

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2014
(Six Months Ended September 30, 2013)

[Japanese GAAP]

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 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on November 12, 2013 at 15:10 (GMT +9).

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

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2014
(April 1, 2013 – September 30, 2013)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 30, 2013	64,590	9.9	7,414	31.7	7,749	30.4	4,523	31.2
Six months ended Sep. 30, 2012	58,757	5.5	5,628	(10.7)	5,940	(8.9)	3,448	(15.4)

Note: Comprehensive income (Millions of yen):
 Six months ended Sep. 30, 2013: 7,493 (up 212.2%)
 Six months ended Sep. 30, 2012: 2,400 (down 4.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2013	38.47	38.31
Six months ended Sep. 30, 2012	29.33	29.21

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2013	155,624	100,206	63.8
As of Mar. 31, 2013	150,643	93,771	61.7

Reference: Shareholders' equity (Millions of yen): As of Sep. 30, 2013: 99,276 As of Mar. 31, 2013: 92,876

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2013	-	8.00	-	9.00	17.00
Fiscal year ending Mar. 31, 2014	-	9.00	-	-	-
Fiscal year ending Mar. 31, 2014 (forecast)	-	-	-	9.00	18.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	143,500	11.1	17,300	20.3	17,400	18.1	10,600	31.1	90.14

Note: Revisions to the most recently announced consolidated forecast: Yes

*** Notes**

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

(2) Application of special accounting methods for preparation of quarterly consolidated financial statements: Yes
 Note: Please refer to page 5 of the attachments “Application of special accounting methods for preparation of quarterly consolidated financial statements” for further information.

(3) Changes in accounting policies and accounting estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, others: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(4) Number of outstanding shares (common stock shares)

- 1) Number of shares outstanding at end of period (including treasury stock):

As of Sep. 30, 2013:	117,929,250 shares	As of Mar. 31, 2013:	117,924,768 shares
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- 2) Number of shares of treasury stock at end of period:

As of Sep. 30, 2013:	333,803 shares	As of Mar. 31, 2013:	333,543 shares
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- 3) Average number of shares outstanding during the period:

Six months ended Sep. 30, 2013:	117,593,017 shares	Six months ended Sep. 30, 2012:	117,590,222 shares
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Note 1: Indication of quarterly review procedure implementation status

The current quarterly financial statements are exempted from quarterly review procedures based on the Financial Instruments and Exchange Law. At the time of disclosure, we have not completed the review procedures for these consolidated statements.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information available to the Company at the time the materials were created. These materials are not promises by the Company regarding future performance. Actual results of operations may differ significantly from the forecasts depending on various factors. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 5 of the attachments “Explanation of Consolidated Forecast and Other Forward-looking Statements.”

(Reference) Non-consolidated Forecast for the Fiscal Year Ending March 31, 2014

(April 1, 2013 – March 31, 2014)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	84,500	2.1	12,500	7.6	13,100	8.0	7,900	32.0	67.18

Note: Revisions to the most recently announced non-consolidated forecast: Yes

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Six months ended Sep. 30, 2013	64,590	7,414	7,749	4,523
Six months ended Sep. 30, 2012	58,757	5,628	5,940	3,448
Year-on-year change (%)	9.9	31.7	30.4	31.2

In the first half of the current fiscal year, Japanese economy showed tentative signs of recovery as government economic measures led to a falling yen and rising stock market, however, the business confidence remains unpredictable.

Overseas, the United States continued on a mild recovery path despite prolonged financial uncertainty, but the international situation generally remained harsh due to a slowdown from such factors as the financial crisis in Europe and decelerating growth in the emerging countries.

In this situation, the Rohto Group has moved into new fields with customer-oriented product development and marketing activities. In its existing categories, the Group endeavored to develop high value-added products and activate markets.

In total, net sales increased 9.9% year-on-year, to 64,590 million yen.

Regarding profits, despite an increase in selling, general and administrative expenses, with the back of a strong performance in net sales, operating income rose 31.7% year on year to 7,414 million yen, ordinary income rose 30.4% to 7,749 million yen, and net income rose 31.2% to 4,523 million yen.

The sales summary by segment is as follows.

