

Summary of Financial Statements (Japanese GAAP) (Consolidated)

Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2016

October 29, 2015

Listed exchanges : Tokyo
 Listed company name: Kobayashi Pharmaceutical Co., Ltd.
 Code : 4967
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 Expected date for submitting quarterly securities report : November 9, 2015
 Scheduled date of dividend payment commencement : December 10, 2015
 Preparation of supplementary explanation documents for quarterly financial results: Yes
 Holding of an analyst meeting for quarterly financial results : Yes
 (For institutional investors and analysts)

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

1. Consolidated Results for 2nd Quarter of Fiscal Year Ending March 31, 2016 (April 1, 2015 to September 30, 2015)

(1) Consolidated Operating Results (accumulation)

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

	Q2 of FY ending March 31, 2016		Q2 of FY ended March 31, 2015	
Net sales	63,569 millions of yen	8.6 %	58,528 millions of yen	0.5 %
Operating income	9,387	18.0	7,958	-7.7
Ordinary income	9,189	9.3	8,410	-4.9
Net income attributable to owners of the parent	6,014	10.3	5,454	-8.4
Net income per share	147.43 yen		133.71 yen	
Net income per share after full dilution	147.33 yen		—	

(Note) Comprehensive income: Q2 of FY ending March 31, 2016 : 7,758 million yen (90.3%)
 Q2 of FY ended March 31, 2015 : 4,076 million yen (-46.7%)

(2) Consolidated Financial Position

	Q2 of FY ending March 31, 2016	As of March 31, 2015
Total assets	195,209 millions of yen	186,331 millions of yen
Net assets	146,893	139,611
Shareholders' equity ratio	75.2 %	74.8 %
Net assets per share	3,583.13 yen	3,423.54 yen

(Reference) Shareholders' equity
 Q2 of FY ending March 31, 2016: 146,708 million yen As of March 31, 2015: 139,397 million yen

2. Dividends

	Year ended March 2015	Year ending March 2016	Year ending March 2016 (forecasts)
Dividends per share			
Q1 end	—	—	
Q2 end	44.00 yen	48.00 yen	
Q3 end	—		—
Year-end	46.00		46.00 yen
Total	90.00		94.00

(Note) Revision of the latest dividend forecast: None

3. Forecasts of Consolidated Operational Results for Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(Percentage figures represent changes from previous period.)

	FY ending March 31, 2016	
Net sales	136,500 millions of yen	6.4 %
Operating income	19,200	7.2
Ordinary income	18,900	0.3
Net income attributable to owners of the parent	13,300	6.8
Earnings per share	326.64 yen	

(Note) Revision of the latest forecasts of operational results: Yes

* 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: Yes

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Retrospective restatement: None

For details, please refer to 2. *Items concerning Summary Information (Notes) (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement* on page 5 of the attachment.

(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, 2016	42,525,000 shares	FY ended March 31, 2015	42,525,000 shares
Q2 of FY ending March 31, 2016	1,580,675 shares	FY ended March 31, 2015	1,807,775 shares
Q2 of FY ending March 31, 2016	40,794,149 shares	Q2 of FY ended March 31, 2015	40,791,816 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 4, 2015 (Wednesday).

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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, 2016, while the Japanese economy witnessed an upward trend supported by the government's continued economic stimulus measures, personal spending remained weak in reaction to the April 2014 consumption tax hike and price increases due to the depreciation of the yen.

Under these circumstances, the Group launched new products that satisfy customers' needs, strengthened its existing product lineups, and invested in businesses with high future growth potential, with the brand slogan "You make a wish and we make it happen."

Consequently, the Group reported net sales of 63,569 million yen (+8.6% year on year), operating income of 9,387 million yen (+18.0% year on year), ordinary income of 9,189 million yen (+9.3% year on year), and net income attributable to owners of the parent of 6,014 million yen (+10.3% year on year).

Here are summaries of the business results by segment.

Please note that the classification of reportable segments has been changed from the first quarter of the consolidated fiscal year under review. The Company has made a year-on-year comparison as shown below, using the segment information for the second quarter of the previous consolidated fiscal year that was prepared based on the classification of reportable segments after the change. For details, please see "II. 3. Matters concerning changes in reportable segments" under "(4) Notes on quarterly consolidated financial statements (Segment information, etc.)" under "3. Quarterly Financial Statements."

