

2. Cash Dividends

Record date	Cash dividends per share					Total cash dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
Fiscal 2007	–	12.00	–	15.00	27.00	8,038	32.1	1.5
Fiscal 2008	–	12.00	–	15.00	27.00	7,852	90.0	1.5
Fiscal 2009 (Forecast)	–	12.00	–	15.00	27.00	–	34.0	–

3. Forecasts of Consolidated Operating Results for Fiscal 2009 (April 1, 2009 to March 31, 2010)

Note: Percentages indicate changes over the same period in the previous fiscal year.

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Half year	126,000	(0.2)	16,000	(17.9)	17,000	(18.1)	9,500	–	32.83
Full year	257,000	0.3	34,000	(10.4)	39,000	(2.3)	23,000	160.9	79.49

4. Other

(1) Changes in significant subsidiaries during the period (or changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, procedures, and methods of presentation for preparing the consolidated financial statements (changes described in the section of “Changes in significant matters forming the basis of preparing the consolidated financial statements”)

a. Changes due to revisions to accounting standards: Yes

b. Changes due to other reasons: No

Note: For more details, please refer to the section of (Changes in accounting policies) in “Significant matters forming the basis of preparing the consolidated financial statements” and “Changes in significant matters forming the basis of preparing the consolidated financial statements.”

(3) Number of issued shares (common stock)

a. Total number of issued shares at the end of the period (including treasury stock)

As of March 31, 2009: 320,465,510 shares

As of March 31, 2008: 320,465,510 shares

b. Number of shares of treasury stock at the end of the period

As of March 31, 2009: 31,130,669 shares

As of March 31, 2008: 23,106,847 shares

Note: With regard to the number of shares as a basis for calculating net income per share (consolidated), please refer to the section of “Per share information.”

Reference: Summary of Non-consolidated Results

1. Non-consolidated Financial Results for Fiscal 2008 (April 1, 2008 to March 31, 2009)

(1) Non-consolidated Operating Results

Note: Percentages indicate changes over the same period in the previous fiscal year.

	Net sales		Operating income		Ordinary income		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
For the year ended								
March 31, 2009	198,856	(1.4)	32,007	(6.4)	38,981	(2.8)	11,863	(54.2)
March 31, 2008	201,665	3.8	34,207	59.1	40,122	45.8	25,910	54.7

	Net income per share	Net income per share, diluted
	Yen	Yen
For the year ended		
March 31, 2009	40.36	–
March 31, 2008	86.99	–

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million Yen	Million Yen	%	Yen
As of				
March 31, 2009	576,022	521,995	90.6	1,802.87
March 31, 2008	604,665	547,234	90.5	1,839.07

Reference: Equity As of March 31, 2009: 521,995 million yen As of March 31, 2008: 547,234 million yen

2. Forecasts of Non-consolidated Operating Results for Fiscal 2009 (April 1, 2009 to March 31, 2010)

Note: Percentages indicate changes over the same period in the previous fiscal year.

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Half year	99,000	(0.5)	14,500	(18.0)	18,500	(12.3)	12,000	–	41.45
Full year	199,500	0.3	29,500	(7.8)	36,500	(6.4)	23,500	98.1	81.16

* Disclaimer regarding appropriate use of forecasts and related points of note

The forecast statements shown in these materials are based on the information available at the time of preparation and certain assumptions that Taisho deems rational. Actual performance and other factors may differ materially from these forecasts due to various factors.

1. Operating Results

(1) Analysis of Operating Results

(i) Overview of the Fiscal 2008

During the consolidated fiscal year under review, due to the impact of the deterioration of world economic conditions triggered by the U.S. financial crisis, the recession of the Japanese economy has worsened, as seen in a significant decline in corporate earnings and sluggish consumer spending caused by worsening employment conditions.

Under these circumstances, in the business field of the Self-Medication Operation Group, monthly sales of the overall market have continued to decrease year on year, except for during July, when products such as energy drinks performed strongly, and January, when there was an influenza epidemic. The full-term sales decreased slightly on a year-on-year basis, illustrating the severe business environment.

Business conditions have become harsher for the Prescription Pharmaceutical Operation Group due to the impact of the revision of NHI drug prices implemented in April 2008, amidst the steady introduction of various government measures designed to curb healthcare costs.

Under these operating circumstances, in order to strengthen the Self-Medication Operation Group business platform, the Group has focused its efforts on strengthening information provision for the sake of brand name and new product development, development of marketing activities centered on boosting store penetration, and promotion of product diversity. Meanwhile, the Prescription Pharmaceutical Operation Group has worked on strengthening sales power, focusing on information provision activities, and has improved its research and development framework.

As a result, consolidated net sales for the year ended March 31, 2009 increased by ¥6.557 billion, a 2.6% increase compared with the previous fiscal year, to ¥256.213 billion.

Performance by segment is provided below.

Segment / Category	Amount	Increase (Decrease)	
		Amount	%
Self-Medication Operation Group	161.1	8.4	5.5
Over-the-counter drugs, etc.	148.2	8.1	5.8
Foods for Specified Health Use, etc.	9.9	0.09	1.0
Others	2.9	0.2	7.6
Prescription Pharmaceutical Operation Group	95.0	(1.9)	(2.0)
Ethical drugs	84.7	2.7	3.3
Others	8.7	(1.9)	(18.5)
Royalty income	1.6	(2.6)	(62.2)

Note that Biofermin Pharmaceutical Co., Ltd. has become a consolidated subsidiary since the end of the previous fiscal year, and it contributed ¥8.5 billion to consolidated net sales (its breakdown is stated separately).

