

Announcement on The Conclusion of Share Transfer Agreement

This is to announce the conclusion of a share transfer agreement to acquire all the shares of Juju Cosmetics Co., Ltd (hereinafter known as Juju Cosmetics) and those of the new cosmetics business company to be set up due to the splitting of the same company by Kobayashi Pharmaceuticals Co, Ltd.

1. Aim

In order to fulfill the needs of a diversified range of customers, Kobayashi Pharmaceutical Co, Ltd. and its group companies have been actively developing new products. We position ourselves in the key healthcare domain covering OTC pharmaceuticals, oral hygiene products and skincare products. In the skincare area, we sell non-medicinal products such as *Keshiminn* for the prevention of spots and freckles and *Bifnight* for the prevention of acne and we are enhancing our initiatives in the same area.

On the other hand, Juju Cosmetics has been producing and selling its series of high-moisturizing skincare products "*Aqua Moist*" using bio-hyaluronic acid, and the best-selling "*Madam Juju*" products that are well-loved by many women, as its mainstay products for its cosmetics business.

As Juju Cosmetics is going to be split up into a cosmetics business and a real estate company, Kobayashi Pharmaceutical will be acquiring all the shares of the new cosmetics company to be set up (which is expected to inherit the trade name) as its subsidiary.

Through the mutual provision of marketing, selling and research & development capabilities by Kobayashi Pharmaceutical as well as branding, research & development and production technical know-how by Juju Cosmetics, we intend to provide new value to customers in the skincare field.

2. Schedule

June 21, 2013 Conclusion of share transfer agreement
September 2, 2013 Completion of share transfer (scheduled)

3. Overview of Juju Cosmetics (as of March 31, 2013)

- (1) Trade name: Juju Cosmetics Co., Ltd.
- (2) Representative: Representative Director & President You Nakano
- (3) Location of the head office: 5-31-2, Tomuro, Atsugi-shi, Kanagawa Prefecture
- (4) Month/year of establishment: November 1946
- (5) Capital: 100 million yen
- (6) Major activities: Production and sales of cosmetics, real estate leasing
- (7) Number of employees: 80
- (8) March 2013 financial results: Sales 3.082 million yen *Sales of the cosmetics business to be acquired is 2.151 million yen

4. Impact on financial results

The impact of this acquisition on our consolidated financial results for the March 2014 term will be marginal.