

## Summary of Financial Statements (Japanese GAAP) (Consolidated) Financial Results for the 1st Quarter of the Fiscal Year Ending March 31, 2014

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 Expected date for submitting quarterly securities report : August 6, 2013  
 Preparation of supplementary explanation documents for quarterly financial results: None  
 Holding of an analyst meeting for quarterly financial results : None

(Any fraction less than 1 million yen is rounded down to the nearest million yen.)

### 1. Consolidated Results for 1st Quarter of Fiscal Year Ending March 31, 2014 (April 1, 2013 to June 30, 2013)

#### (1) Consolidated Operating Results (accumulation)

(% figures represent changes from same period in previous year)

	Q1 of FY ending March 31, 2014		Q1 of FY ended March 31, 2013	
Net sales	27,208 millions of yen	(3.1) %	28,079 millions of yen	(6.0) %
Operating income	3,943	11.0	3,552	(34.8)
Ordinary income	4,174	10.0	3,793	(32.0)
Net income	2,964	(21.6)	3,783	11.2
Net income per share	72.39 yen		92.39 yen	
Net income per share after full dilution	—		—	

(Note) Comprehensive income: Q1 of FY ending March 31, 2014: 3,972 million yen (-23.5%)  
 Q1 of FY ended March 31, 2013: 5,192 million yen (43.4%)

#### (2) Consolidated Financial Position

	Q1 of FY ending March 31, 2014	As of March 31, 2013
Total assets	154,973 millions of yen	157,106 millions of yen
Net assets	117,083	114,872
Shareholders' equity ratio	75.6	73.1 %
Net assets per share	2,859.28 yen	2,805.27 yen

(Reference) Shareholders' equity  
 Q1 of FY ending March 31, 2014: 117,082 million yen      As of March 31, 2013: 114,871 million yen

## 2. Dividends

	Year ended March 2013	Year ending March 2014	Year ending March 2014 (forecasts)
Dividends per share			
Q1 end	—	—	—
Q2 end	39.00 yen	yen	41.00 yen
Q3 end	—		
Year-end	43.00		41.00
Total	82.00		82.00

(Note) Revision of the latest dividend forecast: None

## 3. Forecasts of Consolidated Operational Results for Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(% figures represent changes from same period in previous year)

	6-month period ending September 30, 2013 (accumulation)		FY ending March 31, 2014	
Net sales	58,600 millions of yen	0.6 %	127,000 millions of yen	4.5 %
Operating income	8,100	(1.7)	17,700	4.7
Ordinary income	8,700	(1.5)	19,400	3.9
Net income	5,700	(19.9)	12,600	3.5
Earnings per share	139.20 yen		307.70 yen	

(Note) Revision of the latest forecasts of operational results: None

### \* Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries accompanying changes of the scope of consolidation): None  
 Newly consolidated: — (company name:           ), Eliminated from the scope of consolidation: — (company name:           )

(2) Adoption of special accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

① Changes in accounting policies due to revisions of accounting standards: None

② Changes of accounting policies other than the above: None

③ Changes in accounting estimates: None

④ Retrospective restatement: None

(4) Issued shares (common shares)

① Number of shares issued at period-end (including treasury stock):

② Number of shares of treasury stock at period-end

③ Average number of shares outstanding during period (consolidated cumulative quarters)

Q1 of FY ending March 31, 2014	42,525,000 shares	FY ended March 31, 2013	42,525,000 shares
Q1 of FY ending March 31, 2014	1,576,687 shares	FY ended March 31, 2013	1,576,537 shares
Q1 of FY ending March 31, 2014	40,948,359 shares	Q1 of FY ended March 31, 2013	40,948,640 shares

\* Information on implementation of quarterly review procedures

This brief report of quarterly financial statements is not subject to audit procedures under the Financial Instruments and Exchange Act. Audit procedures concerning quarterly financial statements have not been completed under the Financial Instruments and Exchange Act at the date of disclosure of this brief report of quarterly financial statements.

