

**Consolidated Financial Results for the Fiscal Year Ended March 31, 2014**
**[Japanese GAAP]**

Company name: ROHTO Pharmaceutical Co., Ltd.      Stock Exchange listing: TSE, First Section  
 Stock code: 4527      URL: <http://www.rohto.co.jp>  
 Representative: Toshiaki Yoshino, President and COO  
 Contact: Masaya Saito, Director, General Manager, Corporate Planning & Administration Department  
 Telephone: 81-(0) 6-6758-1211  
 Scheduled date of Annual General Meeting of Shareholders: June 24, 2014  
 Scheduled date of filing of Annual Securities Report: June 25, 2014  
 Scheduled date of dividend payment: June 10, 2014  
 Preparation of supplementary materials for financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on May 14, 2014 at 15:00 (GMT +9).

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

**1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)**

(1) Consolidated results of operations (Percentages for net sales and incomes 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. 31, 2014	143,822	11.4	16,821	17.0	17,100	16.1	8,947	10.6
Fiscal year ended Mar. 31, 2013	129,146	7.4	14,380	5.5	14,730	7.6	8,087	(1.2)

Note: Comprehensive income (Millions of yen): Fiscal year ended Mar. 31, 2014: 13,032 (up 4.9%)  
 Fiscal year ended Mar. 31, 2013: 12,420 (up 65.7%)

	Net income per share	Diluted net income per share	ROE	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2014	77.15	76.82	9.4	10.9	11.7
Fiscal year ended Mar. 31, 2013	68.78	68.49	9.2	10.3	11.1

Reference: Equity in earnings of affiliates (Millions of yen): Fiscal year ended Mar. 31, 2014: 167  
 Fiscal year ended Mar. 31, 2013: (15)

(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, 2014	162,249	98,627	60.2	861.49
As of Mar. 31, 2013	150,643	93,771	61.7	789.83

Reference: Shareholders' equity (Millions of yen): As of Mar. 31, 2014: 97,679      As of Mar. 31, 2013: 92,876

(3) Consolidated cash flow

	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. 31, 2014	18,661	(12,620)	(5,211)	23,026
Fiscal year ended Mar. 31, 2013	16,702	(10,595)	(3,408)	19,867

**2. Dividends**

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividends on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Mar. 31, 2013	-	8.00	-	9.00	17.00	1,999	24.7	2.3
Fiscal year ended Mar. 31, 2014	-	9.00	-	9.00	18.00	2,083	23.3	2.2
Fiscal year ending Mar. 31, 2015 (forecast)	-	9.00	-	9.00	18.00		19.3	

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)**

(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	68,500	6.1	6,500	(12.3)	6,700	(13.5)	4,100	(9.4)	36.16
Full year	152,000	5.7	17,000	1.1	17,200	0.6	10,600	18.5	93.49

**\* Notes**

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

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

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

Note: Please refer to page 19 of the attachments “3. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements” for further information.

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

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

As of Mar. 31, 2014: 117,929,250 shares As of Mar. 31, 2013: 117,924,768 shares

2) Number of shares of treasury stock at end of period:

As of Mar. 31, 2014: 4,545,198 shares As of Mar. 31, 2013: 333,543 shares

3) Average number of shares outstanding during the period:

Fiscal year ended Mar. 31, 2014: 115,971,620 shares Fiscal year ended Mar. 31, 2013: 117,590,931 shares

Note: Number of shares of treasury stock as of March 31, 2014 includes Company stock held by the ESOP trust (527,000 shares at end of period).

**Reference: Summary of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)**

(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. 31, 2014	84,434	2.0	11,651	0.3	12,277	1.2	4,232	(29.3)
Fiscal year ended Mar. 31, 2013	82,754	6.8	11,613	5.9	12,132	5.2	5,983	7.0

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2014	36.50	36.34
Fiscal year ended Mar. 31, 2013	50.88	50.67

(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, 2014	115,684	82,738	71.0	724.70
As of Mar. 31, 2013	115,230	85,244	73.5	720.05

Reference: Shareholders' equity (Millions of yen): As of Mar. 31, 2014: 82,169 As of Mar. 31, 2013: 84,671

Note 1: Indication of audit procedure implementation status

This summary report is not subject to the audit procedures based on the Financial Instruments and Exchange Law. At the time when this report was released, the audit procedures for financial statements have not been completed.

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. 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 2 of the attachments “1. Analysis of Results of Operations and Financial Position, (1) Analysis of Results of Operations.”

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## 1. Analysis of Results of Operations and Financial Position

### (1) Analysis of Results of Operations

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
<b>Fiscal year ended Mar. 31, 2014</b>	<b>143,822</b>	<b>16,821</b>	<b>17,100</b>	<b>8,947</b>
Fiscal year ended Mar. 31, 2013	129,146	14,380	14,730	8,087
Year-on-year change (%)	11.4	17.0	16.1	10.6

This fiscal year, Japanese economy showed tentative signs of recovery as government economic measures led to a falling yen and rising stock market.

Overseas, economic growth continued in Asia, although some countries were affected by political events. In Europe, the economy has started to recover following the slowdown caused by the debt crisis. In the United States, the economy continued to recover despite financial uncertainty. Overall, the result was a slow economic recovery in overseas economies.

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 11.4% year-on-year, to 143,822 million yen, the 21st successive year of higher sales.

