

# Financial Overview for Fiscal 2008

Fiscal Year Ended March 31, 2008

Yutaka Kobayashi

President and Chief Operating Officer

KOBAYASHI PHARMACEUTICAL CO., LTD.

May 9, 2008

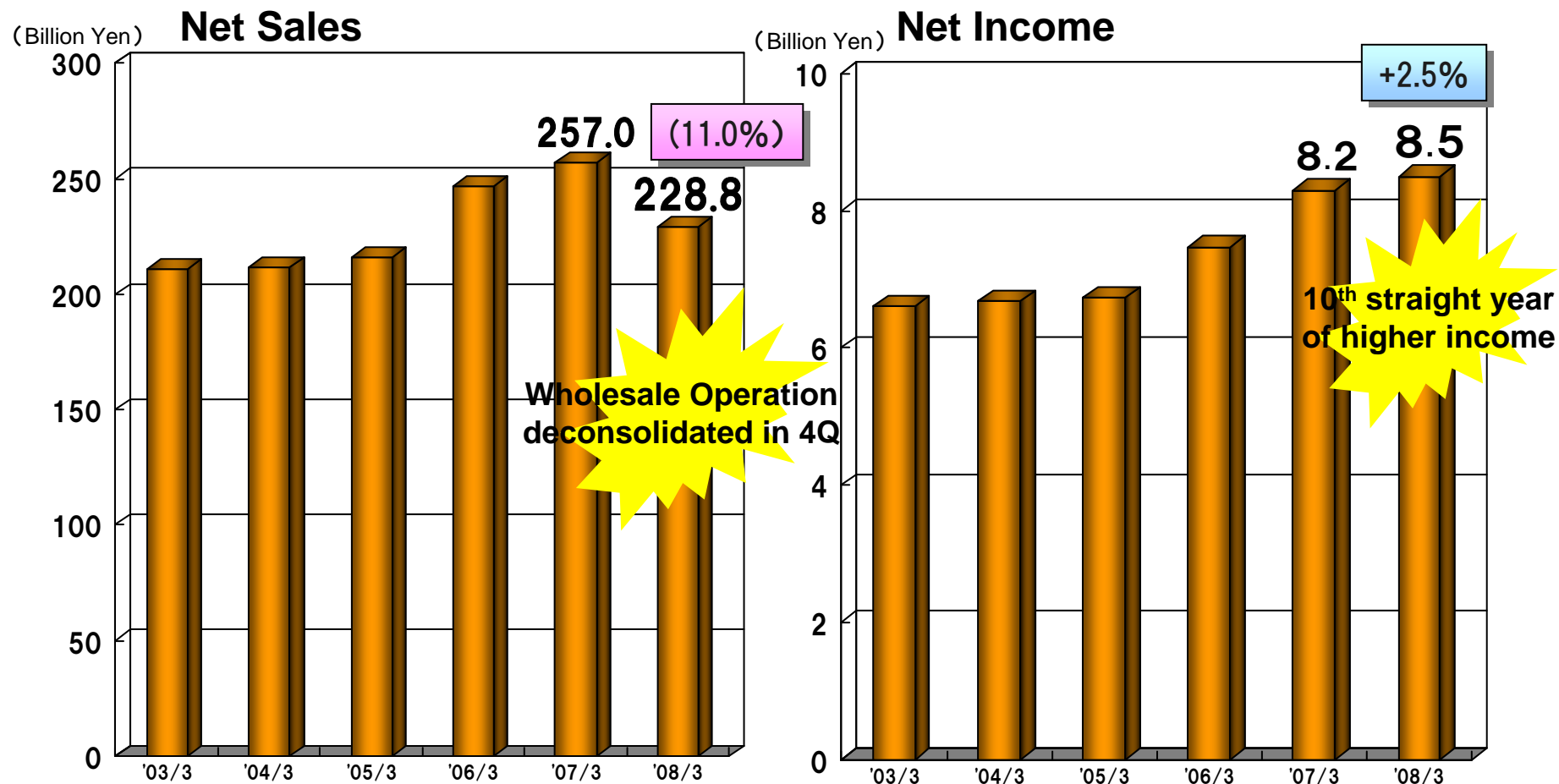
# Consolidated Financial Highlights

	FY2007		FY2008		Change	
	Amount	Profit rate	Amount	Profit rate	Amount	Percentage
	Million Yen	%	Million Yen	%	Million Yen	%
Net Sales	257,022	—	228,826	—	(28,195)	(11.0)
Operating Income	18,029	7.0	18,576	8.1	546	3.0
Ordinary Income	15,012	5.8	15,687	6.9	674	4.5
Net Income	8,297	3.2	8,504	3.7	207	2.5
EPS (Yen)	200.77	—	205.62	—	4.85	2.4

Notes:

1. Sales decrease reflects exclusion of Wholesale Operation from scope of consolidation in 4<sup>th</sup> quarter
2. Increased earnings reflect sales growth for OTC medication and body warmers in the Consumer Products Operation

