# KOBAYASHI
PHARMACEUTICAL CO., LTD.

# Consolidated Annual Financial Results for the Fiscal Year Ended March 31, 2009

*Note: This document has been prepared as a guide to non-Japanese investors and contains forward-looking statements that are based on managements' estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. This document is a translation of the Japanese language original. All numbers are rounded down to the nearest unit in accordance with standard Japanese practice.*

**KOBAYASHI** PHARMACEUTICAL CO., LTD.

# Summary of Consolidated Financial Results for the Full Year Ended March 31, 2009

# Kobayashi Pharmaceutical, Co., Ltd. (4967)

| | |
|---|---|
| Exchange Listed: | Osaka and Tokyo, First Section |
| Principal Office: | Osaka, Japan |
| Homepage: | http://www.kobayashi.co.jp/english/index.shtml |
| President and COO: | Yutaka Kobayashi |
| Contact: | Satoshi Yamane, General Manager<br>Group Corporate Business Headquarters |
| Telephone: | +816-6222-0084 |
| General meeting of stockholders: | June 26, 2009 |
| U.S. (GAAP) accounting standard: | Not adopted for the purposes of these statements. |

## 1. Consolidated Financial Results - April 1, 2008 – March 31, 2009

### (1) Consolidated Operating Results

| | Millions of Yen - Except Per Share Data and Percents | | | |
|---|---|---|---|---|
| | Fiscal Year Ended March 31 | | | |
| | 2009 | % | 2008 | % |
| Net Sales | 125,693 | (45.1) | 228,826 | (11.0) |
| Operating Income | 15,818 | (14.8) | 18,576 | 3.0 |
| Ordinary Income | 15,333 | (2.3) | 15,687 | 4.5 |
| Net Income | 8,853 | 4.1 | 8,504 | 2.5 |
| Net Income per Share (yen) | 215.89 | | 205.62 | |
| Net Income per Share, Diluted (yen) | 215.80 | | 205.42 | |
| Return on Equity (ROE) | 11.5 | | 11.2 | |
| Return on Assets (ROA) | 12.4 | | 10.9 | |
| Operating Income / Net Sales Ratio | 12.6 | | 8.1 | |

| | | |
|---|---|---|
| Equity method investment profit and loss: | Fiscal year ended March 31, 2009: | (162) million yen |
| | Fiscal year ended March 31, 2008: | 196 million yen |

## (2) Consolidated Financial Position

| | Millions of Yen - Except Per Share Data and Percents | |
|---|---|---|
| | Fiscal Year Ended March 31, | |
| | 2009 | 2008 |
| Total Assets | 125,210 | 122,409 |
| Shareholders' Equity | 76,364 | 77,182 |
| Shareholders' Equity Ratio | 60.9 | 63.0 |
| Shareholders' Equity per Share | 1,861.14 | 1,863.24 |

| | | |
|---|---|---|
| Equity: | Fiscal year ended March 31, 2009: | 76,208 million yen |
| | Fiscal year ended March 31, 2008: | 77,103 million yen |

## (3) Consolidated Cash Flows

| | Millions of Yen | |
|---|---|---|
| | Fiscal Year Ended March 31, | |
| | 2009 | 2008 |
| Cash Flows from Operating Activities | 12,849 | 12,192 |
| Cash Flows from Investing Activities | (1,381) | (6,424) |
| Cash Flows from Financing Activities | (4,445) | (5,310) |
| Cash and Cash Equivalents, End of Year | 23,813 | 17,164 |

## 2. Dividend Status

### Consolidated

| | Yen | | |
|---|---|---|---|
| | Fiscal Year Ended March 31, | | |
| | 2009 | 2008 | 2010 (forecast) |
| Dividend per share | | | |
| End of interim period | 29.00 | 27.00 | 29.00 |
| End of current consolidated period | 29.00 | 27.00 | 29.00 |
| Fiscal year | 58.00 | 54.00 | 58.00 |
| Total dividend (fiscal year, Millions of Yen) | 2,375 | 2,234 | -- |
| Dividend payout ratio (consolidated) | 26.9 | 26.3 | 25.5 |
| Ratio of net assets to dividends (consolidated) | 3.1 | 2.9 | -- |

## 3. Projections for the Year Ending March 31, 2010 (April 1, 2009 – March 31, 2010)

### Consolidated

| | Millions of Yen | | | |
|---|---|---|---|---|
| | Mid Year | | Full Year | |
| | Amount | Change % | Amount | Change % |
| Net Sales | 62,000 | 2.0 | 130,000 | 3.4 |
| Operating Income | 7,800 | (7.6) | 16,600 | 4.9 |
| Ordinary Income | 7,700 | (4.9) | 16,600 | 8.3 |
| Net Income | 4,300 | (13.5) | 9,300 | 5.0 |
| Net Income per Share (yen) | 105.01 | -- | 227.12 | -- |

## 4. Other

### (1) Changes in Scope of Consolidation

| | |
|---|---|
| Number of consolidated subsidiaries | |
| Newly consolidated .......... | 0 |
| Excluded .......... | 0 |

### (2) Changes in principles, procedures and presentation of accounting treatment in preparing interim consolidated financial statements (changes described in “important items that are fundamental to preparation of interim consolidated financial statements”)

| | |
|---|---|
| (1) Changes resulting from revisions to accounting standards, etc. ......... | Yes |
| (2) Changes other than (1) .......... | Yes |

### (3) Number of shares issued (common shares)

| | Shares | |
|---|---|---|
| | Fiscal Year Ended March 31, | |
| | 2009 | 2008 |
| Number of shares issued end of fiscal period (including treasury stock).......... | 42,525,000 | 42,525,000 |
| Number of treasury shares at end of period .......... | 1,577,568 | 1,143,617 |

## 5. Non-consolidated Financial Results - April 1, 2008 – March 31, 2009

### (1) Non-consolidated Operating Results

| | Millions of Yen - Except Per Share Data and Percents | | | |
|---|---|---|---|---|
| | Fiscal Year Ended March 31, | | | |
| | 2009 | % | 2008 | % |
| Net Sales | 112,092 | 5.8 | 105,941 | 5.3 |
| Operating Income | 14,787 | (9.3) | 16,295 | 4.7 |
| Ordinary Income | 15,886 | 10.3 | 14,401 | 5.5 |
| Net Income | 8,207 | 5.9 | 7,747 | 16.3 |
| Net Income per Share (yen) | 200.13 | | 187.31 | |
| Net Income per Share, Diluted (yen) | 200.05 | | 187.12 | |

