
Salaries and bonuses	6,296	6,548
Provision of reserve for bonuses	800	778
Provision of reserve for directors' bonuses	42	30
Retirement benefit expenses	339	326
Provision of reserve for directors' retirement benefits	67	42
Depreciation and amortization	784	1,133
Amortization of goodwill	243	1,385
R&D expenses	3,797	3,735
Provision of allowance for doubtful accounts	8	-
Other	10,013	10,196
Total selling, general and administrative expenses	51,647	53,563
Operating income	13,037	11,638
Non-operating income		
Interest income	147	95
Dividend income	306	326
Equity in earnings of affiliates	22	32
Other	310	169
Total non-operating income	786	623
Non-operating expenses		
Interest expenses	587	473
Foreign exchange losses	-	272
Loss on disposal of inventories	670	-
Other	228	165
Total non-operating expenses	1,486	911
Ordinary income	12,338	11,349
Extraordinary income		
Gain on sales of investment securities	1,284	-
Reversal of allowance for doubtful accounts	-	53
Total extraordinary income	1,284	53
Extraordinary losses		
Loss on valuation of investment securities	944	1,748
Loss on valuation of stocks of subsidiaries and affiliates	-	128
Impairment loss *1	308	218
Provision of allowance for doubtful accounts	-	63
Total extraordinary losses	1,253	2,158
Income before income taxes and minority interests	12,368	9,244
Current income taxes	4,866	3,759
Deferred income taxes	(18)	(661)
Total income taxes	4,847	3,098
Minority interests in income or loss	(4)	7
Net income	7,525	6,139

(3) Consolidated Statements of Change in Shareholders' Equity

(Millions of yen)

	FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	5,743	5,860
Changes of items during the period		
Exercise of convertible bonds	110	533
Exercise of stock options	6	5
Total changes of items during the period	117	538
Balance at the end of current period	5,860	6,398
Capital surplus		
Balance at the end of previous period	4,862	4,980
Changes of items during the period		
Exercise of convertible bonds	109	530
Exercise of stock options	6	5
Disposal of treasury stock	1	0
Total changes of items during the period	118	536
Balance at the end of current period	4,980	5,517
Retained earnings		
Balance at the end of previous period	49,374	55,645
Effect of changes in accounting policies applied to foreign subsidiaries	-	(5,349)
Changes of items during the period		
Dividends from surplus	(1,386)	(1,400)
Increase (decrease) in surplus from the adoption of US GAAP by overseas subsidiaries	132	(338)
Net income	7,525	6,139
Total changes of items during the period	6,271	(950)
Balance at the end of current period	55,645	54,695
Treasury stock		
Balance at the end of previous period	(173)	(203)
Changes of items during the period		
Purchase of treasury stock	(30)	(32)
Disposal of treasury stock	1	1
Total changes of items during the period	(29)	(31)
Balance at the end of current period	(203)	(234)
Total shareholders' equity		
Balance at the end of previous period	59,806	66,283
Effect of changes in accounting policies applied to foreign subsidiaries	-	(5,349)
Changes of items during the period		
Exercise of convertible bonds	219	1,063
Exercise of stock options	13	10
Dividends from surplus	(1,386)	(1,400)
Increase (decrease) in surplus from the adoption of US GAAP by overseas subsidiaries	132	(338)
Net income	7,525	6,139
Purchase of treasury stock	(30)	(32)
Disposal of treasury stock	3	1
Total changes of items during the period	6,477	94
Balance at the end of current period	66,283	66,377

(Millions of yen)

