



Financial Overview for Fiscal 2010

Fiscal Year Ended March 31, 2010

Yutaka Kobayashi

President and Chief Operating Officer

Kobayashi Pharmaceutical Co., Ltd.

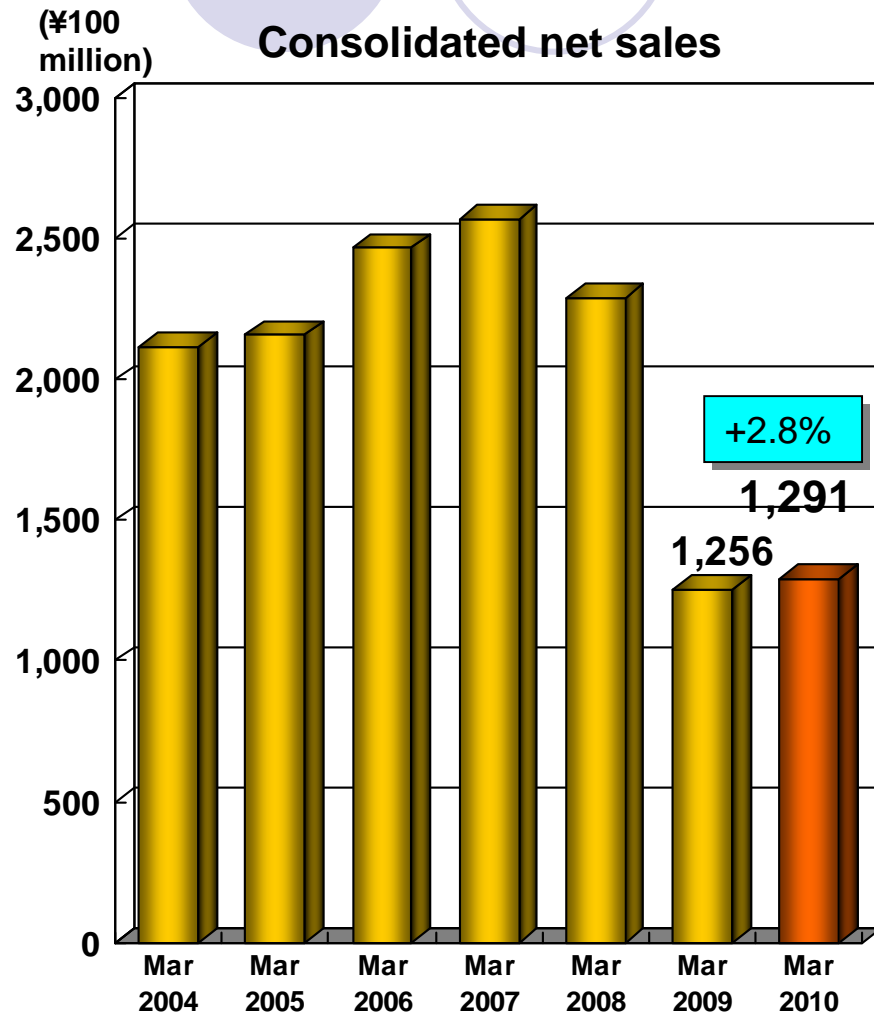
May 10, 2010

Consolidated Financial Highlights

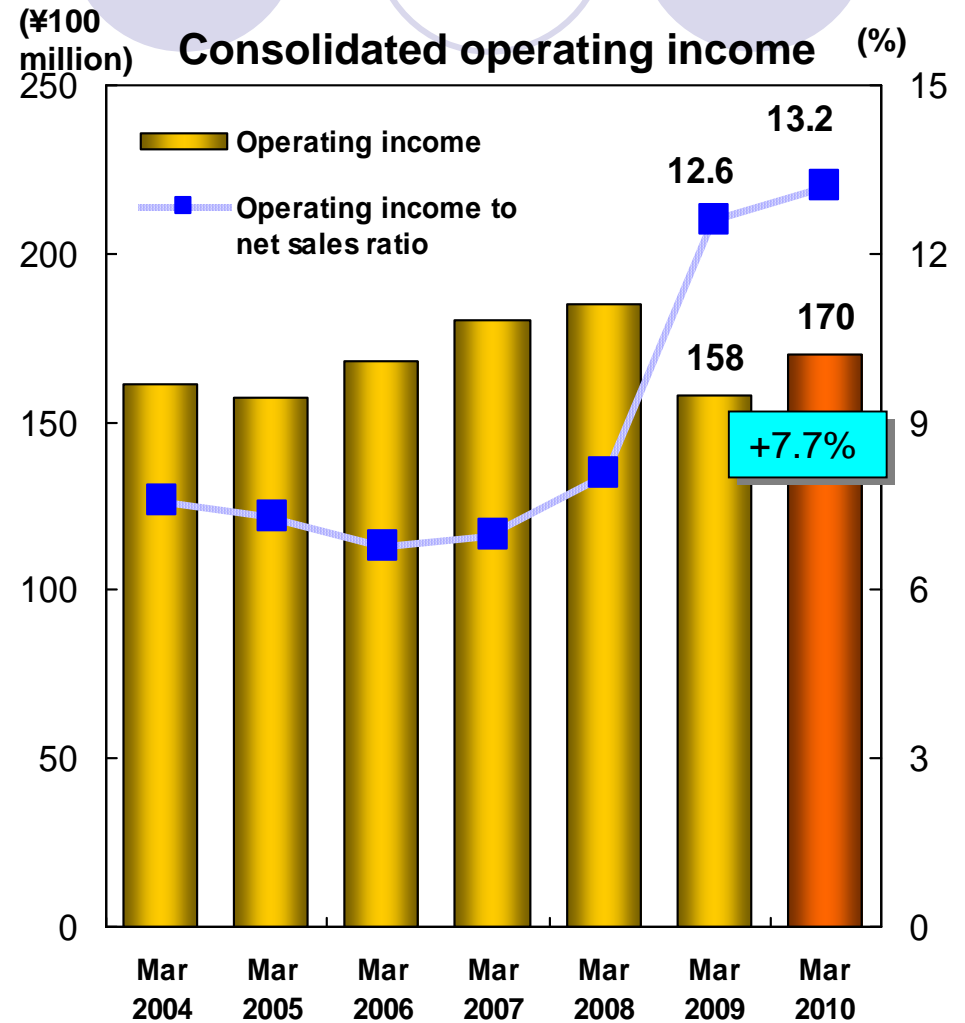
| | Year ended Mar. 2009 | | Year ended Mar. 2010 | | Change | |
|-------------------------|------------------------|-------------|------------------------|-------------|----------------------|------------|
| | Amount | Profit rate | Amount | Profit rate | Amount | Percentage |
| Net sales | Million yen 125,693 | % - | Million yen 129,184 | % - | Million yen 3,491 | % 2.8 |
| Gross profit | 68,679 | 54.6 | 71,888 | 55.6 | 3,209 | 4.7 |
| Operating income | 15,818 | 12.6 | 17,041 | 13.2 | 1,223 | 7.7 |
| Ordinary income | 15,333 | 12.2 | 17,071 | 13.2 | 1,738 | 11.3 |
| Net income | 8,853 | 7.0 | 9,249 | 7.2 | 396 | 4.5 |
| EPS (Yen) | 215.89 | - | 225.88 | - | 9.99 | 4.6 |

In the Consumer Products Operation, the main business, the Company saw sales of existing brand products and mail-order nutritional supplement products increase. Operating income increased by 1,200 million yen, due to reduction of manufacturing costs and effective use of advertising expenses. The Company posted record net income for the 12th consecutive fiscal year since the introduction of consolidated accounting.

