

Consolidated Financial Results for the Fiscal Year Ended March 31, 2016
[Japanese GAAP]

Company name: ROHTO Pharmaceutical Co., Ltd. Stock Exchange listing: TSE, First Section
 Stock code: 4527 URL: <http://www.rohto.co.jp/>
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 Scheduled date of Annual General Meeting of Shareholders: June 21, 2016
 Scheduled date of filing of Annual Securities Report: June 22, 2016
 Scheduled date of dividend payment: June 7, 2016
 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 13, 2016 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, 2016 (April 1, 2015 – March 31, 2016)

(1) Consolidated results of operations (Percentages for net sales and incomes 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	%
Fiscal year ended Mar. 31, 2016	167,016	10.0	15,683	19.2	15,339	8.8	9,098	5.4
Fiscal year ended Mar. 31, 2015	151,774	5.5	13,159	(21.8)	14,098	(17.6)	8,631	(3.5)

Note: Comprehensive income (Millions of yen): Fiscal year ended Mar. 31, 2016: 3,171 (down 77.9%)
 Fiscal year ended Mar. 31, 2015: 14,370 (up 10.3%)

	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, 2016	80.04	79.70	8.3	8.6	9.4
Fiscal year ended Mar. 31, 2015	76.05	75.73	8.4	8.3	8.7

Reference: Equity in earnings of affiliates (Millions of yen): Fiscal year ended Mar. 31, 2016: (442)
 Fiscal year ended Mar. 31, 2015: 157

(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, 2016	179,573	111,271	61.4	969.22
As of Mar. 31, 2015	177,509	110,516	61.7	964.18

Reference: Shareholders' equity (Millions of yen): As of Mar. 31, 2016: 110,240 As of Mar. 31, 2015: 109,521

(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, 2016	11,324	(6,066)	(5,898)	22,495
Fiscal year ended Mar. 31, 2015	11,292	(9,024)	(3,375)	25,093

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, 2015	-	9.00	-	10.00	19.00	2,164	25.0	2.1
Fiscal year ended Mar. 31, 2016	-	10.00	-	10.00	20.00	2,278	25.0	2.1
Fiscal year ending Mar. 31, 2017 (forecast)	-	10.00	-	11.00	21.00		25.1	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(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
First half	75,000	(3.0)	7,000	(2.4)	6,800	(9.5)	4,300	(11.8)	37.80
Full year	163,000	(2.4)	15,500	(1.2)	15,200	(0.9)	9,500	4.4	83.52

* 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 17 of the attachments “4. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements” for further information.

(3) Number of outstanding shares (common shares)

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

As of Mar. 31, 2016: 117,929,250 shares As of Mar. 31, 2015: 117,929,250 shares

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

As of Mar. 31, 2016: 4,187,266 shares As of Mar. 31, 2015: 4,338,688 shares

3) Average number of shares outstanding during the period:

Fiscal year ended Mar. 31, 2016: 113,672,205 shares Fiscal year ended Mar. 31, 2015: 113,489,001 shares

Note: Numbers of shares of treasury shares as of March 31, 2015 and March 31, 2016 include the Company's stock held by the ESOP trust (320,200 shares and 168,600 shares respectively at the end of the each period).

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(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, 2016	89,264	8.6	10,695	31.3	12,705	39.1	7,118	42.2
Fiscal year ended Mar. 31, 2015	82,218	(2.6)	8,148	(30.1)	9,132	(25.6)	5,007	18.3

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2016	62.63	62.36
Fiscal year ended Mar. 31, 2015	44.13	43.94

(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, 2016	122,547	90,840	73.7	793.66
As of Mar. 31, 2015	117,420	86,941	73.6	760.39

Reference: Shareholders' equity (Millions of yen): As of Mar. 31, 2016: 90,272 As of Mar. 31, 2015: 86,373

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. 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 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	Profit attributable to owners of parent
Fiscal year ended Mar. 31, 2016	167,016	15,683	15,339	9,098
Fiscal year ended Mar. 31, 2015	151,774	13,159	14,098	8,631
Year-on-year change (%)	10.0	19.2	8.8	5.4

In the fiscal year under review, Japan experienced a mild recovery trend as corporate profits rose and the employment situation improved. Meanwhile risk factors came to the fore, including concerns over the economic slowdown overseas, especially in China and the new economies; the impact of falling oil prices on the oil economies; and major fluctuations in exchange rates and share prices. Consumer spending showed signs of recovery thanks to such factors as increasing demand from foreign tourists visiting Japan, but rising prices for some goods combined with stagnating wages and other issues means that the outlook for the Japanese economy remains uncertain.

