



Financial Overview for Fiscal 2011

Fiscal Year Ended March 31, 2011

Yutaka Kobayashi

President and Chief Operating Officer

Kobayashi Pharmaceutical Co., Ltd.

May 10, 2011

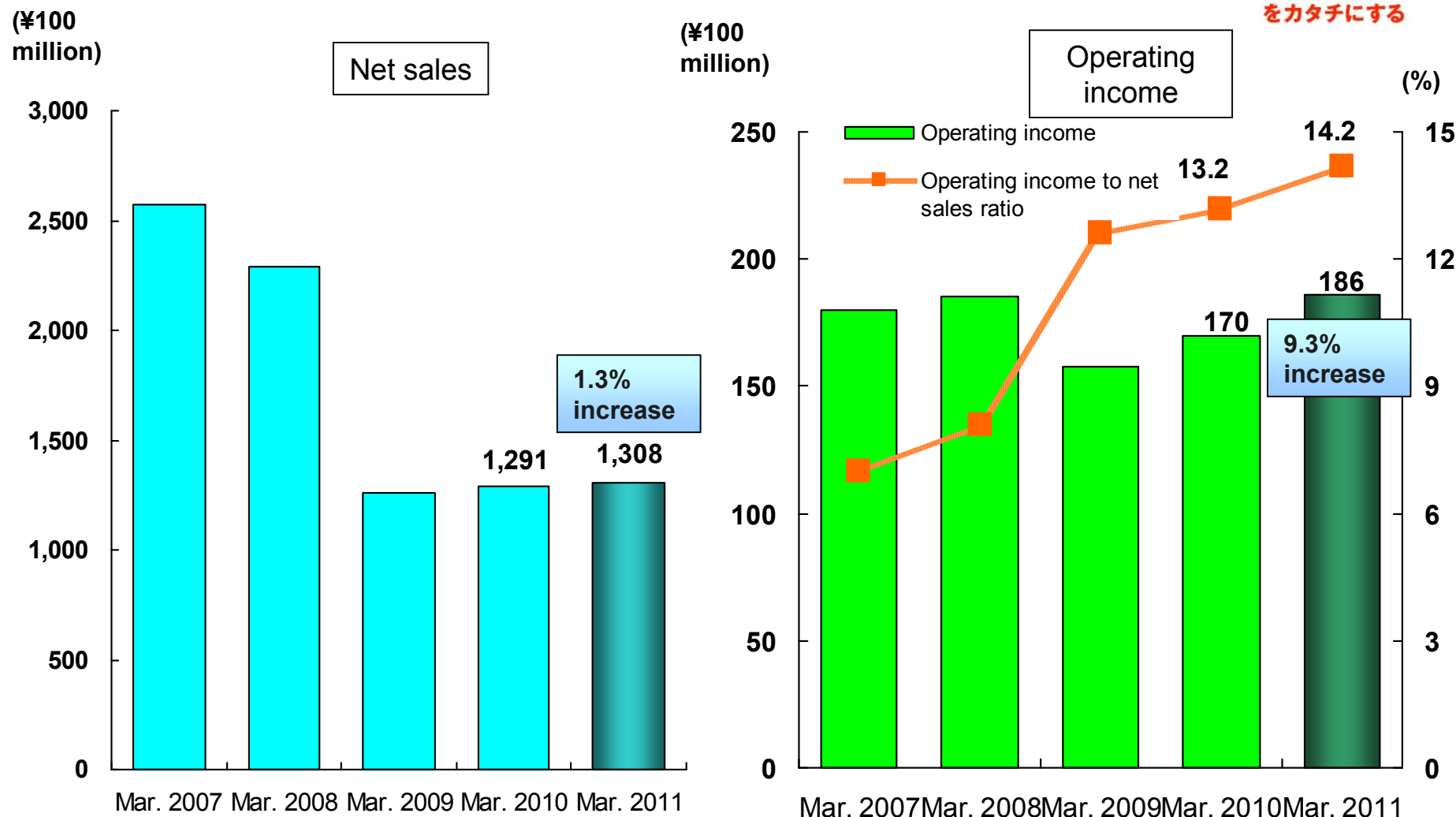
Highlights of Consolidated Financial Results



	Year ended March 2010		Year ended March 2011		Change	
	Amount	Profit ratio	Amount	Profit ratio	Amount	Percentage
Net sales	Million yen 129,184	% —	Million yen 130,824	% —	Million yen 1,639	% 1.3
Gross profit	71,888	55.6	74,640	57.1	2,751	3.8
Operating income	17,041	13.2	18,620	14.2	1,579	9.3
Ordinary income	17,071	13.2	19,010	14.5	1,938	11.4
Net income	9,249	7.2	9,335	7.1	86	0.9
EPS (Yen)	225.88	—	227.98	—	2.1	0.9
Dividend (Yen)	62	—	66	—	4	6.5