(Millions of yen)

		Net sales (Sales to customers)			
		Six months ended Sep. 30, 2012	Six months ended Sep. 30, 2013	Year-on-year change (Amount)	Year-on-year change (%)
Reportable segment	Japan	42,701	43,671	969	2.3
	America	2,428	2,929	501	20.7
	Europe	1,835	2,243	408	22.2
	Asia	10,898	14,788	3,890	35.7
	Subtotal	57,863	63,633	5,769	10.0
	Others	893	957	63	7.2
	Total	58,757	64,590	5,833	9.9

Japan

Sales to customers increased 2.3% year-on-year, to 43,671 million yen.

Skincare products performed well, especially the “*Mentholatum Zara Pro*”, treatments for rough and bumpy skin on upper arms and thighs, and the deodorant skincare brand “*DeOu*”, care for the distress of male age-related odors. The functional cosmetics brand “*Obagi*” has performed well, especially the new “*Obagi Active Surge Platinized*” series for basic anti-aging care, with the focus on the next-generation platinum and collagen network, launched in September.

Meanwhile, for the “*Hado-Labo*” series, the “*Gokujuun 3D Form Restoration Gel*”, launched in August, and the relaunched “*Gokujuun α*” series performed well, on the other hand, sales declined overall due to such factors as a major renewal in March 2013 that temporarily affected shipments.

Segment profits on an operating income basis increased 22.9% year-on-year, to 5,569 million yen by the efficient use of advertising expenses despite increase in the sales promotion expenses.

America

Sales to customers increased 20.7 % year-on-year, to 2,929 million yen.

Although the U.S. economy showed signs of a mild recovery trend stemming from firm individual consumption, the business environment remains harsh due to intensifying market competition. Under these conditions, sales fell for leading products “*Softlips*” in the skincare category. Sales decreased in a local currency basis but rose upon currency conversion into yen.

Segment losses on an operating income basis increased to 237 million yen (up from 46 million yen in the same period of the previous fiscal year) due to an increase in selling, general and administrative expenses.

Europe

Sales to customers increased 22.2% year-on-year, to 2,243 million yen.

Sales rose slightly on a local currency basis amid a delay in economic recovery resulting from the impact of the European debt crisis.

Segment profits on an operating income basis increased 143.7% year-on-year, to 336 million yen due to effective use of the advertising and sales promotion expenses.

Asia

Sales to customers increased 35.7% year-on-year, to 14,788 million yen.

Skincare products “*Hado-Labo*”, which are being aggressively marketed in Asia (especially in China), men’s cosmetics brand of “*Mentholatum Men*”, and sunscreen brand of “*Sunplay*”, have performed well and made a contribution to higher profits.

Segment profits on an operating income basis increased 64.7% year-on-year, to 1,623 million yen due to large contributions from rising sales while the amount of advertising and sales promotion expenses increased.

Others

In “Others”, excluded from reportable segments, sales to customers increased 7.2% year-on-year, to 957 million yen.

Segment profits on an operating income basis fell 92.2% year-on-year, to 5 million yen.

Reference: Sales by product and service segment

Sales by product and service segment are as follows.

(Millions of yen)

	Net sales			
	Six months ended Sep. 30, 2012	Six months ended Sep. 30, 2013	Year-on-year change (Amount)	Year-on-year change (%)
Eye care	12,338	12,642	304	2.5
Skincare	36,824	42,225	5,400	14.7
Internal medicines and food	7,644	8,057	413	5.4
Others	1,950	1,664	(286)	(14.7)
Total	58,757	64,590	5,833	9.9

Note: The above amounts do not include consumption taxes.

(2) Explanation of Financial Position

1) Balance sheet position

Total assets at the end of the second quarter rose 4,981 million yen from the end of the previous fiscal year to 155,624 million yen. This was mainly due to the factors that include a fall of 5,762 million yen in notes and accounts receivable-trade, set against increases of 4,653 million yen in cash and deposits, 2,133 million yen in investment securities, 1,905 million yen in merchandise and finished goods, and 1,174 million yen in property, plant and equipment.

Total liabilities fell 1,453 million yen from the end of the previous fiscal year to 55,417 million yen. This was mainly due to the factors that include an increase of 1,044 million yen in notes and accounts payable-trade, set against a decrease of 2,292 million yen in accrued expenses.