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 10.0% year-on-year, to 167,016 million yen, the 23rd successive year of higher sales. In Japan, the negative impact of the 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.

Regarding profits, strong sales figures offset the expenses associated with ongoing up-front investments to enter new business fields while efforts were made to deploy selling, general and administrative expenses effectively. As a result, operating income rose 19.2% year-on-year to 15,683 million yen and ordinary income rose 8.8% to 15,339 million yen. Meanwhile, profit attributable to owners of parent rose by 5.4% to a record 9,098 million yen.

The sales summary by reportable segment is as follows.

(Millions of yen)

		Net sales (Sales to customers)			
		Fiscal year ended Mar. 31, 2015	Fiscal year ended Mar. 31, 2016	Year-on-year change (Amount)	Year-on-year change (%)
Reportable segment	Japan	90,350	96,937	6,587	7.3
	America	7,478	8,378	900	12.0
	Europe	6,322	8,008	1,685	26.7
	Asia	45,616	51,621	6,005	13.2
	Subtotal	149,766	164,945	15,178	10.1
Others	2,008	2,071	63	3.2	
Total		151,774	167,016	15,241	10.0

Japan

Sales to customers increased 7.3% year-on-year, to 96,937 million yen.

With the contribution of demand from foreign tourists in Japan and the end of the impact from the consumption tax hike, sales performed well in all categories including the core eye care category, skincare products, internal medicines and food. In the eye care category, “Rohto Zi,” “Rohto Lycee,” and other products for young people performed well. Moreover, new products such as “Rohto Alguard Clear Block Z,” which maximizes concentrations and combinations of active ingredients, sold well despite below-average pollen counts. Regarding skincare products, sunscreen sales struggled amid increasing competition but strong sales were posted for “Hada-Labo” with the addition of the high-value-added “Gokujuun Premium” series to the new lineup; the “Derma Power X” series with the renewal of the functional cosmetics brand “Obagi”; “50-no-Megumi” with the addition of “Oil in” series; and

the “SUGAO” series with the addition of “SUGAO Souffle-touch Cheek & Lip.”

Segment profits (operating income) increased 32.4% year-on-year, to 9,591 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 12.0 % year-on-year, to 8,378 million yen.

The U.S. economy showed signs of a mild recovery with a steady rise in consumer spending, but the warm winter led to slow sales of winter clothing products, such as lip cream. However, new eye drops recorded strong sales, and along with the benefit of the weaker yen on yen conversions of sales, the result was higher sales.

Segment losses (operating losses) were 266 million yen (up from 264 million yen in the previous fiscal year). The loss increased mainly attributable to higher advertising and sales promotion expenses associated with the measures to deal with intense competition and the launch of new products.

Europe

Sales to customers increased 26.7% year-on-year, to 8,008 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) fell 8.7% year-on-year to 331 million yen despite strong sales due to factors including an increase in depreciation costs accompanying the acquisition of Dax Cosmetics.

Asia

Sales to customers increased 13.2% year-on-year, to 51,621 million yen.

The new lip cream products performed well in China despite the effects of the warm winter, and skincare products such as the “Sunplay” line of sunscreen products also sold well. Additionally, eye drops sold strongly, contributing to a rise in sales.

Segment profits (operating income) increased 5.6% year-on-year, to 5,620 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 3.2% year-on-year, to 2,071 million yen.

Segment profits (operating income) increased 7.1% year-on-year, to 172 million yen.

Note: The above amounts do not include consumption taxes.

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, 2015	Fiscal year ended Mar. 31, 2016	Year-on-year change (Amount)	Year-on-year change (%)
Eye care	28,707	31,944	3,237	11.3
Skincare	101,946	113,327	11,381	11.2
Internal medicines and food	17,270	17,118	(151)	(0.9)
Others	3,850	4,626	775	20.1
Total	151,774	167,016	15,241	10.0

Outlook for the fiscal year ending March 31, 2017

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Fiscal year ending Mar. 31, 2017 (forecast)	163,000	15,500	15,200	9,500
Fiscal year ended Mar. 31, 2016 (results)	167,016	15,683	15,339	9,098
Year-on-year change (%)	(2.4)	(1.2)	(0.9)	4.4

Regarding the economic outlook, the U.S. and other developed countries are showing signs of stability after bottoming out while a sense of slowdown is spreading centered on China and other emerging countries and resource-producing countries. In Japan, concerns of economic stagnation arose as the rising yen and falling share prices from the start of the New Year have led to a cautious consumer mindset.