Domestic Consumer Products Business

The Domestic Consumer Products Business launched 28 new products, 14 in the spring and 14 in the fall of 2015. In particular, among those products that contributed to the Group's sales growth were *Naicitol Z* (an obesity remedy with an active ingredient of 5,000 mg), *Saiki* (a remedy for dry skin), *Shouyou EX* (a medicated toothpaste to prevent pyorrhea), *Nattokinase EX* (a nutrition supplementary food), *Sawaday PINKPINK for CAR* (a deodorizer for cars used by young women), and *Sawaday Fragrance Stick Parfums* (a quality fragrance for indoor use containing select scented oils).

Among existing products that contributed to sales growth were *Eyebon* (an eye wash solution), *Inochi No Haha* (a women's health medicine), *Ammeltz* (a shoulder and muscular stiffness reliever), *Sakamukea* (a liquid bandage), and *Ito-Yoji dental floss* (for interdental cleaning) in the healthcare products, and *Netsusama Sheet* (a cooling gel sheet for the forehead) and *Bluelet* (a toilet deodorizer and bowl bleach tablet) in the household products, and *EAUDE MUGE* (a medicated lotion) in the skin care products.

Consequently, the Company reported net sales of 54,513 million yen (+6.6% year on year) and segment income (ordinary income) of 9,007 million yen (+7.8% year on year). Meanwhile, operating income was 9,167 million yen (+9.6% year on year).

Net sales include inter-segment sales or transfers, which totaled 2,845 million yen in the second quarter of the previous consolidated fiscal year and 2,418 million yen in the second quarter of the consolidated fiscal year under review.

(Breakdown of sales to external customers)

	Q2 ended September 30, 2014	Q2 ended September 30, 2015	Change	
	(April 1, 2014 to September 30, 2014)	(April 1, 2015 to September 30, 2015)	Amount (millions of yen)	Change (%)
Healthcre products	21,261	24,031	2,770	13.0
Houshold products	24,085	25,106	1,020	4.2
Skin care	2,215	2,310	94	4.3
Body warmers	717	646	-71	-10.0
Total	48,280	52,095	3,814	7.9

Overseas Consumer Products Business

In the Overseas Consumer Products Business, the Company markets mostly in the United States, China and Southeast Asia the body warmers, *Netsusama Sheet* (a cooling gel sheet for the forehead) and *Ammeltz* (a shoulder and muscular stiffness reliever), and sought to expand sales by aggressively investing principally in advertisement and sales promotion.

As a result, net sales and segment income (ordinary income) were 7,071 million yen (+29.5% year on year) and 9 million yen (compared with segment loss (ordinary loss) of 701 million yen in the same period last year), respectively. Operating income was 40 million yen (compared with operating loss of 692 million yen in the same period last year).

Net sales include inter-segment sales or transfers, which totaled 992 million yen in the second quarter of the previous consolidated fiscal year and 1,009 million yen in the second quarter of the consolidated fiscal year under review.

Direct Marketing Business

The Direct Marketing Business markets nutritional supplements and skin care products. The Company strove to exploit new customers while encouraging existing customers to continue to place orders for its products through sales promotional campaigns, such as advertisements and direct mail.

Consequently, the Company reported net sales of 3,995 million yen (-11.5% year on year) and segment loss (ordinary loss) of 64 million yen (compared with segment income (ordinary income) of 110 million yen in the same period last year). Operating loss was 66 million yen (compared with operating income of 108 million yen in the same period of the previous year).

Net sales do not include inter-segment sales or transfers.

Other Businesses

Businesses in this segment include medical devices business, transportation business, manufacture and sale of plastic containers, insurance agency, real estate management, advertisement planning and production, etc. The companies in this business segment operate individually on a financially independent basis, and their delivery prices of materials and services were reviewed and revised as necessary.

As a result, the Company posted net sales of 3,783 million yen (+12.0% year on year), segment income (ordinary income) of 445 million yen (-43.7% year on year), and operating income of 275 million yen (+79.3% year on year).

Net sales includes inter-segment sales or transfers, amounting to 2,112 million yen in the first six-month period ended September 30, 2014 and 2,366 million yen in the first six-month period ended September 30, 2015.