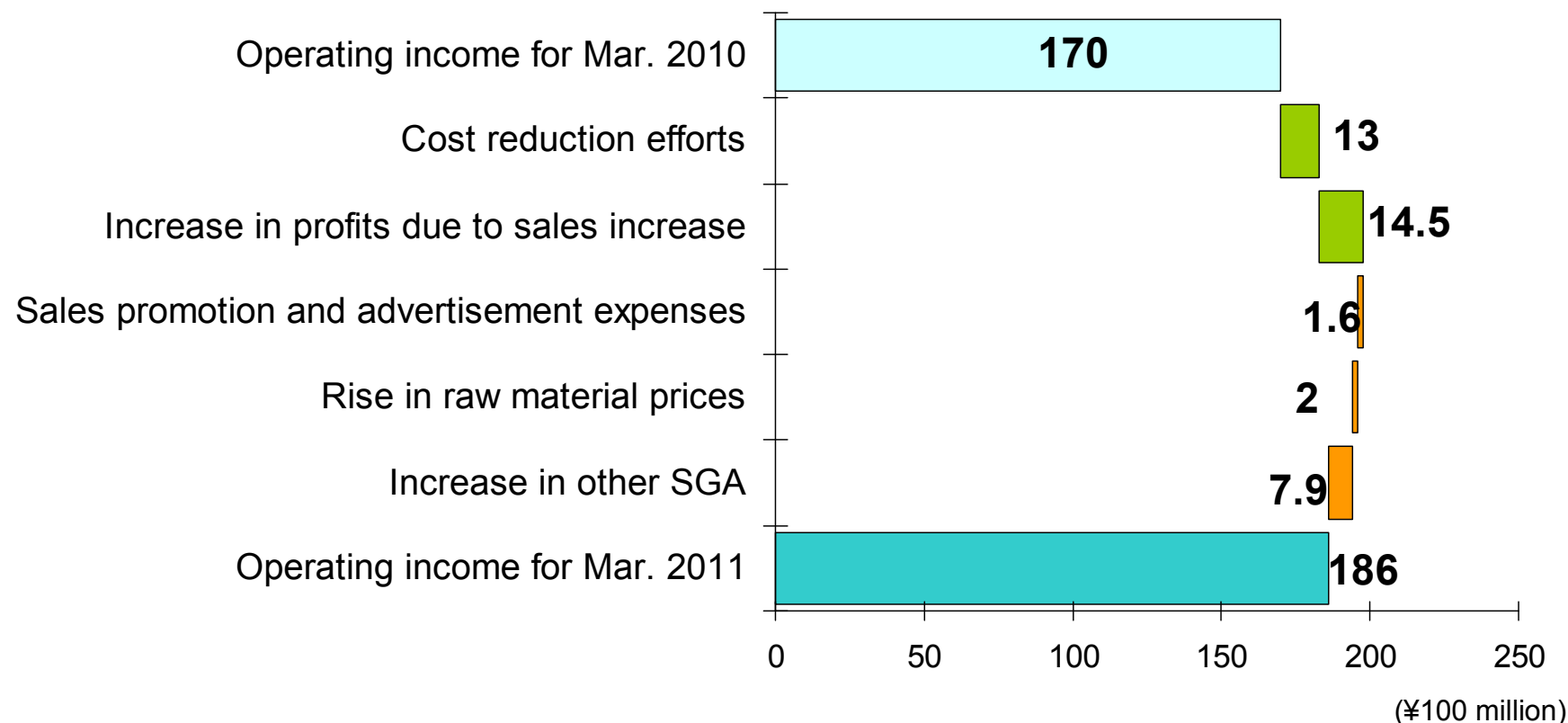
Net income **increased for 13th consecutive fiscal year.** Dividend per share **grew for 12th consecutive fiscal year (in real terms).**

Change in Consolidated Financial Results



Sales of the Wholesale Operation have been excluded from the scope of consolidation since the fourth quarter of the fiscal year ended March 2008. New accounting standards have been adopted since the fiscal year ended March 2009. (Losses on valuation and abandonment of inventories have been included in cost of sales.)