\* Explanation on appropriate use of forecasts of business results and other special items

The forward-looking statements in this document concerning forecasting of operational results, etc. are based on currently available information and assumptions considered reasonable by the Company. Actual operational results may be significantly different from these statements due to various factors. For the assumptions used as the basis for forecasts of operational results and important matters when using the forecast of performance, please refer to "1. Qualitative Information on Quarterly Results, (3) Explanation of future forecast information, such as forecast of consolidated results" on page 2 of the attachment.

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## 1. Qualitative Information on Quarterly Results

### (1) Explanation of operational results

In the first quarter of the fiscal year ending March 31, 2014, the Japanese economic outlook was still unclear, since consumer spending remained very weak due to little prospect for improvement in the employment situation and employees' income, although there were some signs of an economic recovery, supported by the depreciation of the yen and a stock market rally against the backdrop of higher expectations for government monetary and fiscal policy.

In this situation, with the belief that it was the time to show the spirit of the Group's management policy—"Providing people and society with comfort"—the Group focused on providing new products and services to meet potential customers' needs, expanding existing brands to accelerate market activation, and investing in businesses with high future growth potential.

Consequently, the Group reported net sales of 27,208 million yen, a decrease of 870 million yen (-3.1%) from the previous year; operating income of 3,943 million yen, an increase of 391 million yen (+11.0%); ordinary income of 4,174 million yen, an increase of 380 million yen (+10.0%); and net income of 2,964 million yen, a decrease of 819 million yen (-21.6%).

Here is an overview of the business results by segment.

#### Consumer Products Business

The Consumer Products Business launched 27 new products, comprising items that are expected to create new markets and expand existing markets. In particular, sales of *Apitoveil* (kampo oil film ointment that soothes eczema and dermatitis), *Shoshugen Kinoaruseikatsu* and *Shoshugen Kaoru Flower* (a fragrant room deodorizer), *Kuruma no shoshugen Clip S* (a fragrant car deodorizer) and *Deo Inner* (deodorant spray for underwear) increased steadily, contributing to the Group's business performance.

Among existing products, sales of *Bisrat Gold a* (kampo medicine for obesity), *Ito Yoji* and *Yawaraka Shikan Brush* (dental tools that remove food debris and dental plaque that cause caries and periodontal disease), *Oheya no Shoshugen* (a line of large-capacity deodorizing air fresheners), and *Ekitai Bluelet Okudake* (a toilet bowl cleaner that comes in a variety of exciting fragrances) grew solidly.

In the meantime, sales of sanitary products decreased from a year earlier, as the Group struggled to increase sales of products for easing the heat from among the sanitary product category, such as *Netsusama Hinyari Kubimoto Belt* (a belt containing a cooling agent that cools the neck) and *Shirt Cool* (a long-lasting cool spray for coating clothing).

Consequently, net sales in the Consumer Products Business increased by 264 million yen (+1.1%) from the previous year to 24,822 million yen. Segment income (ordinary income) grew by 129 million yen (+3.5%) to 3,791 million yen, while operating income rose by 178 million yen (+5.0%) to 3,745 million yen.

#### (Sales Breakdown)

	Q1 ended June 30, 2012 (April 1, 2012 to June 30, 2012)		Q1 ended June 30, 2013 (April 1, 2013 to June 30, 2013)		Change	
	Amount (millions of yen)	Ratio (%)	Amount (millions of yen)	Ratio (%)	Amount (millions of yen)	Change (%)
Pharmaceutical products	4,758	19.4	5,027	20.3	269	5.7
Oral hygiene products	3,970	16.2	4,105	16.5	135	3.4
Sanitary products	4,650	18.9	4,272	17.2	(377)	(8.1)
Deodorizing air fresheners	7,326	29.8	7,674	30.9	347	4.7
Household sundries	1,010	4.1	939	3.8	(70)	(7.0)
Food products	2,206	9.0	2,180	8.8	(26)	(1.2)
Body warmers	635	2.6	622	2.5	(12)	(2.0)
Total	24,557	100.0	24,822	100.0	264	1.1

(Note) 1. Net sales include inter-segment sales or transfers, totaling 763 million yen in the three-month period ended June 30, 2012 and 740 million yen in the three-month period ended June 30, 2013.

