

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	43.00 yen	
Q3 end	—		—
Year-end	43.00		41.00 yen
Total	82.00		84.00

(Note) Revision of the latest dividend forecast: Yes

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

(Percentage figures represent changes from previous period.)

	FY ending March 31, 2014	
Net sales	127,000 millions of yen	4.5 %
Operating income	17,700	4.7
Ordinary income	19,400	3.9
Net income	12,600	3.5
Earnings per share	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 change of 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) Change in accounting policies, changes in accounting estimates and retrospective restatement

① Changes in accounting policies associated with revision of accounting standards: None

② Changes in accounting policies other than ①: 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)

Q2 of FY ending March 31, 2014	42,525,000 shares	FY ended March 31, 2013	42,525,000 shares
Q2 of FY ending March 31, 2014	1,576,737 shares	FY ended March 31, 2013	1,576,537 shares
Q2 of FY ending March 31, 2014	40,948,325 shares	Q2 of FY ended March 31, 2013	40,948,595 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 forecasts of business results are based on information available to the Company and assumptions considered reasonable by the Company. Please note that actual business results may differ significantly from the forecast due to various factors. Concerning assumptions for forecasting business results and precautionary statements, please refer to “1. Qualitative Information on Quarterly Results, (3) Explanation of future forecast information, such as forecast of consolidated results” on page 4 of the attachment.

(Method of obtaining supplementary explanation documents for quarterly financial results)

The supplementary explanation documents for quarterly financial results will be made available on the Company's website after an analyst meeting for quarterly financial results, to be held on November 6, 2013 (Wednesday).

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1. Qualitative Information on Quarterly Results

(1) Explanation of Operational Results

In the first six-month period of the fiscal year ending March 31, 2014, the Japanese economic outlook was still unclear, since consumer spending remained very weak due to limited 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, believing that it was a suitable 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 58,247 million yen, a decrease of 5 million yen (-0.0%) from the previous year; operating income of 8,623 million yen, an increase of 385 million yen (+4.7%); ordinary income of 8,840 million yen, an increase of 10 million yen (+0.1%); and net income of 5,953 million yen, a decrease of 1,166 million yen (-16.4%).

Here are summaries of the business results by segment.

Consumer Products Business

The Consumer Products Business launched 39 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), *Shoshugen Inu no Kimochi* (deodorizing air freshener for dogs) and *Bluelet Kaoru Toilet Senzai* (a fragrant toilet bowl cleaner) increased steadily, contributing to the Group's business performance. Among existing products, sales of *Ito Yoji* and *Yawaraka Shikan Brush* (dental tools that remove food debris and dental plaque that cause caries and periodontal disease) in the category of oral hygiene products, *Oheya no Shoshugen* (a line of large-capacity deodorizing air fresheners) and *Bluelet* (a toilet bowl cleaner) in the category of deodorizing air fresheners, and *Kobayashi Pharmaceutical's Tochucha* (health tea) in the category of food products, grew solidly. In addition, sales of a cooling gel sheet for the forehead marketed in the Southeast Asia and the United States increased steadily in the category of sanitary products.

In the meantime, sales of OTC pharmaceuticals decreased from a year earlier, since sales of *Naicitol G*, a remedy for obesity that was launched in September 2012, declined as a reaction to large shipments a year ago.

Consequently, net sales in the Consumer Products Business increased by 909 million yen (+1.7%) from the previous year to 53,251 million yen. Segment income (ordinary income) decreased by 43 million yen (-0.5%) to 7,994 million yen, while operating income rose by 191 million yen (+2.4%) to 8,248 million yen.

(Sales Breakdown)

	Q2 ended September 30, 2012 (April 1, 2012 to September 30, 2012)		Q2 ended September 30, 2013 (April 1, 2013 to September 30, 2013)		Change	
	Amount (millions of yen)	Ratio (%)	Amount (millions of yen)	Ratio (%)	Amount (millions of yen)	Change (%)
Pharmaceutical products	11,611	22.2	11,247	21.1	-363	-3.1
Oral hygiene products	8,002	15.3	8,135	15.3	133	1.7
Sanitary products	8,549	16.4	8,602	16.2	52	0.6
Deodorizing air fresheners	15,719	30.0	16,320	30.6	600	3.8
Household sundries	2,203	4.2	2,214	4.2	11	0.5
Food products	3,984	7.6	4,363	8.2	378	9.5
Body warmers	2,272	4.3	2,368	4.4	96	4.3
Total	52,342	100.0	53,251	100.0	909	1.7