Sales situations of major products by business segment were as follows:

< Self-Medication Operation Group >

Net sales for the consolidated fiscal year under review rose by ¥8.4 billion, or 5.5% year on year, to ¥161.1 billion.

Due in part to a slump in sales during the peak demand period as a result of unfavorable weather conditions from the latter half of August, and in part to a contraction trend in the energy drink market because of the recent intensification of competition with other health drinks and the economic downturn, total sales of the Lipovitan series of energy drinks decreased by 2.3% to ¥74.7 billion, though sales of such brands as Lipovitan fine and Lipovitan Gold increased. Sales of the ZENA series of mini-drinks ended up at ¥3.8 billion, down 5.4%.

Meanwhile, sales of the Pabron series of cold remedies increased by 9.2% to ¥25.3 billion, benefited by the healthy sales of general cold remedies such as Pabron Gold A and Pabron Ace AX, due to an influenza epidemic in the winter. Sales of the RiUP series of hair regrowth treatments also increased by 13.9% to ¥11.3 billion, contributed by the RiUP PLUS, which was released in the previous fiscal year.

Among other brands, the Gastrointestinal Treatment series whose main product, Taisho Kanpo Ichoyaku, celebrated its 30th anniversary, rose 4.7% to ¥4.4 billion. The Colac series of laxatives also performed strongly, and rose 7.6% to ¥3.9 billion.

Sales of the Livita series of Foods for Specified Health Use and others also remained brisk and rose 11.9% to ¥2.6 billion.

Biofermin Pharmaceutical Co., Ltd. contributed ¥5.4 billion to consolidated net sales.

< Prescription Pharmaceutical Operation Group >

Net sales for the consolidated fiscal year under review decreased by ¥1.9 billion, or 2.0% year on year, to ¥95.0 billion.

Sales in the domestic business for ethical drugs were down compared with the previous fiscal year. Sales of the macrolide antibiotic Clarith, a mainstay product of the Group, decreased by 5.9% to ¥23.9 billion due to the impact of the revision of NHI drug prices. Sales of the peripheral vasodilator, Palux, decreased 2.4% to ¥11.1 billion, sales of the nonsteroidal anti-inflammatory drug Lorcam decreased by 8.0% to ¥3.9 billion, sales of injectable penicillin antibiotic PENTCILLIN decreased 11.2% to ¥5.4 billion, and sales of cephem antibiotic TOMIRON decreased by 2.3% to ¥2.9 billion. On the other hand, sales of quinolone antibacterial agent, Geninax, proceeded smoothly, increasing 13.4% to ¥3.7 billion, and sales of the new product, beta-lactamase inhibitor-penicillin antibacterial agent Zosyn, which was released in October 2008, performed solidly at ¥2.9 billion.

Sales of other products dropped by 18.5% to ¥8.7 billion due to such factors as a decrease in sales of intermediate products for ethical drugs.

Elsewhere, royalty income decreased by 62.2% to ¥1.6 billion.

Biofermin Pharmaceutical Co., Ltd. contributed ¥3.0 billion to consolidated net sales.

Overall selling, general & administrative expenses increased by ¥3.99 billion as research and development expenses and advertising expenses increased, whereas costs such as sales promotion expenses decreased. As a result, operating income increased by 2.7% to ¥37.935 billion, and ordinary income decreased by 4.8% to ¥39.902 billion.

Concerning net income, Taisho reported a net income of ¥8.815 billion, down 64.7%, the main factors of which were a ¥12.8 billion lump sum amortization of goodwill and ¥3.3 billion for evaluation loss on investment securities held.

(ii) Forecasts for Fiscal 2009

– **Self-Medication Operation Group**

By paying thorough attention to the direct selling system in sales and fundamental matters while focusing on the creation of new markets, the Self-Medication Operation Group shall work on cultivating new products, concentrating particularly on category 1 drugs (switch-OTC drugs etc.); moreover, by cultivating and strengthening the existing Taisho brand, it shall work on establishing a strong national brand (NB) and achieving “sustainable expansion of sales and income.”

Also, not only has Taisho made appropriate preparations and responses for the revision of OTC-drug sales system taking effect in June this year, it is putting thorough efforts into strengthening solution proposals for the new system. By strengthening the provision of information based on the importance of ensuring product value, Taisho is reinforcing sales with a focus on boosting store penetration.

For Fiscal 2009, Taisho forecasts net sales of ¥162.5 billion for the Self-Medication Operation Group, up ¥1.3 billion or 0.8% year on year. Sales of OTC drugs are expected to increase by 0.8% to ¥149.4 billion.

Sales targets of Taisho’s mainstay products are as follows: the Lipovitan series down 2.5% at ¥72.9 billion; the Pabron series down 0.6% to ¥25.2 billion; and the RiUP series up 14.5% to ¥13.0 billion.

Sales of Foods for Specified Health Use, etc., including the Livita series, are expected to decrease by 4.2% to ¥9.5 billion, because despite the expansion of core products targeting metabolic syndrome, and the scheduled launch of several new products, sales of energy drinks are expected to decline overseas.

– **Prescription Pharmaceutical Operation Group**

In the Prescription Pharmaceutical Operation Group, Taisho Toyama Pharmaceutical Co., Ltd. shall work on strengthening provision of information and marketing strength, concentrating on the fields of infectious disease, inflammation and immunity and planning for sales of ¥82.0 billion, up ¥0.2 billion, or 0.3%, year on year. For the entire Prescription Pharmaceutical Operation Group, however, Taisho forecasts net sales of ¥94.5 billion, down ¥0.5 billion, or 0.6%, year on year due to a decline in royalty income.