2. The Company reviewed the classification of some products in the first quarter of the fiscal year ending March 31, 2014. Consequently, sales of sanitary products increased by 689 million yen, while sales of body warmers decreased by 689 million yen in the Company's sales breakdown for Q1 ended June 30, 2012 (April 1, 2012 to June 30, 2012) presented in the *Summary of Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2013* announced on July 26, 2012.

#### Mail Order Business

The Mail Order Business markets nutritional supplements and skin care products and the like. The Business strived to cultivate new customers and encourage existing customers to reorder through sales promotions, primarily advertisements and direct mail campaigns. Although the Group struggled to increase sales of nutritional supplements, which account for most of the mail order business sales, sales of *Hifmid* (a skin moisturizing cosmetic) and *Aloe Ikumo Eki* (a hair growth tonic) grew steadily, Consequently, net sales in the Mail Order Business increased by 20 million yen (+0.8%) from the previous year to 2,476 million yen. Segment income (ordinary income) amounted to 26 million yen (segment loss (ordinary loss) of 180 million yen in the previous year), while operating income totaled 25 million yen (operating loss of 181 million yen in the previous year).  
Net sales do not include inter-segment sales or transfers.

#### Medical Devices Business

Because Kobayashi Pharmaceutical Co., Ltd. transferred 80% of its outstanding shares in Kobayashi Medical Co., Ltd. to Mitsubishi Corporation on May 31, 2012, Kobayashi Medical Co., Ltd. was changed from a consolidated subsidiary to an equity method affiliate. Kobayashi Medical Co., Ltd. changed its name to Japan Medicalnext Co., Ltd. on November 1, 2012. In addition, Kobayashi Pharmaceutical Co., Ltd. transferred all of its remaining outstanding shares in Kobayashi Medical Co., Ltd. to Mitsubishi Corporation on May 20, 2013.  
Consequently, net sales in the Medical Devices Business decreased by 1,222 million yen (-78.5%) from the previous year to 335 million yen. Segment income (ordinary income) increased by 12 million yen (+5.5%) to 246 million yen, while operating income grew by 37 million yen (+163.9%) from the previous year to 60 million yen.  
Net sales do not include inter-segment sales or transfers.

#### Other Businesses

Businesses in this segment (transportation business, plastic container manufacture and sale, insurance agency, real estate management, advertisement planning and creation, etc.) support the above-mentioned three businesses. Although companies in this business segment operate individually on a financially independent basis, their business purposes also include contributing to the profits of the three businesses of the Group. Accordingly, their delivery prices of materials and services to the three businesses were reviewed and revised as necessary.  
Consequently, net sales decreased by 663 million yen (-39.9%) from the previous year to 998 million yen. Segment income (ordinary income) increased by 55 million yen (+18.3%) to 358 million yen, while operating income declined by 70 million yen (-48.7%) to 74 million yen.  
Net sales include inter-segment sales and transfers. Their amount was 1,391 million yen in the three-month period ended June 30, 2012 and 683 million yen in the three-month period ended June 30, 2013.

#### (2) Explanation of financial position

Total assets decreased by 2,133 million yen from the end of the previous consolidated fiscal year to 154,973 million yen. This was mainly due to a decrease in cash and deposits (4,989 million yen) and notes and accounts receivable-trade (1,145 million yen), as well as increases in short-term investment securities (1,997 million yen) and merchandise and finished goods (1,907 million yen).  
Liabilities declined by 4,344 million yen from the end of the previous consolidated fiscal year to 37,889 million yen. This was mainly due to a decrease in accounts payable-other (1,781 million yen) and income taxes payable (2,291 million yen).  
Net assets increased by 2,211 million yen from the end of the previous consolidated fiscal year to 117,083 million yen, with a capital adequacy ratio of 75.6%, mainly due to an increase in retained earnings (1,203 million yen) and foreign currency translation adjustment (946 million yen).

#### (3) Explanation of future forecast information, such as forecast of consolidated results

The Group did not revise its forecast of consolidated results for the Fiscal Year ending March 31, 2014, which the Group announced via "Summary of Financial Statements for the Fiscal Year ended March 31, 2013" released on May 1, 2013.