Net assets rose 6,434 million yen from the end of the previous fiscal year to 100,206 million yen, due to such factors as rises of 3,465 million yen in retained earnings, 2,046 million yen in translation adjustments and 927 million yen in valuation difference on available-for-sale securities.

2) Cash flows

During the current first half, there was a net increase of 4,653 million yen in cash and cash equivalents to 24,520 million yen.

Operating activities

Net cash provided by operating activities rose 1,506 million yen year-on-year to 8,068 million yen. There were income before income taxes and minority interests of 7,633 million yen, inflow factors of a decrease of 6,404 million yen in notes and accounts receivable-trade, and depreciation and amortization of 2,754 million yen, set against outflow factors of income tax paid of 3,048 million yen, and an increase of 2,396 million yen in inventories.

Investing activities

Net cash used in investing activities fell 1,658 million yen year-on-year to 3,528 million yen. This was mainly attributable to purchase of property, plant and equipment of 3,074 million yen, purchase of investment securities of 1,272 million yen, payments of long-term loans receivable of 1,006 million yen, set against proceeds from sales of investment securities of 2,134 million yen.

Financing activities

Net cash used in financing activities fell 1,678 million yen year-on-year to 930 million yen. This was due to the cash dividends paid of 1,058 million yen, repayment of long-term loans payable of 728 million yen, set against net increase in short-term loans payable of 743 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Fiscal year ending Mar. 31, 2014	143,500	17,300	17,400	10,600
Fiscal year ended Mar. 31, 2013	129,146	14,380	14,730	8,087
Year-on-year change (%)	11.1	20.3	18.1	31.1

In the first half of the current fiscal year, the Company achieved higher net sales and profits amid a harsh environment. In the current economic climate, however, business confidence remains unpredictable in Japan despite the signs of economic recovery. Overseas, we anticipate a harsh climate due to the impact of economic slowdown caused by a deceleration of growth in the new economies and other factors.

Under such conditions, the Rohto Group will adapt to the changes in the business environment, aiming to expand business further and improve earnings by creating new products and brands that respond appropriately to changing customer needs. At the same time, the group is also taking on the challenge of range of innovations including entering new business domains. Regarding the full-year results, we are revising upward the projected figures for net sales, operating income, ordinary income, and net income released on May 15, 2013.

The Company is making changes to the exchange rate from 95 yen to the U.S. dollar to 98 yen for the full-year consolidated forecast..

Note: 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.

2. Matters Related to Summary Information (Notes)**(1) Changes in Significant Subsidiaries during the Period**

No reportable information.

(2) Application of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements**Calculation of tax expense**

Tax expense was calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to income before income taxes and minority interests during the fiscal year, and multiplying that rate by the quarterly income before income taxes and minority interests.

(3) Changes in Accounting Policies and Accounting Estimates, and Restatements

No reportable information.

3. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	FY3/13 (As of Mar. 31, 2013)	Second quarter of FY3/14 (As of Sep. 30, 2013)
Assets		
Current assets		
Cash and deposits	19,868	24,521
Notes and accounts receivable-trade	31,896	26,133
Merchandise and finished goods	11,397	13,302
Work in process	1,480	1,577
Raw materials and supplies	6,579	7,421
Other	6,300	6,638
Allowance for doubtful accounts	(56)	(94)
Total current assets	77,467	79,501
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	19,965	20,392
Machinery, equipment and vehicles, net	10,389	10,632
Other, net	14,403	14,908
Total property, plant and equipment	44,758	45,932
Intangible fixed assets		
Goodwill	766	670
Other	1,241	1,356
Total intangible fixed assets	2,008	2,027
Investments and other assets		
Investment securities	18,537	20,670
Other	8,541	8,493
Allowance for doubtful accounts	(670)	(1,001)
Total investments and other assets	26,408	28,162
Total fixed assets	73,175	76,122
Total assets	150,643	155,624
Liabilities		
Current liabilities		
Notes and accounts payable-trade	10,151	11,196
Short-term loans payable	5,611	6,364
Accrued expenses	19,133	16,841
Accrued income taxes	2,914	2,640
Reserve for bonuses	1,979	1,943
Reserve for directors' bonuses	30	15
Reserve for returned goods unsold	1,180	640
Reserve for rebates of sales	2,760	2,560
Other	5,793	5,402
Total current liabilities	49,554	47,604