- (Note) 1. Net sales included inter-segment sales or transfers, amounting to 1,359 million yen in the six-month period ended September 30, 2012 and 1,491 million yen in the six-month period ended September 30, 2013.
2. The Company reviewed the classification of some products in the first six-month period of the fiscal year ending March 31, 2014. Consequently, sales of sanitary products increased by 1,286 million yen, while sales of body warmers decreased by 1,286 million yen in the Company's sales breakdown for the first six-month period ended September 30, 2012 (April 1, 2012 to September 30, 2012) presented in the *Summary of Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2013* announced on November 2, 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. Consequently, net sales in the Mail Order Business increased by 259 million yen (+5.3%) from the previous year to 5,176 million yen. Segment income (ordinary income) amounted to 28 million yen (segment loss (ordinary loss) of 123 million yen in the previous year), while operating income totaled 24 million yen (operating loss of 125 million yen in the previous year). Net sales do not include inter-segment sales or transfers.

Medical Devices Business

Since 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 decreased by 1,079 million yen (-59.6%) from the previous year to 732 million yen. Segment income (ordinary income) declined by 67 million yen (-12.1%) to 488 million yen, while operating income increased by 115 million yen (+768.2%) to 130 million yen. Net sales do not include inter-segment sales or transfers.

Other Businesses

Businesses in this segment (transportation, manufacturing and sales of synthetic resin containers, insurance agencies, property management, advertising design and production, 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 633 million yen (-18.8%) from the previous year to 2,736 million yen. Segment income (ordinary income) declined by 13 million yen (-2.3%) to 577 million yen, while operating income fell by 137 million yen (-46.8%) to 156 million yen. Net sales includes inter-segment sales or transfers, amounting to 2,829 million yen in the first six-month period ended September 30, 2012 and 2,158 million yen in the first six-month period ended September 30, 2013.

(2) Explanation of Financial Position

Total assets increased by 3,935 million yen from the end of the previous consolidated fiscal year to 161,041 million yen. This was mainly due to a decrease in cash and deposits (3,616 million yen) and an increase in notes and accounts receivable-trade (1,991 million yen), short-term investment securities (2,498 million yen) and merchandise and finished goods (2,025 million yen).

Liabilities declined by 1,976 million yen from the end of the previous consolidated fiscal year to 40,257 million yen. This was mainly due to a decrease in income taxes payable (722 million yen) and other in non-current liabilities (351 million yen).

Net assets increased by 5,912 million yen from the end of the previous consolidated fiscal year to 120,784 million yen, with a capital adequacy ratio of 75.0%, mainly due to an increase in retained earnings (4,193 million yen) and foreign currency translation adjustment (1,527 million yen).

Cash flows from operating activities

Net cash gained from operating activities totaled 1,651 million yen, mainly due to income before income taxes of 9,313 million yen, depreciation of 1,254 million yen, an increase in notes and accounts receivable-trade of 1,574 million yen, a rise in inventories of 1,907 million yen, and income taxes paid of 4,113 million yen.

Cash flows from investing activities

Net cash used in investing activities totaled 1,853 million yen, mainly due to payments into time deposits of 30,010 million yen, proceeds from withdrawal of time deposits of 29,500 million yen, purchase of property, plant and equipment of 1,456 million yen, and proceeds from sales of stocks of subsidiaries and affiliates of 1,000 million yen.

Cash flows from financing activities

Net cash used in financing activities totaled 1,919 million yen, mainly due to cash dividends paid of 1,759 million yen, and repayments of lease obligations of 157 million yen.

Consequently, cash and cash equivalents as of September 30, 2013 decreased by 1,626 million yen from the end of the previous year to 20,695 million yen.

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

The Group did not revise its full-year forecasts of consolidated operational results for the year ending March 31, 2014 announced via "Brief Report of Financial Statements for the Year Ended March 31, 2013" dated on May 1, 2013.

2. Items 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)	End of 1st six-month period of FY ending March 2014 (September 30, 2013)
ASSETS		
Current assets		
Cash and cash equivalents	45,862	42,245
Notes and accounts receivable-trade	30,818	32,809
Short-term investment securities	1,506	4,004
Merchandise and finished goods	8,500	10,525
Work in process	584	576
Raw materials and supplies	2,113	2,316
Deferred tax assets	3,885	3,809
Other	1,141	1,717
Allowance for doubtful accounts	(58)	(59)
Total current assets	94,353	97,946
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,259	6,214
Machinery, equipment and vehicles, net	2,410	2,467
Tools, furniture and fixtures, net	1,111	1,097
Land	3,425	3,430
Leased assets, net	385	257
Construction in progress	137	568
Total property, plant and equipment	13,730	14,034
Intangible assets		
Goodwill	3,637	3,927
Trademark rights	350	268
Software	896	903
Leased assets	14	20
Other	193	319
Total intangible assets	5,092	5,439
Investments and other assets		
Investment securities	37,891	37,415
Long-term loans receivable	416	649
Deferred tax assets	324	323
Real estate for investment, net	3,067	3,076
Other	2,366	2,291
Allowance for doubtful accounts	(135)	(135)
Total investments and other assets	43,930	43,620
Total non-current assets	62,753	63,095
Total assets	157,106	161,041