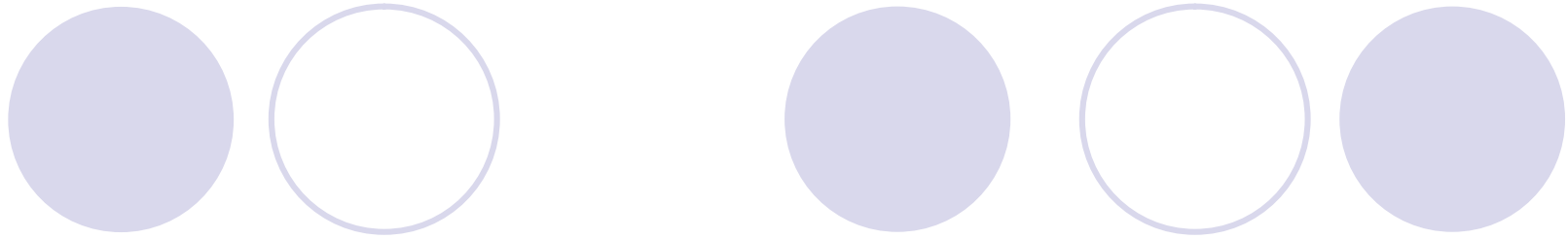
Change in Consolidated Financial Results



* Sales of the Wholesale Operation have been excluded from scope of consolidation since the fourth quarter of the fiscal year ended March 2008

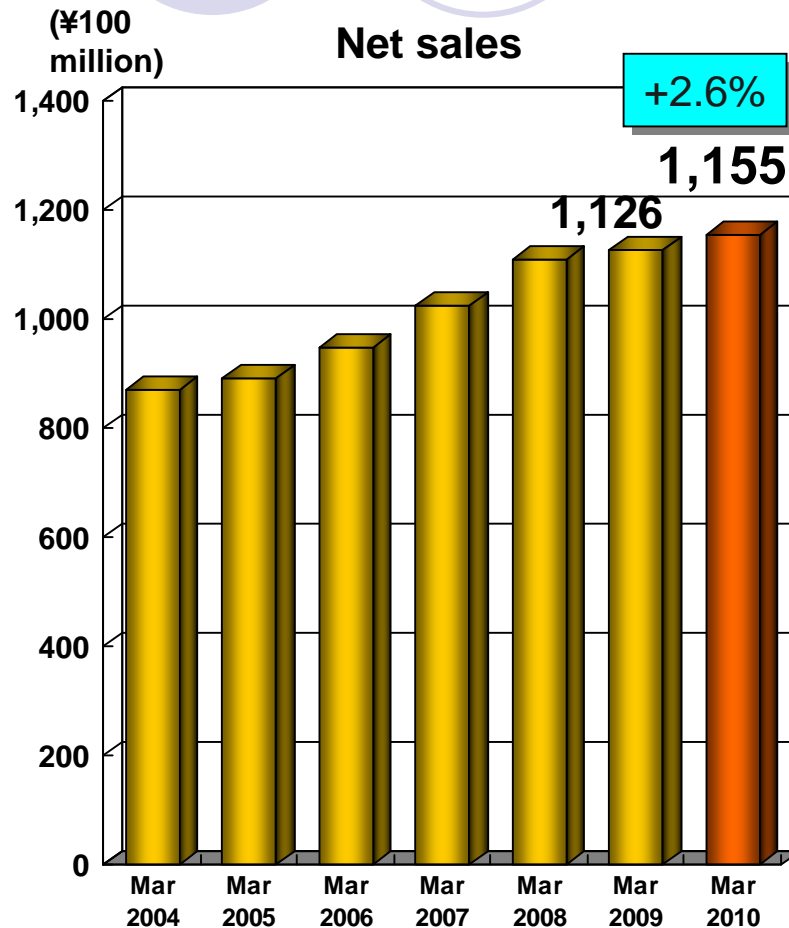


* Losses on valuation and abandonment of inventories have been included in cost of sales since the fiscal year ended March 2009.

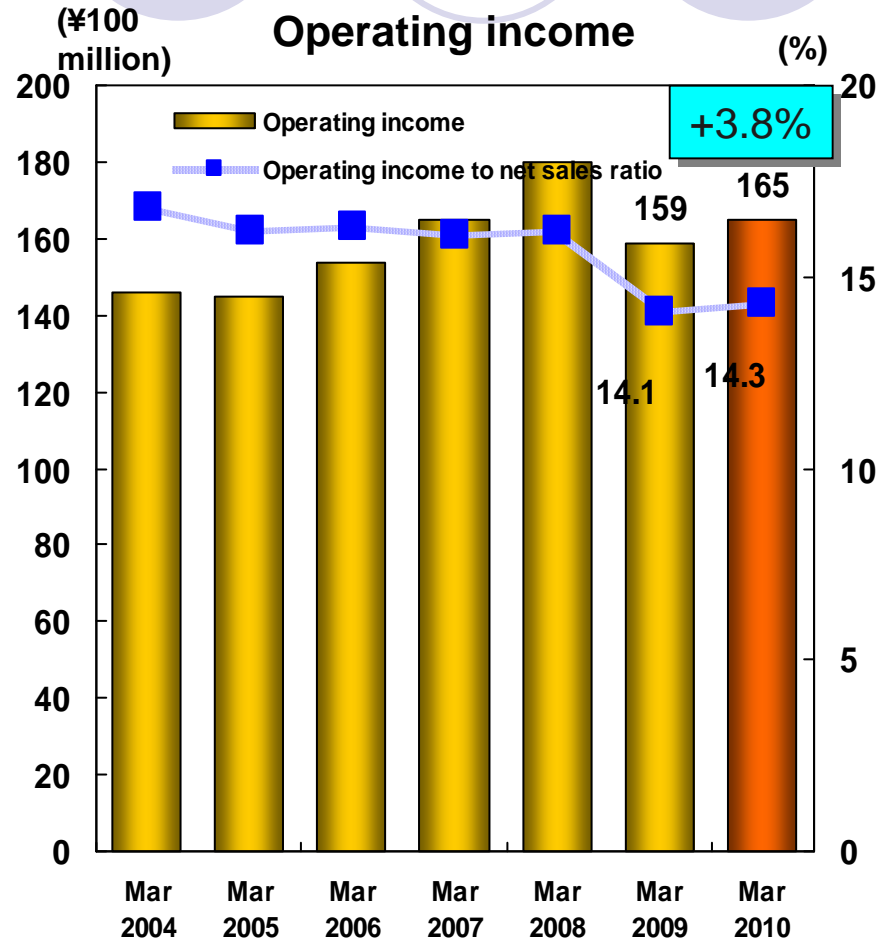


Consumer Products Operation Results

Change in Net Sales and Operating Income



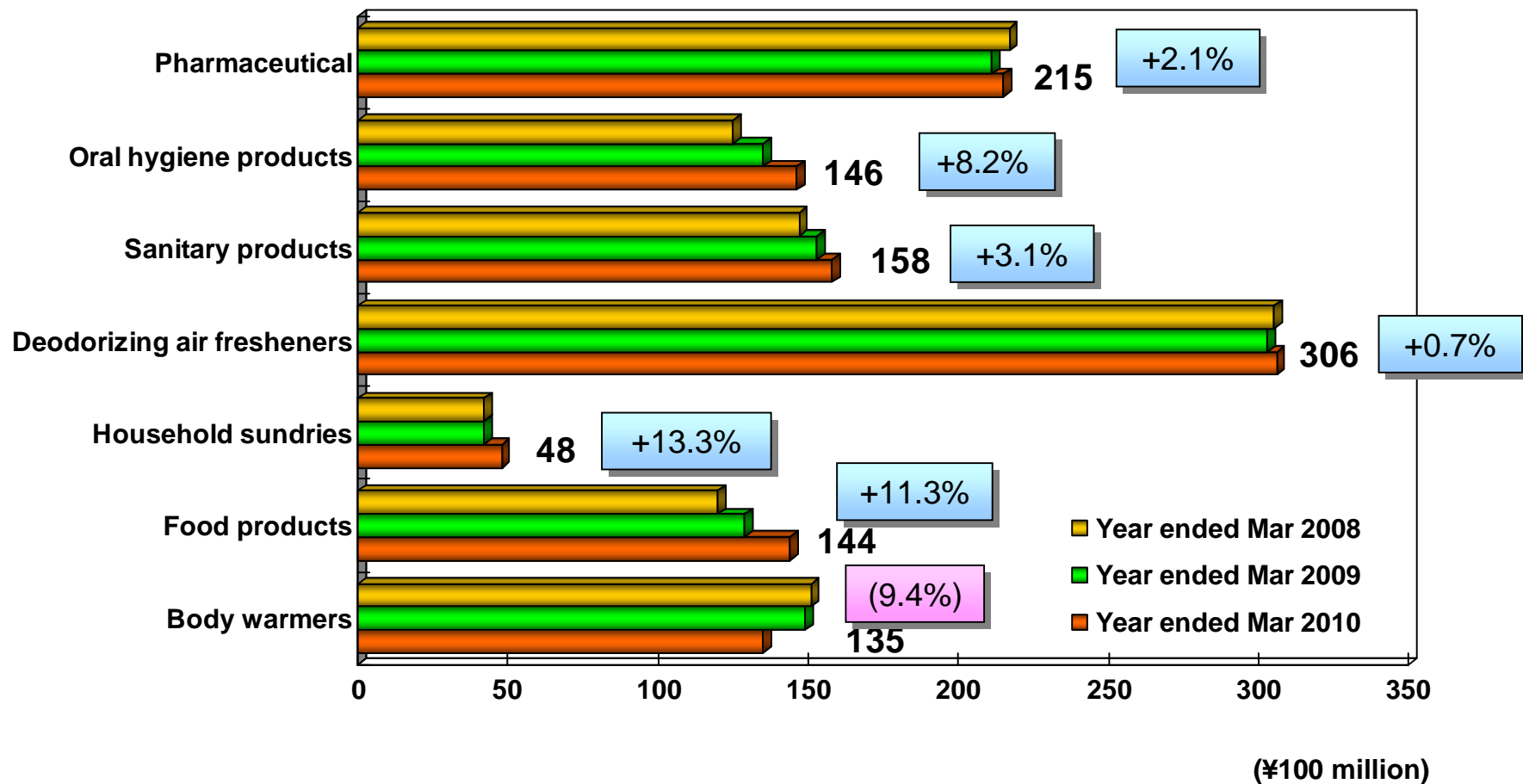
Sales rose by 2.6% year-on-year, due to an increase in sales of existing mainstay brand products and mail-order nutritional supplement products, in addition to the contribution of newly launched products.