For fiscal 2009, Taisho expects net sales of ethical drugs to edge up 0.3% to ¥85.0 billion. Sales targets of Taisho’s mainstay products are as follows: Clarith down 0.7% at ¥23.8 billion; Palux up 0.3% at ¥11.2 billion; PENTCILLIN down 6.7% at ¥5.1 billion; Lorcam down 6.6% at ¥3.7 billion; and with respect to new products, Geninax up 37.4% at ¥5.1 billion and Zosyn up 80.5% at ¥5.4 billion.

Taisho expects sales in the “Others” category to rise 1.7% to ¥8.9 billion, and royalty income to fall 62.8% to 0.6 billion.

– On the earnings front, Taisho took into considerations the above sales projections and expenses. As a result, full-year earnings are forecast as follows.

(Billions of yen)		
	Fiscal 2009 (full year)	Changes (%)
Net sales	257.0	0.3
Operating income	34.0	(10.4)
Ordinary income	39.0	(2.3)
Net income	23.0	160.9

(2) Analysis of Financial Position

(i) Assets, liabilities and net assets

Total assets as of March 31, 2009, stood at ¥591.5 billion, down ¥35.6 billion from the previous fiscal year-end. Current assets decreased by ¥33.5 billion, reflecting a decrease of ¥14.9 billion in cash and deposits due to purchases of stocks of subsidiaries and affiliates and treasury stock, a decrease of ¥22.2 billion in marketable securities due to the redemption of bonds and other factors.

Tangible fixed assets declined by ¥4.1 billion. Intangible fixed assets declined by ¥12.6 billion due to a lump sum amortization of goodwill. Investments and other assets increased by ¥14.7 billion primarily due to purchases of stocks of subsidiaries and affiliates.

Current liabilities decreased by ¥1.5 billion to ¥77.0 billion due to a decrease in accounts payable and other factors.

Net assets decreased by ¥34.1 billion to ¥514.5 billion due to an increase in treasury stock, a subtraction item in net assets, of ¥16.7 billion, a decline in unrealized gain on securities of ¥13.3 billion and other factors.

(ii) Cash flows

Cash and cash equivalents stood at ¥64.8 billion as of March 31, 2009, representing a decrease of ¥7.7 billion from the previous fiscal year-end.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥35.7 billion, a decrease of ¥14.9 billion from the previous fiscal year. This is attributable largely to the increase in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥12.5 billion, a decrease of ¥22.5 billion from the previous fiscal year. This was primarily attributable to proceeds from sales/redemption of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities totaled ¥29.4 billion, an increase of ¥17.9 billion from the previous fiscal year. This was primarily attributable to payments for acquiring treasury stock and payments for dividends.

(Reference) Indicators related to cash flows

	Year ended March 2005	Year ended March 2006	Year ended March 2007	Year ended March 2008	Year ended March 2009
Equity ratio (%)	84.3	85.4	86.3	86.1	85.4
Equity ratio on a fair value basis (%)	114.5	109.9	101.8	93.7	89.4
Interest-bearing debt to cash flow ratio (%)	0.5	0.7	0.8	2.6	4.6
Interest coverage ratio (times)	10,794.8	9,621.8	3,704.8	3,903.5	1,022.3

(Notes)

Equity ratio = Equity / Total assets

Equity ratio on a fair value basis = Market capitalization / Total assets

Interest-bearing debt to cash flow ratio = Interest-bearing debt / Cash flow

Interest coverage ratio = Cash flow / Interest paid

- * The above indicators are calculated based on consolidated financial figures.
- * Market capitalization is calculated using the closing stock price at the end of the fiscal year multiplied by the number of shares outstanding at the end of the fiscal year (excluding treasury stock).
- * Cash flow represents net cash provided by operating activities.
- * Interest-bearing debt represents all liabilities posted on the consolidated balance sheets subject to interest payments. Interest paid is the amount of interest paid as shown on the consolidated statements of cash flows.

(3) Policy for Deciding Dividends of Retained Earnings

To maintain stable dividends over the long term at a high level while strengthening the company, Taisho works to increase its retained earnings. In line with Taisho's policy to strengthen the Company's competitiveness and expand and develop businesses, these retained earnings are appropriated for investments that include R&D, capital investment, licensing-in of products, equity-based business alliances and new business development. Furthermore, the Company plans to acquire treasury stock in a flexible manner with the aims of improving capital efficiency and achieving a dynamic financial policy, while comprehensively assessing fund requirements. Taisho's dividend policy has been set to roughly correspond to the non-consolidated operating results for each business term. The goal is a dividend payout ratio of 30% of net income less extraordinary gains and losses. For the year ended March 31, 2009, although net income (excluding extraordinary gains and losses) exceeded the forecasts at the beginning of the fiscal year, we would like to keep to the announced dividend level of ¥27 per share. In terms of dividend payout ratio (excluding extraordinary gains and losses), this is 31.4%. From next fiscal year, while maintaining the policy of consistently paying high dividends and increasing retained earnings, the Company plans to maintain a full-year dividend of at least ¥27 per share as long as there are no exceptional circumstances, even in the unlikely event that business performance worsens and the dividend payout ratio exceeds 30%.

The planned full-year dividend of ¥27 per share for next fiscal year would comprise an interim dividend of ¥12 per share and a year-end dividend of ¥15 per share.

(4) Business and Other Risks

Of the potential risks encountered by Taisho during the course of developing its business activities, those deemed to have the greatest likelihood of occurring are highlighted as follows. Forward-looking statements mentioned in this discussion of risks reflect management's beliefs and judgment as of March 31, 2009.