Change in Operating Income

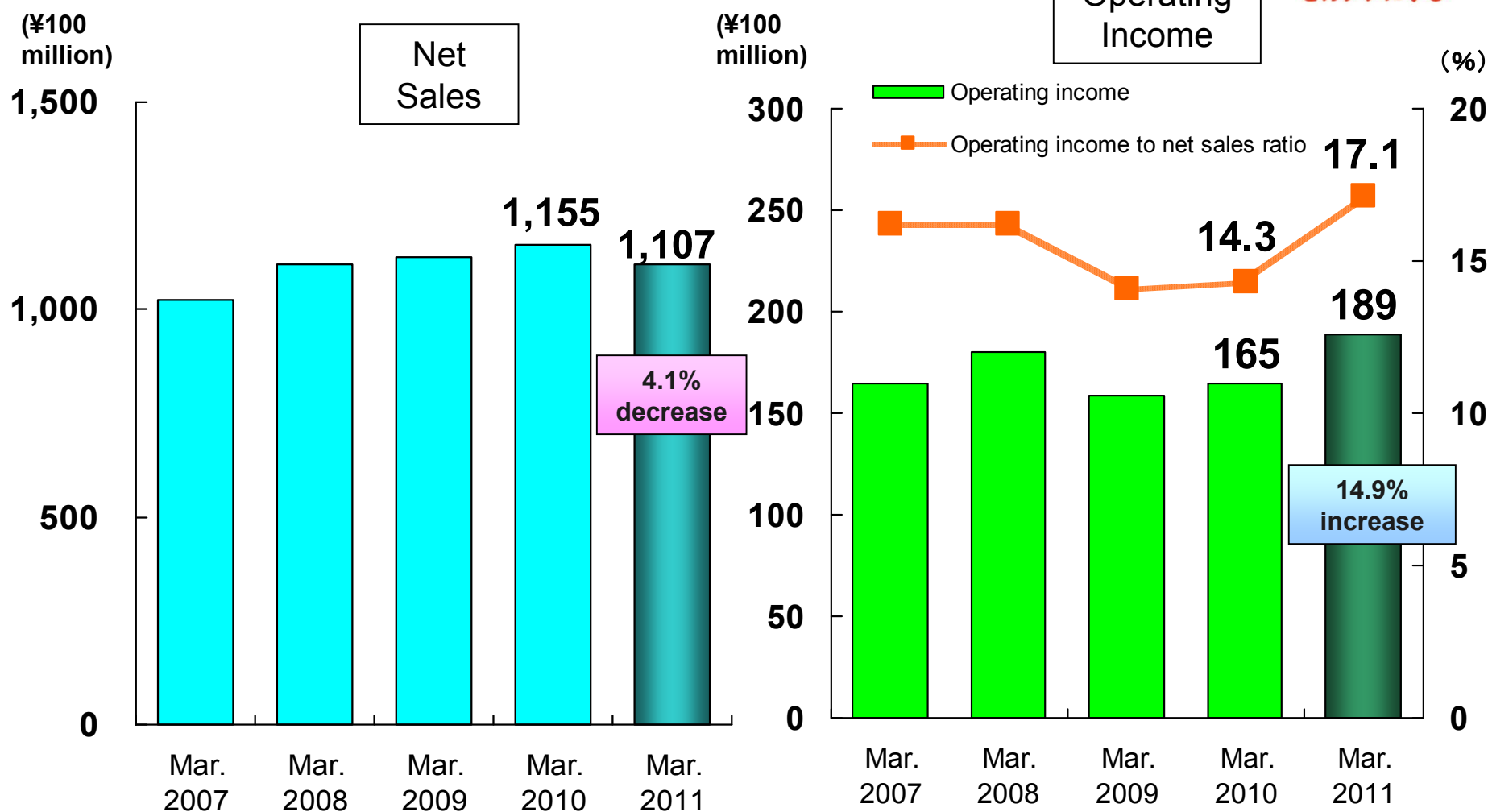


Operating income increase by 1,600 million (9.3%) due to efficient marketing activities in addition to an increase in net sales and a decline in manufacturing costs.