### (2) Non-consolidated Financial Position

| | Millions of Yen - Except Per Share Data and Percents | |
|---|---|---|
| | Fiscal Year Ended March 31, | |
| | 2009 | 2008 |
| Total Assets | 119,374 | 115,100 |
| Shareholders' Equity | 73,850 | 72,370 |
| Shareholders' Equity Ratio | 61.7 | 62.8 |
| Shareholders' Equity per Share | 1,799.96 | 1,747.26 |

| | | |
|---|---|---|
| Equity: | Fiscal year ended March 31, 2009: | 73,707 million yen |
| | Fiscal year ended March 31, 2008: | 72,307 million yen |

**Note: Forward looking information**

Forward-looking comments such as earnings forecasts in this material include projections based on assumptions, future outlook, and plans as of the date this material was released. Actual figures may substantially differ from provided projections as a result of risks and uncertainly regarding changes in the global economy, competition, exchange rates, and interest rates. Refer to pages 6 through 12 of “I. Business Performance” for earnings forecasts.

# I. Business Performance

## 1. Analysis of Business Performance

### (1) Overview of Fiscal Year Ended March 31, 2009

(Millions of Yen)

| | Full Year ended March 31, 2009 | | Full Year ended March 31, 2008 | | Change | |
|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % |
| Net sales | 125,693 | 100.0 | 228,826 | 100.0 | (103,133) | (45.1) |
| Operating Income | 15,818 | 12.6 | 18,576 | 8.1 | (2,758) | (14.8) |
| Ordinary Income | 15,333 | 12.2 | 15,687 | 6.9 | (354) | (2.3) |
| Net Income | 8,853 | 7.0 | 8,504 | 3.7 | 348 | 4.1 |
| **Net Income per share (yen)** | **215.89** | | **205.62** | | **10.27** | **5.0** |

During the current fiscal year, the Japanese economy was impacted by the financial instability stemming from the U.S. subprime mortgage crisis, which negatively affected corporate earnings, and consumers became more defensive in their spending and economized for various reasons including stagnant growth in income.

In these circumstances, the Kobayashi Group sought to fully cultivate the spirit of the Group philosophy of "Creation and Innovation", and the development of customer needs by providing products and services to create new markets while offering new value products and services in existing markets. Kobashou Co., Ltd., which was responsible for wholesale operations, was turned into a wholly-owned subsidiary of Mediceo Paltac Holdings through a stock swap on January 2008. Kobashou's earnings were not included in consolidated figures for wholesale operations starting in the fourth quarter ended December 31, 2008.

As a result, sales fell 103,133 million yen (-45.1%) year-on-year to 125,693 million yen, operating income fell 2,758 million yen (-14.8%) to 15,818 million yen, ordinary income decreased 354 million yen (-2.3%) to 15,333 million yen, and net income expanded 348 million yen (4.1%) year-on-year to 8,853 million yen.

### (2) Segment Analysis

The following is a summary of performance by business segment during the fiscal year ended March 31, 2009.

#### 1. Consumer Products Operation

As for consumer products operations, the Group introduced 13 new products (excluding nutritional supplements) in an attempt to create new markets and expand existing ones, and several of these new products contributed to earnings – OTC medical product *Chikunain*, which is effective for chronic inflammation of nasal passages, the medicated cosmetic water *Keshimin Eki*, which helps prevent blemish and freckles, the taped sock *Aruku Tasuke*, which reduces the burden when walking and prevents the feet from getting tired, and *Nodo nu-ru nure masuku Hana ni Sutto*, which opens up the nasal passage and moisturizes the throat. As for existing products, the toilet bowl cleaner *Bluelet*, the breath freshener *Breath Care*, the medicated toothpaste *Shoyo*, which prevents periodontal disease, and nutritional supplements sold through mail order made major contributions to sales and income.

Therefore, sales increased 1,700 million yen (1.5%) year-on-year to 112,620 million yen.

Operating income fell 2,095 million yen (-11.6%). This followed factors that impacted the cost of sales, changes in the accounting treatment of inventory valuations and losses on the valuation and disposal of inventories following application of the Accounting for Inventory Valuations accounting standard starting this fiscal year.

**Sales by Category**

(Millions of Yen)

| | Full Year ended March 31, 2009 | | Full Year ended March 31, 2008 | | Change | |
|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % |
| Pharmaceuticals | 21,117 | 18.8 | 21,702 | 19.6 | (584) | (2.7) |
| Oral hygiene products | 13,577 | 12.1 | 12,553 | 11.3 | 1,024 | 8.2 |
| Sanitary products | 15,368 | 13.6 | 14,714 | 13.3 | 654 | 4.4 |
| Deodorizing air fresheners | 30,383 | 27.0 | 30,578 | 27.6 | (194) | (0.6) |
| Household sundries | 4,247 | 3.8 | 4,265 | 3.8 | (17) | (0.4) |
| Food products | 12,982 | 11.5 | 11,991 | 10.8 | 991 | 8.3 |
| Body warmers | 14,942 | 13.3 | 15,116 | 13.6 | (174) | (1.2) |
| **Total** | **112,620** | **100.0** | **110,920** | **100.0** | **1,700** | **1.5** |

Note: Sales include sales and transfers between segments, which amounted to 26,213 million yen for the previous fiscal year and 26 million yen for the current fiscal year.

## 2. Medical Devices Operation

Within the medical devices operations, efforts were made to raise brand awareness and expand the company's market share in the fields of orthopedic and operating room related products, the domestic market for which is expected to grow.

As a result, sales rose 596 million yen (5.6%) year on year to 11,325 million yen. The Group also recorded an operating loss of 544 million yen, since aggressive investments were continuously made in the eVent Medical Inc.'s artificial ventilator business.

