KOBAYASHI PHARMACEUTICAL CO., LTD.

[**Disclaimer**: Please note that the following purports to be an accurate translation from the original Notice of Convocation of the 100th Ordinary General Meeting of Shareholders of KOBAYASHI PHARMACEUTICAL CO., LTD. and is prepared solely for the convenience of shareholders outside Japan with voting rights. In case of any discrepancy between the translation and the Japanese original, the latter will prevail. Certain omissions and modifications have been made from the original Japanese notice.]

(TSE Code 4967)
March 7, 2018

To our Shareholders:

NOTICE OF CONVOCATION OF THE 100TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 100th Ordinary General Meeting of Shareholders of KOBAYASHI PHARMACEUTICAL CO., LTD. (the "Company"), which will be held as described below.

If you attend the meeting, please submit the enclosed Voting Right Exercise Form[1] *to the receptionist of the meeting. If you are unable to attend the meeting, please note that you may exercise your voting rights in writing or by electronic means (i.e., through the Internet)* [2]*. In such a case, please review the attached "Reference Materials Concerning the General Meeting of Shareholders" and exercise your voting rights in writing or by electronic means no later than noon, March 28, 2018 (Wednesday).*

Very truly yours,

KOBAYASHI PHARMACEUTICAL CO., LTD.

By: /s/ KOBAYASHI AKIHIRO
Akihiro Kobayashi
President and Chief Operating Officer
4-10, Doshomachi 4-chome, Chuo-ku, Osaka

1 Please note that the *Voting Right Exercise Form* is not enclosed in this translation material.

2 For institutional investors: "Electronic Voting Platform" may be available for your exercise of voting rights.

KOBAYASHI PHARMACEUTICAL CO., LTD.

PARTICULARS

1. Date and Time of the Meeting:

Thursday, March 29, 2018 at 10:00 a.m. (doors open at 9:00 a.m.)

2. Place of the Meeting:

"Sanraku" at RIHGA Royal Hotel Osaka (2nd Floor)
5-3-68, Nakanoshima, Kita-ku, Osaka

The place of the meeting for this business year is different from that for the last business year. Please carefully review the map for the place of the meeting to avoid any misunderstanding as to the place of the meeting.

3. Matters to be dealt with at the Meeting:

Matters for Report:

1. Report on the Business Report, the Consolidated Accounting Documents, and the Non-Consolidated Accounting Documents for the 100th Business Year (January 1, 2017 to December 31, 2017)

2. Report on the Audits of Consolidated Accounting Documents by the Independent Accounting Auditor and the Audit & Supervisory Board for the 100th Business Year (January 1, 2017 to December 31, 2017)

Matters for Resolution:

Proposal No. 1:	Election of Eight (8) Directors
Proposal No. 2:	Election of One (1) Substitute Audit & Supervisory Board Member

KOBAYASHI PHARMACEUTICAL CO., LTD.

REFERENCE MATERIALS CONCERNING
THE GENERAL MEETING OF SHAREHOLDERS

Proposal No. 1: Election of Eight (8) Directors

The term of office of all nine (9) Directors to the present will expire at the close of this General Meeting of Shareholders. Thus, it is proposed that eight (8) Directors be re-elected. The candidates for Directors are as follows:

Candidate Number	Name		Position and Duty at the Company	Attendance Rate of Board of Directors (Attendance / Held)
1	Re-Election	Kazumasa Kobayashi	Representative Director, Chairman of the Board and Chief Executive Officer	100% (13 times /13 times)
2	Re-Election	Yutaka Kobayashi	Representative Director and Vice Chairman of the Board	100% (13 times /13 times)
3	Re-Election	Akihiro Kobayashi	Representative Director, President and Chief Operating Officer	100% (13 times /13 times)
4	Re-Election	Satoshi Yamane	Senior Executive Director and Senior General Manager of Corporate Headquarters	100% (13 times /13 times)
5	Re-Election	Susumu Horiuchi	Executive Director and Senior General Manager of Sales Division	100% (13 times /13 times)
6	Re-Election	Haruo Tsuji Outside Director Independent Director	Outside Director	100% (13 times /13 times)
7	Re-Election	Kunio Ito Outside Director Independent Director	Outside Director	100% (13 times /13 times)
8	Re-Election	Kaori Sasaki Outside Director Independent Director	Outside Director	85% (11 times /13 times)

KOBAYASHI PHARMACEUTICAL CO., LTD.