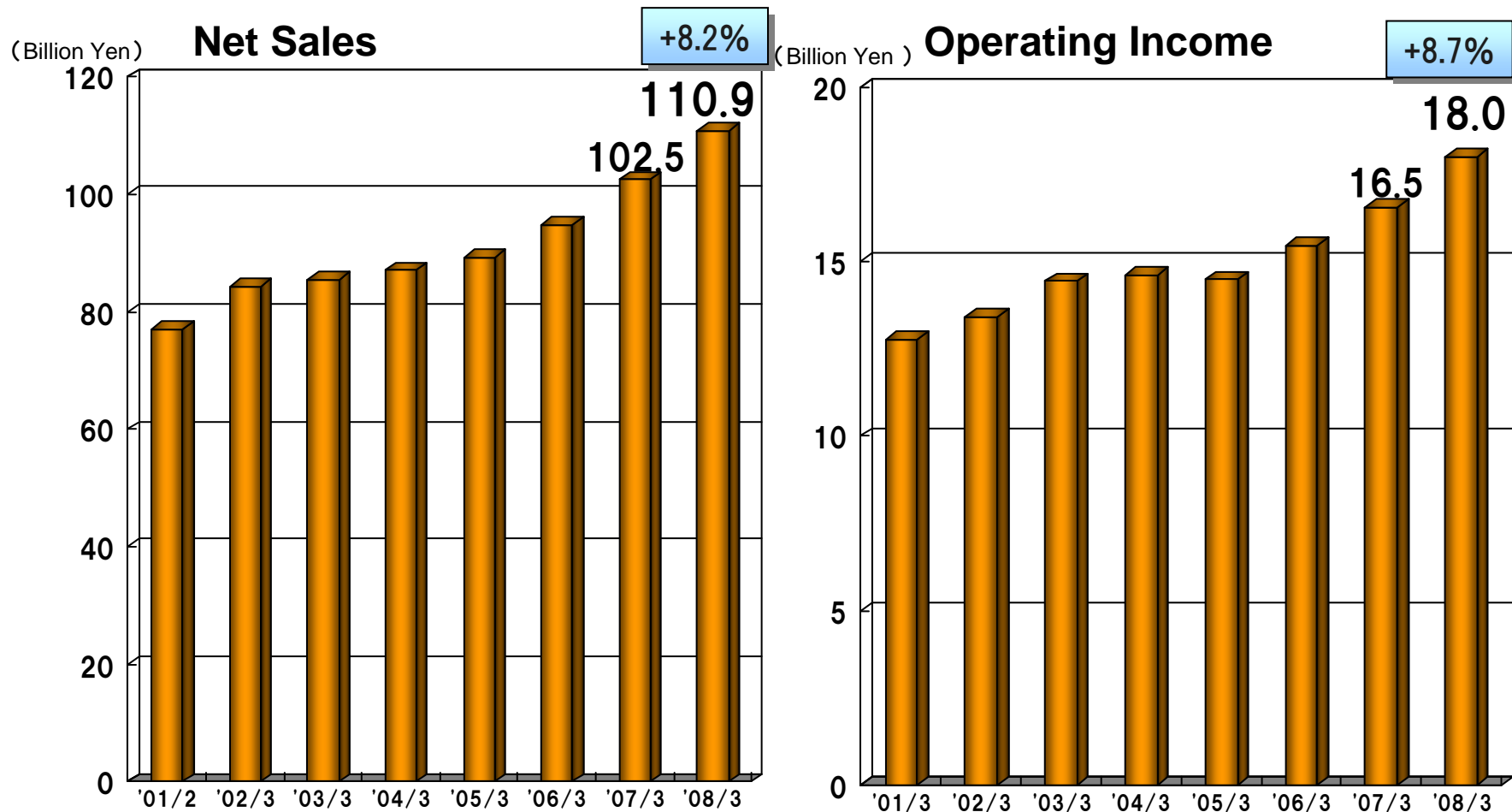
# Consolidated Financial Results



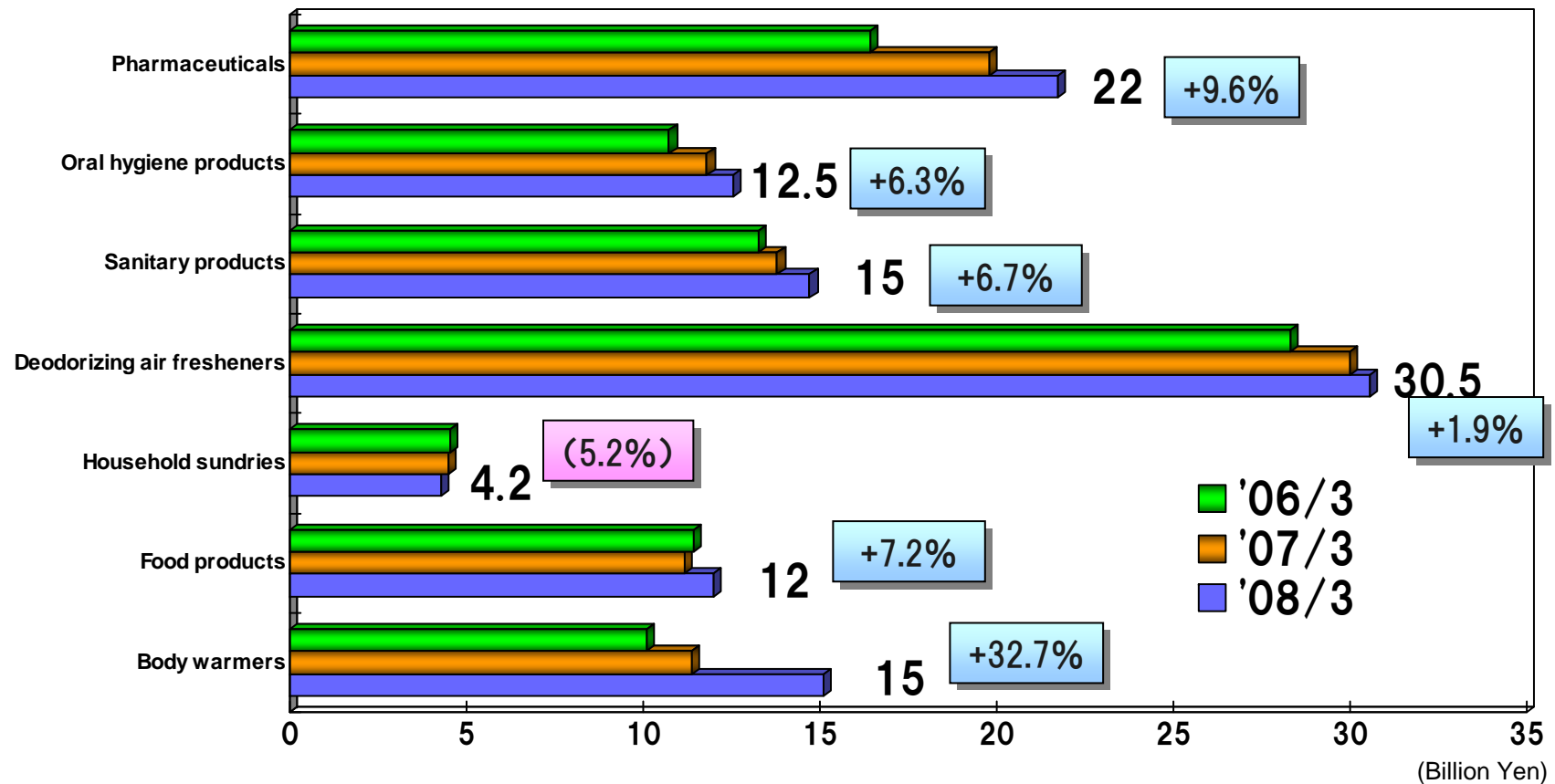


# Segment Information

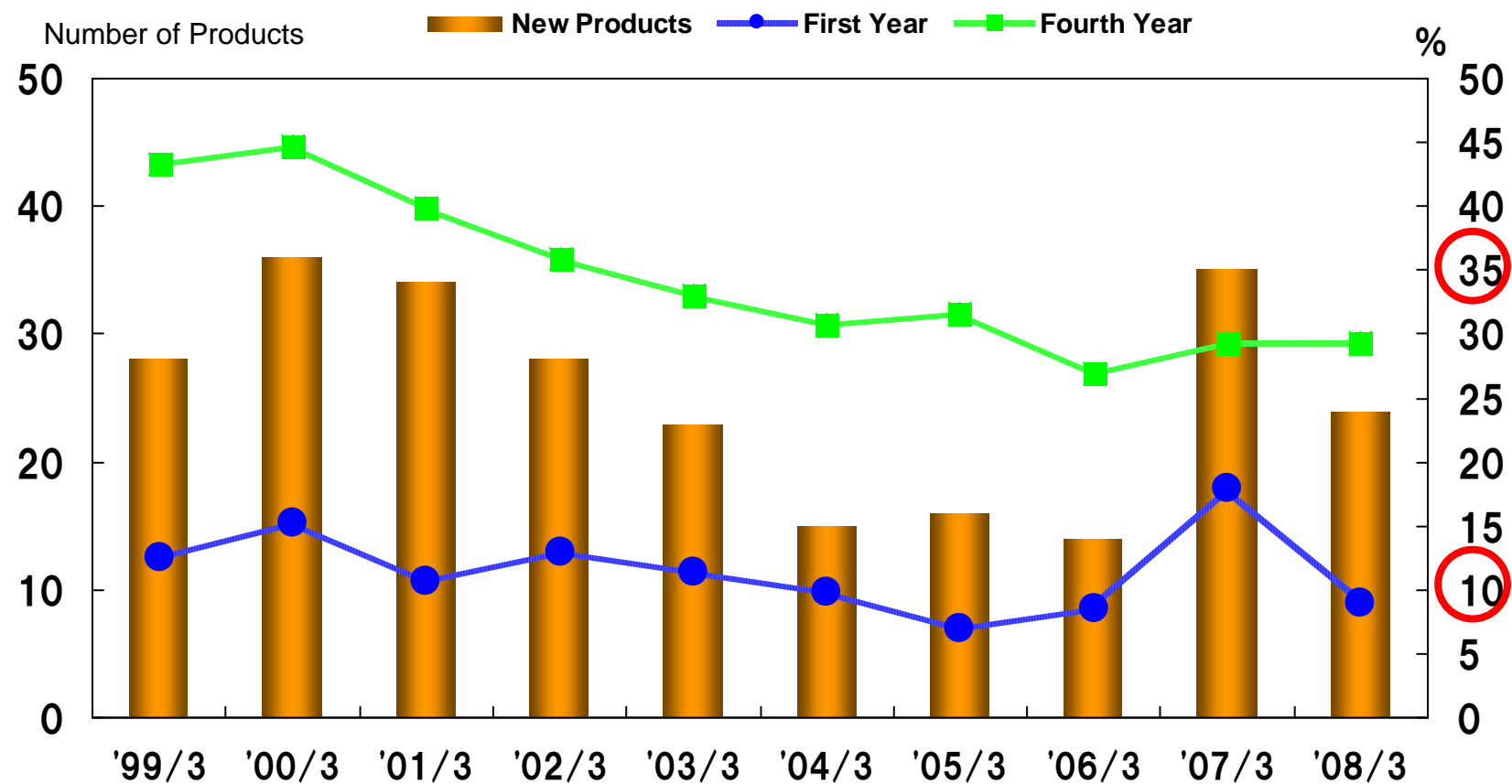
# Consumer Products Operation



# Consumer Products Operation: Sales by