**Sales by Category**

(Millions of Yen)

| | Full Year ended March 31, 2009 | | Full Year ended March 31, 2008 | | Change | |
|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % |
| Kobayashi Medical Company | 9,507 | 84.0 | 8,847 | 82.5 | 660 | 7.5 |
| eVent Medical Ltd., | 719 | 6.3 | 868 | 8.1 | (148) | (17.1) |
| Others | 1,098 | 9.7 | 1,013 | 9.4 | 84 | 8.4 |
| **Total** | **11,325** | **100.0** | **10,728** | **100.0** | **596** | **5.6** |

## 3. Other Operations

Other Operations (transportation, sales promotion, market research, etc.) are conducted on a financially independent basis by Kobayashi Pharmaceutical's subsidiaries in support of the Company's two principal businesses and to contribute to the profits of those businesses. The Group reviewed the transfer values of the materials and services these operations provide.

Therefore, sales fell 812 million yen (-10.0%) year-on-year to 7,281 million yen, but operating income rose 41 million yen (9.6%) to 473 million yen. However, sales include internal sales or transfers between segments, which totaled 6,306 million yen for the previous fiscal year and 5,507 million for current fiscal year.

## (3) Forecasts for Fiscal Year Ending March 31, 2010

(Millions of Yen)

| | Full Year ending March 31, 2010 | | Full Year ended March 31, 2009 | | Change | |
|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % |
| Net Sales | 130,000 | 100.0 | 125,693 | 100.0 | 4,307 | 3.4 |
| Operating Income | 16,600 | 12.8 | 15,818 | 12.6 | 782 | 4.9 |
| Ordinary Income | 16,600 | 12.8 | 15,333 | 12.2 | 1,267 | 8.3 |
| Net Income | 9,300 | 7.2 | 8,853 | 7.0 | 447 | 5.0 |
| **Net Income per Share (yen)** | **227.12** | | **215.89** | | **11.23** | **5.2** |

As for the outlook for the Japanese economy, consumers are expected to become more defensive in their purchasing behavior for various reasons including employment instability and stagnant growth in incomes as the weak economy is likely to persist for some time, and business conditions are projected to remain harsh.

Under these conditions, the Group must implement both strategies to further expand the scope of business and to promote growth and strategies to further strengthen leading existing businesses and brands in order to increase the Group’s ability to become number one in fields related to consumer products and medical devices that the Group has expanded into.

Within the consumer product segment, the Group is working to develop both existing brands and new products that provide satisfaction that consumers have not experienced before. In addition, management resources will be invested in overseas business in order to further expand the business.

Within the medical device business, the Group will strengthen its abilities as a manufacturer and develop and sell its own products while also further promoting the introduction of new products in specified fields the Group has entered.

Fiscal 2010 sales are expected to increase 4,307 million yen (3.4%) year-on-year to 130,000 million yen. Furthermore, operating income is projected to increase 782 million yen (4.9%) to 16,600 million yen and ordinary income is forecast to increase 1,267 million yen (8.3%) year on year to 16,600 million yen.

Fiscal 2010 net income is projected to increase 447 million yen (5.0%) year-on-year to 9,300 million yen.

### 1. Consumer Products Operation

As consumers became more hesitant to spend and demanded lower prices, the Group introduced nine new products that meet the potential needs of consumers in order to generate demand through new high-added-value products. These products included the anti-obesity medication *Bisuratto Gold*, which reduces access body fat by improving the body’s metabolizing of fats, the room deodorizer *Shoshu Suikomu*, which eliminates odors as air passes through a porous gel, the pleasant-feeling ear brush *Tenshi-no-mimigaki*, which provides an appropriate level of stimulation to the ear, and the specialized eye glass cleaner *Megane-kurina-awa-shanpu*, which makes it possible to wash a whole pair of glasses. In addition, the Group will actively work to sell existing brands using marketing plans tailored to each brand and strive to expand overseas market, particularly for the body warmers.

Fiscal 2010 sales are expected to increase 3,380 million yen (3.0%) year-on-year to 116,000 million yen. Furthermore, operating income is projected to increase 490 million yen (3.1%) to 16,400 million yen.

(Millions of Yen)

| | Full Year ending March 31, 2010 | Full Year ended March 31, 2009 | Change | |
|---|---|---|---|---|
| | Amount | Amount | Amount | % |
| Net Sales | 116,000 | 112,620 | 3,380 | 3.0 |
| Operating Income | 16,400 | 15,910 | 490 | 3.1 |

## 2. Medical Devices Operation

Within the Kobayashi Medical Company, aggressive efforts were made to develop the company's own brand of products while further expanding its lineup of products in fields that the company has already entered such as surgery room related products, respirator products, and orthopedic products. As for eVent Medical Ltd., the company worked to strengthen the sales of artificial ventilators through the world, particularly in the U.S.

Fiscal 2010 sales are expected to increase 675 million yen year-on-year to 12,000 million yen. Furthermore, operating loss is projected to improve 454 million yen to 100 million yen.

(Millions of Yen)

| | Full Year ending March 31, 2010 | Full Year ending March 31, 2009 | Change | |
|---|---|---|---|---|
| | Amount | Amount | Amount | % |
| Net Sales | 12,000 | 11,325 | 675 | 6.0 |
| Operating Income | (100) | (554) | 454 | — |

# 2. Analysis of financial position

## (1) Full Year Overview

### Consolidated Financial Position

(Millions of Yen)

| | Millions of Yen - Except Per Share Data and Ratios | | |
|---|---|---|---|
| | As of March 31, | | |
| | 2009 | 2008 | Change |
| Total Assets | 125,210 | 122,409 | 2,800 |
| Shareholders' Equity | 76,364 | 77,182 | (818) |
| Shareholders' Equity Ratio (%) | 60.9 | 63.0 | (2.1) |
| Shareholders' Equity per Share (Yen) | 1,861.14 | 1,863.24 | (2.10) |

### Summary of Cash Flows

(Millions of Yen)

| | Full Year ended March 31, 2009 | Full Year ended March 31, 2008 | Change |
|---|---|---|---|
| | Amount | Amount | Amount |
| Cash flows from operating activities | 12,849 | 12,192 | 656 |
| Cash flows from investing activities | (1,381) | (6,424) | 5,043 |
| Free cash flow | 11,467 | 5,767 | 5,700 |
| Cash flows from financing activities | (4,445) | (5,310) | 865 |
| **Term-end balance of cash and cash equivalents** | **23,813** | **17,164** | **6,649** |

Total assets increased 2,800 million yen compared with the end of the previous fiscal year.