1. Kazumasa Kobayashi (September 19, 1939)

Number of Shares of the Company Owned
220,515 Shares

< Brief Career Summary, Position and Duty at the Company >

Mar. 1962	Joined the Company
Nov. 1966	Director
Nov. 1970	Executive Director
Dec. 1976	President and Representative Director
Jun. 2004	Chairman and Representative Director (to the present)



Re-Election

<Assumption of Important Positions>
Chairman of Board of Directors and Representative Director of Kiribai Chemical Co., Ltd.
President of Kobayashi International Scholarship Foundation

Reasons for Nominating as a Candidate for Director

Mr. Kazumasa Kobayashi assumed his office as a Director in 1966, and thereafter served as the President and Representative Director for twenty eight (28) years since 1976. Further, he has served as the Chairman and Representative Director since 2004 and as the Chairperson at the Board of Directors Meetings. As such, he has undertaken the functions of control and supervision of the management for many years and led the overall management of the Company. Based on such achievements and experiences, it is appropriate for him to continue serving as a Director and we have nominated him for such office.

2. Yutaka Kobayashi (May 28, 1945)

Number of Shares of the Company Owned
184,147 Shares

< Brief Career Summary, Position and Duty at the Company >

Mar. 1968	Joined the Company
Dec. 1976	Director General Manager of International Division
Dec. 1982	Executive Director
Dec. 1985	Senior Executive Director Senior General Manager of Wholesale Division
Dec. 1992	Executive Vice President and Director
Jun. 1999	Executive Vice President and Representative Director
Jun. 2004	President and Representative Director
Jun. 2013	Vice Chairman and Representative Director (to the present)



Re-Election

Reasons for Nominating as a Candidate for Director

Mr. Yutaka Kobayashi assumed his office as a Director in 1976 and, thereafter served as the President and Representative Director for nine (9) years since 2004. Further, he has served as the Vice Chairman and Representative Director since 2013. As such, he has fulfilled the roles of decision-making of important management matters and supervision of business operations and, in particular, contributed to the strength of the overseas business division supporting the globalization of the Company. He is familiar with the overall group businesses and has extensive experiences and business achievements. Based on such achievements and experiences, it is appropriate for him to continue serving as a Director and we have nominated him for such office.

3. Akihiro Kobayashi (May 13, 1971)

Number of Shares of the Company Owned
9,264,704 Shares

< Brief Career Summary, Position and Duty at the Company >

Mar. 1998	Joined the Company
Jun. 2001	Executive Officer President of Manufacturing Company
Jun. 2004	Director President of International Sales Company and Marketing Officer
Jun. 2007	Executive Director
Mar. 2009	Senior Executive Director Senior General Manager of Manufacturing and Sales Operations Department
Jun. 2013	President and Representative Director (to the present)



Re-Election

<Assumption of Important Positions>
President of The Kobayashi Foundation

Reasons for Nominating as a Candidate for Director

Since the assumption of the office as the President and Representative Director in 2013, Mr. Akihiro Kobayashi has contributed to the strength of the product development and the refinement of employees' morale, focusing on the enhancement of overall corporate values of the group companies. He has sought the continuous growth of the group companies and actively promoted the selection and concentration of businesses to be focused, and the investment in new businesses, in accordance with changes in surrounding environments. Based on his dealing with such challenging business environment, it is appropriate for him to continue serving as a Director and we have nominated him for such office.