(Millions of yen)

	FY3/13 (As of Mar. 31, 2013)	Second quarter of FY3/14 (As of Sep. 30, 2013)
Non-current liabilities		
Long-term loans payable	1,578	1,166
Reserve for retirement benefits	2,013	2,273
Reserve for directors' retirement benefits	80	62
Other	3,643	4,311
Total non-current liabilities	7,316	7,813
Total liabilities	56,871	55,417
Net assets		
Shareholders' equity		
Capital stock	6,408	6,411
Capital surplus	5,527	5,530
Retained earnings	79,677	83,143
Treasury stock	(273)	(273)
Total shareholders' equity	91,341	94,811
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,471	5,398
Translation adjustments	(2,239)	(193)
Adjustments to foreign subsidiaries' pension liabilities	(695)	(740)
Total accumulated other comprehensive income	1,535	4,465
Stock acquisition rights	573	568
Minority interests	320	361
Total net assets	93,771	100,206
Total liabilities and net assets	150,643	155,624

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
Quarterly Consolidated Statements of Income
(For the Six-month Period)

(Millions of yen)

	First six months of FY3/13 (Apr. 1, 2012 – Sep. 30, 2012)	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)
Net sales	58,757	64,590
Cost of sales	24,551	26,707
Gross profit	34,205	37,883
Reversal of reserve for returned goods unsold	50	540
Gross profit -net	34,255	38,423
Selling, general and administrative expenses	28,626	31,008
Operating income	5,628	7,414
Non-operating income		
Interest income	59	124
Dividend income	269	245
Equity in earnings of affiliates	53	97
Other	133	79
Total non-operating income	516	546
Non-operating expenses		
Interest expenses	92	88
Foreign exchange losses	22	50
Other	90	73
Total non-operating expenses	204	212
Ordinary income	5,940	7,749
Extraordinary income		
Gain on sales of investment securities	-	1,382
Total extraordinary income	-	1,382
Extraordinary losses		
Loss on valuation of investment securities	502	-
Provision of allowance for doubtful accounts	-	330
Retirement benefit expenses	-	168
Loss on dept equity swap	-	999
Total extraordinary losses	502	1,498
Income before income taxes and minority interests	5,438	7,633
Total Income taxes	2,012	3,114
Income before minority interests	3,425	4,518
Minority interests in loss	(23)	(5)
Net income	3,448	4,523

Quarterly Consolidated Statements of Comprehensive Income
(For the Six-month Period)

(Millions of yen)

	First six months of FY3/13 (Apr. 1, 2012 – Sep. 30, 2012)	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)
Income before minority interests	3,425	4,518
Other comprehensive income		
Valuation difference on available-for-sale securities	(447)	928
Translation adjustments	(592)	2,092
Adjustments to foreign subsidiaries' pension liabilities	15	(45)
Share of other comprehensive income of associates accounted for using equity method	(0)	(0)
Total other comprehensive income	(1,024)	2,975
Comprehensive income	2,400	7,493
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,420	7,453
Comprehensive income attributable to minority interests	(20)	40