As for current assets, cash and time deposits rose 5,649 million yen, and trade notes and accounts receivable grew 1,208 million yen. As for fixed assets, investments in securities declined 6,350 million yen but deferred income taxes rose 2,264 million yen. Within the net asset section, the capital surplus rose 6,548 million yen, treasury stock increased 1,476 million yen, and unrealized holding gains on securities declined 3,297 million yen.

### Cash flows from operating activities

Net cash provided by operating activities increased totaled 12,849 million yen. This was mainly due to 16,270 million yen in income before income taxes and minority interests, 2,873 million yen in depreciation and amortization, and 6,829 million yen in income taxes paid.

### Cash flows from investing activities

Net cash used in investing activities totaled 1,381 million yen. This was primarily the result of 18,482 million yen for the purchase of securities, 20,303 million from the sale or redemption of short-term securities, 2,208 million yen for the purchase of tangible fixed assets, and 1,630 million yen for the purchase investment securities.

### Cash flow from financing activities

Net cash used in financing operations totaled 4,445 million yen. This was chiefly the result of 1,675 million yen used for the purchase of treasury stock and 2,303 million yen for the payment of dividends.

Therefore, the term-end balance of cash and cash equivalents increased 6,649 million yen over the previous fiscal period to 23,813 million yen.

## (2) Forecasts for the Fiscal Year Ending March 31, 2010

Business conditions will remain harsh, but the Group will strive to further improve its working capital such as reducing inventories and account receivables based on management that is aware of the efficiency of invested capital.

Stable investments in plants and equipment for product development are expected to average those of the previous fiscal year. We do not anticipate any large investments other than capital spending, and as a result, we expect cash flows from investing activities to remain level with the previous fiscal year.

## (3) Cash Flow Indicator Trends

| | As of March 31, | | | | |
|---|---|---|---|---|---|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Equity Ratio (%) | 60.9 | 63.0 | 45.2 | 44.0 | 44.7 |
| Equity Ratio at Market Value Basis (%) | 106.3 | 129.8 | 112.3 | 113.9 | 90.5 |
| Debt Repayment Period (years) | 0.1 | 0.1 | 0.4 | 0.1 | 0.3 |
| Interest Coverage Ratio (times) | 75.9 | 193.6 | 125.1 | 140.6 | 96.7 |

Notes:

1. Each index is calculated by relevant formulas with financial figures quoted from the consolidated balance sheet.
    - Equity Ratio = Net Asset / Gross Asset
    - Equity Ratio on Value = Gross Aggregate Market Price / Gross Asset
    - Debut Redumption Schedule = Debt with Interest / Operating Cash Flow
    - Interest Coverage Ratio = Operating Cash Flow / Interest Payment

2. Consolidated financial figures constitute the basis for calculating these indicators.

3. Market a capitalization is calculated by multiplying a closing price of a share at the year-end by the number of shares issued after deduction of own shares at the year-end.

4. Cash flow from operating activities uses the figures for cash flow from operating activities in the consolidated (consolidated interim) cash flow statement. Interest-bearing debt includes all debts that incur interest payments out of the liabilities accounted for in the consolidated balance sheet. "Interest payment" in the consolidated (consolidated interim) statement of cash flow is used.

## 3. Profit Distribution and Fiscal 2009 and 2010 Dividends

Kobayashi Pharmaceutical regards the distribution of profits to shareholders as one of the Company's most important management policies, and will continue to focus on strengthening this area. For this reason, we ensure that adequate internal reserves for high-growth-oriented business development and strengthening the corporate structure are preserved. At the same time, the Company intends to promote a dividend policy that will reflect consolidated results while maintaining a basic policy of providing stable dividend payments. Internal reserves will be utilized for M&A to grow the consumer products and the medical devices operations and for vigorous investment in expansion overseas.

The basic policy of the company is to pay dividends twice a year – interim dividends and the year-end dividends.

Based on above policy, an annual dividend of 58 yen per share (interim dividend of 29 yen per share and year-end dividend of 29 yen per share) will be paid for the fiscal year ending March 31, 2009, and an annual dividend of 58 yen per share (interim dividend of 29 yen per share and year-end dividend of 29 yen per share) is expected to paid for the fiscal year ending March 31, 2010.

# II. Management Policy

## 1. Basic Management Policy

Kobayashi Group's management policy is to provide people and society with wonderful "comfort" as a result of its quest for the new through "creativity and innovation." It is the Company's mission to provide all its stakeholders with a "healthy," "comfortable," and "convenient" experience, that is, to "You make a wish and we make it happen." In an era of accelerating change and intensifying competition, the driving force for the Company's growth is its unceasing pursuit of "Something New, Something Different," and its development of new products and services that satisfy customer needs. By doing so, the Company intends to increase the enterprise value so as to deliver greater satisfaction to all its stakeholders.

## 2. Targeted Management Indices

Kobayashi Pharmaceutical aims to achieve a return on assets of 12%. The growth strategy for the Consumer Products Operation is based on vigorous development of new products. The Company's R&D targets are for sales of products commercialized in the last four year to account for at least 35% of total sales, and for new products released in any given fiscal year to account for at least 10% of total sales during that fiscal year. Moreover, in order to maximize shareholder value, the Company considers venture capital efficiency and tries to increase long-term stockholder value.

## 3. Medium- to Long-term Management Strategy

For Kobayashi Pharmaceutical to achieve sustainable growth, the Company needs to address two tasks: strengthening of the product line-up of each operation to satisfy customer needs and expansion of geographical coverage.

More specifically, for the Consumer Products Operation and the Medical Devices Operation, the Company intends to strengthen the product line-up through vigorous development of new products, M&A and alliances and expand geographical coverage by entering new markets overseas. The Company charted a new course for the Wholesale Operation in order to achieve continuing growth, in view of the increasingly drastic restructuring of the industry.

Also, in line with its focus on the cost of capital, it will review businesses that yield low returns and vigorously invest in growth businesses offering high returns so as to realize a continuous increase in corporate value.

## 4. Issues to Be Addressed

In order to strengthen the Group's competitiveness to become number one in fields within consumer products operations and medical devices operations that the Group has entered, it is necessary to simultaneously implement a strategy to expand the business scope and promote growth and a strategy to further strengthen existing operations and brands that are the Group's foundation.

For consumer products operations, the Group will strive to develop new products that provide consumers with unprecedented satisfaction and to build up existing brands and will work to expand sales. In addition, the Group will invest management resources in overseas businesses in order to realize even greater growth.