Regarding profits, despite an increase in selling, general and administrative expenses, with the back of a strong performance in net sales, operating income rose 17.0% year-on-year to 16,821 million yen, ordinary income rose 16.1% to 17,100 million yen, and net income rose 10.6% to 8,947 million yen.

The sales summary by reportable segment is as follows.

(Millions of yen)

		Net sales (Sales to customers)			
		Fiscal year ended Mar. 31, 2013	<b>Fiscal year ended Mar. 31, 2014</b>	Year-on-year change (Amount)	Year-on-year change (%)
Reportable segment	Japan	89,641	<b>91,772</b>	2,130	2.4
	America	5,619	<b>6,288</b>	668	11.9
	Europe	3,962	<b>4,801</b>	839	21.2
	Asia	28,179	<b>39,109</b>	10,929	38.8
	Subtotal	127,403	<b>141,971</b>	14,568	11.4
	Others	1,742	<b>1,850</b>	107	6.2
	Total	129,146	<b>143,822</b>	14,676	11.4

#### Japan

Sales to customers increased 2.4% year-on-year, to 91,772 million yen.

In Japanese healthcare market, there was a brief upturn in demand prior to the April 2014 consumption tax hike. However, the operating environment remained challenging as intense competition that included new entrants from other industries kept total sales in the healthcare market generally flat.

In this situation, Rohto has undertaken to sell new products in response to changing consumer needs and aggressively strengthened marketing activities.

The functional cosmetics brand “Obagi” has continued to perform 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. Skincare products also contributed to higher sales, especially the “Mentholatum Zara Pro”, treatments for rough and bumpy skin on upper arms and thighs, and “Hepasoft Cream”, first formulation medication for the treatment of annoying dry skin in Japanese OTC market. The deodorant skincare brand “DeOu”, care for the distress of male age-related odors, and the lip balm products, especially the “Mentholatum Lip Fondue”, also

performed well.

Meanwhile, sales for hay fever products fell sharply due to the lower level of pollen dispersal in this spring. Regarding the “Hado-Labo” series, the all-in-one gel series including the “Gokujyun UV White Gel” launched in February and the “Gokujyun 3D Form Restoration Gel” launched in August, and the relaunched “Gokujyun 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 5.0% year-on-year, to 11,235 million yen. Although selling, general and administrative expenses increased, subsidiary Meguro Kako Inc. became profitable due to higher sales. (Meguro Kako Inc. renamed to Qualitech Pharma Co., Ltd. on April 1, 2014)

### America

Sales to customers increased 11.9 % year-on-year, to 6,288 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” and other items in the skincare category. Sales decreased in a local currency basis but rose upon currency conversion into yen.

Segment profits on an operating income basis fell 87.6% year-on-year, to 56 million yen mainly due to an increase in selling, general and administrative expenses.

### Europe

Sales to customers increased 21.2% year-on-year, to 4,801 million yen.

Sales were higher as the European economy slowly recovered following the weakness that followed the debt crisis.

Segment profits on an operating income basis increased 33.2% year-on-year, to 494 million yen due to effective use of the advertising expenses.

### Asia

Sales to customers increased 38.8% year-on-year, to 39,109 million yen.

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

Segment profits on an operating income basis increased 76.5% year-on-year, to 4,581 million yen due to large contributions from higher sales while the amount of advertising and sales promotion expenses increased.

### Others

In “Others”, excluded from reportable segments, sales to customers increased 6.2% year-on-year, to 1,850 million yen.

Segment profits on an operating income basis increased 31.4% year-on-year, to 144 million yen.

Reference: Sales by product and service segment

Sales by product and service segment are as follows.

(Millions of yen)

	Net sales			
	Fiscal year ended Mar. 31, 2013	Fiscal year ended Mar. 31, 2014	Year-on-year change (Amount)	Year-on-year change (%)
Eye care	27,251	27,845	594	2.2
Skincare	81,168	94,734	13,566	16.7
Internal medicines and food	16,350	17,468	1,117	6.8

Others	4,376	<b>3,773</b>	(603)	(13.8)
Total	129,146	<b>143,822</b>	14,676	11.4

**Outlook for the fiscal year ending March 31, 2015**

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
<b>Fiscal year ending Mar. 31, 2015</b>	<b>152,000</b>	<b>17,000</b>	<b>17,200</b>	<b>10,600</b>
Fiscal year ended Mar. 31, 2014	143,822	16,821	17,100	8,947
Year-on-year change (%)	5.7	1.1	0.6	18.5

Net sales, operating income, ordinary income and net income reached record levels amid a harsh environment in the current fiscal year ended March 31, 2014. Looking to the future, although the Japanese economy is predicted to recover, the competition in the healthcare market should also heat up with the entry of cross-industry newcomers. Overseas, we anticipate a harsh climate due to the impact of economic slowdown caused by a deceleration of growth in the emerging countries 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. The Group is also taking on the challenge of a range of innovations including alliances with a wide range of companies.

In Japan segment, we anticipated that competition would continue to be intensified, and are focusing on the beauty category as well as developing new products and improving our existing brands. In addition, we aim to raise sales through the increase in the number of manufacture on assignment at Qualitech Pharma Co., Ltd. Overseas, we anticipate rising sales from growth in Asia, led by China and supported by Vietnam, Indonesia, Malaysia, and other ASEAN nations.

