

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2016 **(Six Months Ended September 30, 2015)**

[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 11, 2015 at 15:00 (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, 2016 **(April 1, 2015 – September 30, 2015)**

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 30, 2015	77,341	15.0	7,173	38.0	7,509	33.4	4,873	36.2
Six months ended Sep. 30, 2014	67,263	4.1	5,196	(29.9)	5,629	(27.3)	3,578	(20.9)

Note: Comprehensive income (Millions of yen): Six months ended Sep. 30, 2015: 3,974 (up 8.3%)
 Six months ended Sep. 30, 2014: 3,669 (down 51.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2015	42.88	42.70
Six months ended Sep. 30, 2014	31.54	31.41

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2015	179,210	113,562	62.8
As of Mar. 31, 2015	177,509	110,516	61.7

Reference: Shareholders' equity (Millions of yen): As of Sep. 30, 2015: 112,492 As of Mar. 31, 2015: 109,521

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2015	-	9.00	-	10.00	19.00
Fiscal year ending Mar. 31, 2016	-	10.00	-	-	-
Fiscal year ending Mar. 31, 2016 (forecast)	-	-	-	10.00	20.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	167,500	10.4	15,100	14.7	15,100	7.1	9,500	10.1	83.57

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

*** 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 4 of the attachments “2. Matters Related to Summary Information (Notes), (2) 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: 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 4 of the attachments “2. Matters Related to Summary Information (Notes), (3) Changes in Accounting Policies and Accounting Estimates, and Restatements” for further information.

(4) Number of outstanding shares (common shares)

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

As of Sep. 30, 2015:	117,929,250 shares	As of Mar. 31, 2015:	117,929,250 shares
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2) Number of shares of treasury shares at the end of the period:

As of Sep. 30, 2015:	4,255,651 shares	As of Mar. 31, 2015:	4,338,688 shares
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3) Average number of shares outstanding during the period:

Six months ended Sep. 30, 2015:	113,634,884 shares	Six months ended Sep. 30, 2014:	113,436,671 shares
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Note: Numbers of shares of treasury shares as of September 30, 2015 and March 31, 2015 include the Company's stock held by the ESOP trust (237,000 shares and 320,200 shares respectively at the end of the each period).

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 Act. At the time of disclosure, the review procedures for these consolidated 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. 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 4 of the attachments “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements.”

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half of the current fiscal year, the Japanese economy recovered slowly along with improvements in corporate earnings, and employment and personal income environment. Although consumer spending benefited from demand in some categories from foreign tourists in Japan, the outlook remained unclear primarily because of rising prices caused by the weaker yen. Overseas, the United States is returning to normal monetary policies, and economic growth is slowing in China and other emerging countries. Overall, the global economy is recovering at only a moderate pace.

The Rohto Group has moved into new fields with customer-oriented product development and marketing activities. In its existing categories, the Group has developed high value-added products in response to changing consumer needs and endeavored to reinvigorate markets.

In total, net sales increased 15.0% year-on-year, to 77,341 million yen. In Japan, the negative impact of the April 2014 consumption tax hike has ended. In addition, overseas sales were higher, mainly in Asia, and yen conversions of overseas sales benefited from the weaker yen.

First half earnings were higher than one year earlier because the contribution to earnings of sales growth more than offset expenses associated with ongoing up-front investments to enter new business fields. Operating income rose by 38.0% year-on-year to 7,173 million yen, ordinary income increased by 33.4% to 7,509 million yen, and profit attributable to owners of parent rose by 36.2% to 4,873 million yen.

The sales summary by reportable segment is as follows.

Japan

Sales to customers increased 9.4% year-on-year, to 47,957 million yen.

Sales increased in the core eye care category as well as for skincare products and internal medicines and food. One reason was the end of the impact of the April 2014 consumption tax hike. Specifically, “*Hada-Labo*” products posted strong sales because of the addition of high value-added “*Gokujyun Premium*” series. There were also big increases in sales of the functional cosmetics brand “*Obagi*” and “*50-no-Megumi*”, where “*Oil in*” series of products were launched. Sales of sunscreen products were lower because of fiercer competition. But sales of new products were strong. Two examples are the new “*Mentholatum Lip Baby*” that targets teenagers and “*SUGAO Souffle-touch Cheek & Lip*,” which was added to the lineup of “*SUGAO*” series. “*Rohto Zi*” and other eye care products for young people also contributed to sales growth. In addition, sales of some products to foreign tourists in Japan made a contribution to sales growth.

Segment profits (operating income) increased 48.4% year-on-year, to 4,926 million yen. Earnings were much higher despite R&D expenditures and other up-front investments needed to enter new business fields.

America

Sales to customers increased 12.9 % year-on-year, to 3,612 million yen.