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 various innovations including alliances with a wide range of companies.

In the fiscal year ending March 31, 2017, considering the impact of exchange rate conversion for foreign business due to the strong yen and the deceleration of growth in the Asian business sphere, we anticipate that net sales will fall 2.4% year-on-year to 163 billion yen. Meanwhile, we expect operating income to fall 1.2% to 15.5 billion yen, and ordinary income to fall 0.9% to 15.2 billion yen. We expect profit attributable to owners of parent to rise 4.4% to 9.5 billion yen.

These forecasts are based on an exchange rate of 110 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 2,064 million yen from the end of the previous fiscal year to 179,573 million yen. This was mainly due to increases of 5,140 million yen in electronically recorded monetary claims-operating and 4,902 million yen in notes and accounts receivable-trade, while there were decreases of 2,919 million yen in investment securities, 2,659 million yen in cash and deposits and 2,329 million yen in property, plant and equipment.

Total liabilities increased 1,308 million yen from the end of the previous fiscal year to 68,301 million yen. This was mainly due to increases of 2,762 million yen in income taxes payable and 2,511 million yen in electronically recorded obligations-operating, while there was a decrease of 3,897 million yen in short-term loans payable.

Net assets increased 755 million yen from the end of the previous fiscal year to 111,271 million yen. This was mainly due to an increase of 6,360 million yen in retained earnings set against decreases of 4,182 million yen in foreign currency translation adjustment and 1,208 million yen in valuation difference on available-for-sale securities.

Consolidated cash flow position

(Millions of yen)

Item	Fiscal year ended Mar. 31, 2015	Fiscal year ended Mar. 31, 2016	Year-on-year change (Amount)
Cash and cash equivalents at the beginning of the period	23,026	25,093	2,066
Cash flows from operating activities	11,292	11,324	32
Cash flows from investing activities	(9,024)	(6,066)	2,958
Cash flows from financing activities	(3,375)	(5,898)	(2,523)
Effect of exchange rate changes on cash and cash equivalents	2,775	(1,998)	(4,773)
Increase (decrease) in cash and cash equivalents	1,667	(2,638)	(4,306)
Increase in cash and cash equivalents from newly consolidated subsidiary	398	40	(357)
Cash and cash equivalents at the end of the period	25,093	22,495	(2,597)

During the current fiscal year, there was a net decrease of 2,597 million yen in cash and cash equivalents to 22,495 million yen.

Operating activities

Net cash provided by operating activities increased 32 million yen year-on-year to 11,324 million yen. There were profit before income taxes of 14,303 million yen, and inflow factors of depreciation of 6,044 million yen and notes and accounts payable-trade of 3,284 million yen, while there were outflow factors of increases of 13,189 million yen in notes and accounts receivable-trade and income tax paid of 2,957 million yen.

Investing activities

Net cash used in investing activities decreased 2,958 million yen year-on-year to 6,066 million yen. This was mainly due to proceeds from sales and redemption of investment securities of 2,158 million yen, while there were the purchase of property, plant and equipment of 4,563 million yen, purchase of investment securities of 2,382 million yen and payments of long-term loans receivable of 926 million yen.

Financing activities

Net cash used in financing activities increased 2,523 million yen year-on-year to 5,898 million yen. This was mainly due to a net decrease in short-term loans payable of 3,370 million yen, cash dividends paid of 2,278 million yen, the repayment of long-term loans payable of 1,190 million yen, and the proceeds from long-term loans payable of 661 million yen.

Reference: Trends in cash flow indicators

	78th Fiscal year ended Mar. 31, 2014	79th Fiscal year ended Mar. 31, 2015	80th Fiscal year ended Mar. 31, 2016
Shareholders' equity ratio	60.2%	61.7%	61.4%
Shareholders' equity ratio based on market price	127.3%	109.3%	129.8%
Interest-bearing debt to cash flow ratio	0.5	0.7	0.6
Interest coverage ratio	126.7	78.0	80.6

* 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 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.