In the next fiscal year ending March 31, 2015, we anticipate that net sales to rise 5.7% year-on-year, to 152.0 billion yen, operating income 1.1% to 17.0 billion yen, ordinary income 0.6% to 17.2 billion yen, and net income 18.5% to 10.6 billion yen.

Furthermore, we expect net sales to increase for the 22nd consecutive fiscal year, and to set a new profit record.

These forecasts are based on an exchange rate of 102 yen to the US dollar.

**(2) Analysis of Financial Position****Balance sheet and cash flow position**

## Balance sheet position

Total assets at the end of the current fiscal year increased 11,606 million yen from the end of the previous fiscal year to 162,249 million yen. This was mainly due to increases of 4,187 million yen in investment securities, 3,805 million yen in property, plant and equipment, and 3,159 million yen in cash and deposits.

Total liabilities increased 6,750 million yen from the end of the previous fiscal year to 63,622 million yen. This was mainly due to increases of 3,566 million yen in accrued expenses, 2,604 million yen in short-term loans payable, and 1,601 million yen in notes and accounts payable-trade, set against a decrease of 1,126 million yen in deferred tax liabilities under non-current liabilities.

Net assets increased 4,855 million yen from the end of the previous fiscal year to 98,627 million yen. This was mainly due to increases of 6,827 million yen in retained earnings and 3,287 million yen in translation adjustments, set against an increase of 5,512 million yen in treasury stock (decreasing factor of net assets) from the takeover bid.

## Cash flow position

(Millions of yen)

Item	Fiscal year ended Mar. 31, 2013	Fiscal year ended Mar. 31, 2014	Year-on-year change (Amount)
Cash and cash equivalents at beginning of year	15,381	19,867	4,486
Cash flows from operating activities	16,702	18,661	1,958
Cash flows from investing activities	(10,595)	(12,620)	(2,024)
Cash flows from financing activities	(3,408)	(5,211)	(1,802)
Effect of exchange rate changes on cash and cash equivalents	1,742	1,849	106
Increase (decrease) in cash and cash equivalents	4,441	2,678	(1,762)
Increase in cash and cash equivalents from newly consolidated subsidiary	45	480	434
Cash and cash equivalents at end of period	19,867	23,026	3,159

During the current fiscal year, there was a net increase of 3,159 million yen in cash and cash equivalents to 23,026 million yen.

## Operating activities

Net cash provided by operating activities increased 1,958 million yen year-on-year to 18,661 million yen. This was mainly due to income before income taxes and minority interests of 14,599 million yen, depreciation and amortization of 5,735 million yen, and an increase of 1,087 million yen in notes and accounts payable-trade, set against income tax paid of 5,877 million yen and an increase of 1,090 million yen in inventories.

## Investing activities

Net cash used in investing activities increased 2,024 million yen year-on-year to 12,620 million yen. This was mainly due to the purchase of property, plant and equipment of 6,278 million yen, purchase of investment securities of 5,205 million yen, and the payments of long-term loans receivable of 2,291 million yen, set against the proceeds from sales of investment securities of 2,152 million yen.

## Financing activities

Net cash used in financing activities increased 1,802 million yen year-on-year to 5,211 million yen. This was mainly due to the purchase of treasury stock of 5,319 million yen in association with takeover bid and other factors, cash dividends paid of 2,116 million yen, and the repayment of long-term loans payable of 2,031 million yen, set against a net increase in short-term loans payable of 3,283 million yen.

## Reference: Trends in cash flow indicators

	76th Fiscal year ended Mar. 31, 2012	77th Fiscal year ended Mar. 31, 2013	78th Fiscal year ended Mar. 31, 2014
Shareholders' equity ratio	60.9%	61.7%	60.2%
Shareholders' equity ratio based on market price	89.3%	100.5%	127.3%
Interest-bearing debt to cash flow ratio	0.7	0.4	0.5
Interest coverage ratio	74.1	118.7	126.7

\* 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 number of shares outstanding (net of treasury stock shares) 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 expenses paid in the consolidated statements of cash flows.

### **(3) Basic Policy of Profit Distribution and Dividends for the Current and Next Fiscal Years**

Constantly and 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 results of operations. Retained earnings will be used effectively for the development of new products, the investments in manufacturing equipment, the entering into new businesses and others to respond to changes in the operating environment. We believe that these investments will contribute to future earnings, thereby enabling the Company to pay a large and stable dividend to shareholders.

We plan to distribute a year-end dividend of 9 yen per share for the fiscal year ended on March 31, 2014. Added to the interim dividend of 9 yen, which has been already distributed, this will bring the annual dividend to 18 yen per share.

For the fiscal year ending on March 31, 2015, we plan to pay interim and year-end dividends of 9 yen per share each bringing the annual total to 18 yen per share.



## **2. Management Policies**

### **(1) Basic Management Policy**

The Rohto Group aims to help individuals age gracefully in accordance with its corporate slogan that pledges to bring “Happy Surprises.” Since the establishment of Rohto, we have focused on creating a broad range of healthcare products, including eye drops, gastrointestinal medicines, and dermal medication, and developing new markets with the spirit of persistence and taking on new challenges. Even in times of upheaval we will remain committed to the spirit of this slogan as we aim to become a constant source of surprise and happiness for customers and society at large.

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

### **(2) Target Performance Indicators**

Our primary goals are maximizing shareholder value and enhancing the satisfaction of all stakeholders. In the healthcare market, our 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 on total assets.