The operating income to net sales ratio improved to 14.3%, up 0.2 points year-on-year, following efforts to reduce manufacturing costs, in addition to increased sales of lucrative health care products.

Sales by Consumer Products Category

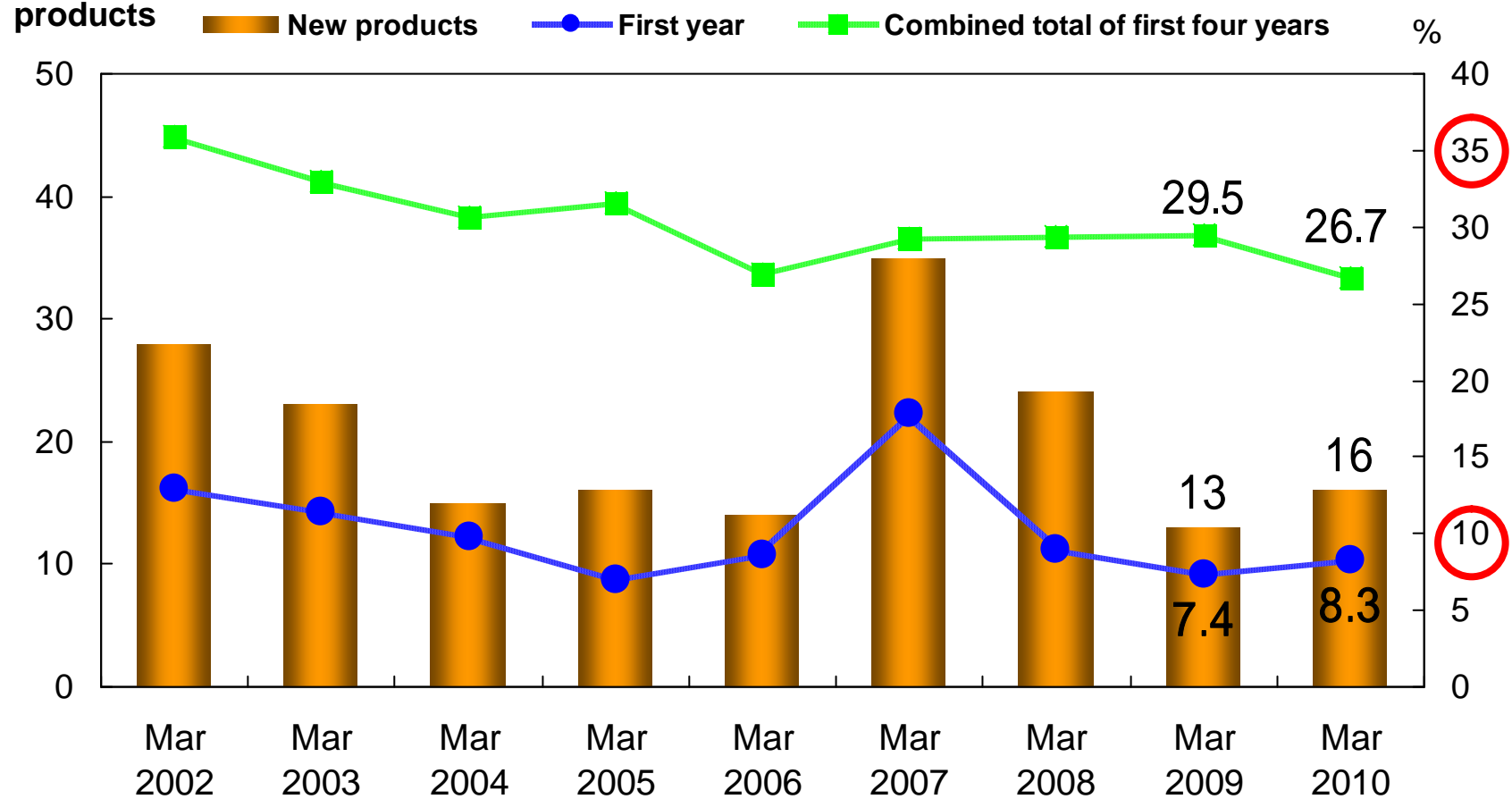
Sales Breakdown of Sanitary Products

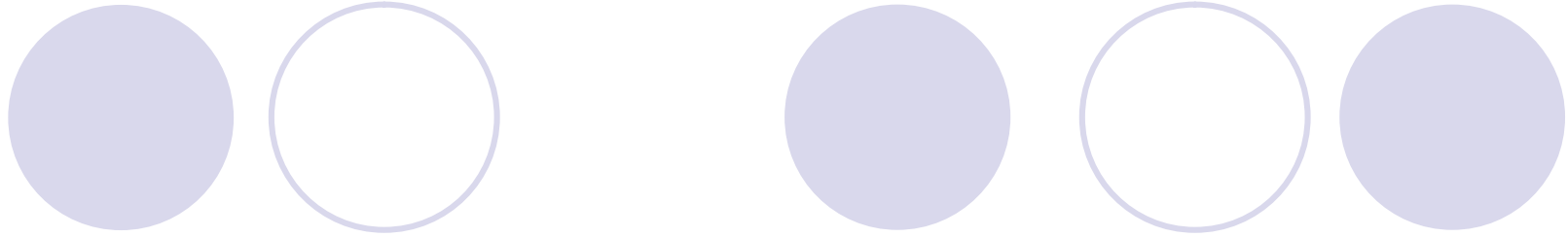


Change in Contribution Rate of New Products

Non-consolidated

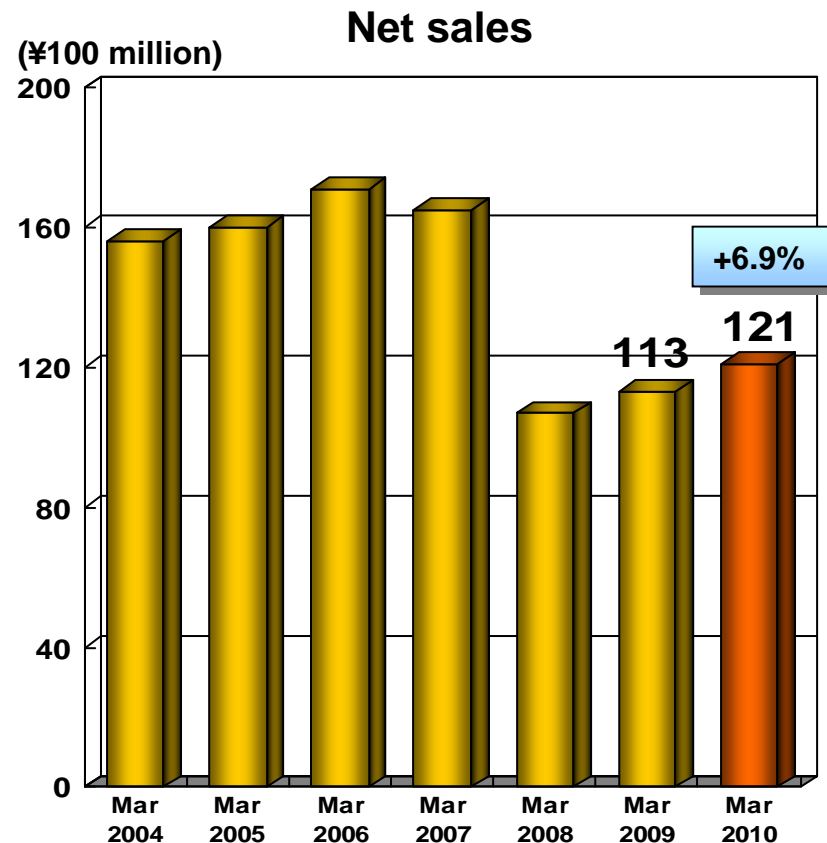
Number of products



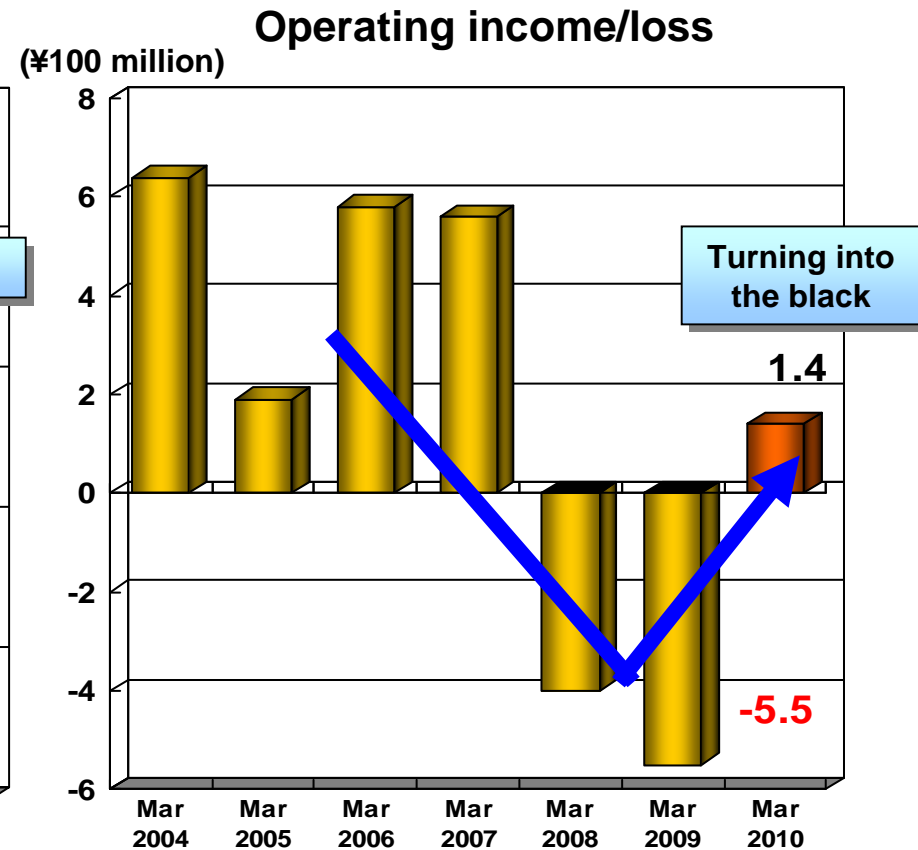


Medical Devices Operation Results

Change in Net Sales and Operating Income and Loss

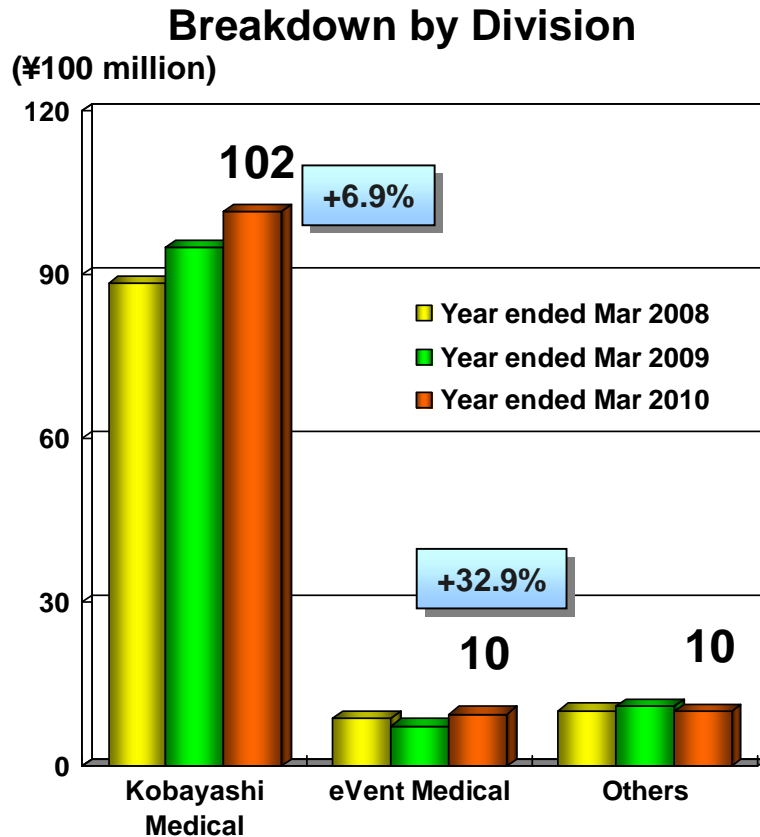


Kobayashi Medical increased sales by the focus strategy targeting key domains. eVent Medical expanded sales of ventilators in areas excepting the United States. The Company sold shares of Shield Healthcare in November 2007