Category

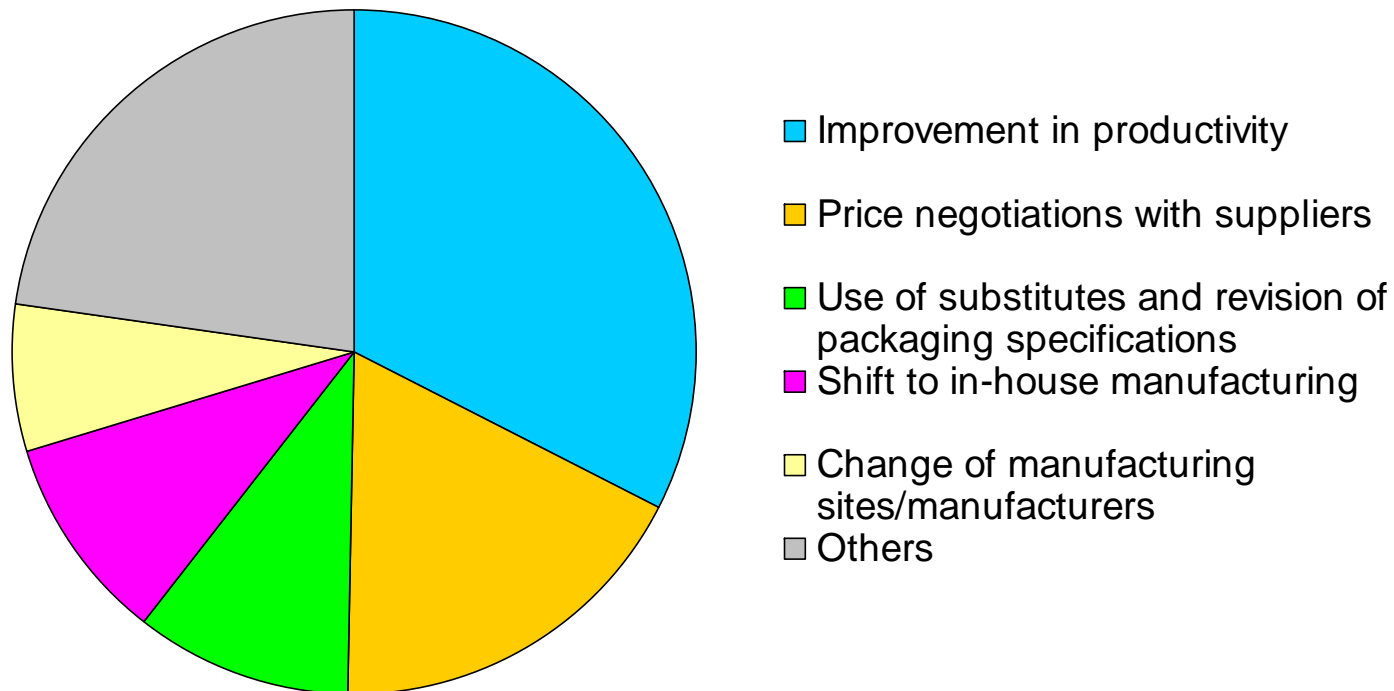


# Contribution Rate of New Products



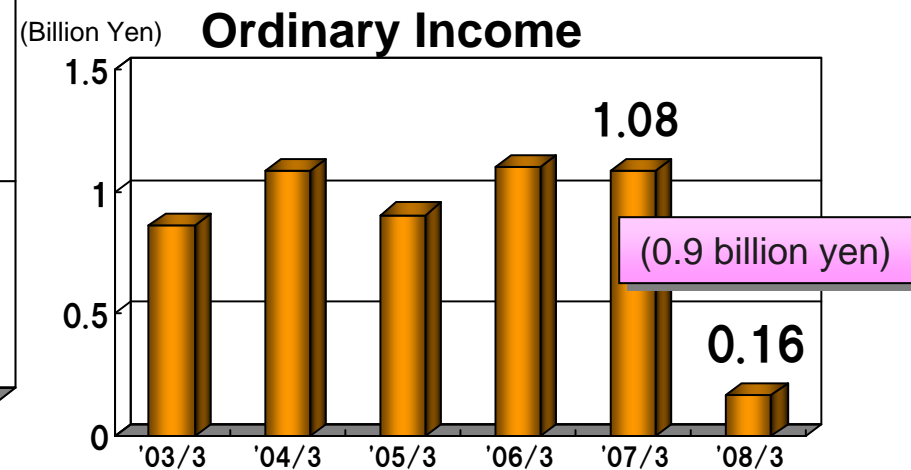
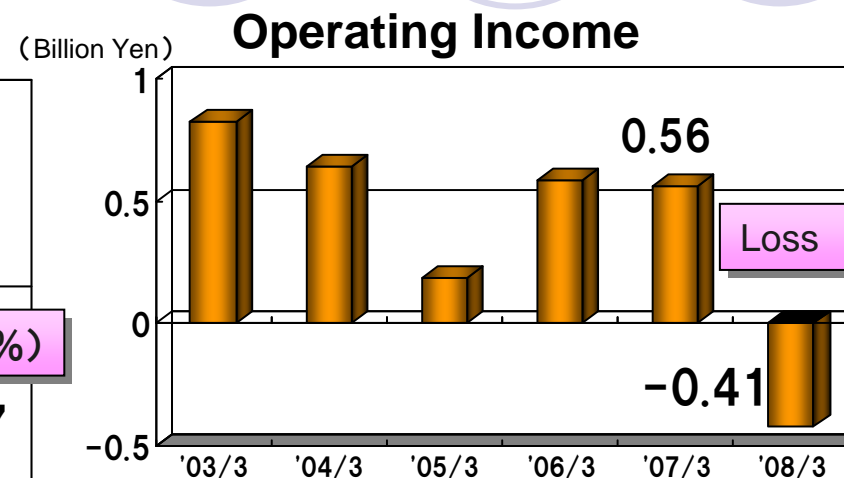
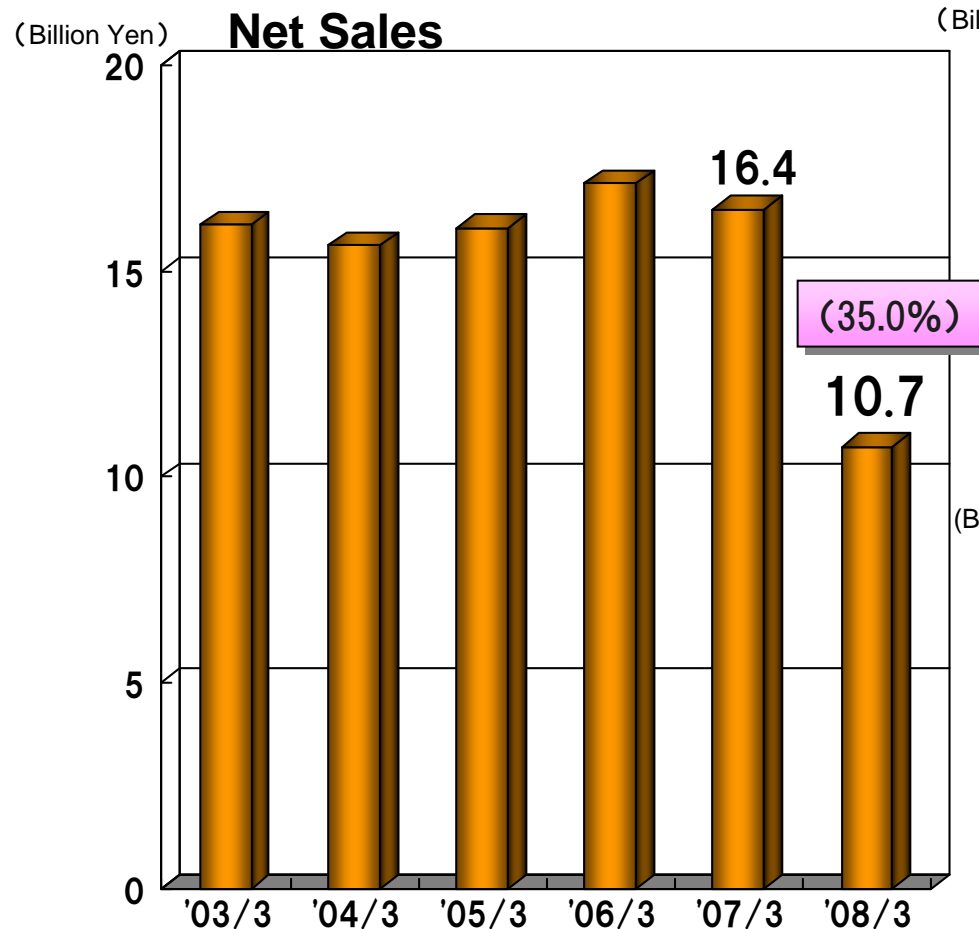
# Cost Reduction in Manufacturing Divisions