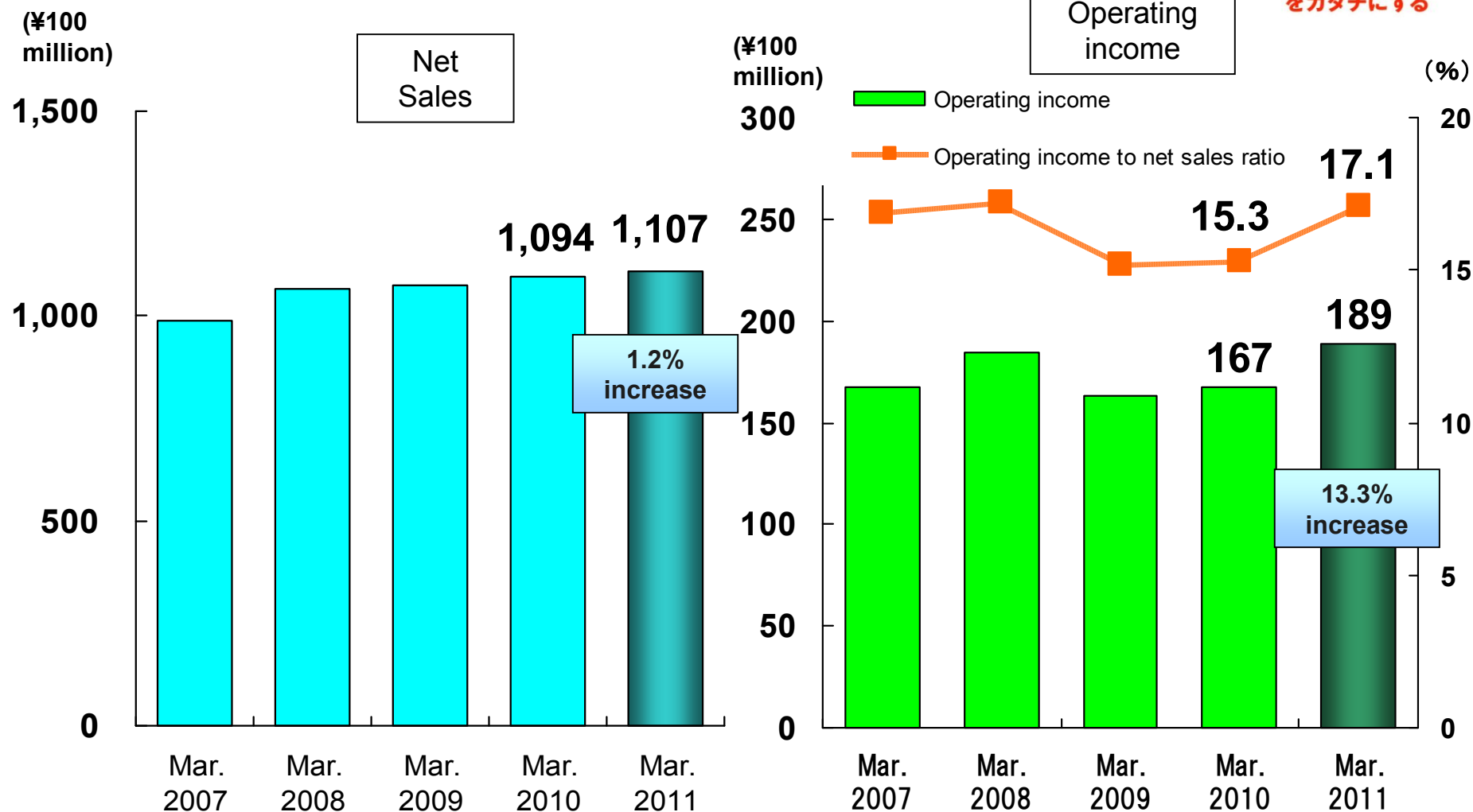
Consumer Products Business

Change in Net Sales and Operating Income

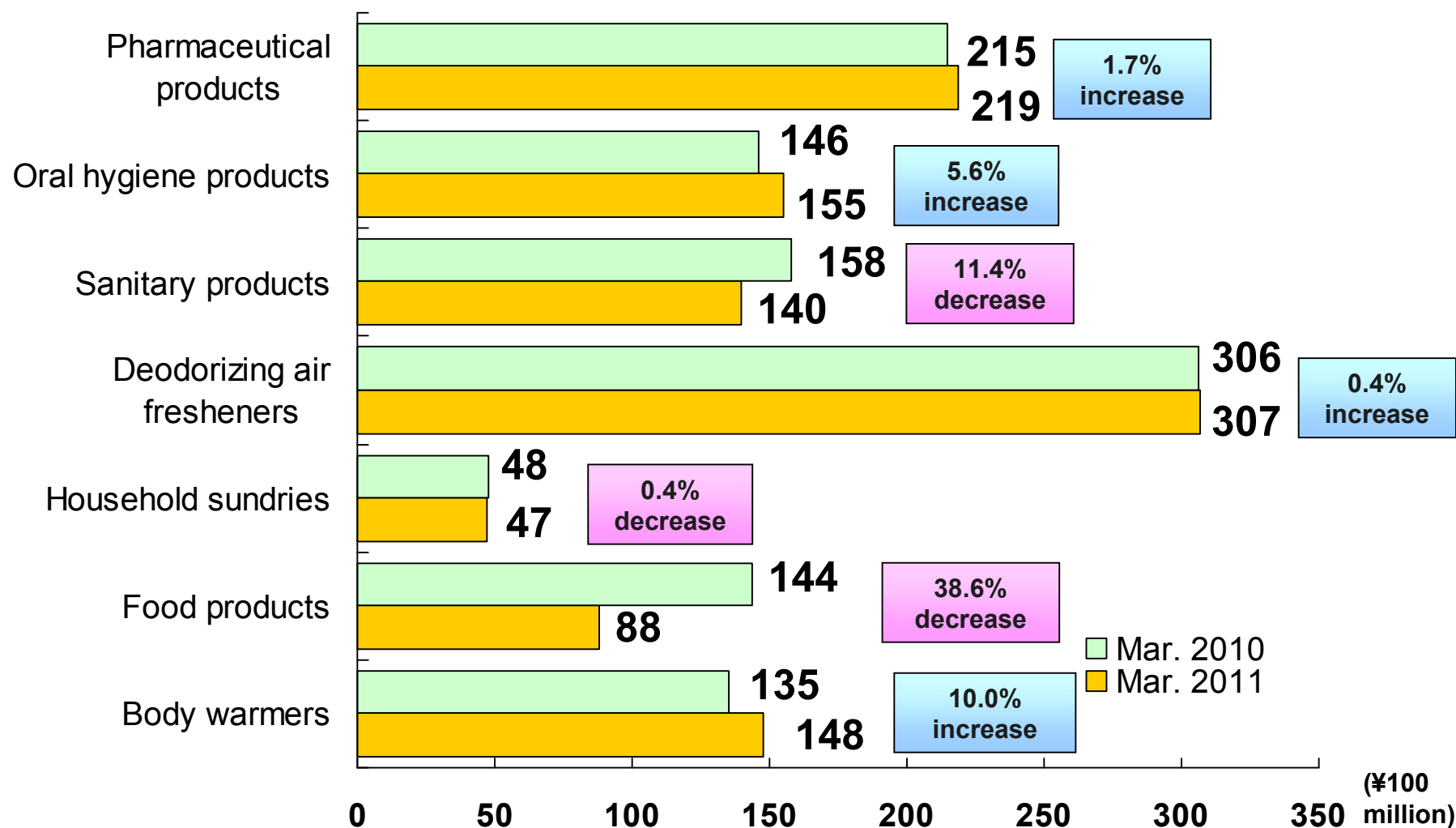


The Mail-Order Business is disclosed as an independent segment from the fiscal year ended March 2011.
 In real terms, net sales and operating income increased by 1.2% and 13.3%, respectively.