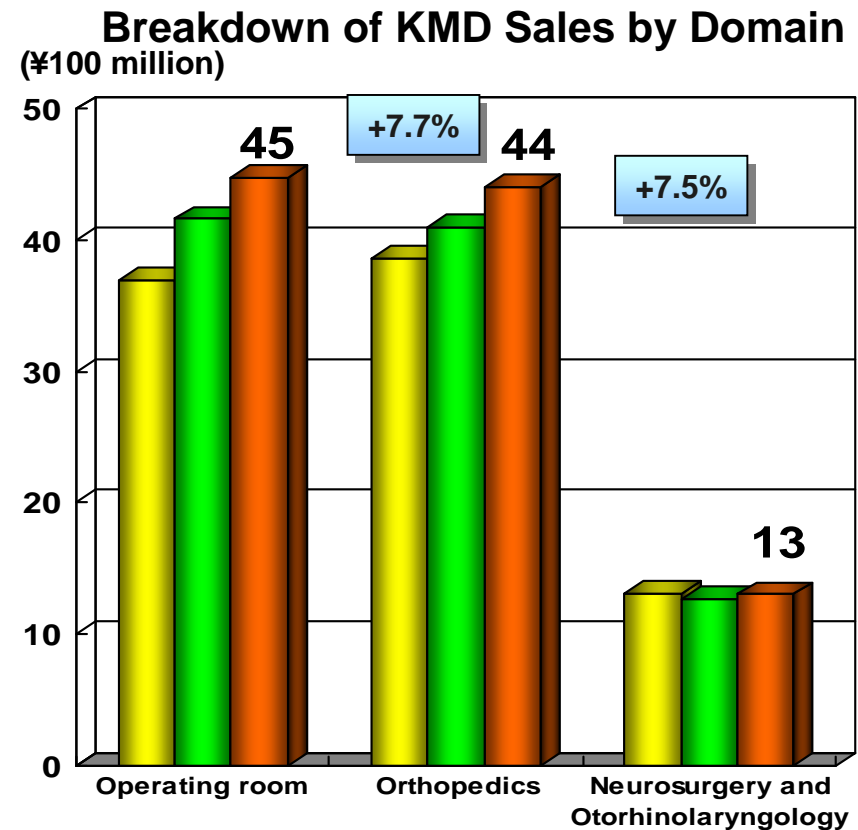


The Company succeeded in turning Medical Devices Operation into the black, since Kobayashi Medical improved efficiency via the focus strategy, and eVent Medical increased sales while reducing expenses.

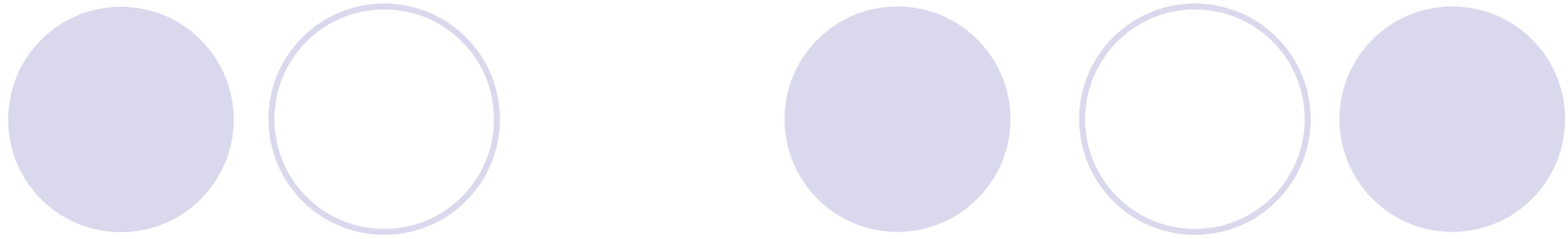
Sales Breakdown by Division/KMD Sales Breakdown by Domain



Kobayashi Medical steadily increased sales via the focus strategy targeted at key domains. eVent Medical achieved solid sales growth by promoting sales in areas other than the United States.



The focus strategy paid off. Kobayashi Medical targeted key domains, such as electrosurgical knife-related products and oxygen masks, used in operating rooms, and implants for upper limbs in the orthopedics area.