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First six months of FY3/13 (Apr. 1, 2012 – Sep. 30, 2012)	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)
Cash flows from operating activities		
Income before income taxes and minority interests	5,438	7,633
Depreciation and amortization	2,452	2,754
Amortization of goodwill	96	95
Increase (decrease) in allowance for doubtful accounts	11	43
Increase (decrease) in reserve for bonuses	(8)	(39)
Increase (decrease) in reserve for directors' bonuses	(15)	(15)
Increase (decrease) in reserve for retirement benefits	11	181
Increase (decrease) in reserve for returned goods unsold	(50)	(540)
Increase (decrease) in reserve for rebates of sales	(491)	(200)
Provision of allowance for doubtful account	-	330
Loss (gain) on sales of investment securities	-	(1,382)
Loss (gain) on valuation of investment securities	502	-
Loss on debt equity swap	-	999
Interest and dividend income	(329)	(369)
Interest expenses	92	88
Equity in (earnings) losses of affiliates	(53)	(97)
Decrease (increase) in notes and accounts receivable-trade	6,628	6,404
Decrease (increase) in inventories	(2,063)	(2,396)
Increase (decrease) in notes and accounts payable-trade	(136)	876
Other	(2,987)	(3,496)
Subtotal	9,098	10,870
Interest and dividends income received	302	337
Interest expenses paid	(96)	(91)
Income tax paid	(2,743)	(3,048)
Net cash provided by operating activities	6,561	8,068
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,050)	(3,074)
Purchase of intangible fixed assets	(160)	(267)
Purchase of investment securities	(270)	(1,272)
Proceeds from sales of investment securities	-	2,134
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	96	-
Net decrease (increase) in short-term loans receivable	(310)	-
Payments of long-term loans receivable	(2,263)	(1,006)
Other	(229)	(41)
Net cash used in investing activities	(5,187)	(3,528)

(Millions of yen)

	First six months of FY3/13 (Apr. 1, 2012 – Sep. 30, 2012)	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(140)	743
Proceeds from long-term loans payable	-	132
Repayment of long-term loans payable	(1,511)	(728)
Cash dividends paid	(940)	(1,058)
Other	(17)	(19)
Net cash used in financing activities	(2,609)	(930)
Effect of exchange rate changes on cash and cash equivalents	(88)	1,043
Increase (decrease) in cash and cash equivalents	(1,323)	4,653
Cash and cash equivalents at the beginning of period	15,381	19,867
Cash and cash equivalents at the end of period	14,057	24,520

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

No reportable information.

Significant Changes in Shareholders' Equity

No reportable information.

Segment Information

First six months of FY3/13 (Apr. 1, 2012 – Sep. 30, 2012)

1. Information related to net sales and profit or loss for each reportable segment (Millions of yen)

	Reportable segment (Note 1)					Others (Note 2)	Total	Adjustment (Note 3)	Amounts shown on quarterly consolidated statements of income (Note 4)
	Japan	America	Europe	Asia	Subtotal				
Net sales									
(1) Sales to customers	42,701	2,428	1,835	10,898	57,863	893	58,757	-	58,757
(2) Inter-segment sales and transfers	699	589	1	1,185	2,475	9	2,485	(2,485)	-
Total	43,401	3,017	1,836	12,084	60,339	902	61,242	(2,485)	58,757
Segment profit (loss)	4,532	(46)	138	985	5,609	66	5,676	(47)	5,628

Notes: 1. "America" includes the business activities of overseas entities in the U.S. and Canada; "Europe" those in the U.K. and South Africa; and "Asia" those in China, Taiwan, Vietnam, and others.

2. "Others" is the business that is excluded from reportable segments, and includes the business activities of entities in Australia.

3. "Adjustment" to segment profit (-47 million yen) indicates elimination for intersegment transactions.

4. Segment profit (loss) is adjusted to be consistent with operating income shown on the consolidated statements of income.

First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)

1. Information related to net sales and profit or loss for each reportable segment (Millions of yen)

	Reportable segment (Note 1)					Others (Note 2)	Total	Adjustment (Note 3)	Amounts shown on quarterly consolidated statements of income (Note 4)
	Japan	America	Europe	Asia	Subtotal				
Net sales									
(1) Sales to customers	43,671	2,929	2,243	14,788	63,633	957	64,590	-	64,590
(2) Inter-segment sales and transfers	772	605	1	1,696	3,076	7	3,084	(3,084)	-
Total	44,443	3,535	2,245	16,484	66,709	965	67,674	(3,084)	64,590
Segment profit (loss)	5,569	(237)	336	1,623	7,291	5	7,297	117	7,414

Notes: 1. "America" includes the business activities of overseas entities in the U.S. and Canada; "Europe" those in the U.K. and South Africa; and "Asia" those in China, Taiwan, Vietnam, and others.

2. "Others" is the business that is excluded from reportable segments, and includes the business activities of entities in Australia.

3. "Adjustment" to segment profit (117 million yen) indicates elimination for intersegment transactions.

4. Segment profit (loss) is adjusted to be consistent with operating income shown on the consolidated statements of income.

* 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.