(i) Legal risks and risks related to healthcare policy

Taisho's operations are subject to laws and regulations governing pharmaceutical affairs. A number of different approval and permission systems exist at each stage of pharmaceutical operations, including development, manufacturing, import and distribution. Consequently, there is a risk that Taisho's products could fail to conform to regulations at one of these stages, or that a previously granted approval could be revoked. Depending on trends in healthcare policy, health insurance systems and other changes, Taisho may also face the risk of a decline in pharmaceutical prices, among other risks.

(ii) Risks involving pharmaceutical quality, side effects and other issues

Taisho does its utmost to guarantee the reliability and quality of its products. Nevertheless, unanticipated side effects, accidents and other factors could force Taisho to recall or halt the sales of the products affected or incur claims for damages.

(iii) Risks involving pharmaceutical development and commercialization

The development of pharmaceuticals is a lengthy process and requires a substantial amount of capital investment. There is uncertainty concerning the possibility of successfully launching products and businesses.

(iv) Risks involving the proper protection of intellectual property rights

If Taisho cannot properly protect its intellectual property rights, there is the risk that a third party might use Taisho's technology and other intellectual property and undermine the Company's competitiveness in the market. Similarly, there is also the risk that Taisho might encroach on the intellectual property rights of third parties.

(v) Risks related to expiration of patents

Although Taisho strives to extend product life cycles, sales could be negatively impacted, for example, by the emergence of generic drugs or the switch to over-the-counter drugs produced following the expiration of patents.

(vi) Risks from lawsuits

Taisho faces the possibility of lawsuits during the course of its business activities related to product liability, environmental issues and other matters.

(vii) Risks from fluctuations in foreign exchange rates

Fluctuations in foreign currency exchange rates could affect royalties denominated in foreign currencies received from outside Japan, commercial transactions and other factors, thus impacting Taisho's operating results.

(viii) Other risks

Sudden occurrence of natural disasters, deterioration in sociopolitical stability overseas and other events could cause Taisho suffer damage, such as the destruction of overseas business sites, or downsizing or withdrawal from its businesses.

In addition, the Company is faced with various other risks, including risks related to the external procurement of raw materials and risks associated with dependency on licenses for products developed by other companies. The above-described risks do not constitute all the risks inherent in Taisho's business activities.

2. Management Policies

(1) Taisho's Basic Management Philosophy

Taisho's mission is to contribute to the realization of people's healthy and more affluent lives by creating and offering superior pharmaceuticals and health-related products as well as healthcare-related information and services in socially responsible ways that enrich people's lives by improving health and beauty. In line with this mission, Taisho is building a stronger business foundation so that it can steadily grow and develop even in the face of international competition.

(2) Medium- and Long-Term Management Strategies

Taisho is working to expand its Self-Medication Operation Group, which handles OTC drugs and health-related products, and its Prescription Pharmaceutical Operation Group, which handles ethical drugs and related businesses, and to expand its business operations.

Taisho aims to maximize corporate value by generating synergies between these two operation groups, while facilitating their growth in a well-balanced manner.

(3) Issues to be Addressed

The market environment surrounding the Self-Medication Operation Group, Taisho's mainstay business, is about to change greatly because of the following: Japan is becoming an aging society with a declining birthrate, people are becoming increasingly health-conscious, and the sales system is being reformed because of the revision of pharmaceuticals laws. Taisho will respond quickly to these changes and focus on developing products that accurately meet customer needs. In short, Taisho will take advantage of its expertise in product development as an ethical drug manufacturer and create new markets by acquiring new indications and enhancing the effectiveness of existing products through the introduction of switch-OTC ingredients, the discovery and acquisition of new materials, the development of new fields and new indications, etc. In regards to developing new businesses, Taisho will launch new products in the categories of Foods for Specified Health Use and health foods to respond to metabolic syndrome, while focusing on developing new channels such as a mail order system. As new sales systems for OTC drugs will go into effect from June 2009, Taisho will develop products for such systems and take measures to respond to changes of distribution channels under the new systems. Taisho will also focus on transmitting information for people's daily lives and work to cultivate and strengthen brands so that its products are strongly and permanently supported by wide range of consumers.

From now on, Taisho will enhance synergistic benefits with consolidated subsidiary Biofermin Pharmaceutical Co., Ltd. through the integration of production technology, the development of new products by way of utilizing the lactic acid bacteria technology owned by this subsidiary, joint research toward new applications, etc.

The operating environment of the Prescription Pharmaceutical Operation Group has become even more difficult due to ongoing measures to curtail medical expenses. To successfully win out against the tough competition in this field, Taisho will focus R&D on highly original new branded drugs that can be successful internationally, as well as working to enhance the pipeline by promoting the introduction of promising drug candidates and collaborative development by strengthening alliances with both domestic and overseas companies.

Also, Taisho is working to form alliances to fully realize synergies between new drug development, marketing and sales.

In February 2008, Taisho, FUJIFILM Holdings Corporation and Toyama Chemical Co., Ltd. reached a basic agreement on a strategic capital and business alliance. In October 2008, Taisho further strengthened its capital relationship with Toyama Chemical Co., Ltd. Taisho will aim to become the top company in Japan in the fields of infectious disease, inflammation and immunity by improving its joint research and development system with Toyama Chemical. FUJIFILM Holdings Corporation and Taisho will continue to consider cooperation with respect to research and development and sales mainly on the self-medication business.

Furthermore, Taisho and Biofermin Pharmaceutical Co., Ltd., a consolidated subsidiary of the Company, will enhance synergistic benefits through the integration of production technology, the development of new products by way of utilizing the lactic acid bacteria technology owned by Biofermin Pharmaceutical, joint research toward

new applications, etc.