Sales of “*OXY*” were sluggish because of heated competition but new eye care products recorded strong sales. Along with the benefit of the weaker yen on yen conversions of sales, the result was higher sales.

Segment losses (operating losses) were 693 million yen (up from 475 million yen in the same period of the previous fiscal year). The loss increased mainly attributable to higher advertising and sales promotion expenses associated with the measures to deal with fiercer competition and the launch of new products.

Europe

Sales to customers increased 63.9% year-on-year, to 4,298 million yen.

Sales of the “*Deep Heat*” series of anti-inflammatory analgesic products increased in Europe, and Dax Cosmetics, acquired in the previous fiscal year, also contributed to higher sales.

Segment profits (operating income) increased 11.1% year-on-year, to 351 million yen due to higher sales.

Asia

Sales to customers increased 23.2% year-on-year, to 20,422 million yen.

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

Segment profits (operating income) increased 31.6% year-on-year, to 2,373 million yen due to a contribution from higher sales, while advertising and sales promotion expenses increased.

Others

In “Others,” excluded from reportable segments, sales to customers increased 3.3% year-on-year, to 1,051 million yen.

Segment profits (operating income) increased 57.3% year-on-year, to 88 million yen.

(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 increased 1,701 million yen from the end of the previous fiscal year to 179,210 million yen. This was mainly due to increases of 2,436 million yen in electronically recorded monetary claims-operating, 1,409 million yen in merchandise and finished goods, 952 million yen in cash and deposits, and 473 million yen in raw materials and supplies, while there were decreases of 2,212 million yen in investment securities and 1,212 million yen in notes and accounts receivable-trade.

Total liabilities decreased 1,345 million yen from the end of the previous fiscal year to 65,648 million yen. This was mainly due to decreases of 3,380 million yen in accrued expenses and 2,144 million yen in short-term loans payable, while there were increases of 2,470 million yen in electronically recorded obligations-operating, 1,001 million yen in notes and accounts payable-trade, and 804 million yen in income taxes payable.

Net assets increased 3,046 million yen from the end of the previous fiscal year to 113,562 million yen. This was mainly due to an increase of 3,734 million yen in retained earnings set against a decrease of 790 million yen in valuation difference on available-for-sale securities.

2) Consolidated cash flow position

During the first half of the current fiscal year, there was a net increase of 1,116 million yen in cash and cash equivalents to 26,209 million yen.

Cash flows from operating activities

Net cash provided by operating activities increased 3,402 million yen year-on-year to 5,493 million yen. There were income before income taxes and non-controlling interests of 7,231 million yen, and inflow factors of an increase of 4,068 million yen in notes and accounts payable-trade, and depreciation of 3,072 million yen, while there were outflow factors of an increase of 2,535 million yen in inventories, an increase of 1,518 million yen in notes and accounts receivable-trade, and income tax paid of 1,306 million yen.

Cash flows from investing activities

Net cash used in investing activities decreased 2,939 million yen year-on-year to 1,535 million yen. This was mainly due to proceeds from sales and redemption of investment securities of 2,124 million yen, while there were purchase of property, plant and equipment of 2,284 million yen and purchase of investment securities of 1,210 million yen.

Cash flows from financing activities

Net cash used in financing activities increased 1,774 million yen year-on-year to 2,940 million yen. This was mainly due to a net decrease in short-term loans payable of 1,821 million yen, cash dividends paid of 1,139 million yen and

the repayment of long-term loans payable of 720 million yen, set against the proceeds from long-term loans payable of 550 million yen.

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

There is no change in the full-year consolidated forecast that was released on November 4, 2015.

Note: The forecasts are 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 non-controlling interests during the fiscal year, and multiplying that rate by the quarterly income before income taxes and non-controlling interests.

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

Change in Accounting Policies

The Company has applied the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. from the first quarter of the current fiscal year. Accordingly, difference arising from changes in the Company’s ownership interests in subsidiaries in cases where control is retained is recognized in capital surplus, and the acquisition costs in connection with business combinations are recognized as expenses in the fiscal year in which they arise. Regarding business combinations that take place on or after the beginning of the first quarter of the current fiscal year, the Company has revised the method to reflect reviewed allocation of the acquisition costs arising from determination of the provisional accounting treatment on the quarterly consolidated financial statements to which the date of the business combination belongs. In addition, the presentation of net income and other items has been revised, and the minority interests item has been renamed non-controlling interests. For consistency with these changes, the consolidated financial statements for the first half of the previous fiscal year and the previous fiscal year have been revised.