	FY03/08 (Apr. 1, 2007 – Mar. 31, 2008)	FY03/09 (Apr. 1, 2008 – Mar. 31, 2009)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	10,085	4,891
Changes of items during the period		
Net changes of items other than shareholders’ equity	(5,193)	(976)
Total changes of items during the period	(5,193)	(976)
Balance at the end of current period	4,891	3,915
Deferred gains or losses on hedges		
Balance at the end of previous period	21	(13)
Changes of items during the period		
Net changes of items other than shareholders’ equity	(35)	0
Total changes of items during the period	(35)	0
Balance at the end of current period	(13)	(12)
Foreign currency translation adjustment		
Balance at the end of previous period	(49)	(1,791)
Changes of items during the period		
Net changes of items other than shareholders’ equity	(1,741)	(2,012)
Total changes of items during the period	(1,741)	(2,012)
Balance at the end of current period	(1,791)	(3,803)
Total valuation and translation adjustments		
Balance at the end of previous period	10,057	3,086
Changes of items during the period		
Net changes of items other than shareholders’ equity	(6,970)	(2,987)
Total changes of items during the period	(6,970)	(2,987)
Balance at the end of current period	3,086	99
Subscription rights to shares		
Balance at the end of previous period	-	-
Changes of items during the period		
Net changes of items other than shareholders’ equity	-	593
Total changes of items during the period	-	593
Balance at the end of current period	-	593
Minority interests		
Balance at the end of previous period	92	47
Changes of items during the period		
Net changes of items other than shareholders’ equity	(44)	(0)
Total changes of items during the period	(44)	(0)
Balance at the end of current period	47	46
Total net assets		
Balance at the end of previous period	69,955	69,417
Effect of changes in accounting policies applied to foreign subsidiaries	-	(5,349)
Changes of items during the period		
Exercise of convertible bonds	219	1,063
Exercise of stock options	13	10
Dividends from surplus	(1,386)	(1,400)
Increase (decrease) in surplus from the adoption of US GAAP by overseas subsidiaries	132	(338)
Net income	7,525	6,139
Purchase of treasury stock	(30)	(32)
Disposal of treasury stock	3	1
Net changes of items other than shareholders’ equity	(7,014)	(2,394)
Total changes of items during the period	(537)	(2,300)
Balance at the end of current period	69,417	67,117

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY03/08 (Apr. 1, 2007 – Mar. 31, 2008)	FY03/09 (Apr. 1, 2008 – Mar. 31, 2009)
Cash flows from operating activities		
Income before income taxes and minority interests	12,368	9,244
Depreciation and amortization	4,169	4,303
Impairment loss	308	218
Amortization of goodwill	243	1,385
Increase (decrease) in allowance for doubtful accounts	37	(53)
Increase (decrease) in reserve for bonuses	133	75
Increase (decrease) in reserve for directors' bonuses	(7)	(12)
Increase (decrease) in reserve for retirement benefits	(818)	249
Increase (decrease) in reserve for returned goods unsold	(75)	10
Increase (decrease) in reserve for rebates of sales	71	221
Loss (gain) on sales of investment securities	(1,284)	-
Loss (gain) on valuation of investment securities	944	1,748
Loss on valuation of stocks of subsidiaries and affiliates	-	128
Provision of allowance for doubtful accounts	-	63
Interest and dividend income	(454)	(421)
Interest expenses	587	473
Equity in (earnings) losses of affiliates	(22)	(32)
Decrease (increase) in notes and accounts receivable-trade	(2,180)	(1,408)
Decrease (increase) in inventories	(955)	(2,994)
Increase (decrease) in notes and accounts payable-trade	1,687	1,147
Other	2,090	(1,778)
Subtotal	16,844	12,568
Interest and dividends income received	428	399
Interest expenses paid	(586)	(480)
Income tax paid	(4,076)	(5,123)
Net cash provided by operating activities	12,610	7,364
Cash flows from investing activities		
Payments for time deposits	(100)	(10)
Purchase of property, plant and equipment	(3,539)	(5,996)
Proceeds from sales of property, plant and equipment	18	-
Purchase of intangible fixed assets	(204)	(376)
Purchase of investment securities	(1,238)	(2,408)
Proceeds from sales of investment securities	1,457	19
Other	(375)	(224)
Net cash used in investing activities	(3,981)	(8,996)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,257)	208
Proceeds from long-term loans payable	1,556	611
Repayment of long-term loans payable	(1,559)	(753)
Proceeds from issuance of common stock	13	-
Proceeds from sales of treasury stock	3	-
Cash dividends paid	(1,386)	(1,400)
Other	(31)	(39)
Net cash used in financing activities	(5,660)	(1,373)
Effect of exchange rate changes on cash and cash equivalents	(368)	(651)
Increase (decrease) in cash and cash equivalents	2,600	(3,657)
Cash and cash equivalents at the beginning of period	7,108	9,709
Cash and cash equivalents at the end of period	9,709	6,051

(5) Conditions and Events that might raise Critical Questions about the Validity of the Going-concern Assumption

No reportable information.