Change in Net Sales and Operating Income (excluding Mail-Order Business)



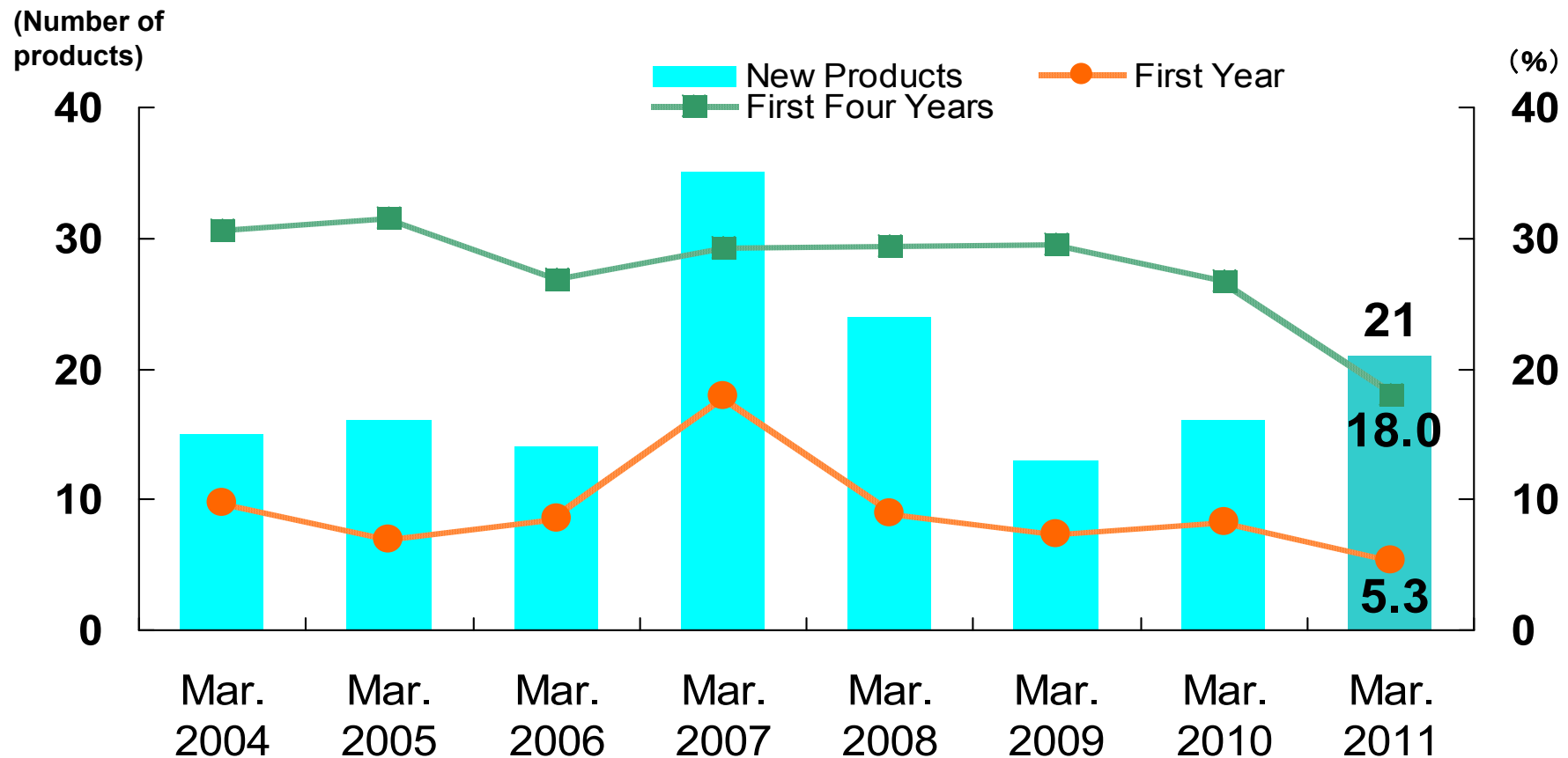
Sales Breakdown by Product Category



(Note) The Mail-Order Business is disclosed as an independent segment from the fiscal year ended March 2011.