Achieved cost reduction of 1.34 billion yen



**Meanwhile, there was a 0.34 billion yen increase in costs due to higher crude oil prices, etc.**

# Medical Devices Operation

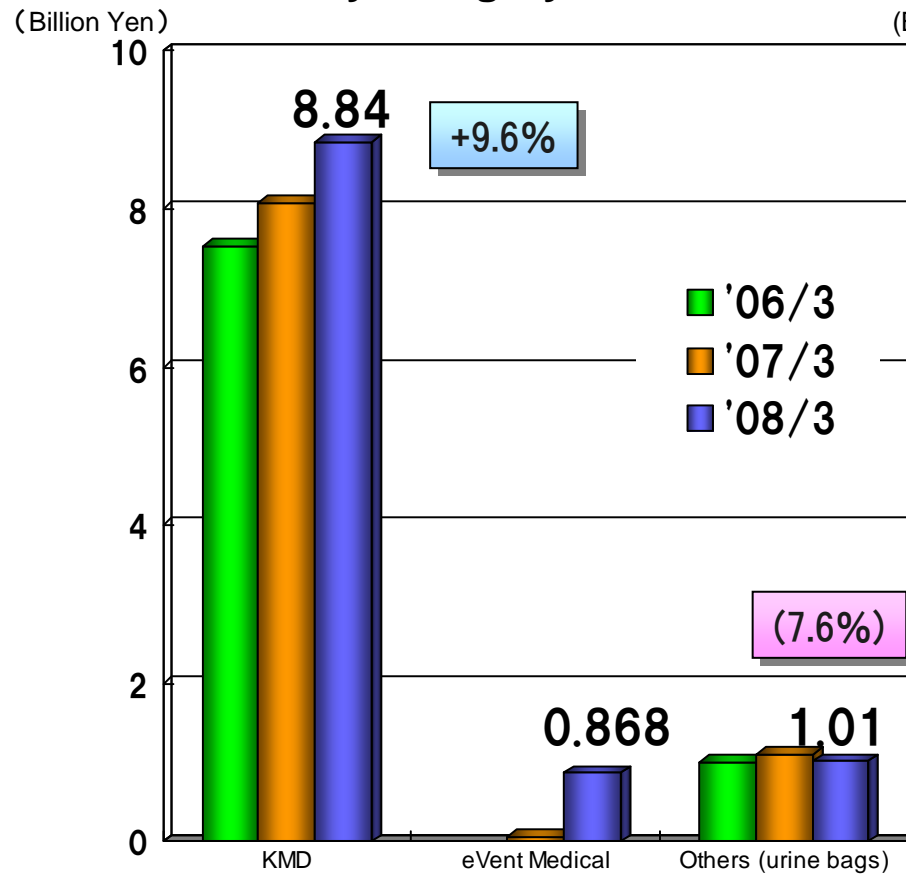


\* Due to sale of shareholdings in Shield Healthcare Centers in Nov. 2006

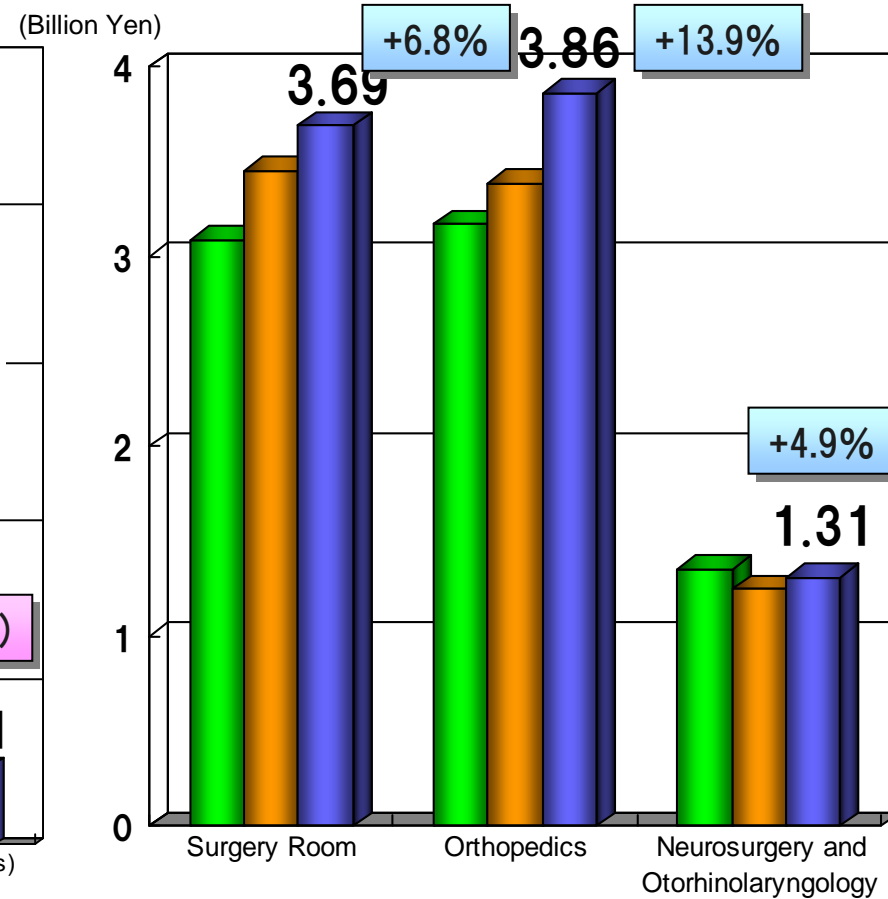
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# Medical Devices Operation