Financial Forecast Fiscal 2011

Fiscal Year Ending March 2011



Group Management Strategy

Continuing to transform the group based on the management principle of “Creativity and Innovation”

1. Development-first principle

Concentrating efforts on development of products, technologies, markets, systems and human resources

2. Raising awareness of profitability

Raising employees' motivation to participate in management by sharing management information, such as relating to sales and profits, among all employees

3. Strengthening global deployment

Focusing on business expansion in China, the largest and fast-growing market in the world

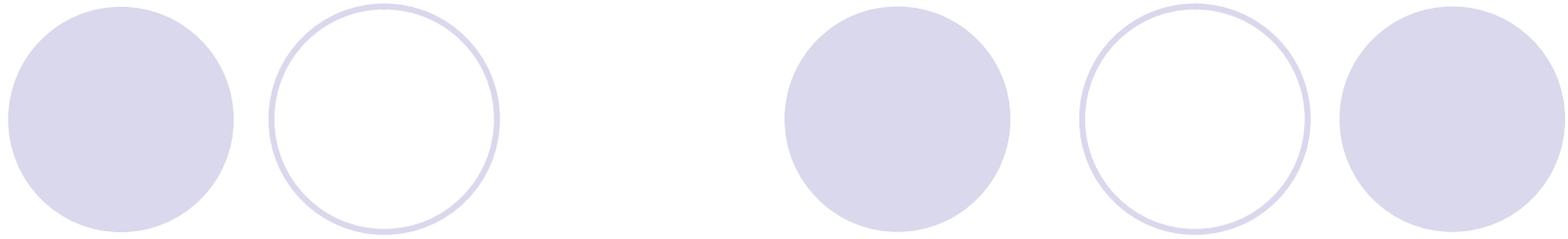
4. Establishing Kobayashi Pharmaceutical's brand

Striving to churn out No.1 brand products with a sense of ownership and commitment

Consolidated Financial Forecasts

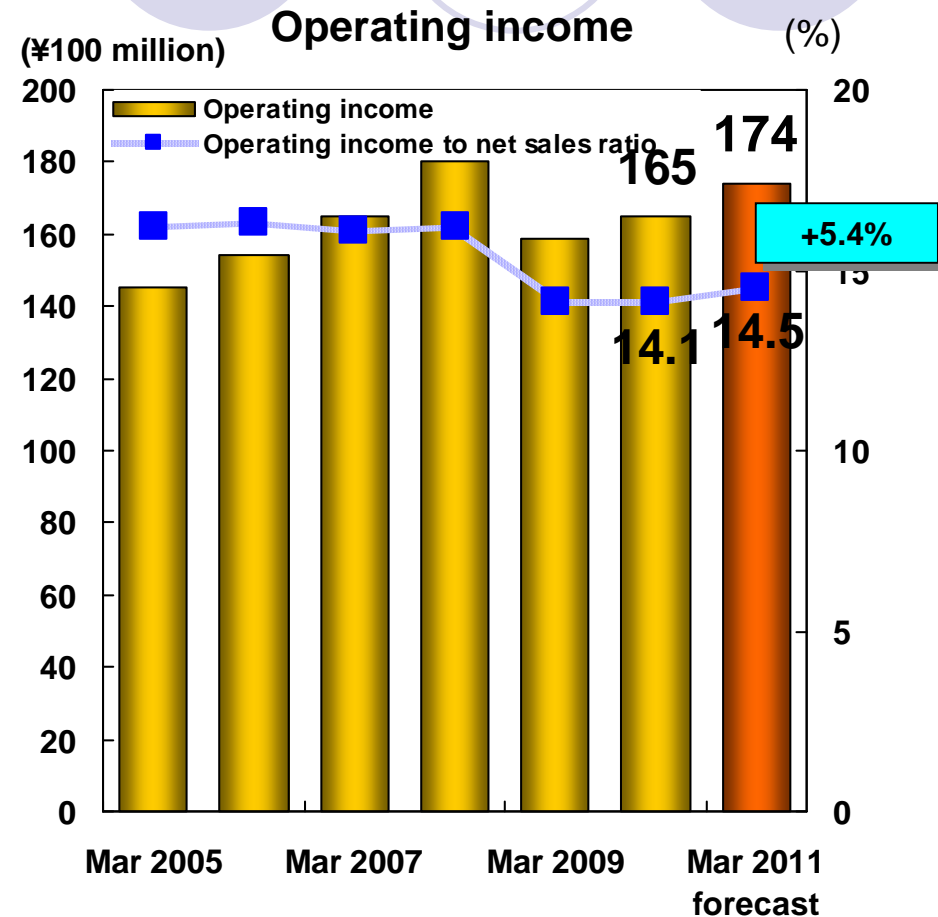
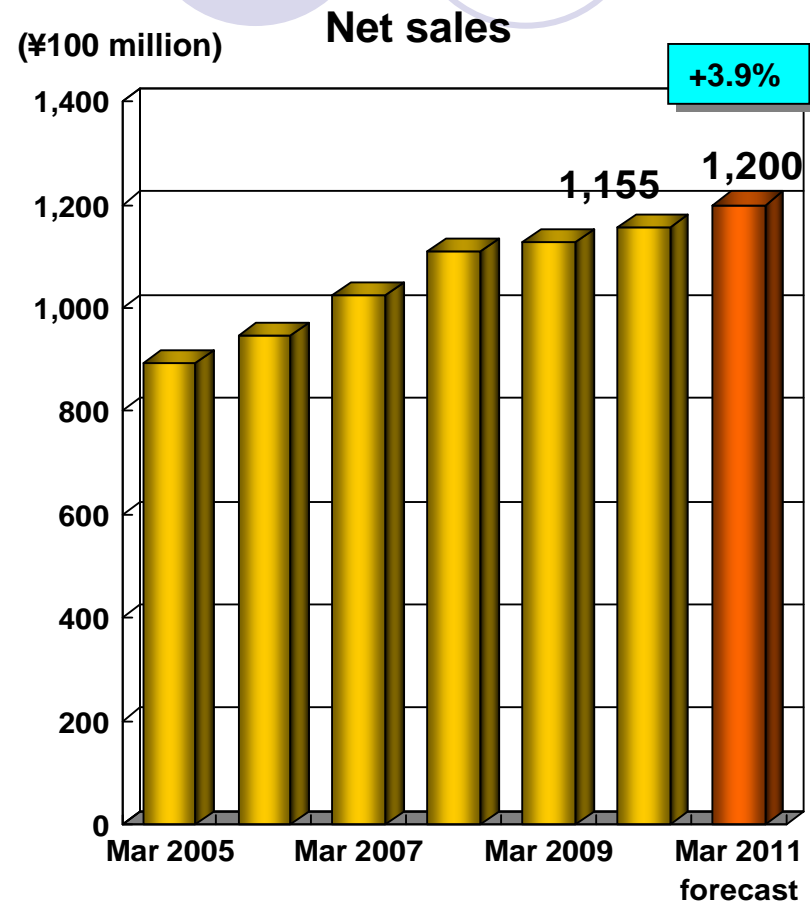
| | Year ended Mar. 2010 | | Year ending Mar. 2011 | | Change | |
|-------------------------|------------------------|-------------|------------------------|-------------|----------------------|------------|
| | Amount | Profit rate | Amount | Profit rate | Amount | Percentage |
| Net sales | Million yen 129,184 | % - | Million yen 134,000 | % - | Million yen 4,816 | % 3.7 |
| Gross profit | 71,888 | 55.6 | 75,100 | 56.0 | 3,212 | 4.5 |
| Operating income | 17,041 | 13.2 | 18,000 | 13.4 | 959 | 5.6 |
| Ordinary income | 17,071 | 13.2 | 18,300 | 13.7 | 1,229 | 7.2 |
| Net income | 9,249 | 7.2 | 10,000 | 7.5 | 751 | 8.1 |
| EPS (Yen) | 225.88 | - | 244.21 | - | 18.33 | 8.1 |

- The Company will improve its earnings structure to raise the operating income to net sales ratio to 13.4%, up 0.2 points from the fiscal year ended March 2010.
- The Company expects to post net income of 10,000 million yen, a year-on-year increase for the 13th consecutive fiscal year.