4. Satoshi Yamane (April 16, 1960)

Number of Shares of the Company Owned
7,691 Shares

< Brief Career Summary, Position and Duty at the Company >

Mar. 1983	Joined the Company
Mar. 2004	Executive Officer General Manager of Board of Directors Office and Business Development Office
Jun. 2006	Director Senior General Manager of Corporate Headquarters (to the present)
Jun. 2011	Executive Director
Jun. 2016	Senior Executive Director (to the present)



Re-Election

Reasons for Nominating as a Candidate for Director

Mr. Yamane has been in charge of all administrative divisions at the headquarters (including management planning, finance, corporate communication and IR), and has fulfilled the roles of decision-making in implementation of business activities and supervision of business operations. He has promoted the strength of corporate governance and promptly responded to changes in the economic conditions and management environment as the chief financial officer. As such, he has extensive business knowledge and experiences. Based on such achievements and experiences, it is appropriate for him to continue serving as a Director and we have nominated him for such office.

5. Susumu Horiuchi (March 4, 1957)

Number of Shares of the Company Owned
3,056 Shares

< Brief Career Summary, Position and Duty at the Company >

Mar. 1979	Joined the Company
Mar. 2006	Executive Officer General Manager of the Business Administration of Sales Company
Mar. 2009	Senior Executive Officer Senior General Manager of Sales Division (to the present)
Jun. 2014	Director
Jun. 2016	Executive Director (to the present)



Re-Election

Reasons for Nominating as a Candidate for Director

Mr. Horiuchi has fulfilled the roles of decision-making in implementation of business activities and supervision of business operations as a Director, and has been in charge of the sales division for many years. He has promoted the proactive planning and execution of sales strategies from the perspective of customers. As such, he has extensive business knowledge and experiences. Based on such achievements and experiences, it is appropriate for him to continue serving as a Director and we have nominated him for such office.

6. Haruo Tsuji (December 6, 1932)

Number of Shares of the Company Owned
0 Shares

< Brief Career Summary, Position and Duty at the Company>

Mar. 1955	Joined Hayakawa Electric Industry Co., Ltd. (currently, Sharp Corporation)
Jun. 1986	President and Director of Sharp Corporation
Jun. 1998	Corporate Advisor of Sharp Corporation
Jun. 2008	Outside Director of the Company (to the present)



Re-Election

Outside Director

Independent Director

<Assumption of Important Positions>
Outside Director of TKP Corporation

<Term of Office>
Nine (9) years and nine (9) months (at the close of this shareholders' meeting)

Reasons for Nominating as a Candidate for Outside Director

Mr. Tsuji has extensive experience and considerable insight into corporate management. He has contributed to the strength of the supervisory functions over corporate management. Understanding all aspects of the Company's businesses, he has actively made remarks to enhance the transparency and fairness of the management and, in his position independent of the Company, conveyed stakeholders' views and opinions at Board Meetings of the Company. Based on such achievements and experiences, it is appropriate for him to continue serving as an Outside Director and we have nominated him for such office.

Notes: 1. Mr. Haruo Tsuji is a candidate for Outside Director. He has been designated as an Independent Director and reported as such to the Tokyo Stock Exchange. If his re-election is approved, he will continue to serve as such Independent Director.

2. After Mr. Haruo Tsuji was elected as Outside Director, the Company concluded an agreement with him pursuant to Article 427, Paragraph 1 of the Company Law to limit the amount of his liability to the Company to the extent allowed by laws and regulations. If his re-election is approved, the Company will extend such agreement. A summary of the agreement is as follows:

> If, after the conclusion of this agreement, the Outside Director causes damage to the Company because of his failure to perform his duties as Outside Director, his liability to the Company for such damage shall be limited to the minimum amount of liability provided for under Article 425, Paragraph 1 of the Company Law, provided that such failure is not caused by his intentional act or gross negligence.

KOBAYASHI PHARMACEUTICAL CO., LTD.

7. Kunio Ito (December 13, 1951)

Number of Shares of the Company Owned
0 Shares

< Brief Career Summary, Position and Duty at the Company >

Apr. 1992	Professor of the Faculty of Commerce and Management of Hitotsubashi University
Aug. 2002	Dean of the Graduate School of Commerce and Management and Dean of the Faculty of Commerce And Management of Hitotsubashi University
Dec. 2004	Vice President and Director of Hitotsubashi University
Dec. 2006	Professor of the Graduate School of Commerce and Management of Hitotsubashi University
Jun. 2007	Member of Independent Committee of the Company
Jun. 2013	Outside Director of the Company (to the present)
Jan. 2015	Head of CFO Training Course of Hitotsubashi University (to the present)
Apr. 2015	Research Professor of the Graduate School of Commerce and Management of Hitotsubashi University (to the present)