In the quarterly consolidated statement of cash flows of the first half of the current fiscal year, cash flows associated with purchase or sales of shares of subsidiary not resulting in changes in the scope of consolidation are included in cash flows from financing activities. On the other hand, cash flows associated with acquisition costs of shares of subsidiary resulting in changes in the scope of consolidation or expenses arisen from purchase or sales of shares of subsidiary not resulting in changes in the scope of consolidation are included in cash flows from operating activities.

The Company has adopted these accounting standards, etc. from the beginning of the first quarter of the current fiscal year, in accordance with the transitional accounting treatments set forth in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

There is no impact on the quarterly consolidated financial statements for the first half of the current fiscal year.

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

(Millions of yen)

	FY3/15 (As of Mar. 31, 2015)	Second quarter of FY3/16 (As of Sep. 30, 2015)
Assets		
Current assets		
Cash and deposits	25,733	26,685
Notes and accounts receivable-trade	32,424	31,211
Electronically recorded monetary claims-operating	6,513	8,950
Merchandise and finished goods	12,918	14,328
Work in process	2,360	2,865
Raw materials and supplies	7,290	7,764
Other	6,590	6,666
Allowance for doubtful accounts	(139)	(179)
Total current assets	93,692	98,293
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,347	22,128
Other, net	28,022	28,157
Total property, plant and equipment	50,370	50,286
Intangible assets		
Goodwill	1,326	1,134
Other	3,050	2,721
Total intangible assets	4,376	3,856
Investments and other assets		
Investment securities	24,325	22,113
Other	6,118	6,195
Allowance for doubtful accounts	(1,374)	(1,533)
Total investments and other assets	29,070	26,775
Total non-current assets	83,816	80,917
Total assets	177,509	179,210
Liabilities		
Current liabilities		
Notes and accounts payable-trade	10,154	11,155
Electronically recorded obligations-operating	47	2,517
Short-term loans payable	8,349	6,205
Accrued expenses	26,452	23,071
Income taxes payable	882	1,687
Provision for bonuses	1,854	2,014
Provision for directors' bonuses	20	15
Provision for sales returns	700	760
Provision for sales rebates	2,190	2,430
Other	6,956	6,573
Total current liabilities	57,607	56,431

	(Millions of yen)	
	FY3/15 (As of Mar. 31, 2015)	Second quarter of FY3/16 (As of Sep. 30, 2015)
Non-current liabilities		
Long-term loans payable	1,074	1,217
Net defined benefit liability	4,657	4,740
Other	3,653	3,258
Total non-current liabilities	9,385	9,216
Total liabilities	66,993	65,648
Net assets		
Shareholders' equity		
Capital stock	6,411	6,411
Capital surplus	5,738	5,738
Retained earnings	92,315	96,049
Treasury shares	(5,451)	(5,317)
Total shareholders' equity	99,013	102,882
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,646	5,856
Foreign currency translation adjustment	5,479	5,328
Remeasurements of defined benefit plans	(1,618)	(1,574)
Total accumulated other comprehensive income	10,507	9,609
Subscription rights to shares	568	568
Non-controlling interests	425	502
Total net assets	110,516	113,562
Total liabilities and net assets	177,509	179,210

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

	(Millions of yen)	
	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY3/16 (Apr. 1, 2015 – Sep. 30, 2015)
Net sales	67,263	77,341
Cost of sales	28,139	31,803
Gross profit	39,123	45,538
Provision for sales returns	-	60
Reversal of provision for sales returns	220	-
Gross profit -net	39,343	45,478
Selling, general and administrative expenses	34,146	38,304
Operating income	5,196	7,173
Non-operating income		
Interest income	117	145
Dividend income	255	261
Share of profit of entities accounted for using equity method	38	36
Other	253	134
Total non-operating income	665	578
Non-operating expenses		
Interest expenses	97	88
Foreign exchange losses	-	69
Other	135	85
Total non-operating expenses	232	242
Ordinary income	5,629	7,509
Extraordinary income		
Gain on sales of investment securities	454	91
Total extraordinary income	454	91
Extraordinary losses		
Loss on valuation of investment securities	240	175
Loss on valuation of shares of subsidiaries and associates	-	56
Provision of allowance for doubtful accounts	439	100
Provision of allowance for doubtful accounts for subsidiaries and associates	-	38
Total extraordinary losses	680	369
Income before income taxes and non-controlling interests	5,404	7,231
Income taxes	1,819	2,362
Profit	3,585	4,869
Profit (loss) attributable to non-controlling interests	7	(4)
Profit attributable to owners of parent	3,578	4,873

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

	(Millions of yen)	
	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY3/16 (Apr. 1, 2015 – Sep. 30, 2015)
Profit	3,585	4,869
Other comprehensive income		
Valuation difference on available-for-sale securities	86	(812)
Foreign currency translation adjustment	(44)	(147)
Remeasurements of defined benefit plans, net of tax	38	43
Share of other comprehensive income of entities accounted for using equity method	2	21
Total other comprehensive income	83	(894)
Comprehensive income	3,669	3,974
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,681	3,975
Comprehensive income attributable to non-controlling interests	(12)	(0)