### **(3) Medium- and Long-term Business Strategy and Challenges**

In Japan, signs of a recovery from the prolonged economic slump are slowly starting to emerge. But the economic outlook in Japan and overseas is still uncertain due to factors that include the April 2014 consumption tax hike in Japan and the effects of the European debt crisis. The importance of the health and beauty market, which is the core business domain of the Rohto Group, is increasing as people become more interested in healthy lifestyles. On the other hand, competition for market share is becoming more heated as population ages and consumer spending weakens.

The Rohto Group is looking beyond its current operations with the goal of developing value-added products and launching new brands that target new needs across a broad spectrum of the health and beauty field. Superior product development and technology skills will be vital to accomplishing this goal. We will focus on technological innovation and building a stronger foundation for operations. In addition, we will perform joint research with start-up companies and research scientists in Japan and other countries and use other initiatives to build an organic research infrastructure.

We are accelerating global operations development to deliver our products all over the world. We will exploit the advantages developed from an early stage in the Asian region, especially China and Vietnam, to achieve further growth. Moreover, we will aggressively explore opportunities in next emerging countries with growth prospects. We will also develop our operational group synergy in America and Europe.

To enlarge the scope of our activities in the health and beauty field, we are starting activities involving food, which is the basis for good health, and start new health care businesses, such as regenerative medicine. The objective is to make an even greater contribution to healthy lifestyles by extending our operations into more business domains.

We are also fulfilling our social responsibilities, in addition to the development of business activities. In 2011, we established a division, Reconstruction Support Office (currently included in the Public Relations and Creating Shared Value division) to provide help over the mid- to long-term. In order to carry out the “next-generation support” activities that comprise our CSV (Creating Shared Value) theme, we are supporting orphaned children in the earthquake in the aspect of their lives and academic achievements over the long-term period.

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

(Millions of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	19,868	23,028
Notes and accounts receivable-trade	31,896	28,361
Electronically recorded monetary claims-operating	-	4,566
Merchandise and finished goods	11,397	12,578
Work in process	1,480	1,636
Raw materials and supplies	6,579	7,167
Deferred tax assets	4,069	3,603
Other	2,231	2,156
Allowance for doubtful accounts	(56)	(117)
<b>Total current assets</b>	<b>77,467</b>	<b>82,981</b>
<b>Fixed assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	38,690	40,953
Accumulated depreciation	(18,724)	(20,222)
Buildings and structures, net	19,965	20,730
Machinery, equipment and vehicles	39,843	42,745
Accumulated depreciation	(29,454)	(31,992)
Machinery, equipment and vehicles, net	10,389	10,752
Equipment	9,653	11,192
Accumulated depreciation	(8,065)	(8,841)
Equipment, net	1,587	2,351
Land	10,613	12,340
Construction in progress	2,097	2,250
Other	133	186
Accumulated depreciation	(30)	(49)
Other, net	103	136
<b>Total property, plant and equipment</b>	<b>44,758</b>	<b>48,563</b>
<b>Intangible fixed assets</b>		
Goodwill	766	575
Other	1,241	2,253
<b>Total intangible fixed assets</b>	<b>2,008</b>	<b>2,828</b>
<b>Investments and other assets</b>		
Investment securities	18,537	22,724
Long-term loans receivable	3,392	2,075
Deferred tax assets	2,697	2,059
Other	2,451	1,925
Allowance for doubtful accounts	(670)	(908)
<b>Total investments and other assets</b>	<b>26,408</b>	<b>27,876</b>
<b>Total fixed assets</b>	<b>73,175</b>	<b>79,268</b>
<b>Total assets</b>	<b>150,643</b>	<b>162,249</b>

(Millions of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	10,151	11,753
Short-term loans payable	5,611	8,216
Accrued expenses	19,133	22,699
Accrued income taxes	2,914	2,709
Accrued consumption tax	527	203
Deferred tax liabilities	328	220
Reserve for bonuses	1,979	1,990
Reserve for directors' bonuses	30	30
Reserve for returned goods unsold	1,180	920
Reserve for rebates of sales	2,760	2,250
Provision for loss on liquidation of subsidiaries and associates	-	130
Other	4,937	5,519
<b>Total current liabilities</b>	<b>49,554</b>	<b>56,643</b>
<b>Non-current liabilities</b>		
Long-term loans payable	1,578	1,666
Deferred tax liabilities	3,264	2,138
Reserve for retirement benefits	2,013	-
Net defined benefit liability	-	2,702
Reserve for directors' retirement benefits	80	62
Other	379	409
<b>Total non-current liabilities</b>	<b>7,316</b>	<b>6,979</b>
<b>Total liabilities</b>	<b>56,871</b>	<b>63,622</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	6,408	6,411
Capital surplus	5,527	5,738
Retained earnings	79,677	86,505
Treasury stock	(273)	(5,785)
<b>Total shareholders' equity</b>	<b>91,341</b>	<b>92,869</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,471	5,033
Translation adjustments	(2,239)	1,047
Adjustments to foreign subsidiaries' pension liabilities	(695)	-
Remeasurements of defined benefit plans	-	(1,270)
<b>Total accumulated other comprehensive income</b>	<b>1,535</b>	<b>4,809</b>
<b>Stock acquisition rights</b>	<b>573</b>	<b>568</b>
<b>Minority interests</b>	<b>320</b>	<b>379</b>
<b>Total net assets</b>	<b>93,771</b>	<b>98,627</b>
<b>Total liabilities and net assets</b>	<b>150,643</b>	<b>162,249</b>