(2) Explanation of financial position

Total assets increased by 8,878 million yen from the end of the previous consolidated fiscal year, to 195,209 million yen. This was mainly attributable to an increase in merchandise and finished goods (4,030 million yen), an increase in notes and accounts receivable-trade (1,886 million yen), and an increase in investment securities (1,047 million yen).

Liabilities grew by 1,595 million yen from the end of the previous consolidated fiscal year, to 48,315 million yen. This was mainly due to an increase in electronically recorded obligations-operating (4,263 million yen), an increase in deferred tax liabilities (783 million yen), and an increase in income taxes payable (343 million yen).

Net assets grew 7,282 million yen from the end of the previous consolidated fiscal year, to 146,893 million yen, with a capital adequacy ratio of 75.2%. This was mainly due to an increase in retained earnings (4,141 million yen) and a rise in valuation difference on available-for-sale securities (1,255 million yen).

Cash flows from operating activities

Net cash provided by operating activities totaled 3,098 million yen (3,069 million yen provided in the previous year). Major factors affecting this cash flow were: net income before taxes (8,955 million yen), depreciation expenses (1,213 million yen), an increase in accounts payable-trade (2,292 million yen), an increase in notes and accounts receivable-trade (1,868 million yen), an increase in inventories (4,416 million yen), and income taxes paid (2,932 million yen).

Cash flows from investing activities

Net cash used in investing activities totaled 4,098 million yen (284 million yen provided in the previous year). Major factors affecting this cash flow were: payments into time deposits (38,000 million yen), proceeds from the withdrawal of time deposits (36,000 million yen), the purchase of property, plant and equipment (1,472 million yen), and the purchase of intangible assets (486 million yen).

Cash flows from financing activities

Net cash used in financing activities totaled 401 million yen (3,315 million yen used in the previous year). Major factors affecting this cash flow were: dividend payment (1,872 million yen) and proceeds from the disposal of treasury shares (1,306 million yen).

Consequently, cash and cash equivalents as of September 30, 2015 decreased by 1,266 million yen from the end of the previous year to 31,132 million yen.

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

During the second quarter of the consolidated fiscal year under review, the Company saw inbound demand (consumption by foreign tourists to Japan) increase in the Domestic Consumer Products Business, and sales expand in the Overseas Consumer Products Business. Taking the latest sales performance into account, the Company has decided to revise the forecast of consolidated operational results for the year ending March 31, 2016, announced on April 30, 2015, as follows:

Forecast of Consolidated Operational Results for the Year Ending March 31, 2016

	Revised forecast (million yen)	Previous forecast			<Reference> Operational results for the previous year (million yen)
		Previous forecast (million yen)	Changes (million yen)	Percentage change (%)	
Net sales	136,500	133,000	3,500	2.6	128,344
Operating income	19,200	18,900	300	1.6	17,917
Ordinary income	18,900	18,900	–	–	18,843
Profit attributable to owners of parent company	13,300	13,000	300	2.3	12,448
Earnings per share (yen)	326.64	319.28	7.36	2.3	305.46

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
(Changes in accounting policies)

(Application of the Accounting Standard for Business Combinations)

The “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, revised on September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, revised on September 13, 2013), and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, revised on September 13, 2013) have been applied from the beginning of the first quarter of the consolidated fiscal year under review. Under these accounting standards, the Company recorded the differences caused by changes in the Company’s equity shares in subsidiaries that the Company continues to control as capital surplus. In addition, the Company recorded acquisition-related costs as expenses in the fiscal years in which the costs were incurred. Regarding business combinations that take place during the period from the beginning of the first quarter of the consolidated fiscal year under review, the Company changed the method to reflect changes in the allocation of acquisition costs arising from confirmation of the provisional accounting treatment on the consolidated financial statements of the quarter, which include the acquisition date.

Furthermore, the Company changed the presentation of net income for the relevant quarter, etc., as well as changing the presentation from minority interests to non-controlling interests. For the purpose of reflecting the relevant changes in presentation, the financial statements for the second quarter period and the full-year period of the previous consolidated fiscal year were restated.

The Company has adopted the Accounting Standards for Business Combinations, etc. from the beginning of the first quarter of the consolidated fiscal year under review, following transitional treatment as stipulated in Article 58-2(4) of “Accounting Standard for Business Combinations,” Article 44-5(4) of “Accounting Standard for Consolidated Financial Statements,” and Article 57-4(4) of “Accounting Standard for Business Divestitures.”