Re-Election

Outside Director

Independent Director

<Assumption of Important Positions>

Research Professor of the Graduate School of Commerce and Management of Hitotsubashi University / Head of CFO Training Course of Hitotsubashi University / Outside Director of Akebono Brake Industry Co., Ltd. / Outside Director of Sumitomo Chemical Company, Limited / Outside Director of Seven & i Holdings Co., Ltd. / Outside Director of Toray Industries, Inc.

<Term of Office>

Four (4) years and nine (9) months (at the close of this shareholders' meeting)

Reasons for Nominating as a Candidate for Outside Director

Mr. Ito has extensive experience as a university professor (accounting and business management) and as an outside director of companies and fulfilled a role of the supervisory functions over corporate management focusing on the continuous growth and the enhancement of corporate value. Based on such achievements and experiences, it is appropriate for him to continue serving as an Outside Director and we have nominated him for such office.

Notes:

1. Mr. Kunio Ito is a candidate for Outside Director. He has been designated as an Independent Director and reported as such to the Tokyo Stock Exchange. If his re-election is approved, he will continue to serve as such Independent Director.

2. After Mr. Kunio Ito was elected as Outside Director, the Company concluded an agreement with him pursuant to Article 427, Paragraph 1 of the Company Law to limit the amount of his liability to the Company to the extent allowed by laws and regulations. If his re-election is approved, the Company will extend such agreement. A summary of the agreement is as follows:

   If, after the conclusion of this agreement, the Outside Director causes damage to the Company because of his failure to perform his duties as Outside Director, his liability to the Company for such damage shall be limited to the minimum amount of liability provided for under Article 425, Paragraph 1 of the Company Law, provided that such failure is not caused by his intentional act or gross negligence.

8. Kaori Sasaki (May 12, 1959)

Number of Shares of the Company Owned
0 Shares

< Brief Career Summary, Position and Duty at the Company >

Jul. 1987	President and Representative Director of UNICUL International, Inc. (to the present)
Mar. 2000	President and Representative Director of ewoman, Inc. (to the present)
Jun. 2016	Outside Director of the Company (to the present)



Re-Election

Outside Director

Independent Director

<Assumption of Important Positions>

President and Representative Director of UNICUL International, Inc. / President and Representative Director of ewoman, Inc. / Outside Director of NEC Corporation / Outside Director of AGP Corporation / Outside Director of Japan Post Co., Ltd.

<Term of Office>

One (1) year and nine (9) months (at the close of this shareholders' meeting)

Reasons for Nominating as a Candidate for Outside Director

In addition to her achievements and insight in managing companies, Ms. Sasaki has extensive experiences as an outside director or auditor in other companies. Also, she has held the International Conferences for Women in Business for many years and has been the pioneer of actively supporting the success of women. She is well versed in work style reform and has contributed to the enhancement of corporate value by reflecting stakeholders' views and opinions at Board Meetings of the Company from a perspective of diversity and in other ways. Based on such achievements and experiences, it is appropriate for her to continue serving as an Outside Director and we have nominated her for such office.

Notes:

1. Ms. Kaori Sasaki is a candidate for Outside Director. She has been designated as an Independent Director and reported as such to the Tokyo Stock Exchange. If her re-election is approved, she will continue to serve as an Independent Director.

2. After Ms. Kaori Sasaki was elected as Outside Director, the Company concluded an agreement with her pursuant to Article 427, Paragraph 1 of the Company Law to limit the amount of her liability to the Company to the extent allowed by laws and regulations. If her re-election is approved, the Company will extend such agreement. A summary of the agreement is as follows:

   If, after the conclusion of this agreement, the Outside Director causes damage to the Company because of her failure to perform his duties as Outside Director, her liability to the Company for such damage shall be limited to the minimum amount of liability provided for under Article 425, Paragraph 1 of the Company Law, provided that such failure is not caused by her intentional act or gross negligence.