Taisho will continue to proactively form alliances from which synergies between R&D, marketing and sales systems can be expected at full value.

In overseas business activities, Taisho will work to solidify the business base for energy drinks in Asia and focus on opening up its market in the Europe and US in order to establish the Company as an international leader in the energy drinks business.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
ASSETS		
Current assets		
Cash and deposits	127,955	112,989
Notes and accounts receivable–trade	61,625	61,968
Marketable securities	25,195	2,918
Inventories	24,074	–
Merchandise and finished goods	–	12,280
Work in process	–	2,281
Raw materials and supplies	–	7,583
Deferred tax assets	7,941	7,450
Other	2,907	8,557
Allowance for doubtful accounts	(236)	(159)
Total current assets	249,463	215,872
Fixed assets		
Tangible fixed assets		
Buildings and structures	126,692	126,844
Accumulated depreciation	(74,693)	(78,162)
Buildings and structures, net	51,998	48,681
Machinery, equipment and vehicles	77,906	78,006
Accumulated depreciation	(66,779)	(68,794)
Machinery, equipment and vehicles, net	11,126	9,211
Land	29,657	29,652
Construction in progress	167	1,218
Other	30,487	31,813
Accumulated depreciation	(26,289)	(27,616)
Other, net	4,198	4,196
Total tangible fixed assets	97,149	92,961
Intangible fixed assets		
Goodwill	15,907	2,520
Trademarks	3,197	2,443
Software	3,450	4,978
Other	197	166
Total intangible fixed assets	22,751	10,108
Investments and other assets		
Investment securities	216,968	205,410
Stocks of subsidiaries and affiliates	29,679	46,706
Long-term prepaid expenses	1,823	1,082
Deferred tax assets	4,953	14,121
Other	4,753	5,609
Allowance for doubtful receivable–long term	(320)	(302)
Total investments and other assets	257,858	272,626
Total fixed assets	377,760	375,696
Total assets	627,224	591,568

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
LIABILITIES		
Current liabilities		
Notes and accounts payable–trade	20,159	20,149
Short-term loans	260	605
Accounts payable	12,660	11,265
Accrued income taxes	9,730	9,193
Accrued expenses	7,188	7,328
Adjustment allowance for returns	773	635
Allowance for bonuses	4,292	4,326
Other	577	624
Total current liabilities	55,643	54,130
Long-term liabilities		
Long-term loans payable	1,050	1,050
Reserves for retirement benefits	15,128	15,937
Reserves for directors' retirement payments	1,929	1,329
Deferred tax liabilities	740	424
Other	4,083	4,186
Total long-term liabilities	22,930	22,927
Total liabilities	78,573	77,057
NET ASSETS		
Shareholders' equity		
Common stock	29,804	29,804
Additional paid-in capital	14,935	14,935
Retained earnings	534,550	535,393
Treasury stock	(46,437)	(63,183)
Total shareholders' equity	532,852	516,948
Valuation, translation adjustments and others		
Unrealized gain (loss) on securities	9,630	(3,752)
Deferred gain (loss) from hedging	(14)	–
Foreign currency adjustment accounts	(2,392)	(8,030)
Total valuation, translation adjustments and others	7,223	(11,782)
Minority interests	8,573	9,344
Total net assets	548,650	514,511
Total liabilities and net assets	627,224	591,568

(2) Consolidated Statements of Income

(Millions of yen)

	For the year ended March 31, 2008	For the year ended March 31, 2009
Net sales	249,655	256,213
Cost of sales	85,295	86,889
Gross profit on sales	164,360	169,324
Reversal of provision for sales returns	889	773
Provision for sales returns	761	635
Gross profit	164,488	169,462
Selling, general & administrative expenses	127,535	131,526
Operating income	36,952	37,935
Non-operating income		
Interest income	4,622	4,480
Dividend income	1,048	1,281
Rental income on real estate	102	35
Other	448	1,170
Total non-operating income	6,222	6,968
Non-operating expenses		
Interest expenses	13	35
Investment loss in affiliates using the equity accounting method	487	4,580
Other	776	386
Total non-operating expenses	1,277	5,001
Ordinary income	41,896	39,902
Extraordinary gains		
Gain on sales of fixed assets	178	4
Profit on sales of investment securities	–	59
Profit on sales of stocks of subsidiaries and affiliates	–	4,382
Gain on prior periods adjustment	–	891
Return of profit gained through short-term trading of Company shares by a major shareholder	–	80
Gain on reversal of allowance for doubtful accounts	58	–
Total extraordinary gains	236	5,417
Extraordinary losses		
Amortization of goodwill	–	12,852
Loss on change in equity	–	2,290
Evaluation loss on investment securities	19	3,332
Loss on disposal of fixed assets	453	85
Loss on sales of investment securities	24	–
Asset impairment loss	646	–
Total extraordinary losses	1,143	18,560
Income before income taxes and minority interests	40,990	26,759
Income taxes—current	14,753	17,078
Income taxes—deferred	1,028	(259)
Total income taxes	15,782	16,818
Minority interest gain (loss) of consolidated subsidiaries	204	1,126
Net income	25,004	8,815