Regarding dividends, following the auditing of accounts carried out in accordance with the Companies Act and the resolution by the Board of Directors, the Company plans to distribute a year-end dividend of 10 yen per share for the fiscal year ended on March 31, 2016. Added to the interim dividend of 10 yen, which has been distributed already, this will bring the annual dividend to 20 yen per share.

For the fiscal year ending on March 31, 2017, with our gratitude to all the shareholders who support us on a regular basis, we plan to pay interim dividends of 10 yen per share, year-end dividends of 11 yen per share bringing the annual total to 21 yen per share.

2. Management Policies

(1) Basic Management Policy

The Rohto Group is taking on the challenge of aiming for “healthy life.” Everyone wishes for good health, which is a source of happiness. Rohto considers “health” to be more than merely the avoidance of illness. By being healthy oneself, one’s family becomes healthy, and this health spreads to society at large. We consider true health to extend beyond mere physical and mental wellness to become a quality that can contribute to society.

At this time, the Rohto Group has established a new corporate identity of “NEVER SAY NEVER.” It is a declaration that we will focus on the paths we should take to create a healthy society and continue to take on the challenge of transcending conventional wisdom in the face of all difficulties. On the basis of this corporate identity, in order that individuals and society should become increasingly healthy, all employees will continue endeavoring to create unique new products and services that transcend conventional wisdom and deliver beauty and health to the world.

(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

The Rohto Group’s core business domains are the health and beauty markets, but we are aiming to transcend these boundaries to extend “healthy life” by helping to build health in mind and body. We are proactively expanding our areas of business to contribute widely to the health of all, and in the future we will continue to take on the challenge of entering new domains.

The health and beauty market is growing in importance as people become more health conscious, but the declining population and aging of society has hampered growth in private consumption, leading to increasingly fierce market competition. Nevertheless, we are endeavoring to build a strong position in the market through developing high-value-added products responding to the latest needs and nurturing new brands. 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.

Moreover, as business globalization accelerates, we will aggressively explore opportunities in the new economies, where we anticipate the next stage of growth to follow on from the Asian region that includes countries such as China and Vietnam. In the United States and Europe, we are continuing to develop proactively to encourage the creation of group synergies.

To enlarge the scope of our activities in the conventional health and beauty field, we are proactively developing the food domain as a basis for health and a new medical treatment business initiative that incorporates regenerative medicine. We will endeavour to create new synergies based on related businesses while advancing in the businesses that should become the mainstays of the future.

We are also fulfilling our social responsibilities, in addition to the development of business activities. Since 2011, as part of our reconstruction support efforts, we have been offering long-term support for the lives and studies of children orphaned in the great earthquake that struck east Japan in the same year. We aim to go further than this by implementing a range of CSV (Creating Shared Value) activities and creating new corporate values through contributing to society and the regions.

3. Basic Approach to the Selection of Accounting Standards

The Rohto Group will continue to prepare consolidated financial statements using the generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards by taking into account associated factors in Japan and other countries.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposits	25,733	23,073
Notes and accounts receivable-trade	32,424	37,327
Electronically recorded monetary claims-operating	6,513	11,654
Merchandise and finished goods	12,918	13,241
Work in process	2,360	2,260
Raw materials and supplies	7,290	7,534
Deferred tax assets	3,455	3,796
Other	3,135	3,020
Allowance for doubtful accounts	(139)	(157)
Total current assets	93,692	101,752
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,277	44,350
Accumulated depreciation	(21,930)	(23,027)
Buildings and structures, net	22,347	21,322
Machinery, equipment and vehicles	45,297	45,053
Accumulated depreciation	(33,994)	(34,814)
Machinery, equipment and vehicles, net	11,302	10,239
Tools, furniture and fixtures	12,085	12,414
Accumulated depreciation	(9,695)	(10,269)
Tools, furniture and fixtures, net	2,390	2,144
Land	13,026	12,956
Construction in progress	1,153	1,224
Other	208	224
Accumulated depreciation	(57)	(70)
Other, net	151	153
Total property, plant and equipment	50,370	48,040
Intangible assets		
Goodwill	1,326	1,130
Other	3,050	2,372
Total intangible assets	4,376	3,502
Investments and other assets		
Investment securities	24,325	21,405
Long-term loans receivable	1,869	2,570
Deferred tax assets	1,944	1,815
Other	2,304	2,172
Allowance for doubtful accounts	(1,374)	(1,686)
Total investments and other assets	29,070	26,277
Total non-current assets	83,816	77,821
Total assets	177,509	179,573