As for medical device operations, in addition to further promoting the introduction of new products in particular fields the Group has already entered, the Group will strengthen its manufacturing capabilities and develop and sell its own products.

# III. Annual Consolidated Financial Statements

## 1. Consolidated Balance Sheets

| | Millions of Yen | |
|---|---|---|
| | As of March 31, 2009 | As of March 31, 2008 |
| **Assets** | | |
| **Current assets:** | | |
| Cash and time deposits | 22,814 | 17,164 |
| Trade notes and accounts receivable | 27,439 | 26,231 |
| Securities | 6,000 | 5,799 |
| Inventories | — | 12,352 |
| Finished goods and products | 10,502 | — |
| Work in progress | 572 | — |
| Raw material and supply | 1,744 | — |
| Deferred income taxes | 3,115 | 3,199 |
| Other current assets | 1,081 | 1,325 |
| Allowance for doubtful accounts | (97) | (3) |
| **Total Current Assets** | **73,172** | **66,069** |
| **Fixed Assets:** | | |
| **Tangible Fixed Assets:** | | |
| Buildings and structures (Net) | 7,076 | 7,399 |
| Machinery and equipment (Net) | 1,661 | 1,471 |
| Land | 5,471 | 5,244 |
| Leased assets (Net) | 1,988 | — |
| Work in progress | 313 | — |
| Other (Net) | 1,106 | 1,119 |
| **Total Fixed Assets** | **17,617** | **15,235** |
| **Intangible Assets:** | | |
| Goodwill | 7,682 | 10,675 |
| Trademark right | 1,016 | 1,091 |
| Software | 917 | 746 |
| Leased assets | 140 | — |
| Other | 286 | 289 |
| **Total Intangible Assets** | **10,043** | **12,803** |
| **Investments and Other Assets:** | | |
| Investments in securities | 18,326 | 24,677 |
| Long-term loan receivable | 318 | 237 |
| Deferred income taxes | 3,249 | 984 |
| Other | 2,541 | 2,475 |
| Allowance for doubtful accounts | (59) | (73) |
| **Total Investments and Other Assets** | **24,376** | **28,301** |
| **Total Fixed Assets** | **52,037** | **56,340** |
| **Total Assets** | **125,210** | **122,409** |

| | Millions of Yen | |
|---|---|---|
| | As of March 31, 2009 | As of March 31, 2008 |
| **Liabilities** | | |
| **Current Liabilities:** | | |
| Trade notes and accounts payable | 15,533 | 15,317 |
| Short-term loans payable | 462 | 726 |
| Accrued expenses | 13,551 | 12,995 |
| Lease obligation | 647 | — |
| Accrued income taxes | 4,455 | 3,690 |
| Accrued consumption tax, etc. | 538 | 517 |
| Reserve for returned goods unsold | 1,277 | 1,245 |
| Allowance for bonus payable | 1,855 | 1,755 |
| Other current liabilities | 1,513 | 1,692 |
| **Total Current Liabilities** | **39,834** | **37,940** |
| **Fixed Liabilities:** | | |
| Long term loans payable | 182 | — |
| Lease obligation | 1,503 | — |
| Allowance for retirement benefits | 4,678 | 4,486 |
| Provision for allowances for directors and corporate auditors | 1,576 | 1,451 |
| Other fixed liabilities | 1,071 | 1,348 |
| **Total Fixed Liabilities** | **9,011** | **7,286** |
| **Total Liabilities** | **48,845** | **45,226** |
| **Net Assets** | | |
| **Shareholders' Equity** | | |
| Common stock | 3,450 | 3,450 |
| Capital surplus | 4,219 | 4,213 |
| Earned surplus | 78,678 | 72,129 |
| Cost of treasury stock | (4,706) | (3,230) |
| **Total Shareholders' Equity** | **81,641** | **76,562** |
| **Appraisal and Translation Differences** | | |
| Net unrealized holdings on securities | (1,725) | 1,571 |
| Gain/loss on deferred hedge | (728) | (690) |
| Foreign currency translation adjustment | (2,978) | (339) |
| **Total Appraisal and Translation Differences** | **(5,432)** | **540** |
| **Stock Acquisition Rights** | **142** | **63** |
| **Minority Interests** | **12** | **16** |
| **Net Assets** | **76,364** | **77,182** |
| **Total Liabilities and Net Assets** | **125,210** | **122,409** |

## 2. Consolidated Statements of Income

| | Millions of Yen | |
|---|---|---|
| | April 1, 2008 to March 31, 2009 | April 31, 2007 to March 31, 2008 |
| **Net Sales** | **125,693** | **228,826** |
| Cost of sales | 57,013 | 147,638 |
| Gross income | 68,679 | 81,187 |
| Selling, general, and administrative expenses | | |
| Sales promotion expenses | 6,068 | — |
| Transportation and storage fees | 4,636 | — |
| Advertising expenses | 13,851 | — |
| Provision for allowance for doubtful accounts | 89 | — |
| Bonus and salaries | 8,535 | — |
| Retirement benefits cost | 751 | — |
| Provision for allowance for retirement benefits for directors | 125 | — |
| Taxes and public charges | 279 | — |
| Depreciation | 714 | — |
| Amortization | 1,339 | — |
| Rent | 1,605 | — |
| Commission paid | 4,936 | — |
| Research and development expense | 3,361 | — |
| Other | 6,564 | — |
| Total selling, general, and administrative expenses | 52,861 | 62,611 |
| **Operating Income** | **15,818** | **18,576** |
| **Non-Operating Income:** | | |
| Interest income and dividend income | 368 | 306 |
| Royalty income | 607 | 583 |
| Investment gain on equity method | — | 196 |
| Rent on real estate | 82 | 69 |
| Other rent on real estate | — | 0 |
| Other | 215 | 656 |
| **Non-Operating Income** | **1,274** | **1,813** |
| **Non-Operating Expenses:** | | |
| Interest expenses | 123 | 70 |
| Sales discount | 1,229 | 1,252 |
| Loss on disposal of obsolete inventories | — | 3,055 |
| Expenses for real estate leasing | 20 | 24 |
| Expenses for other leasing | — | 6 |
| Loss on translation adjustments | 86 | 148 |
| Investment loss on equity method | 162 | — |
| Other | 136 | 143 |
| **Non-Operating Expenses** | **1,759** | **4,702** |
| **Ordinary Income** | **15,333** | **15,687** |