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	For the year ended March 31, 2008	For the year ended March 31, 2009
Shareholders' equity		
Common stock		
Balance at the end of the previous period	29,804	29,804
Changes during the period		
Total changes during the period	—	—
Balance at the end of the current period	29,804	29,804
Additional paid-in capital		
Balance at the end of the previous period	14,935	14,935
Changes during the period		
Total changes during the period	—	—
Balance at the end of the current period	14,935	14,935
Retained earnings		
Balance at the end of the previous period	521,167	534,550
Changes during the period		
Dividends paid	(11,620)	(7,973)
Net income	25,004	8,815
Total changes during the period	13,383	842
Balance at the end of the current period	534,550	535,393
Treasury stock		
Balance at the end of the previous period	(45,497)	(46,437)
Changes during the period		
Purchase of treasury stock	(938)	(16,739)
Change in number of shares of treasury stock due to change in interests in equity method application company	(2)	(6)
Total changes during the period	(940)	(16,745)
Balance at the end of the current period	(46,437)	(63,183)
Total shareholders' equity		
Balance at the end of the previous period	520,409	532,852
Changes during the period		
Purchase of treasury stock	(938)	(16,739)
Dividends paid	(11,620)	(7,973)
Net income	25,004	8,815
Change in number of shares of treasury stock due to change in interests in equity method application company	(2)	(6)
Total changes during the period	12,443	(15,903)
Balance at the end of the current period	532,852	516,948

(Millions of yen)

	For the year ended March 31, 2008	For the year ended March 31, 2009
Valuation, translation adjustments and others		
Unrealized gain (loss) on securities		
Balance at the end of the previous period	27,207	9,630
Changes during the period		
Changes in other than shareholders' equity during the period, net	(17,576)	(13,382)
Total changes during the period	(17,576)	(13,382)
Balance at the end of the current period	9,630	(3,752)
Deferred gain (loss) from hedging		
Balance at the end of the previous period	(16)	(14)
Changes during the period		
Changes in other than shareholders' equity during the period, net	2	14
Total changes during the period	2	14
Balance at the end of the current period	(14)	–
Foreign currency adjustment accounts		
Balance at the end of the previous period	(1,978)	(2,392)
Changes during the period		
Changes in other than shareholders' equity during the period, net	(414)	(5,638)
Total changes during the period	(414)	(5,638)
Balance at the end of the current period	(2,392)	(8,030)
Total valuation, translation adjustments and others		
Balance at the end of the previous period	25,212	7,223
Changes during the period		
Changes in other than shareholders' equity during the period, net	(17,988)	(19,006)
Total changes during the period	(17,988)	(19,006)
Balance at the end of the current period	7,223	(11,782)
Minority interests		
Balance at the end of the previous period	1,864	8,573
Changes during the period		
Changes in other than shareholders' equity during the period, net	6,709	771
Total changes during the period	6,709	771
Balance at the end of the current period	8,573	9,344

(Millions of yen)

	For the year ended March 31, 2008	For the year ended March 31, 2009
Total net assets		
Balance at the end of the previous period	547,486	548,650
Changes during the period		
Purchase of treasury stock	(938)	(16,739)
Dividends paid	(11,620)	(7,973)
Net income	25,004	8,815
Change in number of shares of treasury stock due to change in interests in equity method application company	(2)	(6)
Changes in other than shareholders' equity during the period, net	(11,279)	(18,234)
Total changes during the period	1,164	(34,138)
Balance at the end of the current period	548,650	514,511

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the year ended March 31, 2008	For the year ended March 31, 2009
Cash flows from operating activities		
Income before income taxes and minority interests	40,990	26,759
Depreciation and amortization	12,618	11,014
Amortization of goodwill	–	13,591
Evaluation loss (gain) on investment securities	19	3,332
Loss (gain) on sales of fixed assets	(178)	(4)
Loss (gain) on disposal of fixed assets	453	85
Asset impairment loss	646	–
Loss (gain) on prior periods adjustment	–	(891)
Loss (gain) on sales of stocks of subsidiaries and affiliates	–	(4,382)
Loss (gain) on change in equity	–	2,290
Interest and dividend income	(5,671)	(5,762)
Interest expenses	13	35
Investment loss (gain) in affiliates using the equity accounting method	487	4,580
Gain (loss) in allowance for doubtful accounts	(114)	(84)
Increase (decrease) in reserves for retirement benefits	(1,523)	818
Decrease (increase) in prepaid pension costs	(1,017)	(1,365)
Increase (decrease) in reserves for directors' retirement payments	54	(599)
Increase (decrease) in allowance for bonuses	92	37
Increase (decrease) in allowance for directors' bonuses	(73)	–
Decrease (increase) in notes and accounts receivable–trade	14,618	(589)
Decrease (increase) in inventories	(899)	1,828
Increase (decrease) in notes and accounts payable–trade	(303)	153
Increase (decrease) in long-term accounts payable–other	(1,292)	(229)
Other	(2,771)	(2,979)
Subtotal	56,149	47,638
Interest and dividends income received	6,234	5,776
Interest paid	(13)	(35)
Income taxes paid	(11,624)	(17,596)
Net cash provided by operating activities	50,745	35,782

(Millions of yen)