	(Millions of yen)	
	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	10,154	9,796
Electronically recorded obligations-operating	47	2,559
Short-term loans payable	8,349	4,452
Accrued expenses	26,452	27,280
Income taxes payable	882	3,645
Accrued consumption taxes	1,229	351
Deferred tax liabilities	483	242
Provision for bonuses	1,854	2,064
Provision for directors' bonuses	20	30
Provision for sales returns	700	1,239
Provision for sales rebates	2,190	2,290
Other	5,243	5,405
Total current liabilities	57,607	59,357
Non-current liabilities		
Long-term loans payable	1,074	994
Deferred tax liabilities	3,260	2,300
Net defined benefit liability	4,657	5,381
Other	392	268
Total non-current liabilities	9,385	8,944
Total liabilities	66,993	68,301
Net assets		
Shareholders' equity		
Capital stock	6,411	6,411
Capital surplus	5,738	5,738
Retained earnings	92,315	98,675
Treasury shares	(5,451)	(5,207)
Total shareholders' equity	99,013	105,618
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,646	5,438
Foreign currency translation adjustment	5,479	1,296
Remeasurements of defined benefit plans	(1,618)	(2,113)
Total accumulated other comprehensive income	10,507	4,621
Subscription rights to shares	568	568
Non-controlling interests	425	462
Total net assets	110,516	111,271
Total liabilities and net assets	177,509	179,573

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

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Net sales	151,774	167,016
Cost of sales	61,395	67,250
Gross profit	90,379	99,766
Provision for sales returns	-	539
Reversal of provision for sales returns	220	-
Gross profit-net	90,599	99,226
Selling, general and administrative expenses		
Promotion expenses	19,034	21,173
Advertising expenses	25,628	26,815
Salaries and bonuses	9,941	11,198
Provision for bonuses	822	916
Provision for directors' bonuses	20	30
Retirement benefit expenses	593	462
Depreciation	1,022	1,087
Amortization of goodwill	282	404
Research and development expenses	5,585	5,811
Provision of allowance for doubtful accounts	43	43
Other	14,464	15,601
Total selling, general and administrative expenses	77,440	83,543
Operating income	13,159	15,683
Non-operating income		
Interest income	249	264
Dividend income	355	393
Share of profit of entities accounted for using equity method	157	-
Insurance income	167	-
Other	568	259
Total non-operating income	1,499	918
Non-operating expenses		
Interest expenses	231	166
Share of loss of entities accounted for using equity method	-	442
Foreign exchange losses	-	275
Other	328	378
Total non-operating expenses	559	1,262
Ordinary income	14,098	15,339

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Extraordinary income		
Gain on sales of investment securities	454	71
Total extraordinary income	454	71
Extraordinary losses		
Impairment loss	-	462
Loss on valuation of investment securities	252	-
Loss on valuation of shares of subsidiaries and associates	-	309
Provision of allowance for doubtful accounts	549	275
Provision of allowance for doubtful accounts for subsidiaries and associates	-	59
Total extraordinary losses	802	1,107
Profit before income taxes	13,751	14,303
Income taxes-current	3,338	5,834
Income taxes-deferred	1,785	(616)
Total income taxes	5,123	5,217
Profit	8,627	9,085
Loss attributable to non-controlling interests	(3)	(12)
Profit attributable to owners of parent	8,631	9,098

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Profit	8,627	9,085
Other comprehensive income		
Valuation difference on available-for-sale securities	1,607	(1,214)
Foreign currency translation adjustment	4,476	(4,343)
Remeasurements of defined benefit plans, net of tax	(347)	(494)
Share of other comprehensive income of entities accounted for using equity method	6	138
Total other comprehensive income	5,742	(5,913)
Comprehensive income	14,370	3,171
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,329	3,212
Comprehensive income attributable to non-controlling interests	40	(40)