Adoption of these accounting standards does not affect the Company’s profit or loss.

3. Quarterly Financial Statements

(1) Consolidated quarterly balance sheet

(millions of yen)

	Previous consolidated fiscal year (March 31, 2015)	End of 1st six-month period of FY ending March 2016 (September 30, 2015)
ASSETS		
Current assets		
Cash and deposits	58,449	59,132
Notes and accounts receivable-trade	35,969	37,855
Short-term investment securities	4,500	4,500
Merchandise and finished goods	8,996	13,026
Work in process	773	998
Raw materials and supplies	2,715	2,952
Deferred tax assets	2,724	2,998
Other	1,909	2,123
Allowance for doubtful accounts	(46)	(46)
Total current assets	115,990	123,540
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,340	7,250
Machinery, equipment and vehicles, net	2,851	2,830
Tools, furniture and fixtures, net	1,318	1,303
Land	3,380	3,381
Leased assets, net	582	706
Construction in progress	549	954
Total property, plant and equipment	16,023	16,427
Intangible assets		
Goodwill	4,023	3,841
Trademark rights	83	72
Software	971	1,029
Other	503	780
Total intangible assets	5,582	5,725
Investments and other assets		
Investment securities	41,580	42,628
Long-term loans receivable	668	742
Deferred tax assets	318	306
Real estate for investment, net	3,025	3,008
Assets for retirement benefits	286	-
Other	2,988	3,036
Allowance for doubtful accounts	(133)	(205)
Total investments and other assets	48,735	49,516
Total non-current assets	70,340	71,668
Total assets	186,331	195,209

(millions of yen)

	Previous consolidated fiscal year (March 31, 2015)	End of 1st six-month period of FY ending March 2016 (September 30, 2015)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	10,239	8,236
Electronically recorded obligations-operating	3,282	7,546
Short-term loans payable	40	179
Accounts payable-other	12,723	12,704
Lease obligations	82	79
Income taxes payable	3,191	3,535
Accrued consumption taxes	1,476	564
Provision for sales returns	1,272	1,025
Provision for bonuses	1,915	1,975
Asset retirement obligations	19	24
Other	1,646	1,863
Total current liabilities	35,890	37,735
Non-current liabilities		
Lease obligations	513	637
Deferred tax liabilities	2,683	3,467
Net defined benefit liability	5,496	4,218
Provision for directors' retirement benefits	27	27
Asset retirement obligations	90	89
Other	2,018	2,139
Total non-current liabilities	10,829	10,579
Total liabilities	46,720	48,315
NET ASSETS		
Shareholders' equity		
Capital stock	3,450	3,450
Capital surplus	4,219	4,858
Retained earnings	127,858	131,999
Treasury stock	(6,207)	(5,428)
Total shareholders' equity	129,320	134,879
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,553	8,808
Deferred gains or losses on hedges	1,359	916
Foreign currency translation adjustment	1,874	2,223
Re-measurements of retirement benefit plans	(710)	(118)
Total accumulated other comprehensive income	10,076	11,829
Subscription rights to shares	191	102
Noncontrolling interests	22	81
Total net assets	139,611	146,893
Total liabilities and net assets	186,331	195,209

(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, 2016)

(millions of yen)

	Six-month period ended September 30, 2014 (April 1, 2014 to September 30, 2014)	Six-month period ended September 30, 2015 (April 1, 2015 to September 30, 2015)
Net sales	58,528	63,569
Cost of sales	23,451	25,664
Gross profit	35,076	37,905
Selling, general and administrative expenses	27,118	28,517
Operating income	7,958	9,387
Non-operating income		
Interest income	114	130
Dividend income	158	161
Royalty income	242	253
Real estate rent	141	144
Equity in earnings of affiliates	20	–
Foreign exchange gains	55	–
Other	103	104
Total non-operating income	836	794
Non-operating expenses		
Interest expenses	11	12
Sales discounts	311	308
Rent cost of real estate	38	34
Equity in earnings of affiliates	–	505
Foreign exchange losses	–	70
Other	22	60
Total non-operating expenses	383	992
Ordinary income	8,410	9,189
Extraordinary income		
Gain on sales of non-current assets	0	7
Gain on sales of investment securities	–	0
Total extraordinary income	0	7
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	20	21
Impairment loss	4	21
Loss on defective products	–	188
Provision for loss on business liquidation	170	–
Other	0	10
Total extraordinary loss	196	242
Income before income taxes	8,214	8,955
Income taxes - current	2,972	3,262
Income taxes - deferred	(211)	(310)
Total income taxes	2,761	2,952
Net income	5,453	6,003
Net income (loss) attributable to noncontrolling interests	(0)	(11)
Net income attributable to owners of the parent	5,454	6,014