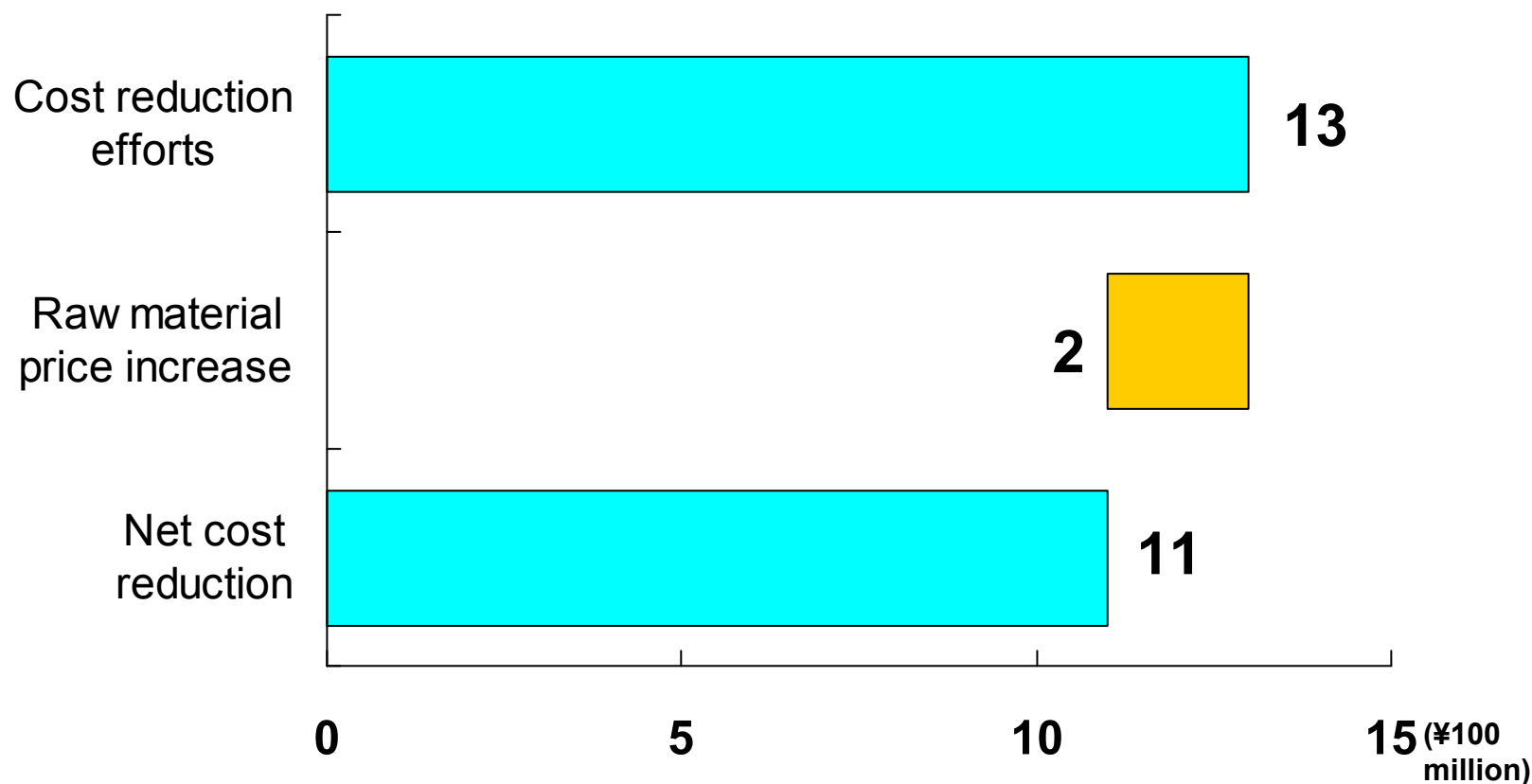
In real terms, sales of Food Products (sold in shops) increased by 5.6%.