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income****Consolidated Statements of Income**

(Millions of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Net sales	129,146	143,822
Cost of sales	52,792	57,924
Gross profit	76,353	85,897
Provision of reserve for returned goods unsold	480	-
Reversal of reserve for returned goods unsold	-	260
Gross profit -net	75,873	86,157
Selling, general and administrative expenses		
Promotion expenses	15,794	17,261
Advertising expenses	19,437	22,986
Salaries and bonuses	7,715	8,943
Provision of reserve for bonuses	937	937
Provision of reserve for directors' bonuses	30	30
Retirement benefit expenses	568	508
Provision of reserve for directors' retirement benefits	11	5
Depreciation and amortization	733	881
Amortization of goodwill	192	191
R&D expenses	4,062	4,547
Provision of allowance for doubtful accounts	-	41
Other	12,010	13,000
Total selling, general and administrative expenses	61,493	69,336
Operating income	14,380	16,821
Non-operating income		
Interest income	129	230
Dividend income	354	336
Equity in earnings of affiliates	-	167
Other	330	211
Total non-operating income	814	946
Non-operating expenses		
Interest expenses	180	165
Foreign exchange losses	20	162
Equity in losses of affiliates	15	-
Loss on retirement of fixed assets	99	130
Other	148	208
Total non-operating expenses	464	667
Ordinary income	14,730	17,100

(Millions of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Extraordinary income		
Gain on step acquisitions	-	90
Gain on sales of investment securities	-	1,391
State subsidies	319	-
Total extraordinary income	319	1,482
Extraordinary losses		
Impairment loss	-	1,615
Loss on valuation of investment securities	644	47
Loss on valuation of stocks of subsidiaries and affiliates	-	771
Provision for loss on liquidation of subsidiaries and affiliates	-	130
Provision of allowance for doubtful account for subsidiaries and affiliates	33	-
Loss on valuation of other investment	212	-
Provision of allowance for doubtful accounts	530	250
Retirement benefit expenses	-	168
Loss on debt equity swap	-	999
Total extraordinary losses	1,420	3,983
Income before income taxes and minority interests	13,630	14,599
Current income taxes	5,586	5,783
Deferred income taxes	(57)	(131)
Total income taxes	5,528	5,651
Income before minority interests	8,101	8,948
Minority interests in income	14	1
Net income	8,087	8,947

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Income before minority interests	8,101	8,948
Other comprehensive income		
Valuation difference on available-for-sale securities	1,453	562
Translation adjustments	2,975	3,345
Adjustments to foreign subsidiaries' pension liabilities	(113)	177
Share of other comprehensive income of associates accounted for using equity method	3	(0)
Total other comprehensive income	4,318	4,084
Comprehensive income	12,420	13,032
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	12,374	12,973
Comprehensive income attributable to minority interests	45	59

**(3) Consolidated Statements of Change in Shareholders' Equity**

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	6,405	5,524	73,814	(270)	85,475
Changes of items during period					
Issuance of new shares	3	2			6
Dividends of surplus			(1,881)		(1,881)
Net income			8,087		8,087
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock					-
Change in scope of consolidation			(342)		(342)
Net changes of items other than shareholders' equity					
Total changes of items during period	3	2	5,863	(2)	5,866
Balance at end of current period	6,408	5,527	79,677	(273)	91,341

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Translation adjustments	Adjustments to foreign subsidiaries' pension liabilities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	3,013	(5,133)	(581)	-	(2,701)
Changes of items during period					
Issuance of new shares					
Dividends of surplus					
Net income					
Purchase of treasury stock					
Disposal of treasury stock					
Change in scope of consolidation					
Net changes of items other than shareholders' equity	1,457	2,893	(113)	-	4,236
Total changes of items during period	1,457	2,893	(113)	-	4,236
Balance at end of current period	4,471	(2,239)	(695)	-	1,535

	Stock acquisition rights	Minority interests	Total net assets
Balance at beginning of current period	579	273	83,627
Changes of items during period			
Issuance of new shares			6
Dividends of surplus			(1,881)
Net income			8,087
Purchase of treasury stock			(2)
Disposal of treasury stock			-
Change in scope of consolidation			(342)
Net changes of items other than shareholders' equity	(5)	47	4,278
Total changes of items during period	(5)	47	10,144
Balance at end of current period	573	320	93,771

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	6,408	5,527	79,677	(273)	91,341
Changes of items during period					
Issuance of new shares	2	2			5
Dividends of surplus			(2,116)		(2,116)
Net income			8,947		8,947
Purchase of treasury stock				(6,185)	(6,185)
Disposal of treasury stock		208		673	881
Change in scope of consolidation			(3)		(3)
Net changes of items other than shareholders' equity					
Total changes of items during period	2	210	6,827	(5,512)	1,528
Balance at end of current period	6,411	5,738	86,505	(5,785)	92,869

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Translation adjustments	Adjustments to foreign subsidiaries' pension liabilities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	4,471	(2,239)	(695)	-	1,535
Changes of items during period					
Issuance of new shares					
Dividends of surplus					
Net income					
Purchase of treasury stock					
Disposal of treasury stock					
Change in scope of consolidation					
Net changes of items other than shareholders' equity	562	3,287	695	(1,270)	3,273
Total changes of items during period	562	3,287	695	(1,270)	3,273
Balance at end of current period	5,033	1,047	-	(1,270)	4,809