(Consolidated quarterly statements of comprehensive income)
 (For the first six-month period of the fiscal year ending March 31, 2016)

(millions of yen)

	Six-month period ended September 30, 2014 (April 1, 2014 to September 30, 2014)	Six-month period ended September 30, 2015 (April 1, 2015 to September 30, 2015)
Net income	5,453	6,003
Other comprehensive income		
Valuation difference on available-for-sale securities	(306)	1,255
Deferred gains or losses on hedges	79	(102)
Foreign currency translation adjustment	(619)	352
Adjustment for retirement benefits	54	589
Share of other comprehensive income of associates accounted for using equity method	(585)	(338)
Total other comprehensive income	(1,376)	1,755
Quarterly comprehensive income	4,076	7,758
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of the parent	4,077	7,767
Comprehensive income attributable to noncontrolling interests	(0)	(8)

(3) Consolidated statement of cash flows

(millions of yen)

	Six-month period ended September 30, 2014 (April 1, 2014 to September 30, 2014)	Six-month period ended September 30, 2015 (April 1, 2015 to September 30, 2015)
Cash flows from operating activities		
Income before income taxes	8,214	8,955
Depreciation	1,225	1,213
Amortization of goodwill	220	240
Increase (decrease) in allowance for doubtful accounts	2	71
Decrease (increase) in net defined benefit asset	(41)	286
Increase (decrease) in net defined benefit liability	(92)	(408)
Interest and dividends income	(272)	(291)
Interest expenses	11	12
Equity in (earnings) losses of affiliates	(20)	505
Loss (gain) on sales of investment securities	–	(0)
Loss (gain) on sales and retirement of noncurrent assets	20	14
Decrease (increase) in notes and accounts receivable-trade	(371)	(1,868)
Decrease (increase) in inventories	(3,464)	(4,416)
Increase (decrease) in notes and accounts payable-trade	1,241	2,292
Increase (decrease) in accounts payable-other	(792)	170
Increase (decrease) in accrued consumption taxes	122	(907)
Increase (decrease) in provision for loss on business liquidation	170	–
Other	109	(119)
Total	6,284	5,749
Interest and dividend income received	293	296
Interest expenses paid	(10)	(14)
Income taxes paid	(3,497)	(2,932)
Net cash provided by (used in) operating activities	3,069	3,098
Cash flows from investing activities		
Payments into time deposits	(32,000)	(38,000)
Proceeds from withdrawal of time deposits	33,500	36,000
Proceeds from sales and redemption of securities	500	–
Purchase of property, plant and equipment	(1,631)	(1,472)
Proceeds from sales of property, plant and equipment	5	28
Purchase of intangible assets	(256)	(486)
Purchase of investment securities	(10)	(11)
Purchase of investment assets and other assets	(81)	(71)
Proceeds from sales of investment assets and other assets	46	25
Decrease (increase) in short-term loans receivable	244	–
Payments of long-term loans receivable	(38)	(73)
Collection of long-term loans receivable	2	1
Other	3	(38)
Net cash provided by (used in) investing activities	284	(4,098)

(millions of yen)

	Six-month period ended September 30, 2014 (April 1, 2014 to September 30, 2014)	Six-month period ended September 30, 2015 (April 1, 2015 to September 30, 2015)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	35	138
Purchase of treasury stock	(1,499)	(0)
Proceeds from disposal of treasury stock	–	1,306
Cash dividends paid	(1,760)	(1,872)
Repayments of lease obligations	(90)	(49)
Other	0	76
Net cash provided by (used in) financing activities	(3,315)	(401)
Effect of exchange rate change on cash and cash equivalents	(212)	135
Net increase (decrease) in cash and cash equivalents	(174)	(1,266)
Cash and cash equivalents at beginning of period	25,898	32,399
Cash and cash equivalents	25,724	31,132

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

(Notes on significant changes in shareholders' equity)

During the second quarter of the consolidated fiscal year under review, treasury stock decreased by 780 million yen and capital surplus increased by 638 million yen due to the exercise of subscription rights to shares. Consequently, at the end of the second quarter of the consolidated fiscal year under review, treasury stock and capital surplus stood at 5,428 million yen and 4,858 million yen, respectively.