| | Millions of Yen | |
|---|---|---|
| | April 1, 2008 to March 31, 2009 | April 31, 2007 to March 31, 2008 |
| **Extraordinary Gain and Loss:** | | |
| Gain on disposal of fixed assets | 17 | 1 |
| Gain on sales of goodwill | 1,102 | 1,277 |
| Reversal of allowance for doubtful accounts | 2 | — |
| Gain on stock swap | — | 1,501 |
| Gain on transfer to defined contribution pension plan | — | 215 |
| Gain on sales of investments in securities | 382 | — |
| Other | 67 | 62 |
| **Extraordinary Gains** | **1,572** | **3,058** |
| Loss on disposal of fixed assets | 97 | 138 |
| Non-recurring expenses accompanying collection of products | 78 | — |
| Loss on disposal of investment securities | 253 | 208 |
| Loss on disposal of obsolete inventories | — | 1,237 |
| Unrealized loss on shares of affiliated companies | 142 | 525 |
| Impairment loss | 41 | 29 |
| Expenses for 90-year anniversary | — | 390 |
| Other | 21 | 417 |
| **Extraordinary Losses** | **635** | **2,946** |
| **Income Before Provision for Income Taxes** | **16,270** | **15,800** |
| Corporate Income, Local and Business Taxes | 7,595 | 6,900 |
| Adjustments to Income Taxes | (174) | 395 |
| Total Income Taxes, etc. | 7,420 | 7,296 |
| Minority loss in Net Income of Consolidated Subsidiaries.. | (4) | (1) |
| **Net Income** | **8,853** | **8,504** |

## 3. Consolidated Statements of Changes to Shareholders' Equity

### Current Fiscal Year - April 1, 2008 – March 31, 2009

(Millions of Yen)

| | April 1, 2008- March 31, 2009 | April 1, 2007- March 31, 2008 |
|---|---|---|
| **1. Shareholders' Equity** | | |
| **Common stock** | | |
| Balance at start of period | 3,450 | 3,450 |
| Fluctuations in the current consolidated fiscal year: | | |
| Total fluctuation in the consolidated fiscal year | — | — |
| Balance at end of period | 3,450 | 3,450 |
| **Capital surplus** | | |
| Balance at start of period | 4,213 | 4,206 |
| Fluctuations in the current consolidated fiscal year: | | |
| Acquisition of treasury stock | 5 | 6 |
| Total fluctuation in the consolidated fiscal year | 5 | 6 |
| Balance at end of period | 4,219 | 4,213 |
| **Earned surplus** | | |
| Balance at start of period | 72,129 | 66,775 |
| Fluctuations in the current consolidated fiscal year: | | |
| Dividends | (2,304) | (3,184) |
| Net income | 8,853 | 8,504 |
| Increase in surplus from exclusion from scope of consolidation | — | 33 |
| Total fluctuation in the consolidated fiscal year | 6,548 | 5,354 |
| Balance at end of period | 78,678 | 72,129 |
| **Treasury stock** | | |
| Balance at start of period | (3,230) | (3,311) |
| Fluctuations in the current consolidated fiscal year: | | |
| Acquisition of treasury stock | (1,674) | (3) |
| Disposal of treasury stock | 198 | 84 |
| Total fluctuation in the consolidated fiscal year | (1,476) | 80 |
| Balance at end of period | (4,706) | (3,230) |
| **Total shareholders' equity** | | |
| Balance at start of period | 76,562 | 71,120 |
| Fluctuations in the current consolidated fiscal year: | | |
| Dividends | (2,304) | (3,184) |
| Net income | 8,853 | 8,504 |
| Acquisition of treasury stock | (1,674) | (3) |
| Disposal of treasury stock | 204 | 91 |
| Increase in surplus from exclusion from scope of consolidation | — | 33 |
| Total fluctuation in the consolidated fiscal year | 5,078 | 5,441 |
| Balance at end of period | 81,641 | 76,562 |

(millions of yen)

| | April 1, 2008- March 31, 2009 | April 1, 2007- March 31, 2008 |
|---|---|---|
| **2. Appraisal and Translation Differences** | | |
| **Unrealized holding gains on other securities** | | |
| Balance start of period | 1,571 | 2,815 |
| Fluctuations in the consolidated fiscal year: | | |
| Fluctuations other than shareholders' equity in the consolidated fiscal year (net) | (3,297) | (1,243) |
| Total fluctuation in the consolidated fiscal year | (3,297) | (1,243) |
| Balance at end of period | (1,725) | 1,571 |
| **Gain/ loss on deferred hedge** | | |
| Balance start of period | (690) | 291 |
| Fluctuations in the consolidated fiscal year: | | |
| Fluctuations other than shareholders' equity in the consolidated fiscal year (net) | (37) | (982) |
| Total fluctuation in the consolidated fiscal year | (37) | (982) |
| Balance at end of period | (728) | (690) |
| **Foreign exchange translation adjustment** | | |
| Balance start of period | (339) | 201 |
| Fluctuations in the consolidated fiscal year: | | |
| Fluctuations other than shareholders' equity in the consolidated fiscal year (net) | (2,638) | (541) |
| Total fluctuation in the consolidated fiscal year | (2,638) | (541) |
| Balance at end of period | (2,978) | (339) |
| **Total appraisal and translation differences** | | |
| Balance start of period | 540 | 3,308 |
| Fluctuations in the consolidated fiscal year: | | |
| Fluctuations other than shareholders' equity in the consolidated fiscal year (net) | (5,972) | (2,767) |
| Total fluctuation in the consolidated fiscal year | (5,972) | (2,767) |
| Balance at end of period | (5,432) | 540 |
| **Stock acquisition right** | | |
| Balance start of period | 63 | — |
| Fluctuations in the consolidated fiscal year: | | |
| Fluctuations other than shareholders' equity in the consolidated fiscal year (net) | 79 | 63 |
| Total fluctuation in the consolidated fiscal year | 79 | 63 |
| Balance at end of period | 142 | 63 |