## Sales by Category

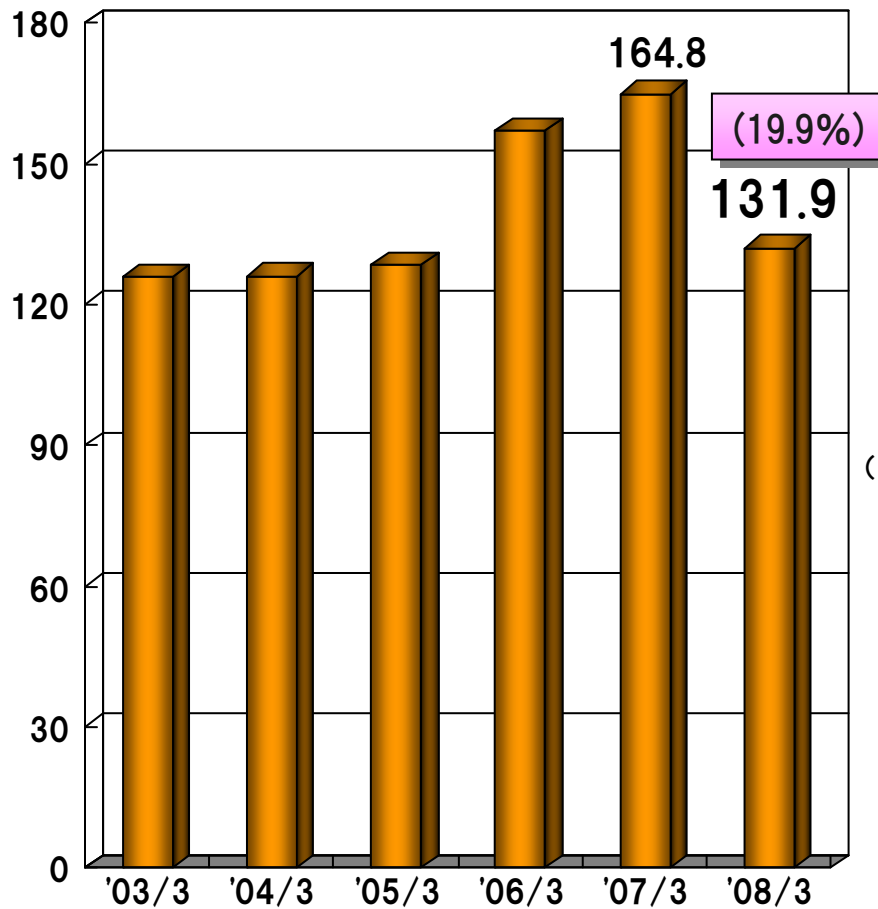


## KMD Sales

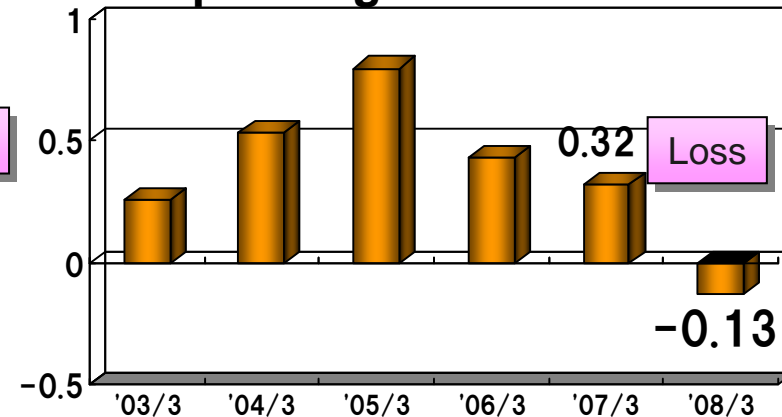


# Wholesale Operation

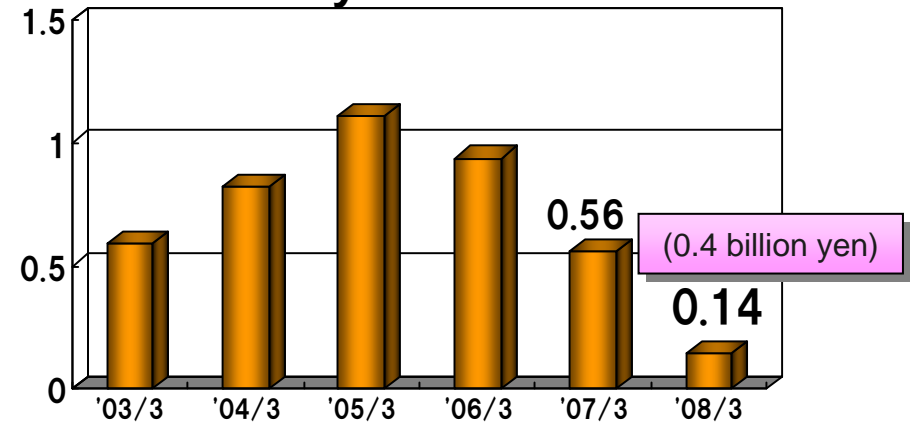
(Billion Yen) **Net Sales**



(Billion Yen) **Operating Income**

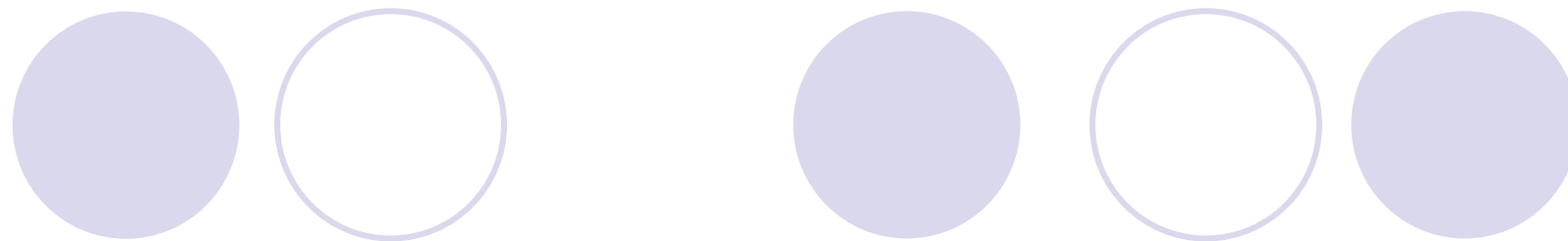


(Billion Yen) **Ordinary Income**



\* Due to completing share exchange with Kobashou, Inc. in January 2007

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# **Consolidated Financial Forecast**

## **FY2009**



# Group Management Strategy

**Strive to provide what our customers wish for to build a foundation for a revitalized Kobayashi Pharmaceutical Group**

1. Adopt “The Power to Transform” as our rallying cry to accomplish the most dramatic changes since the Company’s founding.
2. Create new products that will play key roles in future, as the development of new products is the source of growth.
3. Press ahead with bolstering the foundations of our overseas businesses, to turn them around and make them drivers of our overall growth strategy.
4. Strengthen employees’ sense of involvement and put a stronger emphasis on the frontline.
5. Ensure that all employees feel a sense of purpose and responsibility as representatives of the Kobayashi Pharmaceutical Group, and build up a robust corporate brand.

# Consolidated Financial Forecasts

	FY2008		FY2009 (Forecast)		Change	
	Amount	Profit rate	Amount	Profit rate	Amount	Percentage
	Million Yen	%	Million Yen	%	Million Yen	%
Net Sales	<b>228,826</b>	—	<b>129,000</b>	—	<b>△99,826</b>	<b>△43.6</b>
Operating Income	<b>18,576</b>	<b>8.1</b>	<b>15,600</b>	<b>12.1</b>	<b>△2,976</b>	<b>△16.0</b>
Ordinary Income	<b>15,687</b>	<b>6.9</b>	<b>15,400</b>	<b>11.9</b>	<b>△287</b>	<b>△1.8</b>
Net Income	<b>8,504</b>	<b>3.7</b>	<b>8,800</b>	<b>6.8</b>	<b>296</b>	<b>3.5</b>
EPS (Yen)	<b>205.62</b>	—	<b>212.66</b>	—	<b>7.04</b>	<b>3.4</b>

Notes:

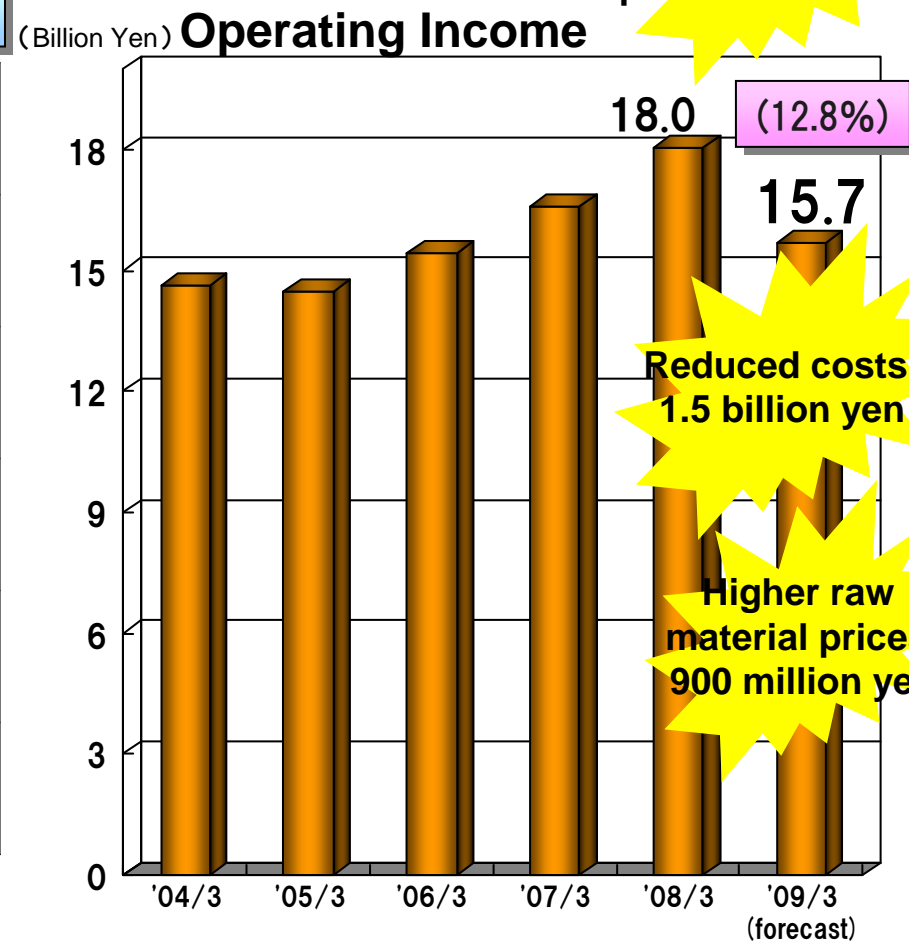
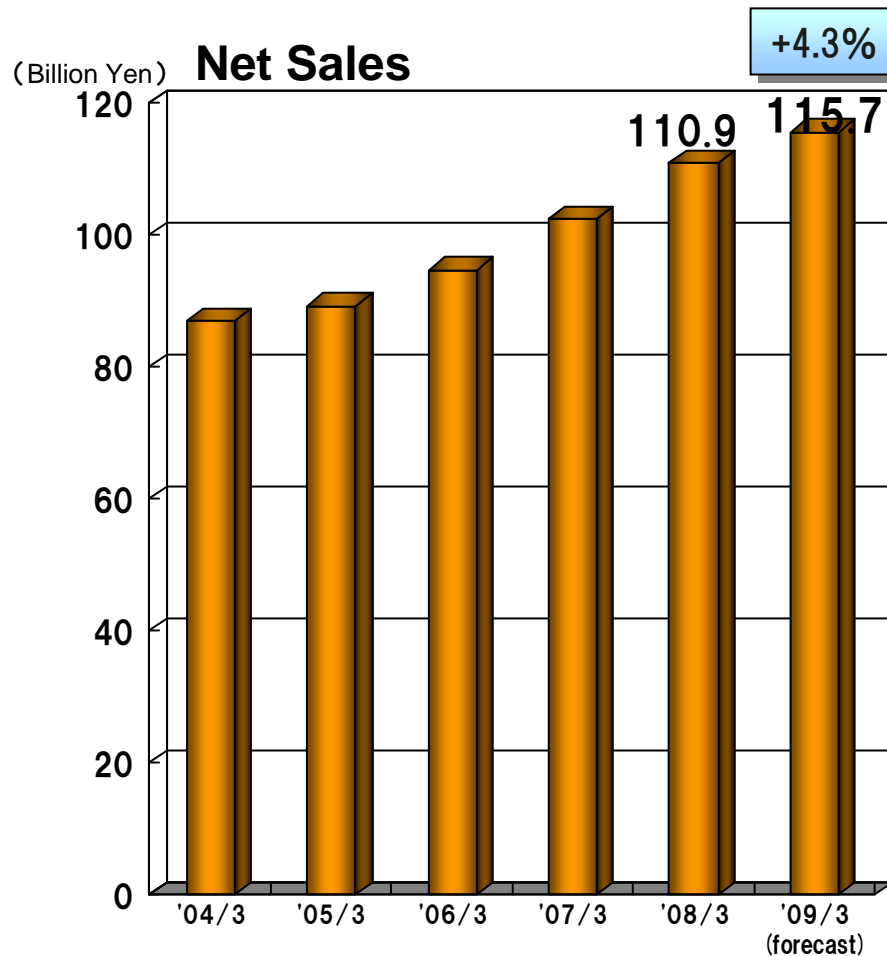
1. Sales decrease reflects deconsolidation of Wholesale Operation.
2. Decreased earnings reflect a change in accounting treatment due to adoption of accounting standard relating to inventory valuation.

# Consolidated Financial Forecasts

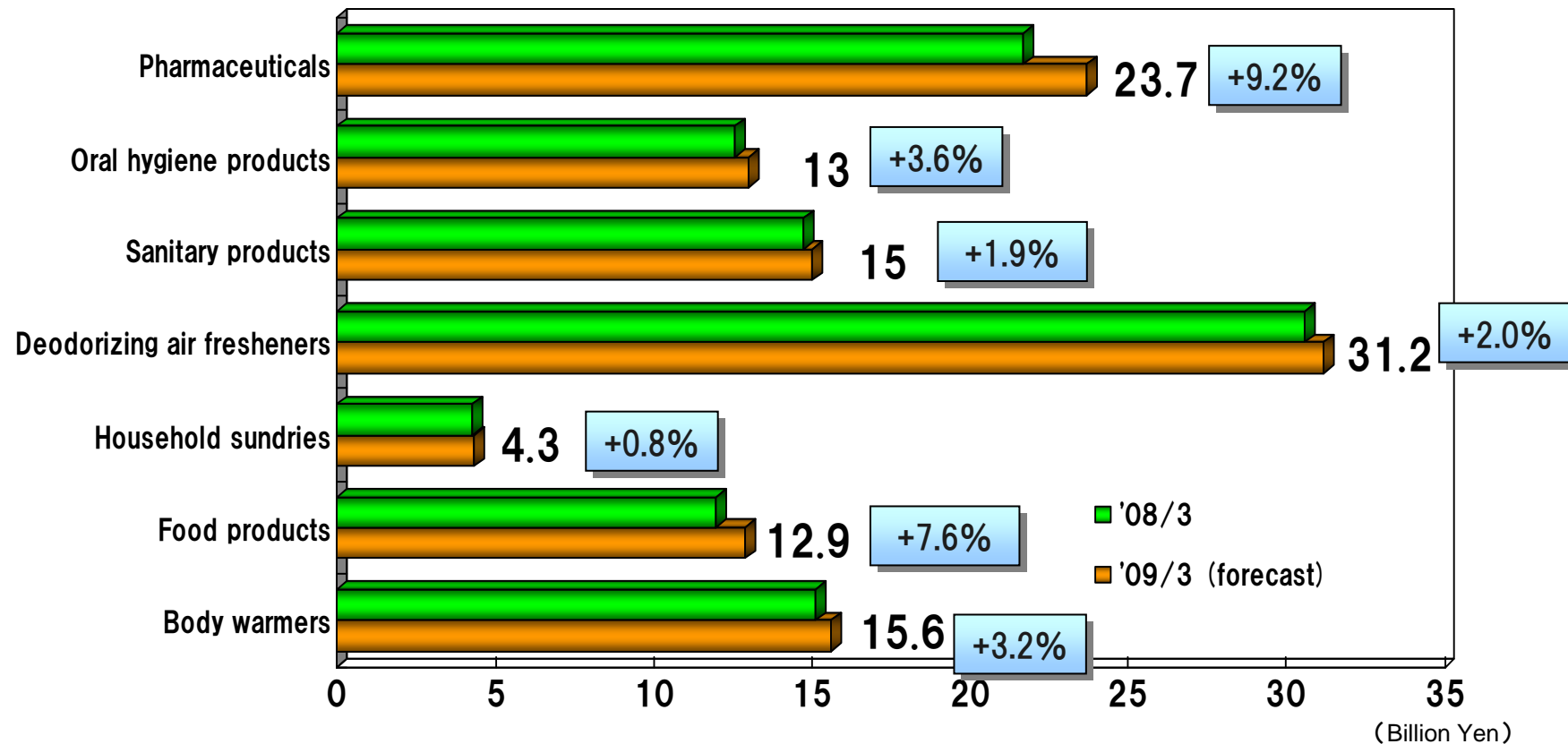
Forecasts assuming that accounting standard relating to inventory valuation was adopted in FY2008