	Stock acquisition rights	Minority interests	Total net assets
Balance at beginning of current period	573	320	93,771
Changes of items during period			
Issuance of new shares			5
Dividends of surplus			(2,116)
Net income			8,947
Purchase of treasury stock			(6,185)
Disposal of treasury stock			881
Change in scope of consolidation			(3)
Net changes of items other than shareholders' equity	(5)	58	3,327
Total changes of items during period	(5)	58	4,855
Balance at end of current period	568	379	98,627



**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	13,630	14,599
Depreciation and amortization	5,256	5,735
Impairment loss	-	1,615
Amortization of goodwill	192	191
Increase (decrease) in allowance for doubtful accounts	(27)	20
Increase (decrease) in reserve for bonuses	115	4
Increase (decrease) in reserve for retirement benefits	30	-
Increase (decrease) in net defined benefit liability	-	(121)
Increase (decrease) in reserve for returned goods unsold	480	(260)
Increase (decrease) in reserve for rebates of sales	109	(510)
Provision for loss on liquidation of subsidiaries and affiliates	-	130
Provision of allowance for doubtful account	530	250
Provision of allowance for doubtful account for subsidiaries and affiliates	33	-
Loss (gain) on sales of investment securities	-	(1,391)
Loss (gain) on valuation of investment securities	644	47
Loss on valuation of stocks of subsidiaries and affiliates	-	771
Loss on valuation of other investment	212	-
Loss on debt equity swap	-	999
Loss (gain) on step acquisitions	-	(90)
Interest and dividend income	(484)	(567)
Interest expenses	180	165
Equity in (earnings) losses of affiliates	15	(167)
Decrease (increase) in notes and accounts receivable-trade	1,432	(365)
Decrease (increase) in inventories	(656)	(1,090)
Increase (decrease) in notes and accounts payable-trade	(884)	1,087
Other	937	3,146
Subtotal	21,748	24,201
Interest and dividends income received	447	532
Interest expenses paid	(187)	(195)
Income tax paid	(5,306)	(5,877)
Net cash provided by operating activities	16,702	18,661
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,130)	(6,278)
Purchase of intangible fixed assets	(273)	(431)
Purchase of investment securities	(2,449)	(5,205)
Proceeds from sales of investment securities	-	2,152
Net decrease (increase) in short-term loans receivable	(259)	200
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	96	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(760)
Proceeds from state subsidies received	319	-
Payments of long-term loans receivable	(2,483)	(2,291)
Other	(414)	(5)
Net cash used in investing activities	(10,595)	(12,620)

(Millions of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	804	3,283
Proceeds from long-term loans payable	-	993
Repayment of long-term loans payable	(2,292)	(2,031)
Purchase of treasury shares of subsidiaries	(2)	(5,319)
Cash dividends paid	(1,881)	(2,116)
Other	(35)	(21)
Net cash used in financing activities	(3,408)	(5,211)
Effect of exchange rate changes on cash and cash equivalents	1,742	1,849
Increase (decrease) in cash and cash equivalents	4,441	2,678
Cash and cash equivalents at the beginning of period	15,381	19,867
Increase in cash and cash equivalents from newly consolidated subsidiary	45	480
Cash and cash equivalents at the end of period	19,867	23,026

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

No reportable information.

**Significant Accounting Policies in the Preparation of Consolidated Financial Statements**

## 1. Scope of consolidation

## (1) Number of consolidated subsidiaries: 30

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., PT Rohto Laboratories Indonesia, Rohto-Mentholatum (Vietnam) Co., Ltd., Meguro Kako Inc., Episteme Trading (Shanghai) Co., LTD., Tianjin ROHTO Herbal Medicine Co., Ltd., Rohto Pharma (India) Pvt. Ltd.

Effective from the current fiscal year, ROHTO WELL COURT Co., LTD and one other company, non-consolidated subsidiaries in the previous fiscal year, have been included in the consolidation because of their increased materiality of impact on consolidated financial statements.

Ceres Okinawa and one other company became subsidiaries and were included in the consolidation with the end of the current fiscal year as an assumed acquisition date.

Medicare Systems Co., Ltd. was liquidated and excluded from the consolidation in the current fiscal year.

Following the resolution made at the Board of Directors meeting on February 7, 2014, Episteme Trading (Shanghai) Co., LTD. is scheduled to be dissolved. This company is currently being liquidated.

Note: Meguro Kako Inc. was renamed Qualitech Pharma Co., Ltd. on April 1, 2014.

## (2) Major non-consolidated subsidiaries

PT Rohto Farma Indonesia, Rohto Pia Co., Ltd., and Rohto-Mentholatum (Bangladesh) Co., Ltd.

Reason for exclusion

These subsidiaries are not included in the scope of consolidation since each of them is a small-scale business whose total assets, net sales, net income/loss (equity in earnings) and retained earnings (equity in earnings) have no significant effect on the overall results of consolidated financial statements.