(millions of yen)

	Previous consolidated fiscal year (March 31, 2013)	End of 1st six-month period of FY ending March 2014 (September 30, 2013)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	11,577	11,413
Short-term loans payable	4	2
Accounts payable-other	12,360	12,142
Lease obligations	262	185
Income taxes payable	4,091	3,369
Accrued consumption taxes	542	362
Provision for sales returns	1,109	1,034
Provision for bonuses	1,881	1,841
Provision for loss on business liquidation	1,047	1,047
Asset retirement obligations	10	10
Other	1,588	1,533
Total current liabilities	34,477	32,942
Non-current liabilities		
Lease obligations	163	121
Provision for retirement benefits	4,883	4,833
Provision for directors' retirement benefits	20	21
Asset retirement obligations	72	73
Other	2,616	2,265
Total non-current liabilities	7,757	7,314
Total liabilities	42,234	40,257
NET ASSETS		
Shareholders' equity		
Capital stock	3,450	3,450
Capital surplus	4,219	4,219
Retained earnings	109,946	114,139
Treasury stock	(4,703)	(4,704)
Total shareholders' equity	112,912	117,104
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,357	4,046
Deferred gains or losses on hedges	504	981
Foreign currency translation adjustment	(2,904)	(1,377)
Total accumulated other comprehensive income	1,958	3,650
Subscription rights to shares	-	27
Minority interests	0	0
Total net assets	114,872	120,784
Total liabilities and net assets	157,106	161,041

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income
 (Consolidated quarterly statements of income)
 (For the first six-month period of the fiscal year ending March 31, 2014)

(millions of yen)

	Six-month period ended September 30, 2012 (April 1, 2012 to September 30, 2012)	Six-month period ended September 30, 2013 (April 1, 2013 to September 30, 2013)
Net sales	58,253	58,247
Cost of sales	23,553	23,453
Gross profit	34,699	34,793
Selling, general and administrative expenses	26,461	26,170
Operating income	8,237	8,623
Non-operating income		
Interest income	88	115
Dividend income	128	175
Royalty income	252	242
Real estate rent	137	137
Equity in earnings of affiliates	303	66
Other	163	88
Total non-operating income	1,074	825
Non-operating expenses		
Interest expenses	23	9
Sales discounts	335	320
Rent cost of real estate	37	35
Foreign exchange losses	61	228
Other	22	13
Total non-operating expenses	480	607
Ordinary income	8,830	8,840
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	187	2
Gain on sales of subsidiaries and affiliates' stocks	2,285	514
Other	164	36
Total extraordinary income	2,638	553
Extraordinary loss		
Loss on defective products	-	19
Loss on sales and retirement of noncurrent assets	18	22
Loss on valuation of investment securities	618	-
Impairment loss	14	28
Other	16	10
Total extraordinary loss	667	80
Income before income taxes	10,802	9,313
Income taxes - current	3,820	3,384
Income taxes - deferred	(138)	(24)
Total income taxes	3,682	3,359
Income before minority interest in income	7,120	5,953
Minority interests in income (loss)	0	(0)
Net income	7,120	5,953

(Consolidated quarterly statements of comprehensive income)
 (For the first six-month period of the fiscal year ending March 31, 2014)

(millions of yen)

	Six-month period ended September 30, 2012 (April 1, 2012 to September 30, 2012)	Six-month period ended September 30, 2013 (April 1, 2013 to September 30, 2013)
Quarterly income before minority interests	7,120	5,953
Other comprehensive income		
Valuation difference on available-for-sale securities	415	(310)
Deferred gains or losses on hedges	22	(16)
Foreign currency translation adjustment	183	1,527
Share of other comprehensive income of associates accounted for using equity method	178	491
Total other comprehensive income	801	1,692
Quarterly comprehensive income	7,921	7,645
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	7,921	7,646
Comprehensive income attributable to minority interests	0	(0)

(3) Consolidated statement of cash flows

(millions of yen)