## 2. Matters concerning Summary Information (Notes)

- (1) Changes in significant subsidiaries during the period  
Not applicable
- (2) Adoption of special accounting methods for preparing quarterly consolidated financial statements  
Not applicable
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement  
Not applicable

### 3. Quarterly financial statements

#### (1) Consolidated quarterly balance sheet

(millions of yen)

	Previous consolidated fiscal year (March 31, 2013)	Q1 of current fiscal year (June 30, 2013)
<b>ASSETS</b>		
Current assets		
Cash and deposits	45,862	40,872
Notes and accounts receivable-trade	30,818	29,672
Short-term investment securities	1,506	3,503
Merchandise and finished goods	8,500	10,407
Work in process	584	602
Raw materials and supplies	2,113	2,236
Deferred tax assets	3,885	3,546
Other	1,141	1,446
Allowance for doubtful accounts	(58)	(57)
Total current assets	94,353	92,231
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,259	6,219
Machinery, equipment and vehicles, net	2,410	2,362
Tools, furniture and fixtures, net	1,111	1,010
Land	3,425	3,428
Lease assets, net	385	316
Construction in progress	137	436
Total property, plant and equipment	13,730	13,773
Intangible assets		
Goodwill	3,637	3,848
Trademark rights	350	309
Software	896	903
Lease assets	14	9
Other	193	192
Total intangible assets	5,092	5,263
Investments and other assets		
Investment securities	37,891	37,424
Long-term loans receivable	416	670
Deferred tax assets	324	323
Real estate for investment, net	3,067	3,085
Other	2,366	2,336
Allowance for doubtful accounts	(135)	(135)
Total investments and other assets	43,930	43,705
Total non-current assets	62,753	62,742
Total assets	157,106	154,973



(millions of yen)

	Previous consolidated fiscal year (March 31, 2013)	Q1 of current fiscal year (June 30, 2013)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	11,577	11,061
Short-term loans payable	4	1
Accounts payable-other	12,360	10,579
Lease obligations	262	214
Income taxes payable	4,091	1,800
Consumption taxes payable	542	475
Provision for sales returns	1,109	894
Provision for bonuses	1,881	957
Provision for loss on business liquidation	1,047	1,047
Asset retirement obligations	10	10
Other	1,588	3,392
Total current liabilities	34,477	30,434
Non-current liabilities		
Lease obligations	163	132
Provision for retirement benefits	4,883	4,848
Provision for directors' retirement benefits	20	20
Asset retirement obligations	72	72
Other	2,616	2,380
Total non-current liabilities	7,757	7,455
Total liabilities	42,234	37,889
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	3,450	3,450
Capital surplus	4,219	4,219
Retained earnings	109,946	111,149
Treasury stock	(4,703)	(4,704)
Total shareholders' equity	112,912	114,115
Other comprehensive income		
Valuation difference on available-for-sale securities	4,357	4,068
Deferred gains or losses on hedges	504	856
Foreign currency translation adjustment	(2,904)	(1,957)
Total other comprehensive income	1,958	2,967
Minority interests	0	0
Total net assets	114,872	117,083
Total liabilities and net assets	157,106	154,973

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income  
 (Consolidated quarterly statements of income)  
 (Three-month period ended June 30, 2013)

(millions of yen)

	Three-month period ended June 30, 2012 (April 1, 2012 to June 30, 2012)	Three-month period ended June 30, 2013 (April 1, 2013 to June 30, 2013)
Net sales	28,079	27,208
Cost of sales	11,158	10,739
Gross profit	16,920	16,469
Selling, general and administrative expenses	13,368	12,526
Operating income	3,552	3,943
Non-operating income		
Interest income	37	58
Dividend income	118	168
Royalty income	129	119
Real estate rent	68	68
Equity in earnings of affiliates	106	20
Other	62	42
Total non-operating income	523	477
Non-operating expenses		
Interest expenses	12	4
Sales discounts	186	145
Rent cost of real estate	18	17
Foreign exchange losses	42	74
Other	21	3
Total non-operating expenses	281	246
Ordinary income	3,793	4,174
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	2,285	514
Gain on sales of non-current assets	0	—
Other	165	18
Total extraordinary income	2,451	532
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	3	8
Loss on valuation of investment securities	558	—
Loss on defective products	—	18
Other	16	4
Total extraordinary loss	577	31
Income before income taxes	5,667	4,675
Income taxes - current	1,439	1,432
Income taxes - deferred	444	279
Total income taxes	1,883	1,711
Income before minority interest in income	3,783	2,964
Minority interest in loss (-)	—	(0)
Net income	3,783	2,964