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

1. Scope of consolidation

Number of consolidated subsidiaries: 20

Name of major consolidated subsidiaries:

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

PT Rohto Farma Indonesiaand、Hommage Japon Inc. are excluded from the consolidation since they have a very minor effect on total assets, net sales, net income/loss and retained earnings and are 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 Farma Indonesiaand

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

(3) Nimber of non-consolidated subsidiaries not accounted for under the equity method: 1 Hommage Japon Inc.

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

These non-consolidated subsidiaries and 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 consolidated 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 28: 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 for regular sales purposes

The Company and domestic consolidated subsidiaries:	Stated at cost, cost being determined by the period-average method (by which the amounts of inventories are subject to write-down due to decreased profitability of assets).
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 (excluding lease assets), except for buildings (excluding attached structure) acquired on or after April 1, 1998 on which depreciation is calculated by the straight-line method. Depreciation of property, plant and equipment acquired on or before March 31, 2007 by the straight-line method over five years, starting from the fiscal year following the fiscal year in which the maximum allowable depreciation is completed.
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 (excluding lease assets). 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) Lease assets

Lease assets associated with finance lease transactions where there is no transfer of ownership:

The straight-line method with no residual value is applied with the lease period used as the useful life of the asset.

For finance lease transactions where there is no transfer of ownership beginning prior to the fiscal year when these standards are first applied, the Company and its domestic consolidated subsidiaries continue to use an accounting method that is based on the method used for ordinary lease transactions.

(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 notes and accounts receivable-trade 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 notes and accounts receivable-trade at the end of the current fiscal year.

6) Reserve for retirement benefits

To provide for employees' 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 beneftis

To provide for directors' retirement benefits, the domestic consolidated subsidiaries book an allowance in the full 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 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.

(6) 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.

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

(Change in accounting policy)

Application of the "Accounting Standard for Measurement of Inventories"

The Company and its domestic consolidated subsidiaries have adopted "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9: Accounting Standards Board of Japan, July 5, 2006) from the current fiscal year. The measurement method has been changed from the cost method to the cost method (by which the amounts of inventories are subject to write-down due to decreased profitability of assets). The effect of this change was to decrease gross profit, operating income, ordinary income and income before income taxes and minority interests by 28 million yen each in the current fiscal year. The effect of these changes on segment operations is shown in the Segment Information section.

Also from the current fiscal year, the Company has changed the accounting for loss on disposal on inventories by reporting it as cost of sales instead of previously reported non-operating expense. The decision to reconsider the presentation method of loss on disposal of inventories was made in conjunction with the adoption of the abovementioned "Accounting Standard for Measurement of Inventories" in order to present operating results more appropriately through including in cost of sales such an expense item as is unavoidable in the course of sales and production operations. The effect of this change was to decrease gross profit and operating income by 480 million yen each, and increase ordinary income and income before income taxes and minority interests by 34 million yen each in the current fiscal year. The effect of these changes on segment operations is shown in the Segment Information section.

Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

Effective from the current fiscal year, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18: Accounting Standards Board of Japan, May 17, 2006) has been adopted to make necessary adjustments for the purpose of consolidated financial statement preparation. The effect of this change was to decrease operating income, ordinary income and income before income taxes and minority interests by 1,557 million yen each, and decrease assets and beginning balance of retained earnings by 6,509 million yen and 5,349 million yen, respectively in the current fiscal year. The effect of this change on segment operations is shown in the Segment Information section.

Application of "Accounting Standard for Lease Transactions" and other pronouncements

Effective from the current fiscal year, the Company and its domestic consolidated subsidiaries have adopted "Accounting Standards for Lease Transactions" (ASBJ Statement No. 13: revised on March 30, 2007 by the Accounting Standards Board of Japan); and "Guidance on Accounting Standards for Lease Transactions" (ASBJ Guidance No. 16: revised on March 30, 2007 by the Accounting Standards Board of Japan). Regarding finance lease transactions where there is no transfer of ownership is booked as lease assets, as the Company and its domestic consolidated subsidiaries have changed from an accounting method that is based on the method used for ordinary lease transactions, to an accounting method that is based on the method used for ordinary purchases and sales transactions.

Furthermore, the depreciation of lease assets use a method where the lease period is considered the useful life of the asset, and residual value is set at zero.

For finance lease transactions where there is no transfer of ownership beginning prior to the fiscal year when these standards are first applied, the Company and its domestic consolidated subsidiaries continues to use an accounting method that is based on the method used for ordinary lease transactions.