Change in Contribution Rate of New Products



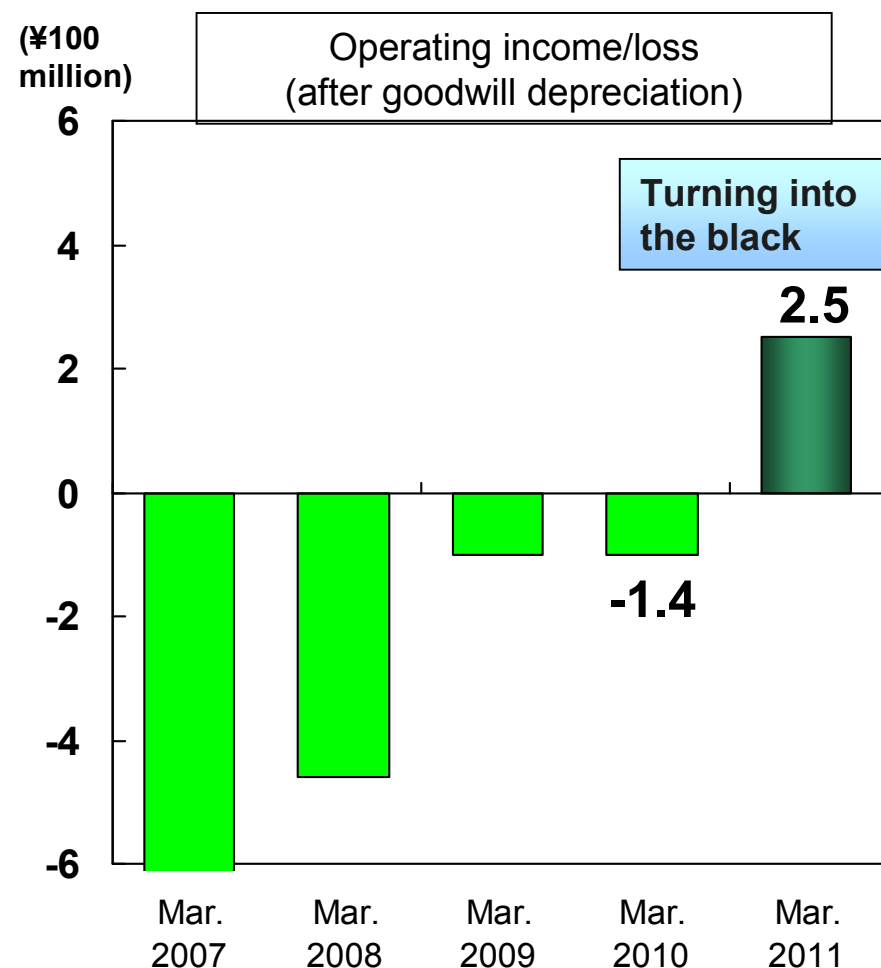
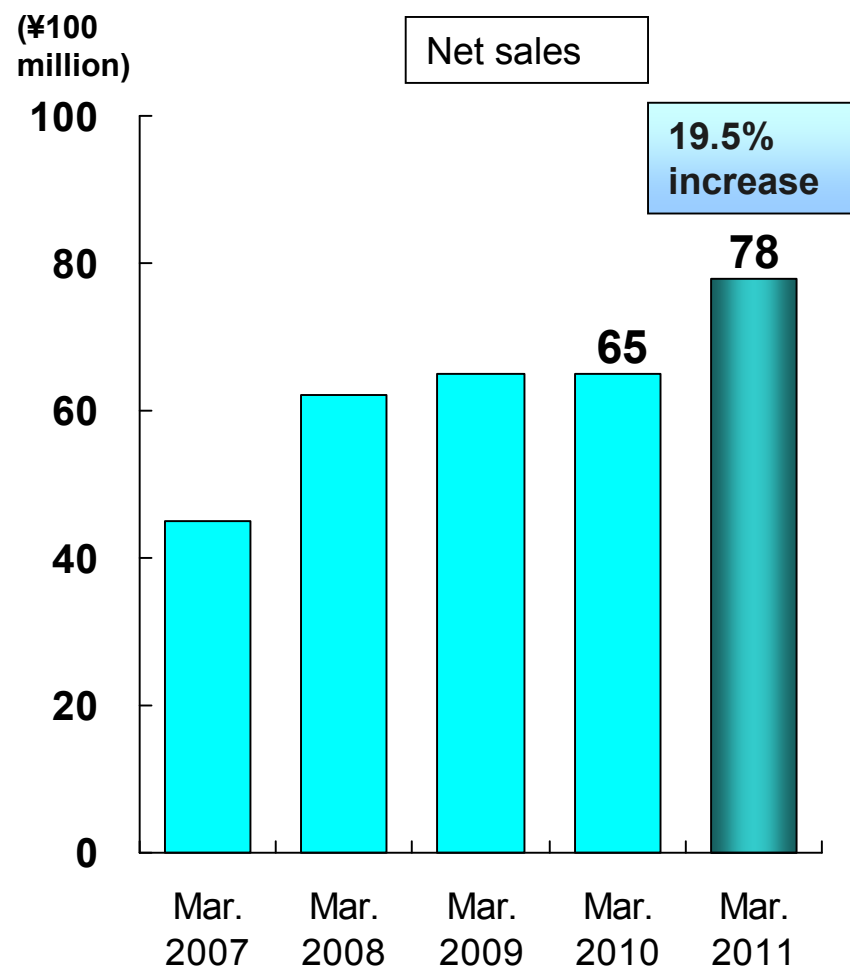
Although the Company launched 21 products, the contribution rate has remained at a low level.
Five years have passed since the launching of Nicitol.