(Consolidated quarterly statements of comprehensive income)  
 (Three-month period ended June 30, 2013)

(millions of yen)

	Three-month period ended June 30, 2012 (April 1, 2012 to June 30, 2012)	Three-month period ended June 30, 2013 (April 1, 2013 to June 30, 2013)
Income before minority interests	3,783	2,964
Other comprehensive income		
Valuation difference on available-for-sale securities	538	(288)
Deferred gains or losses on hedges	0	(14)
Foreign currency translation adjustment	534	946
Share of other comprehensive income of associates accounted for using equity method	335	364
Total other comprehensive income	1,408	1,008
Quarterly comprehensive income	5,192	3,972
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of the parent	5,192	3,973
Quarterly comprehensive income attributable to minority interests	—	(0)

(3) Notes on quarterly consolidated financial statements  
 (Notes on assumption of going concern)  
 Not applicable

(Notes on a significant change in shareholders' equity)  
 Not applicable

(Segment information, etc.)

I. Q1 of previous fiscal year (April 1, 2012 to June 30, 2012)

1. Information on net sales, income or loss by reportable segment

(millions of yen)

	Reportable segment				Other (Note 1)	Grand total	Adjustment (Note 2)	Figures in consolidated statements of income (Note 3)
	Consumer Products Business	Mail Order Business	Medical Devices Business	Total				
Net sales								
Net sales to outside customers	23,794	2,455	1,558	27,808	270	28,079	—	28,079
Inter-segment sales or transfers	763	—	—	763	1,391	2,154	(2,154)	—
Total	24,557	2,455	1,558	28,572	1,662	30,234	(2,154)	28,079
Segment income (loss)	3,662	(180)	233	3,715	302	4,018	(224)	3,793

(Notes)

1. *Other* represents businesses that are not included in reportable segments, such as transportation, manufacturing and sales of synthetic resin containers, insurance agents, property management, and advertising design and production.
2. Adjustments of 224 million yen in segment income (loss) are eliminations among segments.
3. Segment income (loss) is adjusted with ordinary income in consolidated statements of income.

2. Information concerning assets by reportable segments

Medical Devices Business segment assets for the first three-month period of the fiscal year ending March 31, 2014 decreased by 3,422 million yen from the end of the previous consolidated fiscal year, because the Company transferred 80% of its outstanding shares in Kobayashi Medical Co., Ltd. in the Medical Devices Business.

3. Information concerning impairment loss on noncurrent assets or goodwill by reportable segments

The Group does not provide information concerning impairment loss on noncurrent assets or goodwill because it does not recognize significant impairment loss on noncurrent assets and there is no significant change in the value of goodwill.

II. Q1 of current fiscal year (April 1, 2013 to June 30, 2013)

1. Information on net sales, income or loss by reportable segment

(millions of yen)

	Reportable segment				Other (Note 1)	Grand total	Adjustment (Note 2)	Figures in consolidated statements of income (Note 3)
	Consumer Products Business	Mail Order Business	Medical Devices Business	Total				
Net sales								
Net sales to outside customers	24,081	2,476	335	26,893	315	27,208	—	27,208
Inter-segment sales or transfers	740	—	—	740	683	1,423	(1,423)	—
Total	24,822	2,476	335	27,634	998	28,632	(1,423)	27,208
Segment income	3,791	26	246	4,063	358	4,422	(247)	4,174

(Notes)

1. *Other* represents businesses that are not included in reportable segments, such as transportation, manufacturing and sales of synthetic resin containers, insurance agents, property management, and advertising design and production.
2. Adjustments of 247 million yen in segment income are eliminations among segments.
3. Segment income is adjusted with ordinary income in quarterly consolidated statements of income.

2. Information concerning impairment loss on noncurrent assets or goodwill by reportable segments

The Group does not provide information concerning impairment loss on noncurrent assets or goodwill because it does not recognize significant impairment loss on noncurrent assets and there is no significant change in the value of goodwill.

(Significant subsequent events)

Not applicable