These changes have no effect on assets and profit/loss in the current fiscal year.

(Reclassifications)

(Consolidated balance sheets)

The Company has adopted "Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation Methods of Financial Statements" (Cabinet Office Ordinance No. 50, August 7, 2008). "Inventories" is divided into "Merchandise and finished goods," "Work in process" and "Raw materials and supplies" in the current fiscal year. "Merchandise and finished goods," "Work in process" and "Raw materials and supplies" those included in "Inventories" were 7,654 million yen, 834 million yen and 3,987 million yen respectively in the previous fiscal year.

(Consolidated statements of cash flows)
"Proceeds from sales of property, plant and equipment," presented as separate item in the previous fiscal year, is reclassified and included in "Other" (2 million yen) under cash flows from investing activities in the current fiscal year, given the decrease in the materiality of impact in the context of the consolidated financial statements.

"Proceeds from issuance of common stock" and "Proceeds from sales of treasury stock," presented as separate items in the previous fiscal year, are reclassified and included in "Other" under cash flows from financing activities in the current fiscal year, given the decrease in the materiality of impact in the context of the consolidated financial statements. "Proceeds from issuance of common stock" and "Proceeds from sales of treasury stock" were 10 million yen and 1 million yen in the current fiscal year.

(Supplementary information)

(Change in useful lives concerning depreciation of machinery and equipment)
As a result of reviewing asset utilization status in conjunction with the revision of Corporation Tax Law (Law for Partial Revision of Corporation Tax Law, etc., Law No. 23, April 30, 2008), the Company and its domestic consolidated subsidiaries have changed the useful lives of machinery and equipment effective from the current fiscal year. The effect of this change was to increase gross profit, operating income, ordinary income and income before income taxes and minority interests by 122 million yen each in the current fiscal year. The effect of these changes on segment operations is shown in the Segment Information section.

(Change in retirement benefit plan for directors and corporate auditors)

The Company has abolished the retirement benefit plan for directors and corporate auditors at the close of the 72nd annual general meeting of shareholders held on June 25, 2008. Regarding final payment to the directors and corporate auditors reappointed at the general meeting of the amounts equivalent to retirement benefits corresponding to each service period, which starts at the time of first appointment and ends at the close of the general meeting, the Company has granted each of them the alternative of receiving either a lump-sum payment in cash or stock acquisition rights of equivalent value under the stock option scheme as share-based compensation. As a result, out of the balance of "Reserve for directors' retirement benefits" account reported at the end of the first quarter of the current fiscal year, 37 million yen has been transferred to "Accrued retirement benefits" account, which is included in the line item "Other" in the non-current liabilities section of the balance sheet, and 593 million yen transferred to the "stock acquisition rights" account, which is presented in the net assets section of the balance sheet. The domestic consolidated subsidiaries have continued to record reserve for directors' retirement benefits in the full amount payable at each fiscal year end in accordance with the bylaws of each subsidiary.

(8) Notes to Consolidated Financial Statements

Notes to Consolidated Balance Sheets

(Millions of yen)

FY3/08 (As of Mar. 31, 2008)	FY3/09 (As of Mar. 31, 2009)
1. Accumulated advanced depreciation reduced from property, plant and equipment 886 2. Assets pledged as collateral 66	1. Accumulated advanced depreciation reduced from property, plant and equipment 886 2. Assets pledged as collateral 1,081

Notes to Consolidated Statements of Income

(Millions of yen)

FY03/08 (Apr. 1, 2007 – Mar. 31, 2008)	FY03/09 (Apr. 1, 2008 – Mar. 31, 2009)
1. Impairment loss 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, US consolidated subsidiary books following impairment losses. Right of trademark 308 Other intangible fixed assets -	1. Impairment loss 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, US consolidated subsidiary books following impairment losses. Right of trademark - Other intangible fixed assets 218

Notes to Consolidated Statement of Changes in Shareholders' Equity

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

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

1. Type and number of outstanding shares (Shares)

Type of shares	Number of shares as of Mar. 31, 2008	Increase	Decrease	Number of shares as of Mar. 31, 2009
Common shares	116,107,795	1,799,733	-	117,907,528