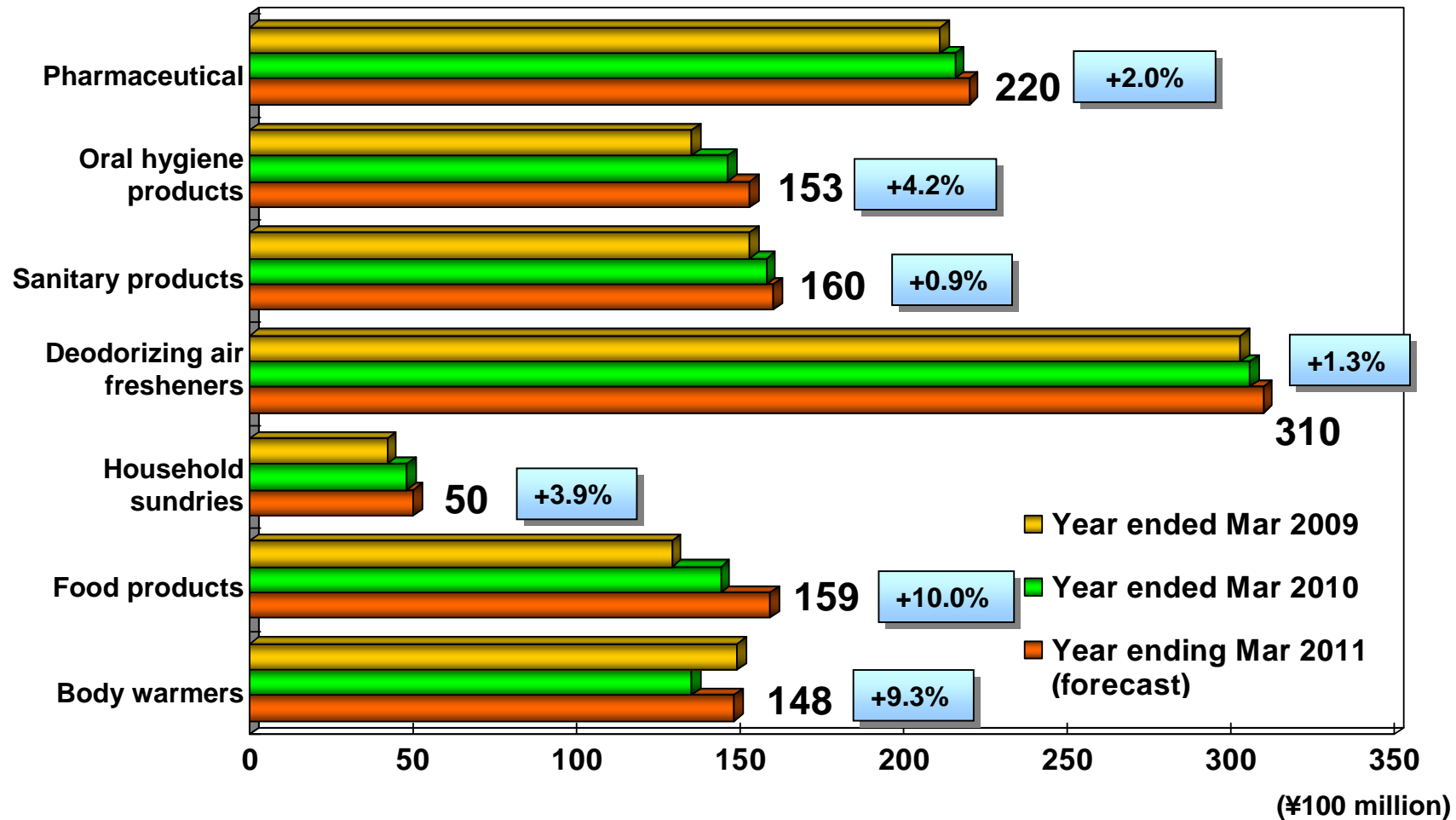
Efforts in Consumer Products Operation

Net Sales and Operating Income Forecasts



The Company will focus on new product development in the healthcare area, since the healthcare business, being lucrative, is expected to continue growing. The Company aims to raise the operating income to net sales ratio to 14.5%.

Net Sales Forecasts by Category



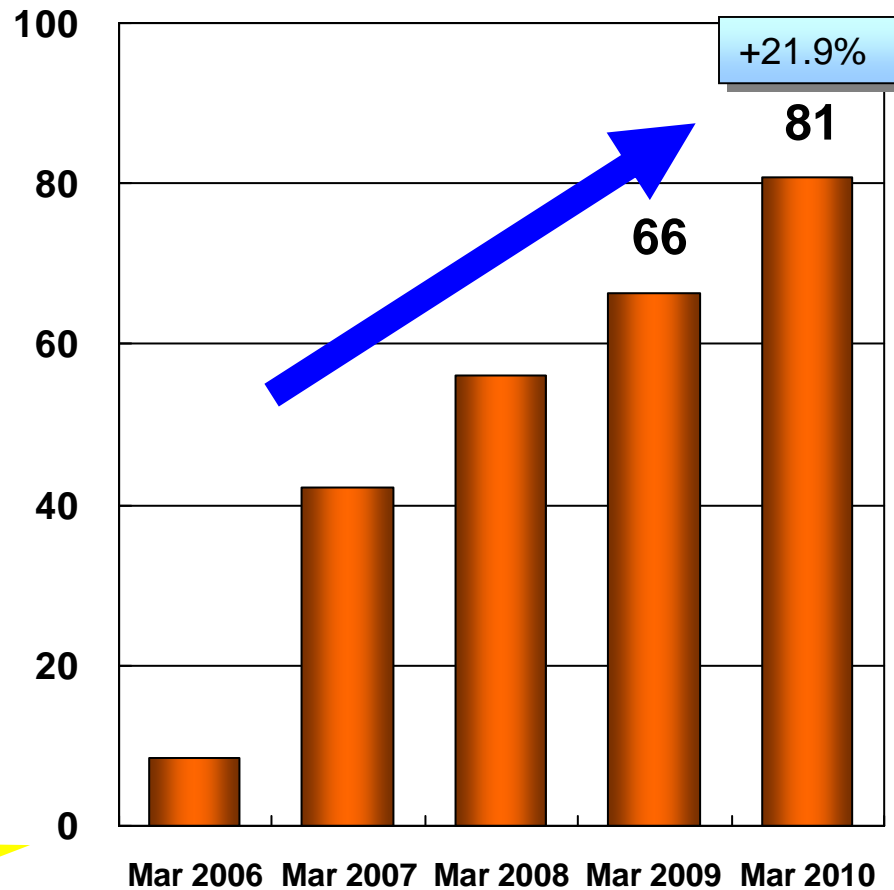
Strengthening Efforts to Expand Sales of Chinese Herbal Medicine

Coping with diverse healthcare needs by expanding the product line-up of Chinese herbal medicine

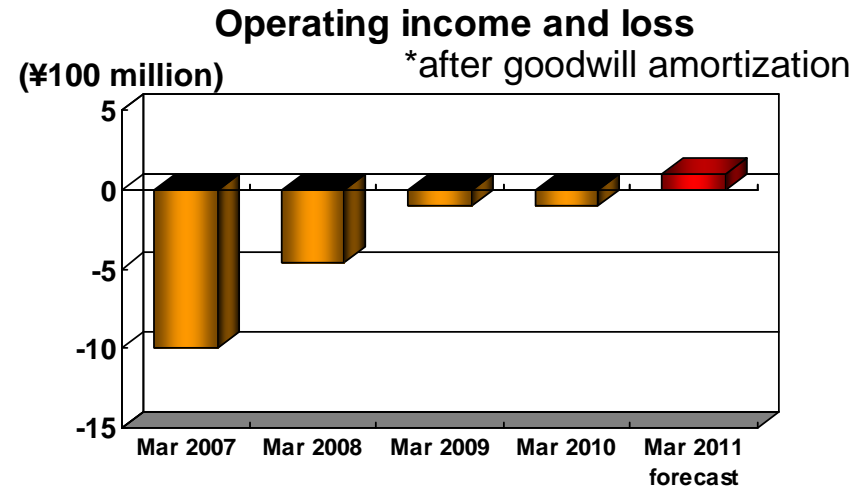
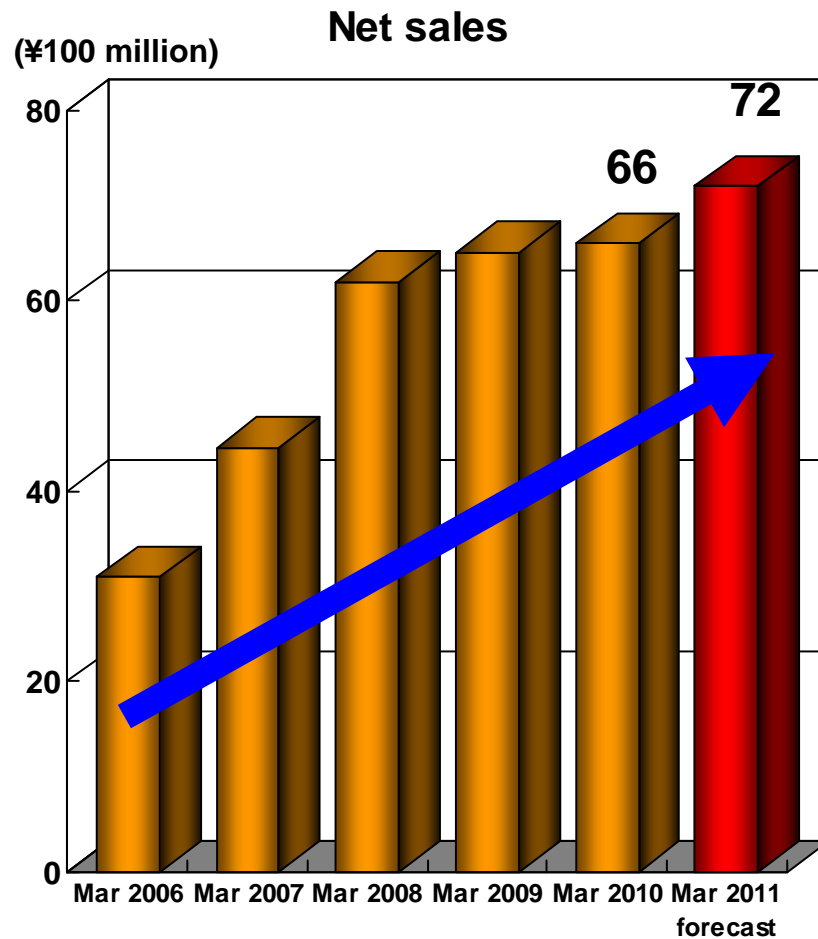