	FY2008		FY2009 (Forecast)		Change	
	Amount	Profit rate	Amount	Profit rate	Amount	Percentage
	Million Yen	%	Million Yen	%	Million Yen	%
Net Sales	<b>228,826</b>	—	<b>129,000</b>	—	<b>△99,826</b>	<b>△43.6</b>
Operating Income	<b>14,734</b>	<b>6.4</b>	<b>15,600</b>	<b>12.1</b>	<b>866</b>	<b>5.9</b>
Ordinary Income	<b>14,900</b>	<b>6.5</b>	<b>15,400</b>	<b>11.9</b>	<b>500</b>	<b>3.4</b>
Net Income	<b>8,504</b>	<b>3.7</b>	<b>8,800</b>	<b>6.8</b>	<b>296</b>	<b>3.5</b>
EPS (Yen)	<b>205.62</b>	—	<b>212.66</b>	—	<b>7.04</b>	<b>3.4</b>

# Consumer Products Operation: Financial Forecasts



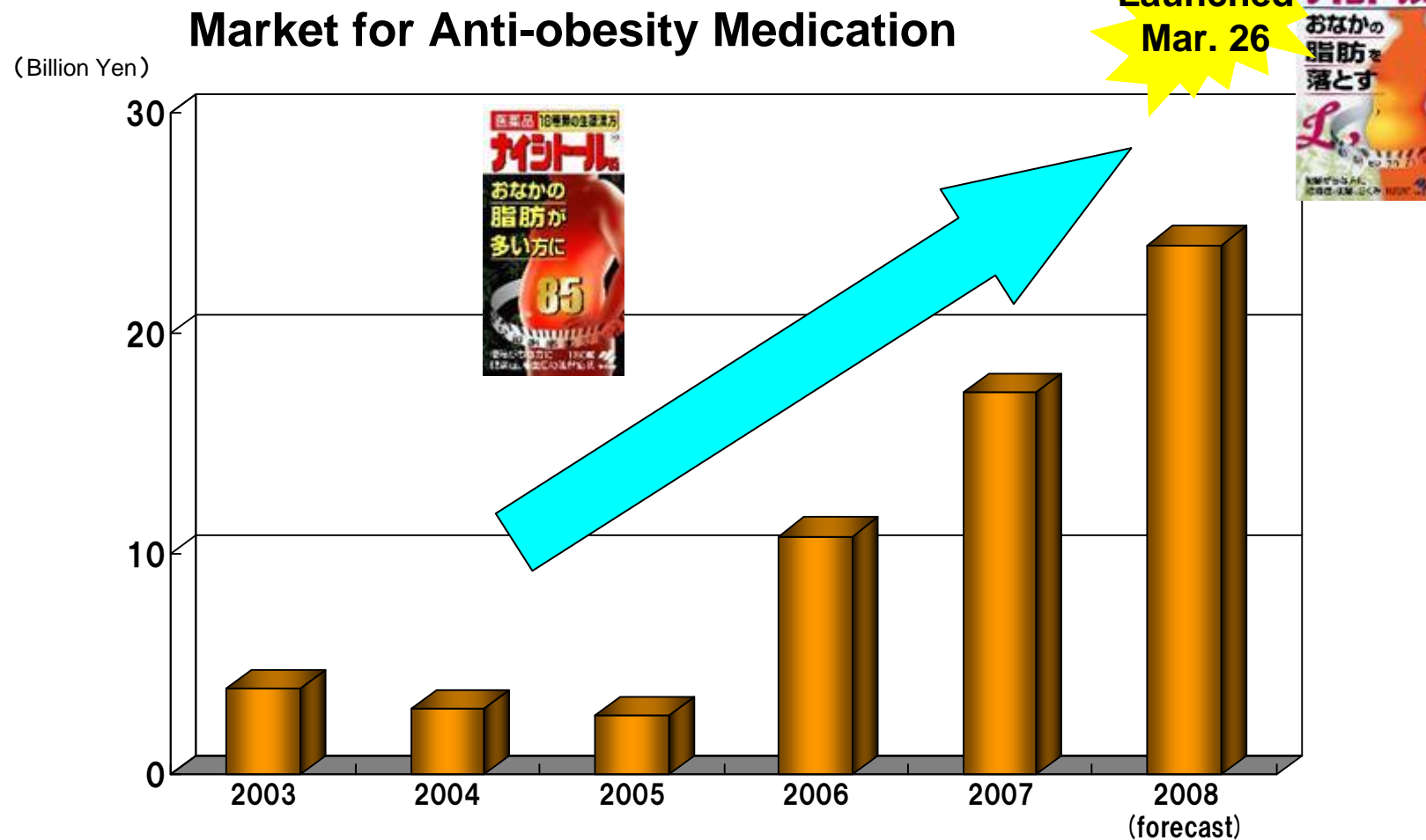
# Consumer Products Operation: Sales Forecasts by Category



# New Products in Spring 2008



# Growth in Market for OTC Medication to Counteract Metabolic Syndrome



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# Overseas Expansion With Body Warmers as Strategic Products