Note: Number of outstanding common shares increased by 1,777,733 shares due to conversion of convertible bonds and 22,000 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, 2008	Increase	Decrease	Number of shares as of Mar. 31, 2009
Common shares	271,805	26,500	1,480	296,825

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

Company	Stock acquisition rights (itemized)	Type of shares under stock acquisition rights	Number of shares under stock acquisition rights (Shares)				Balance as of Mar. 31, 2009 (Millions of yen)
			As of Mar. 31, 2008	Increase	Decrease	As of Mar. 31, 2009	
Reporting company	Stock acquisition rights by way of stock options	-	-	-	-	-	593
Consolidated subsidiary	-	-	-	-	-	-	-
Total			-	-	-	-	593

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 13, 2008	Common shares	695	6.00	Mar. 31, 2008	Jun. 11, 2008
Board of Directors meeting on Nov. 12, 2008	Common shares	705	6.00	Sep. 30, 2008	Dec. 10, 2008

(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 12, 2009	Common shares	Retained earnings	823	7.00	Mar. 31, 2009	Jun. 11, 2009

Notes to Consolidated Statements of Cash Flows

(Millions of yen)

FY03/08 (Apr. 1, 2007 – Mar. 31, 2008)		FY03/09 (Apr. 1, 2008 – Mar. 31, 2009)	
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:		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	9,809	Cash and deposits	6,151
Marketable securities	21	Marketable securities	-
Total	9,830	Total	6,151
Time deposits with maturities longer than three months	(100)	Time deposits with maturities longer than three months	(100)
Debt securities with maturities longer than three months	(21)	Debt securities with maturities longer than three months	-
Cash and cash equivalents	9,709	Cash and cash equivalents	6,051
2. Significant non-cash transactions		2. Significant non-cash transactions	
Exercise of convertible bonds		Exercise of convertible bonds	
Increase in capital stock	110	Increase in capital stock	533
Increase in capital reserves	109	Increase in capital reserves	530
Decrease in convertible bonds	220	Decrease in convertible bonds	1,063

Segment Information

1. Operating segment information

(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

	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)						
	Eye care products	Skincare products	Internal medicines	Others	Total	Elimination or corporate	Consolidated
I Net sales and operating income							
Net sales							
(1) External sales	25,630	63,113	16,429	5,437	110,611	-	110,611
(2) Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	25,630	63,113	16,429	5,437	110,611	-	110,611
Operating expenses	18,172	57,124	15,750	5,256	96,303	2,669	98,973
Operating income	7,457	5,988	679	181	14,307	(2,669)	11,638
II Assets, depreciation, impairment loss, capital expenditures							
Assets	20,091	46,335	15,016	7,418	88,860	23,225	112,086
Depreciation	976	2,248	585	372	4,182	121	4,303
Impairment loss	-	218	-	-	218	-	218
Capital expenditures	2,532	3,467	447	350	6,797	135	6,933

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 (2,502 million yen for FY3/08; 2,669 million yen for FY3/09) included in "Elimination or corporate" consist primarily of expenses related to the general affairs and other administration divisions of the Company.

4. Corporate assets (27,962 million yen for FY3/08; 23,225 million yen for FY3/09) 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 described in "Change in Significant Accounting Policies in the Preparation of Consolidated Financial Statements," the Company and its domestic consolidated subsidiaries have changed the useful lives of machinery and equipment effective from the current fiscal year, as a result of reviewing asset utilization status in conjunction with the revision of Corporation Tax Law (Law for Partial Revision of Corporation Tax Law, etc., Law No. 23, April 30, 2008.) Given this change, operating expenses of the Eye care products, Skincare products, Internal medicines and Others segments have decreased by 32 million yen, 49 million yen, 23 million yen and 16 million yen respectively in the current fiscal year and operating income of these segments have increased by the same amount.
7. As described in "Change in Significant Accounting Policies in the Preparation of Consolidated Financial Statements," the Company and its domestic consolidated subsidiaries have adopted "Accounting Standards for Measurement of Inventories" (ASBJ Statement No. 9: Account Standards Board of Japan, July 5, 2006), and changed the measurement method from the current fiscal year. Given this change, operating expenses of the Skincare products, Internal medicines and Others segments have increased by 4 million yen, 23 million yen and 0 million yen respectively in the current fiscal year and operating income of these segments have declined by the same amount.
   In accordance with the adoption of this accounting standard, the Company and its domestic consolidated subsidiaries have changed the accounting for loss on disposal on inventories. Given this change, operating expenses of the Eye care products, Skincare products, Internal medicines and Others segments have increased by 69 million yen, 284 million yen, 95 million yen and 31 million yen respectively in the current fiscal year and operating income of these segments have declined by the same amount.
8. As described in "Change in Significant Accounting Policies in the Preparation of Consolidated Financial Statements," the Company has adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18: Standards Board of Japan, May 17, 2006)" from the current fiscal year. Given this change, operating expenses of the Skincare products segment has increased by 1,557 million yen in the current fiscal year and operating income of this segment has declined by the same amount. Assets of the Skincare products segment have decreased by 6,509 million yen.