KOBAYASHI PHARMACEUTICAL CO., LTD.

Policy and Procedures for Appointment and Nomination of Directors

While the Board of Directors has two functions: “decision-making on implementation of business activities” and “supervision of business operations”, we value the knowledge and experiences in business activities for the former function and the management perspective and experiences for the latter function. We also believe that not only the perspectives of women or foreigners but also the sense of value is one factor for diversity and we believe it is important to understand the value that we do not have.

In nominating Directors, candidates are selected from the perspective of having a broad-based knowledge and sound views regarding corporate management, are nominated through discussions at the Nomination Committee (consisting of outside advisors, Outside Directors, Representative Directors of the Company and others) and at the Board of Directors, and are presented to the Meeting of Shareholders for approval.

Points of Focus on Appointment of Independent Outside Directors

In appointing independent outside directors, we believe it is most important for such directors to be able to clearly state his or her opinion to the non-outside Directors and the management.

Also, we have established the objective standards that no Independent Outside Director shall fall into any of the following categories:

1. A person who implements the business activities at the parent company or any sister company of the Company;

2. A person with whom the Company is a major business partner or a person who implements the business activities at a company with which the Company is a major business partner;

3. A consultant, accounting expert or legal expert who receives money or other payment in an amount of 10 million yen or more from the Company (excluding the compensation as a director or an officer of the Company);

4. Any person who falls into any of items 1 through 3 above within the past two (2) years; or

5. Any person who is a relative to any of the following persons (other than those who are determined not to be important by the Company):

   (a) A person who falls into any of the items 1 through 4 above;

   (b) A person who implements business activities at the Company or any of its subsidiaries; or

   (c) A person who fell into item (b) above until recently.

KOBAYASHI PHARMACEUTICAL CO., LTD.

Proposal No. 2: Election of One (1) Substitute Audit & Supervisory Board Member

As preparation for the situation where the number of Audit & Supervisory Board Members becomes smaller than that required by the laws and regulations, it is proposed that one (1) Substitute Audit & Supervisory Board Member be elected.

The Audit & Supervisory Board has agreed to this proposal in advance.

The candidate for Substitute Audit & Supervisory Board Member is as follows:

Yasuhiko Fujitsu (May 25, 1972)

Number of Shares of the Company Owned
0 Shares

< Brief Career Summary and Position at the Company >

Oct. 1994	Registered as Assistant Certified Public Accountant
Apr. 1999	Registered as Attorney-at-Law Joined Hamada & Matsumoto (currently, Mori Hamada & Matsumoto)
May 2004	Earned LL.M. at University of California, Davis
Sep. 2004	Debevoise & Plimpton LLP
Jan. 2008	Partner, Mori Hamada & Matsumoto (to the present)
Jun. 2008	Substitute Audit & Supervisory Board Member (to the present)



Candidate for Substitute Outside Audit & Supervisory Board Member

<Assumption of Important Positions>
Partner, Mori Hamada & Matsumoto

Reasons for Nominating as a Candidate for Substitute Outside Audit & Supervisory Board Member

Mr. Yasuhiko Fujitsu is well versed in fraud investigation and risk management as a lawyer and has adequate knowledge of corporate governance and significant expertise in accounting. As such, we expect that he can properly perform duties as Outside Audit & Supervisory Board Member, and have nominated him as Substitute Outside Audit & Supervisory Board Member.

Notes: If Mr. Yasuhiko Fujitsu is elected as Audit & Supervisory Board Member, the Company will conclude an agreement with him pursuant to Article 427, Paragraph 1 of the Company Law to limit the amount of his liability to the Company to the extent allowed by laws and regulations. A summary of the agreement is as follows:

If, after the conclusion of this agreement, the Outside Audit & Supervisory Board Member causes damage to the Company because of his failure to perform his duties as Outside Audit & Supervisory Board Member, his liability to the Company for such damage shall be limited to the minimum amount of liability provided for under Article 425, Paragraph 1 of the Company Law, provided that such failure is not caused by his intentional act or gross negligence.

KOBAYASHI PHARMACEUTICAL CO., LTD.