| | April 1, 2008-<br>March 31, 2009 | April 1, 2007-<br>March 31, 2008 |
|---|---|---|
| **Minority interests** | | |
| Balance start of period | 16 | 2,806 |
| Fluctuations in the consolidated fiscal year: | | |
| Fluctuations other than shareholders' equity in the consolidated fiscal year (net) | (4) | (2,790) |
| Total fluctuation in the consolidated fiscal year | (4) | (2,790) |
| Balance at end of period | 12 | 16 |
| **Total net assets** | | |
| Balance start of period | 77,182 | 77,236 |
| Fluctuations in the consolidated fiscal year: | | |
| Dividends | (2,304) | (3,184) |
| Net income | 8,853 | 8,504 |
| Acquisition of treasury stock | (1,674) | (3) |
| Disposal of treasury stock | 204 | 91 |
| Increase in surplus dueto exclusion of subsidiaries from consolidation | — | 33 |
| Fluctuations other than shareholders' equity in the consolidated fiscal year (net) | (5,897) | (5,495) |
| Total fluctuation in the consolidated fiscal year | (818) | (53) |
| Balance at end of period | 76,364 | 77,182 |

## 4. Consolidated Statements of Cash Flows

(Millions of yen)

| | April 1, 2008- March 31, 2009 | April 1, 2007- March 31, 2008 |
|---|---|---|
| **1. Cash flows from operating activities** | | |
| Income before income taxes and minority interests | 16,270 | 15,800 |
| Depreciation or amortization | 2,873 | 2,489 |
| Losses on requisition of affiliated companies | 142 | 525 |
| Impairment loss | 41 | 29 |
| Amortization of goodwill | 1,339 | 1,275 |
| Provision for allowance of doubtful accounts | 92 | (336) |
| Provision for retirement benefits | 200 | (947) |
| Interest and dividend income | (368) | (306) |
| Interest expenses | 123 | 70 |
| Proceeds from transfer of building lease rights | 162 | (196) |
| Losses on disposal of inventory evaluation | — | 4,292 |
| Goodwill transfer benefit | (1,102) | (1,277) |
| Losses on sales and disposal of fixed assets | 80 | 138 |
| Gain from stock deal | — | (1,501) |
| (Decrease) increase in trade notes and accounts receivable | (1,691) | (3,489) |
| Increase (decrease) in inventories | (722) | (5,907) |
| (Decrease) increase in trade notes and accounts payable | 426 | 6,643 |
| Increase (decrease) in accrued expenses | 651 | 2,697 |
| Increase (decrease) in consumption taxes payable | 32 | (60) |
| Gain on transfer to defined contribution pension plans | — | (215) |
| Other | 713 | (95) |
| **Sub-total** | **19,267** | **19,628** |
| Interest and dividends received | 579 | 284 |
| Interest paid | (169) | (63) |
| Income taxes paid | (6,829) | (7,658) |
| **Net cash provided by operating activities** | **12,849** | **12,192** |

*(millions of yen)*

| | | | |
|---|---|---|---|
| **2. Cash flows from investing activities** | | | |
| Purchases of securities | | (18,482) | (21,477) |
| Proceeds from redemption of securities | | 20,303 | 19,500 |
| Purchases of property, plants and equipment | | (2,208) | (1,596) |
| Proceeds from sales of property, plants and equipment | | — | 8 |
| Purchases of intangible assets | | (583) | (1,032) |
| Purchases of investment securities | | (1,630) | (2,536) |
| Proceeds from disposal of investment securities | | 383 | — |
| Purchases of investments and other assets | | (277) | (452) |
| Proceeds from sales of investments and other assets | | 81 | 64 |
| Increase in short-term loans receivable | | — | (160) |
| Disbursement for long-term loans payable | | (178) | (96) |
| Proceeds from collection of long term loan | | 87 | 75 |
| Proceeds from sale of goodwill | | 1,102 | 1,277 |
| Others | | 21 | 0 |
| **Net cash used in investing activities** | | **(1,381)** | **(6,424)** |
| **3. Cash flows from financing activities** | | | |
| Increase (decrease) in short-term loans, net | | (164) | (2,077) |
| Proceeds from long-term loans payable | | 206 | — |
| Repayment of long-term loans | | — | (136) |
| Payment for purchase of treasury stock | | (1,675) | (3) |
| Proceeds from purchase of treasury stock | | 204 | 91 |
| Dividends paid | | (2,303) | (3,184) |
| Repayment of lease | | (714) | — |
| **Net cash used in financing activities** | | **(4,445)** | **(5,310)** |
| **4. Effect of exchange rate changes on cash and cash equivalents** | | **(372)** | **(27)** |
| **5. Net increase (decrease) in cash and cash equivalents** | | **6,649** | **429** |
| **6. Cash and cash equivalents at beginning of year** | 1 | **17,164** | **19,090** |
| **7. Increase (decrease) in cash and cash equivalents accompanying change in scope of consolidation** | | **—** | **(2,355)** |
| **8. Cash and cash equivalents at end of year** | 1 | **23,813** | **17,164** |

# VI. Segment Information

## 1. Segment Information by Business Category

### Current Consolidated Fiscal Year (April 1, 2008 - March 31, 2009)

(Millions of Yen)

| | Consumer Products Operation | Medical Operation | Other Operations | Total | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| 1. Sales and operating income | | | | | | |
| I. Sales to third parties | 112,594 | 11,325 | 1,773 | 125,693 | -- | 125,693 |
| II. Inter-group sales and transfers | 26 | -- | 5,507 | 5,534 | (5,534) | -- |
| Total net sales | 112,620 | 11,325 | 7,281 | 131,227 | (5,534) | 125,693 |
| III. Operating expense | 96,710 | 11,880 | 6,808 | 115,398 | (5,523) | 109,875 |
| IV. Operating income | 15,910 | (554) | 473 | 15,828 | (10) | 15,818 |
| 2. Assets, depreciation and capital expenditures | | | | | | |
| I. Total Assets | 71,213 | 11,534 | 4,079 | 86,827 | 38,382 | 125,210 |
| II. Depreciation | 3,556 | 420 | 135 | 4,111 | 101 | 4,213 |
| III. Impairment loss | 12 | 26 | 2 | 41 | -- | 41 |
| IV. Capital expenditure | 3,111 | 222 | 69 | 3,403 | 64 | 3,468 |