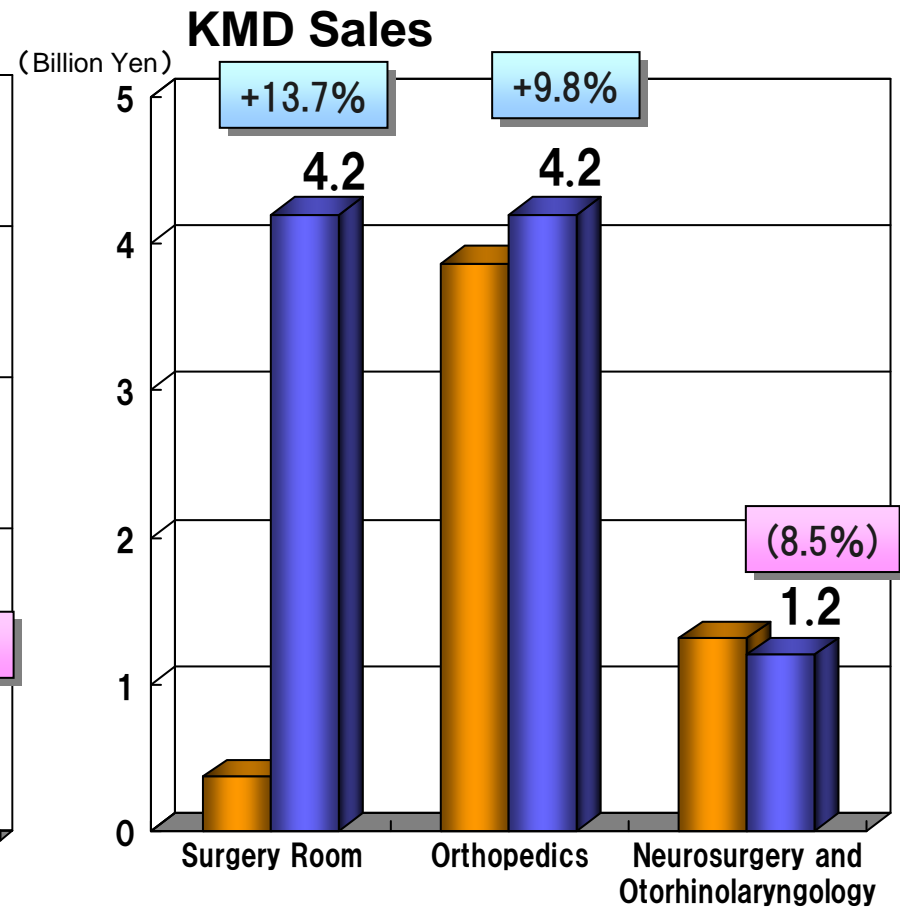
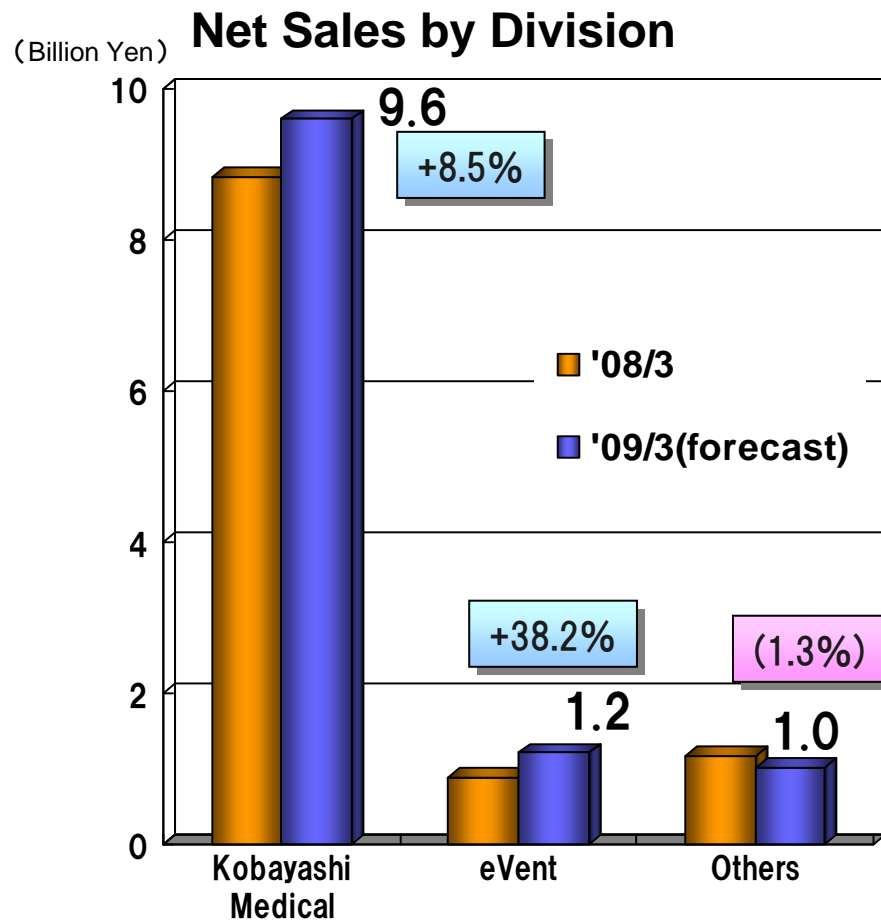


# Medical Devices Operation: Strategy for Growth

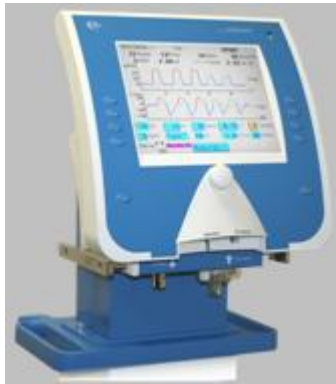


- **Convert to profitability through selection and concentration**  
**Achieve 5% operating income ratio as soon as possible**
- **Global expansion through eVent Medical**  
**U.S. marketing/product development**

# Medical Devices Operation: Net Sales Forecasts



# eVent Medical's New Ventilators



**Current model**



**Improved model**  
**More user-friendly**  
**Lower running costs**



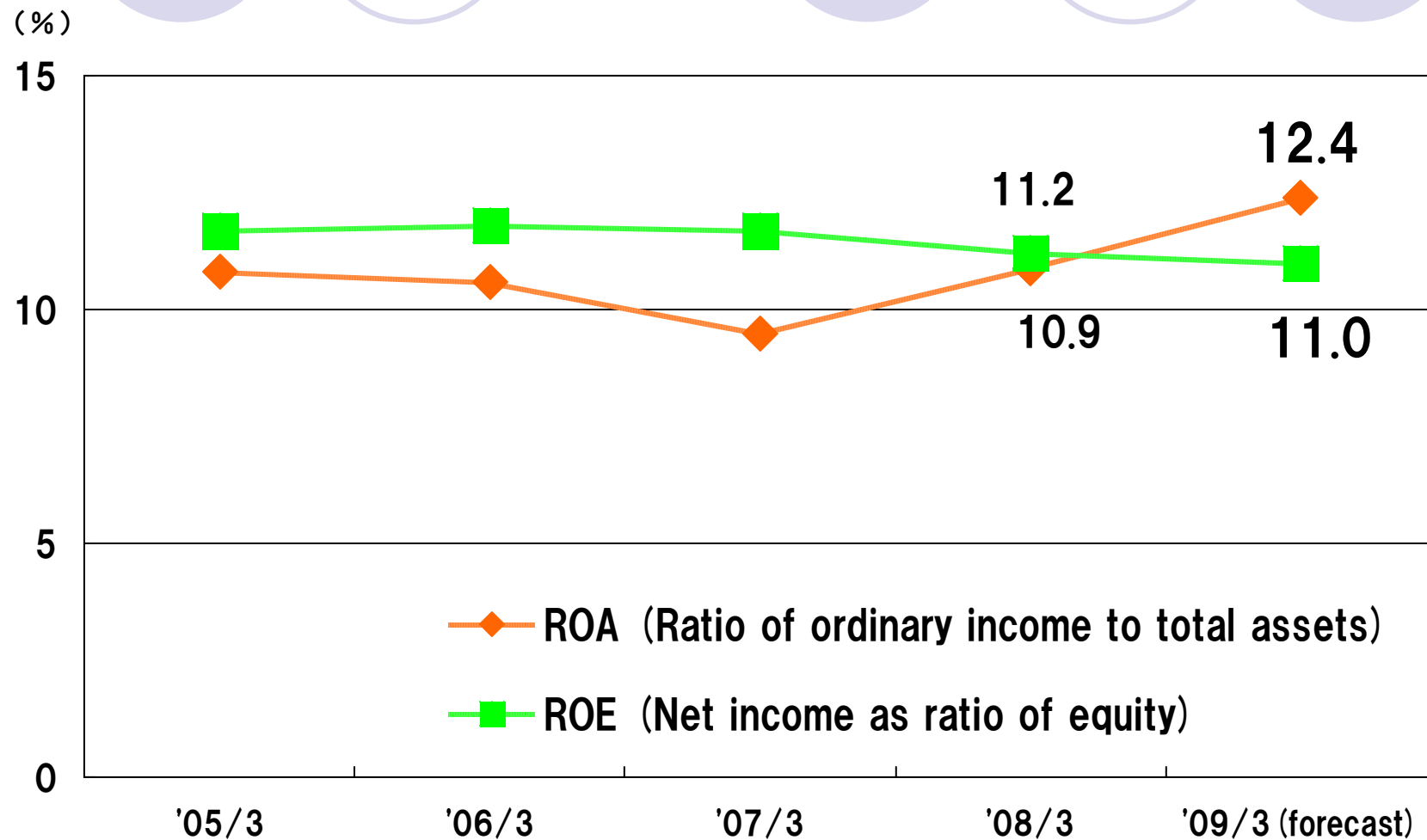
**New, lower-cost  
alternative model**  
**For Eastern  
European/Asian  
markets**

Established Swiss research center to conduct software development



# **Financial Indicators and Returns to Shareholders**

# ROA & ROE



# Returns to Shareholders