New products launched in Spring 2010

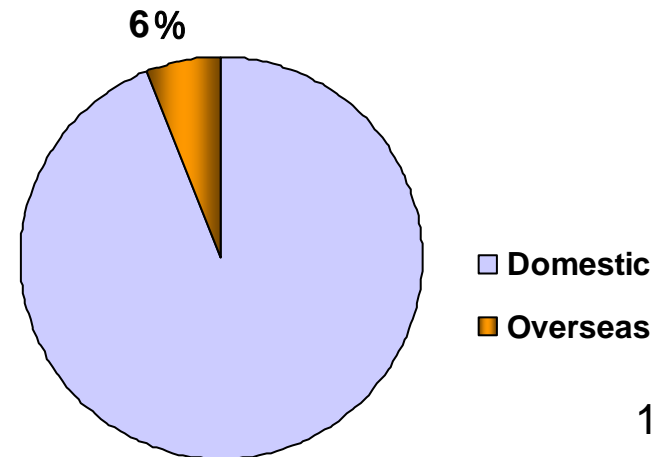
Change in sales of Chinese herbal medicine
(¥100 million)

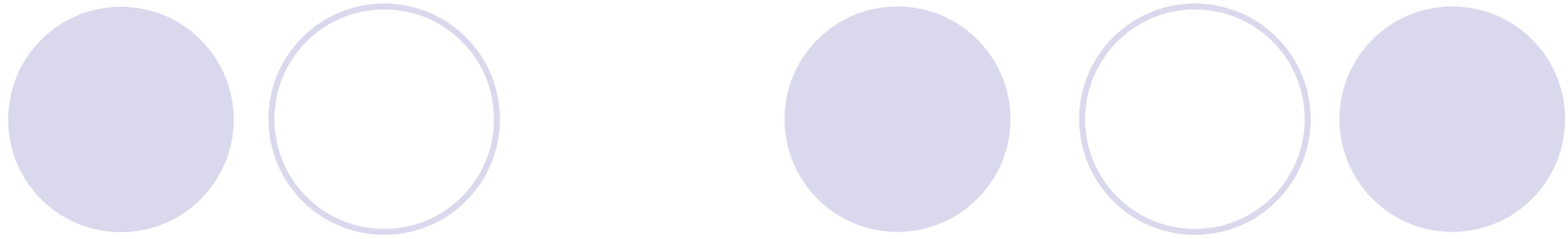


Turning the Overseas Business in the Consumer Products Operation into the Black



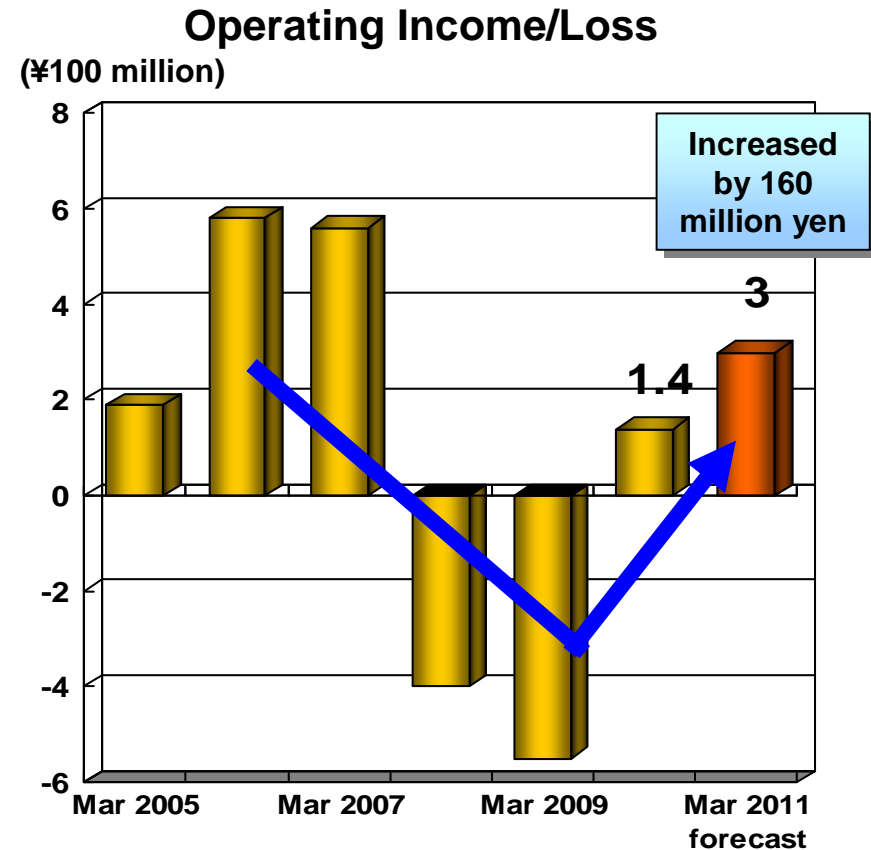
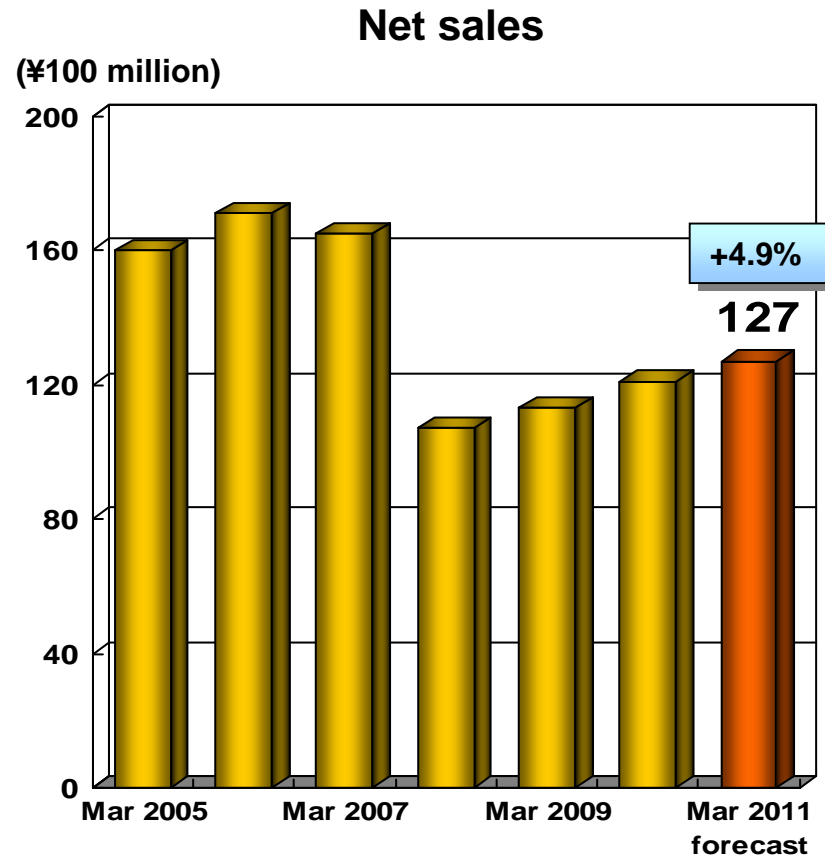
The ratio of overseas sales in the Consumer Products Operation





Efforts in Medical Devices Operation

Net Sales and Operating Income Forecasts

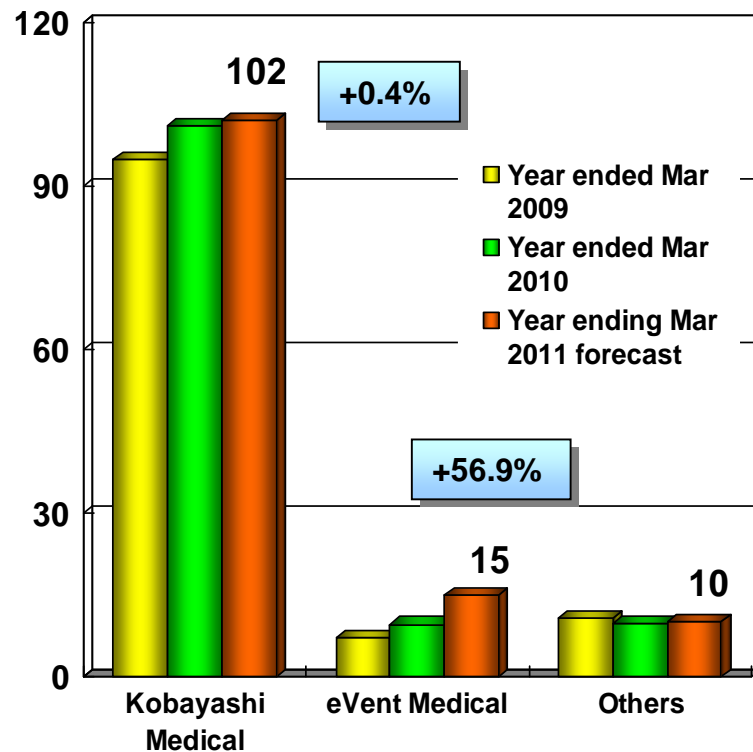


Taking the opportunity of being spun off from the parent company, Kobayashi Medical will further define strategic products in key domains and take the focus strategy. eVent Medical (US) will promote the sales of affordable products in emerging countries in Asia, the Middle East and the South America.