CONSOLIDATED BALANCE SHEETS

(As of December 31, 2017)

(Unit: millions of yen)

Item	100th	Item	100th
Assets		**Liabilities**	
Current Assets	**142,346**	**Current Liabilities**	**54,274**
Cash and Deposits	64,990	Trade Notes and Accounts Payable	8,279
Trade Notes and Accounts Receivable	50,032	Electronically Recorded Obligations-Operating	9,221
Securities	8,300	Short-Term Loans	194
Inventories	13,289	Other Accounts Payable	24,446
Deferred Income Taxes	3,221	Lease Obligations	55
Other	2,547	Income Taxes Payable	4,654
Allowance for Doubtful Accounts	(34)	Accrued Consumption Taxes	1,245
		Provision for Sales Returns	1,793
		Provision for Bonuses	2,250
		Asset Retirement Obligations	38
		Other	2,095
Non-Current Assets	**76,484**	**Non-Current liabilities**	**10,744**
Property, Plant and Equipment	**18,247**	Lease Obligations	527
Buildings and Structures	8,212	Net Defined Benefit Liability	2,805
Machinery, Equipment and Vehicles	3,985	Provision for Directors' Retirement Benefits	37
Land	3,576	Asset Retirement Obligations	81
Leased Assets	573	Other	7,293
Other	1,899	**Total Liabilities**	**65,019**
Intangible Assets	**4,798**	**Net Assets**	
Goodwill	2,626	**Shareholders' Equity**	**142,132**
Other	2,172	**Capital Stock**	**3,450**
Investments and Other Assets	**53,438**	**Capital Surplus**	**4,183**
Investments Securities	46,797	**Retained Earnings**	**146,758**
Long-Term Loans Receivable	261	**Treasury Shares**	**(12,259)**
Deferred Income Taxes	539	**Accumulated Other Comprehensive Income**	**11,642**
Investment Properties	2,981		
Other	3,243	**Valuation Difference on Available-for-Sale Securities**	**13,267**
Allowance for Doubtful Accounts	(384)	**Deferred Gains or Losses on Hedges**	**9**
		Foreign Currency Translation Adjustment	**403**
		Remeasurements of Defined Benefit Plans Adjustments	**(2,038)**
		Share Acquisition Rights	**36**
		Total Net Assets	**153,811**
TOTAL ASSETS	**218,831**	**TOTAL LIABILITIES AND NET ASSETS**	**218,831**

Note: Any amount less than ¥1 million is rounded down.

KOBAYASHI PHARMACEUTICAL CO., LTD.

CONSOLIDATED STATEMENTS OF INCOME

(From April 1, 2017 to December 31, 2017)

(Unit: millions of yen)

Item	100th
Net Sales	**156,761**
Cost of Sales	**61,238**
Gross Profit	**95,522**
Selling, General and Administrative Expenses	**72,596**
Operating Income	**22,925**
Other Income	**2,724**
Interest Income	273
Dividend Income	384
Real Estate Rent	296
Compensation Income	1,500
Other	269
Other Expenses	**1,458**
Interest Expense	38
Sales Discounts	750
Rent Cost of Real Estate	78
Foreign Currency Exchange Losses	210
Provision for Allowance for Doubtful Accounts	118
Other	261
Ordinary Income	**24,191**
Extraordinary Income	**105**
Gain on Sales of Non-Current Assets	0
Gain on Sales of Investments Securities	3
Compensation Income	98
Other	3
Extraordinary Loss	**1,724**
Loss on Disposal of Non-Current Assets	96
Impairment Loss	1,544
Other	84
Profit Before Income Taxes	**22,572**
Income Taxes Current	7,601
Income Taxes Deferred	(892)
Total Income Taxes	6,709
Profit	**15,863**
Profit Attributable to Owners of Parent	**15,863**

Note: Any amount less than ¥1 million is rounded down.

KOBAYASHI PHARMACEUTICAL CO., LTD.