	Six-month period ended September 30, 2012 (April 1, 2012 to September 30, 2012)	Six-month period ended September 30, 2013 (April 1, 2013 to September 30, 2013)
Cash flows from operating activities		
Income before income taxes	10,802	9,313
Depreciation	1,234	1,254
Amortization of goodwill	174	205
Increase (decrease) in allowance for doubtful accounts	(33)	(5)
Increase (decrease) in provision for retirement benefits	17	(2)
Interest and dividends income	(217)	(290)
Interest expenses	23	9
Equity in (earnings) losses of affiliates	(303)	(66)
Loss (gain) on sales of stocks of subsidiaries and affiliates	(2,285)	(514)
Loss (gain) on sales and retirement of non-current assets	17	22
Decrease (increase) in notes and accounts receivable-trade	(1,030)	(1,574)
Decrease (increase) in inventories	(3,123)	(1,907)
Increase (decrease) in notes and accounts payable-trade	(353)	(336)
Increase (decrease) in accounts payable-other	(2,438)	(231)
Increase (decrease) in accrued consumption taxes	15	(178)
Other	(58)	(243)
Total	2,440	5,453
Interest and dividend income received	205	316
Interest expenses paid	(21)	(4)
Income taxes paid	(4,701)	(4,113)
Net cash provided by (used in) operating activities	(2,077)	1,651
Cash flows from investing activities		
Payments into time deposits	(12,500)	(30,010)
Proceeds from withdrawal of time deposits	–	29,500
Purchase of short-term investment securities	(16,495)	–
Proceeds from sales and redemption of securities	20,500	500
Purchase of property, plant and equipment	(1,014)	(1,456)
Proceeds from sales of property, plant and equipment	40	65
Purchase of intangible assets	(217)	(255)
Purchase of investment securities	(14,569)	(142)
Purchase of investment assets and other assets	(149)	(74)
Proceeds from sales of investment assets and other assets	33	66
Payments of long-term loans receivable	(440)	(233)
Collection of long-term loans receivable	32	2
Proceeds from sales of stocks of subsidiaries and affiliates	–	1,000
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	4,024	–
Other	185	(814)
Net cash provided by (used in) investing activities	(20,571)	(1,853)

(millions of yen)

	Six-month period ended September 30, 2012 (April 1, 2012 to September 30, 2012)	Six-month period ended September 30, 2013 (April 1, 2013 to September 30, 2013)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4)	(1)
Purchase of treasury stock	(0)	(1)
Cash dividends paid	(1,759)	(1,759)
Repayments of lease obligations	(192)	(157)
Other	1	0
Net cash provided by (used in) financing activities	(1,957)	(1,919)
Effect of exchange rate change on cash and cash equivalents	17	495
Net increase (decrease) in cash and cash equivalents	(24,588)	(1,626)
Cash and cash equivalents at beginning of period	42,835	22,322
Cash and cash equivalents	18,247	20,695

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

(Notes on significant changes in shareholders' equity)
 Not applicable

(Segment information, etc.)

I. 1st six-month period ended September 30, 2012 (April 1, 2012 to September 30, 2012)

1. Information on net sales and 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	50,983	4,917	1,811	57,712	540	58,253	–	58,253
Inter-segment sales or transfers	1,359	–	–	1,359	2,829	4,188	(4,188)	–
Total	52,342	4,917	1,811	59,071	3,370	62,442	(4,188)	58,253
Segment income (loss)	8,038	(123)	555	8,470	591	9,061	(230)	8,830

(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 230 million yen in segment income (loss) are eliminations among segments.
3. Segment income (loss) is adjusted with ordinary income in quarterly consolidated statements of income

2. Information on assets by reportable segment

Medical Devices Business segment assets for the first six-month period of the fiscal year ending March 31, 2014 decreased by 3,512 million yen from the end of previous consolidated fiscal year, because the Company transferred 80% of its outstanding shares in Kobayashi Medical Co., Ltd. in the Medical Devices Business.

Note: Kobayashi Medical Co., Ltd. changed its name to Japan Medicalnext Co., Ltd. on November 1, 2012.

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. 1st six-month period ended September 30, 2013 (April 1, 2013 to September 30, 2013)

1. Information on net sales and 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	51,760	5,176	732	57,669	577	58,247	–	58,247
Inter-segment sales or transfers	1,491	–	–	1,491	2,158	3,650	(3,650)	–
Total	53,251	5,176	732	59,161	2,736	61,897	(3,650)	58,247
Segment income	7,994	28	488	8,511	577	9,088	(247)	8,840

(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. The adjustment of 247 million yen for segment income is the elimination of inter-segment transactions.
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.