(Segment information, etc.)
 [Segment information]

I. 1st six-month period ended September 30, 2014 (April 1, 2014 to September 30, 2014)

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

	Reportable segment				Other (Note 1)	Grand total	Adjustment (Note 2)	Figures in consolidated statements of income (Note 3)
	Domestic Consumer Products Business	Overseas Consumer Products Business	Direct Marketing Business	Total				
Net sales								
Net sales to outside customers	48,280	4,467	4,516	57,264	1,263	58,528	–	58,528
Inter-segment sales or transfers	2,845	992	–	3,838	2,112	5,951	(5,951)	–
Total	51,126	5,459	4,516	61,102	3,376	64,479	(5,951)	58,528
Segment income (loss)	8,351	(701)	110	7,760	791	8,551	(141)	8,410

(Notes)

1. *Other* represents businesses that are not included in the reportable segments, such as medical devices business, transportation business, manufacture and sale of plastic containers, insurance agency, real estate management, advertisement planning and production.
2. Adjustments of 141 million yen in segment income (loss) are eliminations among segments.
3. Segment income (loss) is adjusted with ordinary income in the consolidated quarterly 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.

II. 1st six-month period ended September 30, 2015 (April 1, 2015 to September 30, 2015)
 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)
	Domestic Consumer Products Business	Overseas Consumer Products Business	Direct Marketing Business	Total				
Net sales								
Net sales to outside customers	52,095	6,061	3,995	62,152	1,417	63,569	–	63,569
Inter-segment sales or transfers	2,418	1,009	–	3,427	2,366	5,793	(5,793)	–
Total	54,513	7,071	3,995	65,579	3,783	69,363	(5,793)	63,569
Segment income (loss)	9,007	9	(64)	8,951	445	9,397	(207)	9,189

(Notes)

1. *Other* represents businesses that are not included in the reportable segments, such as medical devices business, transportation business, manufacture and sale of plastic containers, insurance agency, real estate management, advertisement planning and production.
2. Adjustments of 207 million yen in segment income (loss) are eliminations among segments.
3. Segment income (loss) is adjusted with ordinary income in the consolidated quarterly 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.

3. Matters concerning changes in reportable segments

Starting from the first quarter of the consolidated fiscal year under review, the Company changed its reportable segments of the conventional “Consumer Products Business,” “Direct Marketing Business” and “Medical Devices Business” to “Domestic Consumer Products Business,” “Overseas Consumer Products Business” and “Direct Marketing Business.” These changes were made following the revisions to the internal management classifications of business performance, by dividing the “Consumer Products Business” segment into the “Domestic Consumer Products Business” and the “Overseas Consumer Products Business” segments, and changing the name of the “Mail Order” segment to the “Direct Marketing Business” segment, and transferring the “Medical Devices Business” segment to “Other.”

The segment information for the second quarter of the previous consolidated fiscal year was prepared based on the classification of reportable segments after the change.

(Significant subsequent events)

At a Board of Directors’ meeting held on October 29, 2015, the Company resolved the acquisition of its treasury stock and its specific acquisition method under Article 156 Paragraph 1 of the Companies Act, which is applied by replacing the terms pursuant to Article 165 Paragraph 3 of said Act.

(Details of the Board of Directors’ decision regarding the acquisition of treasury shares)

(1) Reason for the acquisition of treasury stock:

The Company intends to acquire its treasury stock in order to enhance returns to shareholders and implement flexible capital policies in response to any changes in the business environment.

(2) Type of shares to be acquired:

Common shares of the Company

(3) Total number of shares to be acquired:

1.2 million shares (maximum)

(4) Period of acquisition:

October 30, 2015 to March 24, 2016

(5) Total cost of acquisition:

8,000 million yen (Maximum)

(6) Method of acquisition:

The Company will acquire shares through the Tokyo Stock Exchange.