BALANCE SHEETS

(As of December 31, 2017)

(Unit: millions of yen)

Item	100th	Item	100th
Assets		**Liabilities**	
Current Assets	**119,960**	**Current Liabilities**	**51,158**
Cash and Deposits	54,939	Trade Notes Payable	824
Trade Notes Receivable	21	Trade Accounts Payable	14,590
Trade Accounts Receivable	42,798	Electronically Recorded Obligations-Operating	4,651
Securities	8,300		
Merchandise and Finished Goods	5,555	Short-Term Loans Payable to Subsidiaries and Associates	3,682
Work in Process	258		
Raw Materials and Supplies	479	Lease Obligations	50
Prepaid Expenses	713	Other Accounts Payable	20,984
Deferred Income Taxes	2,064	Accrued Expenses	474
Short-Term Loans Receivable from Subsidiaries	3,996	Income Taxes Payable	3,059
		Accrued Consumption Taxes	413
Other	918	Deposits Received	48
Allowance for Doubtful Accounts	(84)	Provision for Bonuses	1,556
		Provision for Sales Returns	772
Non-Current Assets	**77,981**	Other	48
Property, Plant and Equipment	**7,085**	**Non-Current Liabilities**	**7,909**
Buildings	3,129	Long-Term Guarantee Deposited	453
Structures	156	Lease Obligations	521
Machinery and Equipment	264	Deferred Income Tax	5,325
Tools, Furniture and Fixtures	754	Other Long-Term Accounts Payable	1,436
Land	2,042	Provision for Retirement Benefits	90
Leased Assets	560	Other	81
Other	177	**Total Liabilities**	**59,067**
Intangible Assets	**808**	**Net Assets**	
Software	769	**Shareholders' Equity**	**125,696**
Other	39	**Capital Stock**	**3,450**
Investments and Other Assets	**70,087**	**Capital Surplus**	**4,183**
Investments Securities and Capital	46,056	Legal Capital Surplus	4,183
Shares of Subsidiaries and Associates	17,188	**Retained Earnings**	**130,322**
		Legal Retained Earnings	340
		Other Retained Earnings	129,982
Investments in Capital of Subsidiaries and Associates	1,385	Reserve for Research and Development	330
Long-Term Loans Receivable	17	General Reserve	116,292
Long-Term Loans Receivable From Subsidiaries and Associates	2,401	Retained Earnings Brought Forward	13,359
		Treasury Shares	**(12,259)**
Long-Term Prepaid Expenses	959	**Valuation and Translation Adjustments**	**13,140**
Real Estate for Investment	2,278	**Valuation Difference on Available-for-Sale Securities**	**13,131**
Other	1,657	**Deferred Gains or Losses on Hedges**	**9**
Allowance for Doubtful Accounts	(1,857)	**Share Acquisition Rights**	**36**
		Total Net Assets	**138,874**
TOTAL ASSETS	**197,942**	**TOTAL LIABILITIES AND NET ASSETS**	**197,942**

Note: Any amount less than ¥1 million is rounded down.

KOBAYASHI PHARMACEUTICAL CO., LTD.

STATEMENTS OF INCOME

(From April 1, 2017 to December 31, 2017)

(Unit: millions of yen)

Item	100th
Net Sales	**133,522**
Cost of Sales	**57,916**
Gross Profit	**75,605**
Selling, General and Administrative Expenses	**58,305**
Operating Income	**17,300**
Other Income	**4,930**
Interest Income	233
Dividend Income	2,454
Real Estate Rent	526
Other Rent income	10
Compensation Income	1,500
Other	206
Other Expenses	**1,320**
Interest Expense	18
Sales Discounts	610
Rent Cost of Real Estate	244
Other Rent Cost	10
Foreign Currency Exchange Losses	174
Provision for Allowance for Doubtful Accounts	141
Other	120
Ordinary Income	**20,910**
Extraordinary Income	**7**
Gain on Sales of Non-Current Assets	0
Gain on Sales of Investment Securities	3
Other	3
Extraordinary Loss	**455**
Loss on Disposal of Non-Current Assets	35
Impairment Loss	337
Provision for Allowance for Doubtful Accounts	0
Loss on Defective Inventories	82
Other	0
Profit Before Income Taxes	**20,463**
Income Taxes Current	5,573
Income Taxes Deferred	(213)
Profit	**15,103**

Note: Any amount less than ¥1 million is rounded down.