(3) Consolidated Statements of Change in Shareholders' Equity

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,411	5,738	86,505	(5,785)	92,869
Cumulative effects of changes in accounting policies			(663)		(663)
Restated balance	6,411	5,738	85,841	(5,785)	92,206
Changes of items during period					
Dividends of surplus			(2,050)		(2,050)
Profit attributable to owners of parent			8,631		8,631
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		334	334
Change in scope of consolidation			(107)		(107)
Change of scope of equity method					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	6,473	333	6,807
Balance at end of current period	6,411	5,738	92,315	(5,451)	99,013

	Accumulated other comprehensive income			
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	5,033	1,047	(1,270)	4,809
Cumulative effects of changes in accounting policies				
Restated balance	5,033	1,047	(1,270)	4,809
Changes of items during period				
Dividends of surplus				
Profit attributable to owners of parent				
Purchase of treasury shares				
Disposal of treasury shares				
Change in scope of consolidation				
Change of scope of equity method				
Net changes of items other than shareholders' equity	1,613	4,432	(347)	5,698
Total changes of items during period	1,613	4,432	(347)	5,698
Balance at end of current period	6,646	5,479	(1,618)	10,507

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of current period	568	379	98,627
Cumulative effects of changes in accounting policies			(663)
Restated balance	568	379	97,964
Changes of items during period			
Dividends of surplus			(2,050)
Profit attributable to owners of parent			8,631
Purchase of treasury shares			(0)
Disposal of treasury shares			334
Change in scope of consolidation			(107)
Change of scope of equity method			-
Net changes of items other than shareholders' equity	-	45	5,744
Total changes of items during period	-	45	12,552
Balance at end of current period	568	425	110,516

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	6,411	5,738	92,315	(5,451)	99,013
Cumulative effects of changes in accounting policies					-
Restated balance	6,411	5,738	92,315	(5,451)	99,013
Changes of items during period					
Dividends of surplus			(2,278)		(2,278)
Profit attributable to owners of parent			9,098		9,098
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		245	245
Change in scope of consolidation			(250)		(250)
Change of scope of equity method			(210)		(210)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	6,360	244	6,604
Balance at end of current period	6,411	5,738	98,675	(5,207)	105,618

	Accumulated other comprehensive income			
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	6,646	5,479	(1,618)	10,507
Cumulative effects of changes in accounting policies				
Restated balance	6,646	5,479	(1,618)	10,507
Changes of items during period				
Dividends of surplus				
Profit attributable to owners of parent				
Purchase of treasury shares				
Disposal of treasury shares				
Change in scope of consolidation				
Change of scope of equity method				
Net changes of items other than shareholders' equity	(1,208)	(4,182)	(495)	(5,886)
Total changes of items during period	(1,208)	(4,182)	(495)	(5,886)
Balance at end of current period	5,438	1,296	(2,113)	4,621

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of current period	568	425	110,516
Cumulative effects of changes in accounting policies			-
Restated balance	568	425	110,516
Changes of items during period			
Dividends of surplus			(2,278)
Profit attributable to owners of parent			9,098
Purchase of treasury shares			(0)
Disposal of treasury shares			245
Change in scope of consolidation			(250)
Change of scope of equity method			(210)
Net changes of items other than shareholders' equity	-	36	(5,849)
Total changes of items during period	-	36	755
Balance at end of current period	568	462	111,271

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	13,751	14,303
Depreciation	6,059	6,044
Impairment loss	-	462
Amortization of goodwill	282	404
Increase (decrease) in allowance for doubtful accounts	17	17
Increase (decrease) in provision for bonuses	(141)	211
Increase (decrease) in net defined benefit liability	425	847
Increase (decrease) in provision for sales returns	(220)	539
Increase (decrease) in provision for sales rebates	(60)	100
Provision of allowance for doubtful accounts	549	275
Provision of allowance for doubtful accounts for subsidiaries and associates	-	59
Loss (gain) on sales of investment securities	(454)	(71)
Loss (gain) on valuation of investment securities	252	-
Loss on valuation of shares of subsidiaries and associates	-	309
Interest and dividend income	(605)	(658)
Interest expenses	231	166
Insurance income	(167)	-
Share of (profit) loss of entities accounted for using equity method	(157)	442
Decrease (increase) in notes and accounts receivable-trade	(3,634)	(13,189)
Decrease (increase) in inventories	354	(1,390)
Increase (decrease) in notes and accounts payable-trade	(2,436)	3,284
Other, net	2,096	1,189
Subtotal	16,142	13,348
Interest and dividend income received	553	680
Interest expenses paid	(217)	(174)
Proceeds from insurance income	281	-
Income taxes paid	(5,471)	(2,957)
Income taxes refund	3	427
Net cash provided by (used in) operating activities	11,292	11,324
Cash flows from investing activities		
Payments into time deposits	(566)	(1,056)
Proceeds from withdrawal of time deposits	4	1,083
Purchase of property, plant and equipment	(3,964)	(4,563)
Purchase of intangible assets	(183)	(168)
Purchase of investment securities	(940)	(2,382)
Proceeds from sales and redemption of investment securities	1,040	2,158
Net decrease (increase) in short-term loans receivable	(2)	(198)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,836)	-
Payments of long-term loans receivable	(308)	(926)
Other, net	(266)	(13)
Net cash provided by (used in) investing activities	(9,024)	(6,066)