### Previous Consolidated Fiscal Year (April 1, 2007 - March 31, 2008)

(Millions of Yen)

| | Consumer Products Operation | Wholesale Operation | Medical Operation | Other Operations | Total | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|
| 1. Sales and operating income | | | | | | | |
| I. Sales to third parties | 84,707 | 131,602 | 10,728 | 1,788 | 228,826 | -- | 228,826 |
| II. Inter-group sales and transfers | 26,213 | 359 | -- | 6,306 | 32,879 | (32,879) | -- |
| Total net sales | 110,920 | 131,962 | 10,728 | 8,094 | 261,705 | (32,879) | 228,826 |
| III. Operating expense | 92,915 | 132,093 | 11,147 | 7,662 | 243,819 | (33,568) | 210,250 |
| IV. Operating income | 18,005 | (131) | (418) | 431 | 17,886 | 689 | 18,576 |
| 2. Assets, depreciation and capital expenditures | | | | | | | |
| I. Total Assets | 70,316 | -- | 12,381 | 3,994 | 86,693 | 35,716 | 122,409 |
| II. Depreciation | 3,024 | 244 | 340 | 74 | 3,684 | 81 | 3,765 |
| III. Impairment loss | 29 | -- | -- | -- | 29 | -- | 29 |
| IV. Capital expenditure | 2,158 | 275 | 350 | 36 | 2,820 | 74 | 2,895 |

Note 1. Method of business classification:
2. Main products of each business operation:
- Consumer Products Operations --- household pharmaceuticals, oral hygiene products, deodorizing air fresheners, household sundries.
- Wholesale Operation --- household pharmaceuticals, household sundries and foods
- Medical Devices Operation --- medical devices
- Other Operation --- transport, synthetic resin products manufacturing, printing, advertising, planning and creation

3. Within assets, the value of unallocable account assets included within eliminations or unallocable accounts totaled 40,163 million yen for the previous fiscal year and 42,735 million yen for the current fiscal year. This was mainly invested excess funds (cash and investment securities), long-term investments (investment securities), and assets related to the administration division.
4. Depreciation and capital expenditures include long-term prepaid expenses and amortization related to these expenses.
5. Changes in accounting treatment
   (Accounting standards for measurement of inventories)
   As noted in 4.1 (3) of Basis of Preparation of the Consolidated Financial Statements, Accounting Standards for Measurement of Inventories (Accounting Standards Board of Japan; July 5, 2006), was applied starting this fiscal year. Due to this change, operating income declined 2,078 million yen for consumer products operations, 134 million yen for medical devices operations, and 4 million yen for other operations.
6. Elimination of some businesses from segment information
   Kobashou Co., Ltd., which was active within the consumer products operations, an important segment for the Group, was turned into a wholly-owned subsidiary of Mediceo Paltac Holdings in January 2008 through a stock swap and is no longer within the scope of consolidation as an affiliated company within the consumer products operations since the fourth quarter of the fiscal year ended March 31, 2008. Therefore, it has been eliminated from the segment information for the current fiscal year.

## 2. Segment Information by Region

### Current Consolidated Fiscal Year (April 1, 2008 - March 31, 2009)

(Millions of Yen)

| | Japan | North America | Europe | Asia | Total | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|
| 1. Sales and operating income | | | | | | | |
| I. Sales to third parties | 119,252 | 3,289 | 1,275 | 1,875 | 125,693 | -- | 125,693 |
| II. Inter-group sales and transfers | 1,091 | 16 | 42 | 1,346 | 2,497 | (2,497) | -- |
| Total net sales | 120,344 | 3,306 | 1,318 | 3,221 | 128,190 | (2,497) | 125,693 |
| III. Operating expense | 103,752 | 3,987 | 1,428 | 3,210 | 112,380 | (2,504) | 109,875 |
| IV. Operating income | 16,591 | (681) | (110) | 10 | 15,810 | 7 | 15,818 |
| 2. Assets | 86,750 | 13,030 | 760 | 1,653 | 102,194 | 23,015 | 125,210 |

Note 1. Countries and regions are classified based on geographical proximity
2. Major countries and regions, excluding Japan
   (1) North America - US
   (2) Europe - England and Ireland
   (3) Asia – China
3. Within assets, the value of unallocable account assets included within eliminations or unallocable accounts totaled 42,735 million yen for the current fiscal year. This was mainly invested excess funds (cash and investment securities), long-term investments (investment securities), and assets related to the administration division.
4. Changes in accounting treatment
   (Accounting standards for measurement of inventories)
   As noted in 4.1 (3) of Basis of Preparation of the Consolidated Financial Statements, Accounting Standards for Measurement of Inventories (Accounting Standards Board of Japan; July 5, 2006), was applied starting this fiscal year. Due to this change, operating income declined 2,154 million yen in Japan, 33 million yen in North America, 14 million yen in Europe, and 14 million yen in Asia.

**Previous Consolidated Fiscal Year (April 1, 2007 - March 31, 2008)**

(Millions of Yen)

| | Japan | North America | Europe | Asia | Total | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|
| 1. Sales and operating income | | | | | | | |
| I. Sales to third parties | 222,081 | 3,360 | 1,496 | 1,888 | 228,826 | -- | 228,826 |
| II. Inter-group sales and transfers | 717 | 176 | 210 | 1,086 | 2,190 | (2,190) | -- |
| Total net sales | 222,799 | 3,536 | 1,706 | 2,974 | 231,017 | (2,190) | 228,826 |
| III. Operating expense | 203,051 | 4,246 | 1,960 | 3,143 | 212,402 | (2,151) | 210,250 |
| IV. Operating income | 19,747 | (709) | (253) | (168) | 18,615 | (39) | 18,576 |
| 2. Assets | 82,730 | 14,801 | 827 | 1,703 | 100,062 | 22,346 | 122,409 |

Note 1. Countries and regions are classified based on geographical proximity
2. Major countries and regions, excluding Japan
(1) North America - US
(2) Europe - England and Ireland
(3) Asia – China
3. Within assets, the value of unallocable account assets included within eliminations or unallocable accounts totaled 40,163 million yen for the current fiscal year. This was mainly invested excess funds (cash and investment securities), long-term investments (investment securities), and assets related to the administration division.

## 3. Overseas Sales

In this term, overseas sales are omitted from this report because this item accounted for less than 10% of consolidated sales.

In the previous term, overseas sales were omitted from this report because this item accounted for less than 10% of consolidated sales.