Sales Forecasts by Division/ KMD Sales Forecasts by Category

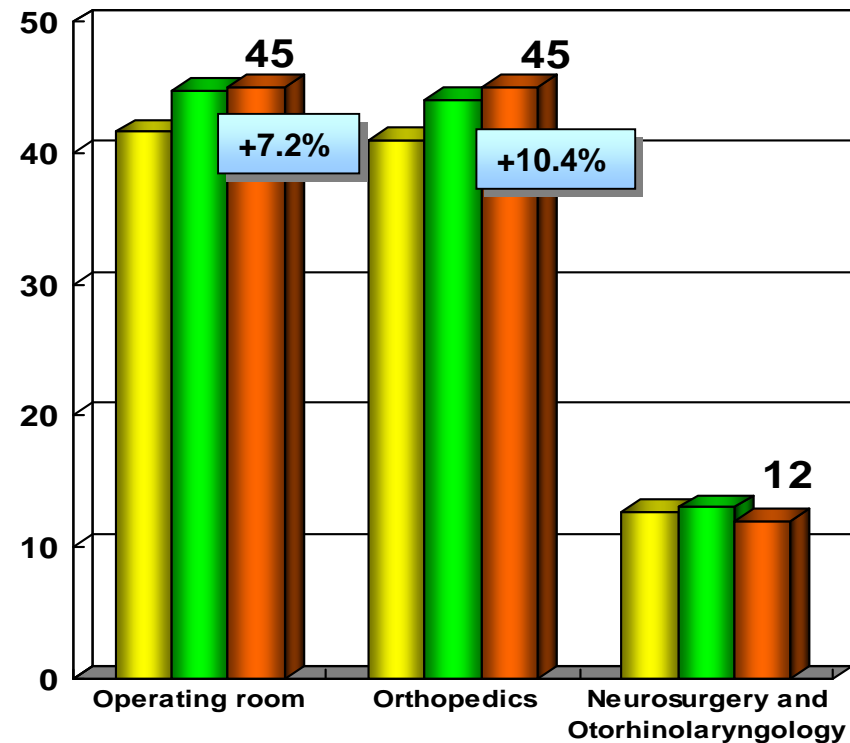
Breakdown by Division

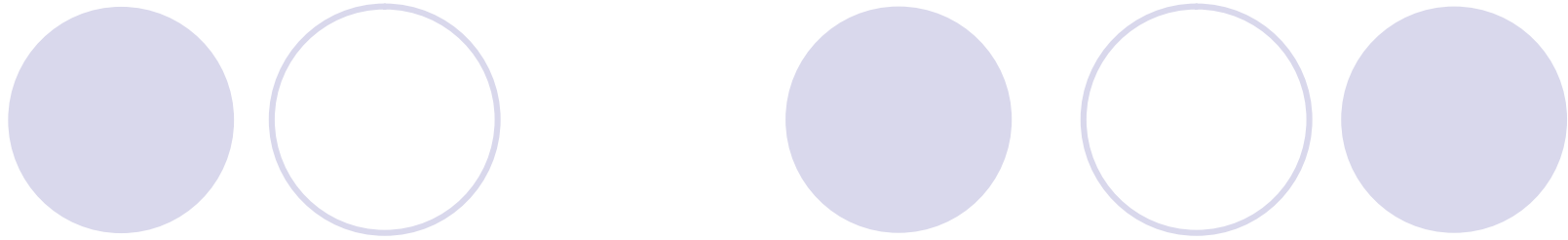
(¥100 million)



Breakdown of KMD Sales by Domain

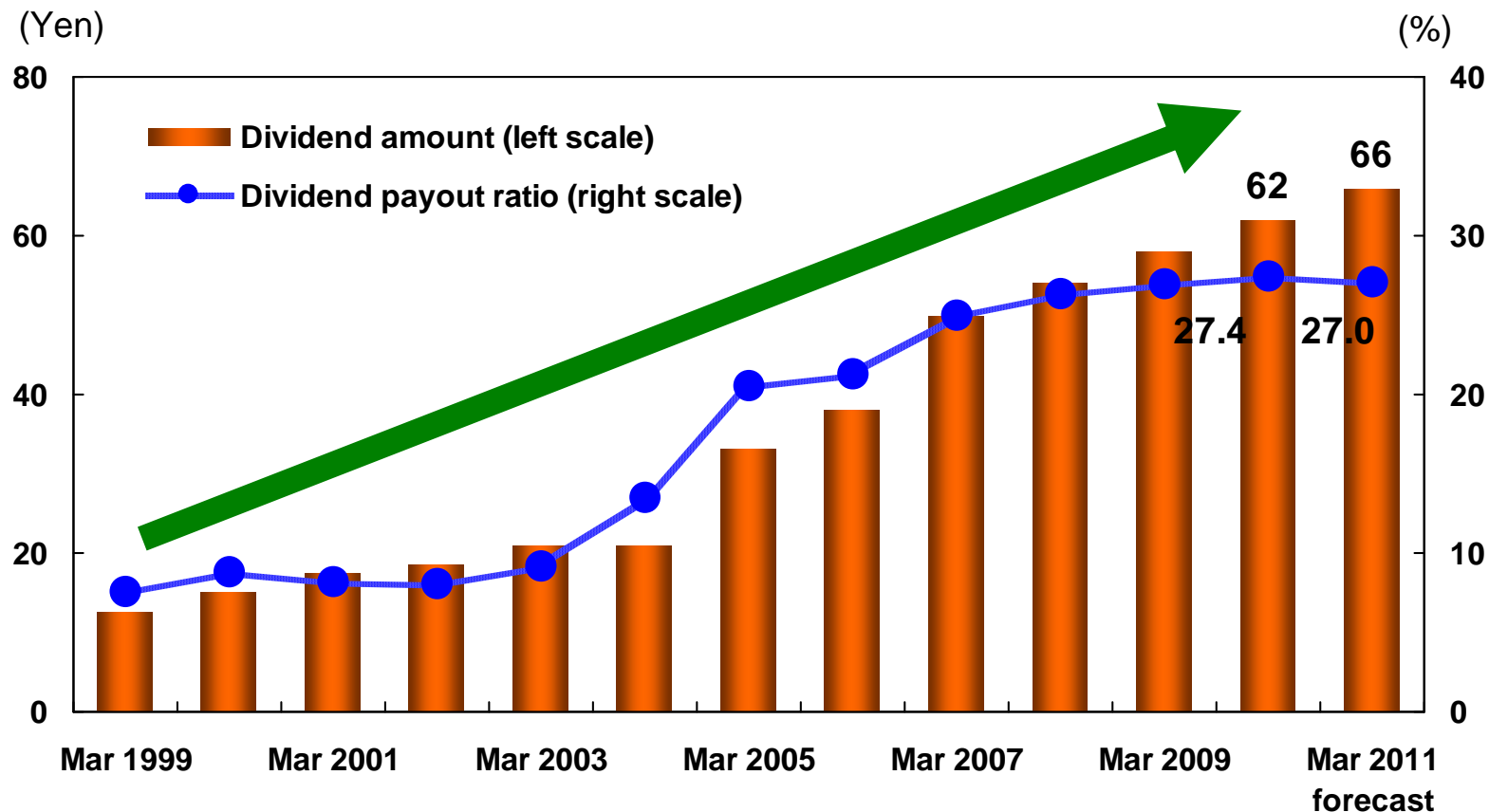
(¥100 million)





Returns to Shareholders

Change in Dividend Payment and Payout Ratio



The Company expects to post an increase in dividend payment (real terms) for the 12th consecutive fiscal year. (The Company executed a 1.5-for-one stock split in the year ended March 2004.)



You make a wish and we make it happen.