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(433)	(3,370)
Proceeds from long-term loans payable	102	661
Repayments of long-term loans payable	(1,280)	(1,190)
Proceeds from sales of treasury shares	334	245
Cash dividends paid	(2,050)	(2,278)
Proceeds from share issuance to non-controlling shareholders	-	77
Other, net	(47)	(44)
Net cash provided by (used in) financing activities	(3,375)	(5,898)
Effect of exchange rate change on cash and cash equivalents	2,775	(1,998)
Net increase (decrease) in cash and cash equivalents	1,667	(2,638)
Cash and cash equivalents at beginning of period	23,026	25,093
Increase in cash and cash equivalents from newly consolidated subsidiary	398	40
Cash and cash equivalents at end of period	25,093	22,495

(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: 35

Name of major consolidated subsidiaries:

Rohto USA, Inc., The Mentholatum Company Inc., The Mentholatum Company Ltd (UK), Mentholatum (Asia Pacific) Ltd., Mentholatum (China) Pharmaceutical Co., Ltd., Mentholatum Taiwan Ltd., PT Rohto Laboratories Indonesia, Rohto-Mentholatum (Vietnam) Co., Ltd., Qualitech Pharma Co., Ltd., Tianjin ROHTO Herbal Medicine Co., Ltd., Rohto Pharma (India) Pvt. Ltd., Rohto-Mentholatum (Bangladesh) Co., Ltd.

Effective from the current fiscal year, Rohto do Brasil Planejamento e Desenvolvimento Ltda. and Maila Cosméticos Ltda. which were non-consolidated subsidiaries in the previous fiscal year, were included in the consolidation because of their increased materiality of impact on the consolidated financial statements.

One company was excluded from the consolidation because Ceres Okinawa merged the other consolidated subsidiary.

(2) Major non-consolidated subsidiaries

PT Rohto Laboratories Indonesia, Rohto Pia 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 Laboratories Indonesia

(2) Number of equity-method affiliates: 3

Major company: Ands Corporation, Rohto Asia Herb (Thailand) Co.,Ltd.

Effective from the current fiscal year, Rohto Asia Herb (Thailand) Co.,Ltd. were included in the scope of application of the equity method because of their increased materiality of impact on the consolidated financial statements.

(3) The non-consolidated subsidiaries (Rohto Pia Co., Ltd., etc.) 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

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 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 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 consolidated financial statements for the consolidated fiscal year 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 previous fiscal year have been revised.

The Company has adopted these accounting standards, etc. from the beginning 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.

In the consolidated statement of cash flows 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.

There is no impact on the consolidated financial statements and per-share information for the current fiscal year.

Additional Information

Accounting method for ESOP trust

The Company has started to transfer treasury shares 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, March 26, 2015)”. 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 shares” in net assets in the consolidated balance sheets. As of March 31, 2016, the ESOP trust held 168,600 shares of the Company stock with a book value of 272 million yen.

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

288 million yen in the fiscal year that ended on March 31, 2016

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

Following the session of Japanese Diet passed the “Act for Partial Revision of the Income Tax Act, etc.” and “Act for Partial Revision of the Local Tax Act, etc.” on March 29, 2016, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities (only for items covered on or after April 1, 2016) were lowered from 32.2% in the previous fiscal year to 30.8% for collection or payment to be scheduled between April 1, 2016 and March 31, 2018, and to 30.6% on and after April 1, 2018.