2. Geographical segment information

(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

	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)							
	Japan	North America	Europe	Asia	Others	Total	Elimination or corporate	Consolidated
I Net sales and operating income								
Net sales								
(1) External sales	78,936	8,055	4,536	17,934	1,148	110,611	-	110,611
(2) Inter-segment sales and transfers	1,017	1,638	3	2,646	12	5,318	(5,318)	-
Total	79,954	9,694	4,539	20,580	1,161	115,929	(5,318)	110,611
Operating expenses	69,661	10,709	4,156	18,605	1,060	104,192	(5,219)	98,973
Operating income	10,292	(1,015)	383	1,975	100	11,737	(98)	11,638
II Assets	102,688	18,733	2,628	16,368	692	141,111	(29,025)	112,086

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 described in "Change in Significant Accounting Policies in the Preparation of Consolidated Financial Statements," the Company and its domestic consolidated subsidiaries have adopted "Accounting Standards for Measurement of Inventories" (ASBJ Statement No. 9: Account Standards Board of Japan, July 5, 2006), and changed the measurement method from the current fiscal year. Given this change, operating expenses of "Japan" has increased by 28 million yen in the current fiscal year and operating income has decreased by the same amount.

In accordance with the adoption of this accounting standard, the Company and its domestic consolidated subsidiaries have changed the accounting for loss on disposal on inventories. Given this change, operating expenses of "Japan" has increased by 480 million yen in the current fiscal year and operating income has decreased by the same amount.

4. As described in "Change in Significant Accounting Policies in the Preparation of Consolidated Financial Statements," the Company has adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18: Account Standards Board of Japan, May 17, 2006)" from the current fiscal year. Given this change, operating expenses of "North America" has increased by 1,557 million yen in the current fiscal year and operating income has decreased by the same amount. Assets of "North America" have declined by 6,509 million yen.

5. As described in "Change in Significant Accounting Policies in the Preparation of Consolidated Financial Statements," the Company and its domestic consolidated subsidiaries have changed the useful lives of machinery and equipment effective from the current fiscal year, as a result of reviewing asset utilization status in conjunction with the revision of Corporation Tax Law (Law for Partial Revision of Corporation Tax Law, etc., Law No. 23, April 30, 2008.) Given this change, operating expenses of "Japan" has decreased by 122 million yen in the current fiscal year and operating income has increased by the same amount.

3. Overseas sales

(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

(Millions of yen)

	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)				
	North America	Europe	Asia	Others	Total
I Overseas sales	8,074	4,549	18,045	1,149	31,818
II Consolidated net sales					110,611
III Share of overseas sales among the consolidated net sales (%)	7.3	4.1	16.3	1.1	28.8

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)