	For the year ended March 31, 2008	For the year ended March 31, 2009
Cash flows from investing activities		
Decrease (increase) in time deposits	8,439	5,400
Proceeds from sales/redemption of marketable securities	3,763	24,611
Payments for purchases of tangible fixed assets	(4,081)	(3,218)
Proceeds from sales of tangible fixed assets	718	96
Payments for purchases of intangible fixed assets	(1,716)	(1,358)
Proceeds from sales of intangible fixed assets	23	8
Payments for purchases of investment securities	(21,955)	(64,296)
Proceeds from sales/redemption of investment securities	11,010	47,010
Payments for purchases of subsidiaries' stocks	–	(18)
Payments for purchases of investments in subsidiaries resulting in change in scope of consolidation	(20,090)	–
Payments for purchases of stocks of subsidiaries and affiliates	(10,552)	(24,713)
Proceeds from sales of stocks of subsidiaries and affiliates	–	4,382
Payments for purchases of investments in capital of subsidiaries	–	(494)
Payments for purchases of long-term prepaid expenses	(515)	(520)
Other	(108)	580
Net cash used in investing activities	(35,063)	(12,530)
Cash flows from financing activities		
Increase in short-term loans payable	305	645
Decrease in short-term loans payable	(270)	(265)
Repayments of finance lease obligations	–	(103)
Increase in long-term loans payable	1,050	–
Payments for acquiring treasury stock	(938)	(16,739)
Decrease (increase) in money held in trust for acquiring treasury stock	–	(4,713)
Payments for dividends	(11,578)	(7,950)
Cash dividends paid to minority shareholders	–	(303)
Other	(0)	–
Net cash used in financing activities	(11,431)	(29,429)
Effect of exchange rate changes on cash and cash equivalents	(10)	(1,581)
Net increase (decrease) in cash and cash equivalents	4,240	(7,759)
Cash and cash equivalents at the beginning of period	68,381	72,621
Cash and cash equivalents at the end of period	72,621	64,862

4. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
ASSETS		
Current assets		
Cash and deposits	104,064	86,920
Notes receivable–trade	578	285
Accounts receivable–trade	48,656	47,076
Marketable securities	20,579	2,000
Merchandise	3,233	–
Finished goods	10,072	–
Merchandise and finished goods	–	11,755
Work in process	2,569	2,129
Raw materials	5,724	–
Supplies	1,352	–
Raw materials and supplies	–	7,034
Advance payments–trade	146	61
Prepaid expenses	651	789
Deferred tax assets	6,113	5,531
Other	2,282	7,005
Allowance for doubtful accounts	(188)	(124)
Total current assets	205,835	170,467
Fixed assets		
Tangible fixed assets		
Buildings	109,698	110,075
Accumulated depreciation	(64,249)	(67,235)
Buildings, net	45,449	42,840
Structures	7,118	7,226
Accumulated depreciation	(5,004)	(5,273)
Structures, net	2,113	1,952
Machinery and equipment	69,641	70,061
Accumulated depreciation	(59,521)	(61,794)
Machinery and equipment, net	10,119	8,266
Vehicles	827	825
Accumulated depreciation	(744)	(750)
Vehicles, net	82	74
Tools, furniture and fixtures	29,346	29,919
Accumulated depreciation	(25,354)	(26,549)
Tools, furniture and fixtures, net	3,991	3,370
Land	24,240	24,241
Lease assets	–	749
Accumulated depreciation	–	(98)
Lease assets, net	–	651
Construction in progress	127	432
Total tangible fixed assets	86,125	81,829

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
Intangible fixed assets		
Goodwill	54	35
Patent right	0	–
Trademarks	3,191	2,439
Software	3,446	4,968
Telephone subscription right	56	56
Other	18	16
Total intangible fixed assets	6,768	7,516
Investments and other assets		
Investment securities	208,984	199,808
Stocks of subsidiaries and affiliates	86,306	95,422
Investments in capital of subsidiaries and affiliates	3,087	3,087
Long-term loans receivable	2	1
Long-term loans receivable from employees	41	41
Long-term loans receivable from subsidiaries and affiliates	–	500
Long-term prepaid expenses	1,769	1,037
Deferred tax assets	4,067	13,277
Other	1,983	3,317
Allowance for doubtful receivable—long term	(306)	(284)
Total investments and other assets	305,936	316,209
Total fixed assets	398,829	405,555
Total assets	604,665	576,022
LIABILITIES		
Current liabilities		
Accounts payable—trade	13,825	12,844
Lease obligations	–	194
Accounts payable	10,257	8,882
Accrued expenses	3,890	4,042
Accrued income taxes	8,336	6,515
Deposits received	228	230
Unearned revenue	3	2
Adjustment allowance for returns	735	601
Allowance for bonuses	2,954	2,997
Total current liabilities	40,231	36,310
Long-term liabilities		
Lease obligations	–	488
Long-term accounts payable	1,380	1,162
Reserves for retirement benefits	12,701	13,476
Reserves for directors' retirement payments	1,700	1,071
Long-term guarantee deposits received	1,417	1,516
Total long-term liabilities	17,199	17,716
Total liabilities	57,431	54,027

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
NET ASSETS		
Shareholders' equity		
Common stock	29,804	29,804
Additional paid-in capital		
Capital reserve	14,935	14,935
Total additional paid-in capital	14,935	14,935
Retained earnings		
Legal reserve	7,451	7,451
Other retained earnings		
Reserve for advanced depreciation of fixed assets	2,707	2,622
General reserve	502,525	523,063
Retained earnings brought forward	26,001	9,439
Total retained earnings	538,685	542,576
Treasury stock	(46,018)	(62,757)
Total shareholders' equity	537,407	524,558
Valuation, translation adjustments and others		
Unrealized gain (loss) on securities	9,826	(2,563)
Total valuation, translation adjustments and others	9,826	(2,563)
Total net assets	547,234	521,995
Total liabilities and net assets	604,665	576,022

(2) Non-consolidated Statements of Income

(Millions of yen)