The effect of this change was to decrease deferred tax assets (after deducting deferred tax liabilities) by 38 million yen, and to increase deferred income taxes by 137 million yen, valuation difference on available-for-sale securities by 124 million yen and remeasurements of defined benefit plans by -25 million yen, all of these items were booked in the current fiscal year.

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 Ltd. (UK) 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 generally 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

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

(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	90,350	7,478	6,322	45,616	149,766	2,008	151,774	-	151,774
(2) Inter-segment sales and transfers	1,849	1,348	3	2,551	5,752	23	5,776	(5,776)	-
Total	92,200	8,826	6,326	48,167	155,519	2,031	157,550	(5,776)	151,774
Segment profit (loss)	7,243	(264)	362	5,323	12,665	160	12,826	332	13,159
Segment assets	124,100	27,696	8,707	63,464	223,969	1,283	225,253	(47,743)	177,509
Segment liabilities	38,938	7,540	1,834	24,541	72,853	407	73,260	(6,267)	66,993
Other items									
Depreciation	4,400	228	274	987	5,890	21	5,912	-	5,912
Amortization of goodwill	243	-	39	-	282	-	282	-	282
Increase in property, plant and equipment and intangible fixed assets	2,968	179	132	894	4,174	21	4,196	-	4,196

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. (1) "Adjustment" to segment profit (loss) of 332 million yen indicates elimination for intersegment transactions.

(2) "Adjustment" to segment assets (-47,743 million yen) and liabilities (-6,267 million yen) indicate an elimination for intersegment transactions.

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

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(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	96,937	8,378	8,008	51,621	164,945	2,071	167,016	-	167,016
(2) Inter-segment sales and transfers	1,767	1,479	3	3,087	6,338	25	6,364	(6,364)	-
Total	98,705	9,858	8,011	54,708	171,283	2,097	173,381	(6,364)	167,016
Segment profit (loss)	9,591	(266)	331	5,620	15,276	172	15,448	234	15,683
Segment assets	128,244	26,117	8,020	61,488	223,870	1,389	225,259	(45,686)	179,573
Segment liabilities	40,981	5,506	1,461	24,925	72,874	512	73,387	(5,085)	68,301
Other items									
Depreciation	3,888	257	372	1,127	5,645	19	5,664	-	5,664
Amortization of goodwill	243	88	72	-	404	-	404	-	404
Increase in property, plant and equipment and intangible fixed assets	3,363	421	74	612	4,472	40	4,512	-	4,512

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. (1) "Adjustment" to segment profit (loss) of 234 million yen indicates elimination for intersegment transactions.

(2) "Adjustment" to segment assets (-45,686 million yen) and liabilities (-5,085 million yen) indicate an elimination for intersegment transactions.

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

Related information

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

1. Products and services information

(Millions of yen)

	Eye care products	Skincare products	Internal medicines and food	Others	Total
Sales to customers	28,707	101,946	17,270	3,850	151,774

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

1. Products and services information

(Millions of yen)

	Eye care products	Skincare products	Internal medicines and food	Others	Total
Sales to customers	31,944	113,327	17,118	4,626	167,016

Per-share Information

(Yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Net assets per share	964.18	969.22
Net income per share	76.05	80.04
Diluted net income per share	75.73	79.70

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

Item	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Net income per share		
Profit attributable to owners of parent	8,631	9,098
Amount not available to common stock shareholders	-	-
Profit attributable to owners of parent applicable to common stock	8,631	9,098
Average number of common stock shares outstanding during the period (thousand shares)	113,489	113,672
Diluted net income per share		
Adjusted to profit attributable to owners of parent	-	-
Increase in the number of common stock shares (thousand shares)	489	489
[of which stock acquisition rights (thousand shares)]	[489]	[489]
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	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Total net assets on the balance sheets	110,516	111,271
Deduction on total net assets	994	1,030
[of which stock acquisition rights]	[568]	[568]
[of which non-controlling interests]	[425]	[462]
Net assets applicable to common stock	109,521	110,240
Number of common stock shares used in calculation of net assets per share (thousand shares)	113,590	113,741

3. Company stock held by the ESOP trust that is included in treasury shares in shareholders' equity is treated as treasury shares 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 shares, 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 shares that was excluded were 421,946 for FY3/15 and 238,423 for FY3/16. For the calculation of net assets per share, the number of shares of treasury shares that was excluded were 320,200 for FY3/15 and 168,600 for FY3/16.

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.