FY03/08 (Apr. 1, 2007 – Mar. 31, 2008)	FY03/09 (Apr. 1, 2008 – Mar. 31, 2009)
Finance lease transactions where there is no transfer of ownership beginning prior to the fiscal year when these standards are first applied	Finance lease transactions where there is no transfer of ownership beginning prior to the fiscal year when these standards are first applied
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
Buildings and structures: Acquisition amount 18 Accumulated depreciation 1 Year-end balance 16	Buildings and structures: Acquisition amount 18 Accumulated depreciation 3 Year-end balance 14
Machinery equipment and vehicles: Acquisition amount 12 Accumulated depreciation 4 Year-end balance 8	Machinery equipment and vehicles: Acquisition amount 12 Accumulated depreciation 6 Year-end balance 6
Equipment: Acquisition amount 37 Accumulated depreciation 13 Year-end balance 23	Equipment: Acquisition amount 37 Accumulated depreciation 20 Year-end balance 16
Total: Acquisition amount 68 Accumulated depreciation 19 Year-end balance 48	Total: Acquisition amount 68 Accumulated depreciation 30 Year-end balance 37
2) Outstanding future lease payments at the end of the fiscal year Due within one year 11 Due after one year 37 Total 48	2) Outstanding future lease payments at the end of the fiscal year Due within one year 9 Due after one year 27 Total 37
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 Lease payments 9 Depreciation equivalents 9	3) Lease payments and depreciation equivalents Lease payments 11 Depreciation equivalents 11
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. 1. Finance lease 1) Lease assets Property, plant and equipment Mainly production equipment (furniture and fixtures). 2) Depreciation method for lease assets The depreciation of lease assets use a method where the lease period is considered the useful life of the assets, and residual value is set at zero.
2. Operating lease transactions Of which noncancelable outstanding lease commitments Due within one year 626 Due after one year 2,131 Total 2,757	2. Operating lease transactions Of which noncancelable outstanding lease commitments Due within one year 661 Due after one year 1,640 Total 2,302

Related Party Transactions

FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)

No reportable information.

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

No reportable information.

Deferred Tax Accounting

(Millions of yen)

FY3/08 (As of Mar. 31, 2008)		FY3/09 (As of Mar. 31, 2009)	
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	741	Reserve for rebates of sales	800
Accrued expenses	788	Accrued expenses	998
Accrued enterprise tax	222	Accrued enterprise tax	120
Reserve for bonuses	645	Reserve for bonuses	673
Reserve for retirement benefits	482	Reserve for retirement benefits	388
Reserve for directors' retirement benefits	314	Reserve for directors' retirement benefits	-
Stock acquisition rights	-	Stock acquisition rights	241
Loss on valuation of investment securities	549	Loss on valuation of investment securities	343
Depreciation of intangible fixed assets	-	Depreciation of intangible fixed assets	2,274
Loss carried forward	466	Loss carried forward	307
Tax deduction carried forward	712	Tax deduction carried forward	510
Other	708	Other	1,229
Deferred tax assets –subtotal	5,632	Deferred tax assets –subtotal	7,889
Valuation allowance	(1,781)	Valuation allowance	(1,282)
Deferred tax assets –total	3,850	Deferred tax assets –total	6,606
(Deferred tax liabilities)		(Deferred tax liabilities)	
Property, plant and equipment	(95)	Property, plant and equipment	-
Undistributed earnings of overseas subsidiaries	-	Reserve for reduction of fixed assets	(251)
Reserve for reduction of fixed assets	(748)	Undistributed earnings of overseas subsidiaries	(687)
Valuation difference on available-for-sale securities	(4,133)	Valuation difference on available-for-sale securities	(2,695)
Other	(429)	Other	(469)
Deferred tax liabilities –total	(5,407)	Deferred tax liabilities –total	(4,103)
Deferred tax liabilities –net	(1,556)	Deferred tax liabilities –net	2,503
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	0.9%	Entertainment expenses and other items not included in expenses indefinitely	1.0%
Dividend income and other items not included in expenses indefinitely	(0.6)%	Dividend income and other items not included in expenses indefinitely	(1.2)%
Per capita residential tax	0.2%	Per capita residential tax	0.3%
R&D tax credit	(2.2)%	R&D tax credit	(2.5)%
Foreign tax credit	0.1%	Foreign tax credit	0.6%
Difference in effective tax rates between the Company and overseas consolidated subsidiaries	(2.6)%	Difference in effective tax rates between the Company and overseas consolidated subsidiaries	(2.1)%
Valuation allowance	2.4%	Valuation allowance	(2.5)%
Other	0.4%	Other	(0.7)%
Effective tax rates	39.2%	Effective tax rates	33.5%

Marketable Securities

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	-	-

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

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	5,244	12,558	7,314
Subtotal	5,244	12,558	7,314
(2) Securities whose carrying value do not exceed their acquisition cost			
Equities	1,650	996	(653)
Bonds	7	6	(0)
Subtotal	1,657	1,003	(653)
Total	6,901	13,562	6,660

Note: Available-for-sale securities with market quotations at 1,372 million yen were written down.