## 2. Application of the equity method

## (1) Number of non-consolidated subsidiaries accounted for under the equity method: 1

Major company: PT Rohto Farma Indonesia

## (2) Number of equity-method affiliates: 2

Major company: Ands Corporation

## (3) The non-consolidated subsidiaries (Rohto Pia Co., Ltd.) and affiliates (Nagai (Vietnam) Co., Ltd., etc.) are not accounted for under the equity method since they have a very minor effect on net income/loss (equity in earnings) and retained earnings (equity in earnings), and are relatively insignificant in the context of the consolidated financial statements.

## Change in Accounting Policies

Following the application of the “Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; excluding the provisions set forth in Clause 35)” and “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012; excluding the provisions set forth in Clause 67),” the Company has changed its accounting treatment to record the retirement benefit obligations as a net defined benefit liability after deducting plan assets, and recorded the unrecognized actuarial differences and the unrecognized past service costs as a net defined benefit liability from the end of the current fiscal year.

For the application of this accounting standard, in accordance with the transitional accounting treatments set forth in Clause 37 of the Accounting Standard for Retirement Benefits, the monetary effect of this change has been included in the remeasurements of defined benefit plans of accumulated other comprehensive income at the end of the current fiscal year.

Along with these changes, the unrecognized actuarial differences relating to retirement benefits for U.S. consolidated subsidiaries, presented as a separate line item as “Adjustments to foreign subsidiaries’ pension liabilities” in the previous fiscal year, is reclassified and included in “Remeasurements of defined benefit plans” in the current fiscal year.

The result was a recording of 2,702 million yen in net defined benefit liability, and a decrease of 752 million yen in accumulated other comprehensive income at the end of the current fiscal year.

The effect of this change on per-share information is shown in the corresponding section.

## Additional Information

Accounting method for ESOP trust

The Company has started to transfer treasury stock to the employee stock ownership plan (ESOP) by using a trust in the current fiscal year. The purpose is to improve benefits for employees.

### 1. Summary

To further improve benefits for employees, who play a critical role in our growth, the Board of Directors approved a resolution on February 7, 2014 to establish a ESOP trust to serve as an employee incentive plan. The goals of this plan are to make employees more aware of results of operations and shareholder value as well as to achieve medium- to long-term growth in corporate value.

A trust has been established that will provide benefits to employees belonging to the ROHTO employee stock ownership plan who fulfill certain requirements. This trust will make a single purchase of the Company stock that is equal to the number of shares that this ESOP is expected to purchase between March 2014 and March 2017. After purchasing this stock, the trust sell part of the stock to the ESOP on the same day of each month.

### 2. Stock remaining in the trust

For the accounting treatment of the ESOP trust, the Company quickly began applying the “Practical Solution for Transactions for Transfers of Company Stock to Employees, Etc. Using a Trust (Practical Issues Task Force No. 30, December 25, 2013)”. As a result, the Company and the ESOP trust are treated for accounting purposes as a single unit by using the gross price method. Based on this method, the book value (excluding incidental expenses) of the Company stock held by the ESOP trust is included as “treasury stock” in net assets in the consolidated balance sheets. As of March 31, 2014, the ESOP trust held 527,000 shares of the Company stock with a book value of 851 million yen.

### 3. Book value of loans recorded due to use of the gross price method

866 million yen in the fiscal year that ended on March 31, 2014

Revised amount of deferred tax assets and deferred tax liabilities following the change in the corporate tax rate, etc.

Following the promulgation on March 31, 2014 of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 10 of 2014), special corporate tax for reconstruction will be no longer imposed for the fiscal years beginning on or after April 1, 2014. Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 38.0% to 35.6% for temporary differences expected to be used for the fiscal year beginning from April 1, 2014.

The effect of this change was to decrease deferred tax assets (after deducting deferred tax liabilities) by 171 million yen, and to increase deferred income taxes booked in the current fiscal year by 171 million yen.

## **Segment and Other Information**

### Segment Information

#### 1. Overview of reportable segments

Segments used for financial reporting are the Company’s constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Company undertakes manufacture and sales activities mainly in the health and beauty care categories. Within Japan, these operations are mainly handled by the Company. Overseas, operations are mainly handled by The Mentholatum Company, Inc. in America, The Mentholatum Company Limited. in Europe, and The Mentholatum (Asia Pacific) Ltd. and Mentholatum (China) Pharmaceutical Co., Ltd. in Asia, together with overseas affiliates. These affiliates each operate as autonomous business units, formulating comprehensive strategies in each region and developing business activities for the products and services they undertake.

Accordingly, the Company comprises the four geographical reportable segments of Japan, America, Europe, and Asia based on our manufacturing and sales structure. In each segment, we manufacture and sell eye care (including eye drops and eyewash preparations), skincare (including dermal medicines, lip balm, sunscreens, and functional cosmetics, etc.), internal medicines and food (including gastrointestinal medicines, traditional Chinese herbal medicines and supplements), and other products and services, such as in-vitro test kits.

#### 2. Calculation methods for net sales, profits/losses, assets, liabilities, and other items for each reportable segment

The accounting treatment methods for reportable segments are generally the same as those listed in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements” presented in the Group’s annual securities report (Yuka Shoken Hokokusho.)

Profits for reportable segments are operating income figures. Inter-segment sales and transfers are determined based on market prices.