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY3/16 (Apr. 1, 2015 – Sep. 30, 2015)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	5,404	7,231
Depreciation	2,838	3,072
Amortization of goodwill	121	159
Increase (decrease) in allowance for doubtful accounts	(9)	59
Increase (decrease) in provision for bonuses	(277)	160
Increase (decrease) in net defined benefit liability	3	60
Increase (decrease) in provision for sales returns	(220)	60
Increase (decrease) in provision for sales rebates	150	240
Provision of allowance for doubtful accounts	439	100
Provision of allowance for doubtful accounts for subsidiaries and associates	-	38
Loss (gain) on sales of investment securities	(454)	(91)
Loss (gain) on valuation of investment securities	240	175
Loss on valuation of shares of subsidiaries and associates	-	56
Interest and dividend income	(373)	(407)
Interest expenses	97	88
Share of (profit) loss of entities accounted for using equity method	(38)	(36)
Decrease (increase) in notes and accounts receivable-trade	2,222	(1,518)
Decrease (increase) in inventories	(3,198)	(2,535)
Increase (decrease) in notes and accounts payable-trade	351	4,068
Other, net	(2,807)	(4,875)
Subtotal	4,489	6,104
Interest and dividend income received	341	368
Interest expenses paid	(80)	(86)
Income taxes paid	(2,663)	(1,306)
Income taxes refund	3	413
Net cash provided by (used in) operating activities	2,091	5,493
Cash flows from investing activities		
Payments into time deposits	(2)	(458)
Proceeds from withdrawal of time deposits	-	630
Purchase of property, plant and equipment	(2,152)	(2,284)
Purchase of intangible assets	(124)	(89)
Purchase of investment securities	(343)	(1,210)
Proceeds from sales and redemption of investment securities	1,038	2,124
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,718)	-
Payments of long-term loans receivable	(206)	(213)
Other, net	33	(34)
Net cash provided by (used in) investing activities	(4,475)	(1,535)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	355	(1,821)
Proceeds from long-term loans payable	82	550
Repayments of long-term loans payable	(724)	(720)
Cash dividends paid	(1,025)	(1,139)
Proceeds from share issuance to non-controlling shareholders	-	77
Other, net	146	112
Net cash provided by (used in) financing activities	(1,166)	(2,940)
Effect of exchange rate change on cash and cash equivalents	35	99
Net increase (decrease) in cash and cash equivalents	(3,513)	1,116
Cash and cash equivalents at beginning of period	23,026	25,093
Increase in cash and cash equivalents from newly consolidated subsidiary	250	-
Cash and cash equivalents at end of period	19,763	26,209

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

No reportable information.

Significant Changes in Shareholders' Equity

No reportable information.

Segment Information**I. First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)****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 statement of income (Note 4)
	Japan	America	Europe	Asia	Subtotal				
Net sales									
(1) Sales to customers	43,842	3,199	2,623	16,580	66,245	1,018	67,263	-	67,263
(2) Inter-segment sales and transfers	956	608	2	1,259	2,827	14	2,841	(2,841)	-
Total	44,798	3,807	2,625	17,840	69,072	1,032	70,105	(2,841)	67,263
Segment profit (loss)	3,319	(475)	316	1,804	4,964	56	5,020	176	5,196

Notes: 1. "America" includes the business activities of overseas entities in the U.S. and Canada; "Europe" those in the U.K., Poland 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 (loss) of 176 million yen indicates elimination for intersegment transactions.

4. Segment profit (loss) is adjusted with operating income shown on the quarterly consolidated statement of income.

II. First six months of FY3/16 (Apr. 1, 2015 – Sep. 30, 2015)**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 statement of income (Note 4)
	Japan	America	Europe	Asia	Subtotal				
Net sales									
(1) Sales to customers	47,957	3,612	4,298	20,422	76,290	1,051	77,341	-	77,341
(2) Inter-segment sales and transfers	803	661	2	1,569	3,037	8	3,045	(3,045)	-
Total	48,760	4,274	4,300	21,991	79,327	1,059	80,387	(3,045)	77,341
Segment profit (loss)	4,926	(693)	351	2,373	6,958	88	7,046	126	7,173

Notes: 1. "America" includes the business activities of overseas entities in the U.S. and Canada; "Europe" those in the U.K., Poland 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 (loss) of 126 million yen indicates elimination for intersegment transactions.

4. Segment profit (loss) is adjusted with operating income shown on the consolidated statement 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.*