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

(Millions of yen)

Sales amount	Aggregate gains	Aggregate losses
39	4	3

3. Marketable securities without market quotations

(Millions of yen)

Item	Carrying value
Available-for-sale securities	
1) Unlisted stock	2,169
2) Investment in limited liability investment partnerships and similar investment associations	218

Note: Unlisted stock at 376 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	-	6	-	-

Derivatives

Derivative transactions are accounted by the hedge accounting method.

Retirement Benefits

(Millions of yen)

<table>
<tr><th>FY03/08
(Apr. 1, 2007 – Mar. 31, 2008)</th><th>FY03/09
(Apr. 1, 2008 – Mar. 31, 2009)</th></tr>
<tr><td>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
1) Projected benefit obligation (7,269)
2) Pension assets at fair value 5,032
3) Unfunded projected benefit obligation (1+2) (2,237)
4) Unrecognized actuarial differences 826
5) Unrecognized prior service cost (decrease in obligation) 55
6) Reserve for retirement benefits (3+4+5) (1,355)
Note: Certain subsidiaries use a simplified method to calculate projected benefit obligations.

3. Items relating to retirement benefit expenses
1) Service cost 408
2) Interest cost 223
3) Expected return on plan assets (177)
4) Amortization of actuarial differences 31
5) Amortization of prior service cost 1
6) Retirement benefit expenses (1+2+3+4+5) 487
7) Other 205
8) Total (6+7) 692
Note: “Other” represents expenses related to the defined contribution pension plan.

4. Items relating basis of calculating projected benefit obligation, etc.
1) Distribution of estimated retirement benefit obligations: Straight-line
2) Discount rate: Mostly 2.5%
3) Expected rate of return on plan assets: Mostly 2.5%
4) Amortization period of prior service cost: 5-18 years
5) Amortization period of actuarial differences: Mostly 15 years</td><td>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
1) Projected benefit obligation (7,777)
2) Pension assets at fair value 4,189
3) Unfunded projected benefit obligation (1+2) (3,588)
4) Unrecognized actuarial differences 1,920
5) Unrecognized prior service cost (decrease in obligation) 139
6) Reserve for retirement benefits (3+4+5) (1,528)
Note: Certain subsidiaries use a simplified method to calculate projected benefit obligations.

3. Items relating to retirement benefit expenses
1) Service cost 475
2) Interest cost 237
3) Expected return on plan assets (206)
4) Amortization of actuarial differences 67
5) Amortization of prior service cost 52
6) Retirement benefit expenses (1+2+3+4+5) 626
7) Other 218
8) Total (6+7) 844
Note: “Other” represents expenses related to the defined contribution pension plan.

4. Items relating basis of calculating projected benefit obligation, etc.
1) Distribution of estimated retirement benefit obligations: Straight-line
2) Discount rate: Mostly 2.5%
3) Expected rate of return on plan assets: Mostly 2.5%
4) Amortization period of prior service cost: 5-18 years
5) Amortization period of actuarial differences: Mostly 15 years</td></tr>
</table>

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	FY03/08 (Apr. 1, 2007 – Mar. 31, 2008)	FY03/09 (Apr. 1, 2008 – Mar. 31, 2009)
Net assets per share	598.87	565.23
Net income per share	65.10	52.42
Diluted net income per share	63.95	52.07

Notes: Basis for calculation

1. Net assets per share (Millions of yen)

Item	FY3/08 (As of Mar. 31, 2008)	FY3/09 (As of Mar. 31, 2009)
Total net assets on the balance sheets	69,417	67,117
Net assets available to common shares	69,370	66,476
Breakdown of differences		
Stock acquisition rights	-	593
Minority interests	47	46
Number of common shares outstanding (thousand shares)	116,107	117,907
Number of common shares of treasury stock (thousand shares)	271	296
Number of common shares used in calculation of net assets per share (thousand shares)	115,835	117,610

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

Item	FY03/08 (Apr. 1, 2007 – Mar. 31, 2008)	FY03/09 (Apr. 1, 2008 – Mar. 31, 2009)
Net income per share		
Net income	7,525	6,139
Amount not available to common shareholders	-	-
Net income applicable to common shares	7,525	6,139
Average number of common shares outstanding during the period (thousand shares)	115,594	117,122
Diluted net income per share		
Adjusted to net income	-	-
Increase in the number of common shares (thousand shares)	2,078	780
[of which convertible bonds (thousand shares)]	[2,035]	[502]
[of which stock acquisition rights (thousand shares)]	[42]	[278]
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.*