	For the year ended March 31, 2008	For the year ended March 31, 2009
Net sales		
Net sales of finished goods	175,729	169,347
Net sales of goods	25,935	29,508
Total net sales	201,665	198,856
Cost of sales		
Beginning merchandise and finished goods	12,532	13,305
Cost of products manufactured	54,773	50,540
Cost of purchased goods	16,163	16,483
Total	83,470	80,330
Transfer to other account	1,367	1,366
Ending merchandise and finished goods	13,305	11,755
Total cost of sales	68,796	67,207
Gross profit on sales	132,868	131,649
Reversal of provision for sales returns	860	735
Provision for sales returns	735	601
Gross profit	132,993	131,783
Selling, general & administrative expenses	98,785	99,775
Operating income	34,207	32,007
Non-operating income		
Interest income	374	307
Interest income on securities	3,336	3,374
Dividend income	1,824	2,037
Rental income on real estate	458	359
Other	603	1,143
Total non-operating income	6,598	7,222
Non-operating expenses		
Interest expenses	5	5
Other	678	243
Total non-operating expenses	683	248
Ordinary income	40,122	38,981

(Millions of yen)

	For the year ended March 31, 2008	For the year ended March 31, 2009
Extraordinary gains		
Gain on sales of fixed assets	173	2
Profit on sales of investment securities	–	59
Profit on sales of stocks of subsidiaries and affiliates	–	1,837
Gain on prior periods adjustment	–	891
Gain on reversal of allowance for doubtful accounts	58	–
Gain on extinguishment of tie-in shares	542	–
Total extraordinary gains	774	2,789
Extraordinary losses		
Evaluation loss on investment securities	19	3,332
Evaluation loss on stocks of subsidiaries and affiliates	–	13,069
Loss on disposal of fixed assets	1,013	55
Loss on sales of investment securities	24	–
Total extraordinary losses	1,056	16,457
Income before income taxes	39,839	25,313
Income taxes—current	13,186	13,645
Income taxes—deferred	742	(195)
Total income taxes	13,929	13,449
Net income	25,910	11,863

(3) Non-consolidated Statements of Changes in Net Assets

(Millions of yen)

	For the year ended March 31, 2008	For the year ended March 31, 2009
Shareholders' equity		
Common stock		
Balance at the end of the previous period	29,804	29,804
Changes during the period		
Total changes during the period	–	–
Balance at the end of the current period	29,804	29,804
Additional paid-in capital		
Capital reserve		
Balance at the end of the previous period	14,935	14,935
Changes during the period		
Total changes during the period	–	–
Balance at the end of the current period	14,935	14,935
Total additional paid-in capital		
Balance at the end of the previous period	14,935	14,935
Changes during the period		
Total changes during the period	–	–
Balance at the end of the current period	14,935	14,935
Retained earnings		
Legal reserve		
Balance at the end of the previous period	7,451	7,451
Changes during the period		
Total changes during the period	–	–
Balance at the end of the current period	7,451	7,451
Other retained earnings		
Reserve for advanced depreciation of fixed assets		
Balance at the end of the previous period	2,883	2,707
Changes during the period		
Reversal of reserve for advanced depreciation of fixed assets	(175)	(85)
Total changes during the period	(175)	(85)
Balance at the end of the current period	2,707	2,622
General reserve		
Balance at the end of the previous period	495,525	502,525
Changes during the period		
Provision of general reserve	7,000	20,537
Total changes during the period	7,000	20,537
Balance at the end of the current period	502,525	523,063

(Millions of yen)

	For the year ended March 31, 2008	For the year ended March 31, 2009
Retained earnings brought forward		
Balance at the end of the previous period	18,535	26,001
Changes during the period		
Reversal of reserve for advanced depreciation of fixed assets	175	85
Provision of general reserve	(7,000)	(20,537)
Dividends paid	(11,620)	(7,973)
Net income	25,910	11,863
Total changes during the period	7,465	(16,561)
Balance at the end of the current period	26,001	9,439
Total retained earnings		
Balance at the end of the previous period	524,395	538,685
Changes during the period		
Reversal of reserve for advanced depreciation of fixed assets	–	–
Provision of general reserve	–	–
Dividends paid	(11,620)	(7,973)
Net income	25,910	11,863
Total changes during the period	14,290	3,890
Balance at the end of the current period	538,685	542,576
Treasury stock		
Balance at the end of the previous period	(45,080)	(46,018)
Changes during the period		
Purchase of treasury stock	(938)	(16,739)
Total changes during the period	(938)	(16,739)
Balance at the end of the current period	(46,018)	(62,757)
Total shareholders' equity		
Balance at the end of the previous period	524,055	537,407
Changes during the period		
Purchase of treasury stock	(938)	(16,739)
Dividends paid	(11,620)	(7,973)
Net income	25,910	11,863
Total changes during the period	13,352	(12,848)
Balance at the end of the current period	537,407	524,558
Valuation, translation adjustments and others		
Unrealized gain (loss) on securities		
Balance at the end of the previous period	27,052	9,826
Changes during the period		
Changes in other than shareholders' equity during the period, net	(17,225)	(12,390)
Total changes during the period	(17,225)	(12,390)
Balance at the end of the current period	9,826	(2,563)

(Millions of yen)

	For the year ended March 31, 2008	For the year ended March 31, 2009
Total valuation, translation adjustments and others		
Balance at the end of the previous period	27,052	9,826
Changes during the period		
Changes in other than shareholders' equity during the period, net	(17,225)	(12,390)
Total changes during the period	(17,225)	(12,390)
Balance at the end of the current period	9,826	(2,563)
Total net assets		
Balance at the end of the previous period	551,107	547,234
Changes during the period		
Purchase of treasury stock	(938)	(16,739)
Dividends paid	(11,620)	(7,973)
Net income	25,910	11,863
Changes in other than shareholders' equity during the period, net	(17,225)	(12,390)
Total changes during the period	(3,873)	(25,238)
Balance at the end of the current period	547,234	521,995