## 3. Information related to net sales, profit/loss, assets, liabilities, and other items for each reportable segment

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

(Millions of yen)

	Reportable segment					Others (Note 2)	Total	Adjustment (Note 3)	Amounts shown on consolidated financial statements (Note 4)
	Japan	America	Europe	Asia	Subtotal				
Net sales									
(1) Sales to customers	89,641	5,619	3,962	28,179	127,403	1,742	129,146	-	129,146
(2) Inter-segment sales and transfers	1,354	1,146	2	2,325	4,828	16	4,845	(4,845)	-
Total	90,995	6,766	3,964	30,505	132,232	1,759	133,991	(4,845)	129,146
Segment profit	10,697	454	371	2,595	14,118	109	14,227	152	14,380
Segment assets	123,232	20,094	3,394	38,654	185,376	1,155	186,532	(35,889)	150,643
Segment liabilities	38,071	4,945	1,125	16,890	61,033	409	61,442	(4,571)	56,871
Other items									
Depreciation	4,249	168	101	545	5,064	16	5,080	-	5,080
Amortization of goodwill	191	-	-	0	192	-	192	-	192
Increase in property, plant and equipment and intangible fixed assets	3,860	97	25	1,976	5,960	47	6,007	-	6,007

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 businesses that is excluded from reportable segments, and includes the business activities of an entity in Australia.

3. (1) "Adjustment" (152 million yen) to segment profit indicates elimination for intersegment transactions.

(2) "Adjustment" to segment assets (-35,889 million yen) and liabilities (-4,571 million yen) indicate an elimination for intersegment transactions.

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

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

(Millions of yen)

	Reportable segment					Others (Note 2)	Total	Adjustment (Note 3)	Amounts shown on consolidated financial statements (Note 4)
	Japan	America	Europe	Asia	Subtotal				
Net sales									
(1) Sales to customers	91,772	6,288	4,801	39,109	141,971	1,850	143,822	-	143,822
(2) Inter-segment sales and transfers	1,569	1,266	3	2,744	5,583	20	5,603	(5,603)	-
Total	93,341	7,555	4,804	41,853	147,555	1,870	149,425	(5,603)	143,822
Segment profit	11,235	56	494	4,581	16,367	144	16,512	309	16,821
Segment assets	122,853	21,971	4,169	49,532	198,526	1,144	199,671	(37,421)	162,249
Segment liabilities	41,693	3,532	1,347	20,096	66,668	360	67,029	(3,407)	63,622
Other items									
Depreciation	4,007	157	129	819	5,113	18	5,132	-	5,132
Amortization of goodwill	191	-	-	-	191	-	191	-	191
Increase in property, plant and equipment and intangible fixed assets	5,230	412	58	2,144	7,845	25	7,870	-	7,870

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 businesses that is excluded from reportable segments, and includes the business activities of an entity in Australia.

3. (1) "Adjustment" (309 million yen) to segment profit indicates elimination for intersegment transactions.

(2) "Adjustment" to segment assets (-37,421 million yen) and liabilities (-3,407 million yen) indicate an elimination for intersegment transactions.

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

#### Related information

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

##### 1. Products and services information

(Millions of yen)

	Eye care products	Skincare products	Internal medicines and food	Others	Total
Sales to customers	27,251	81,168	16,350	4,376	129,146

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

##### 1. Products and services information

(Millions of yen)

	Eye care products	Skincare products	Internal medicines and food	Others	Total
Sales to customers	27,845	94,734	17,468	3,773	143,822

**Per-share Information**

(Yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Net assets per share	789.83	861.49
Net income per share	68.78	77.15
Diluted net income per share	68.49	76.82

Notes: 1. Basis for calculation of net income per share and diluted net income per share are as follows. (Millions of yen)

Item	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Net income per share		
Net income	8,087	8,947
Amount not available to common stock shareholders	-	-
Net income applicable to common stock	8,087	8,947
Average number of common stock shares outstanding during the period (thousand shares)	117,590	115,971
Diluted net income per share		
Adjusted to net income	-	-
Increase in the number of common stock shares (thousand shares)	495	490
[of which stock acquisition rights (thousand shares)]	[ 495]	[ 490]
Summary of dilutive shares not included in the calculation of “diluted net income per share” since there was no dilutive effect.		-

2. Basis for calculation of net assets per share is as follows. (Millions of yen)

Item	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Total net assets on the balance sheets	93,771	98,627
Deduction on total net assets	894	948
[of which stock acquisition rights]	[ 573]	[ 568]
[of which minority interests]	[ 320]	[ 379]
Net assets applicable to common stock	92,876	97,679
Number of common stock shares used in calculation of net assets per share (thousand shares)	117,591	113,384

3. Company stock held by the ESOP trust that is included in treasury stock in shareholders' equity is treated as treasury stock and is thus excluded from the average number of shares used to calculate net income per share and diluted net income per share. In addition, for the calculation of net assets per share, this ESOP trust stock is included in treasury stock, which is deducted from the number of shares outstanding at the end of the fiscal year.

For the calculation of net income per share and diluted net income per share, the average number of shares of treasury stock that was excluded for the end of FY3/14 was 40,538. For the calculation of net assets per share, the number of shares of treasury stock as of the end of FY3/14 that was excluded was 527,000.

4. As noted in the section “Changes in Accounting Policies,” the Company has started to apply the Accounting Standard for Retirement Benefits, etc. based on the transitional accounting treatments set forth in Clause 37 of the Accounting Standard for Retirement Benefits.

The result was a decrease of 6.64 yen in net assets per share in FY3/14.

**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.