Production Cost Reduction Efforts



The Company absorbed a rise in raw material prices, such as plastics, by cost reduction efforts, including production improvements and specification modifications.

Change in Overseas Business Results



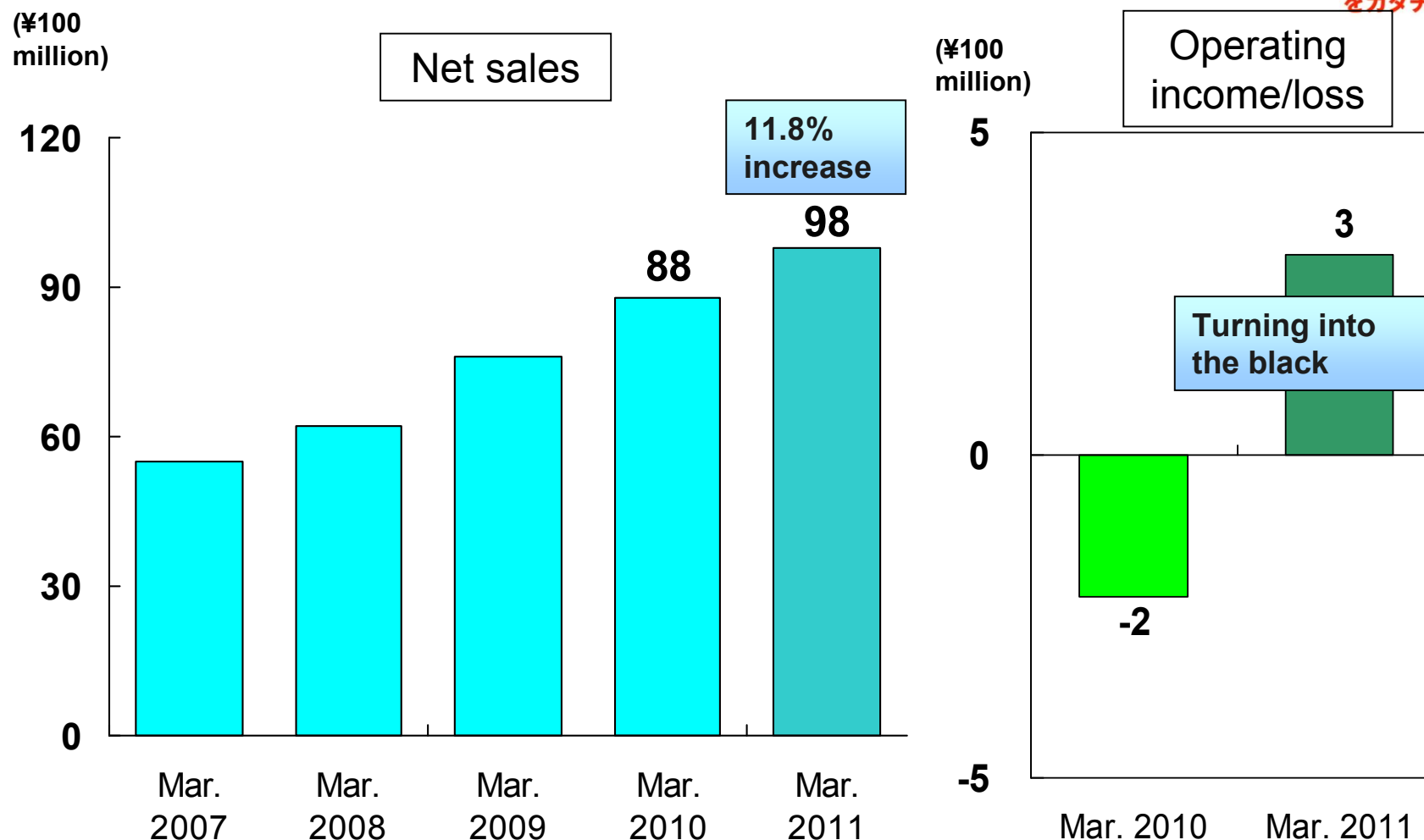
Sales, primarily body warmers and *Netsusama Sheet*, steadily expanded, turning Overseas Business into the black.



Mail-Order Business

*** Disclosed as an independent segment from the year ended March 31, 2011**

Change in Net Sales and Operating Income/Loss



The Mail-Order Business continued to achieve double-digit sales growth, becoming profitable on an operating income basis.

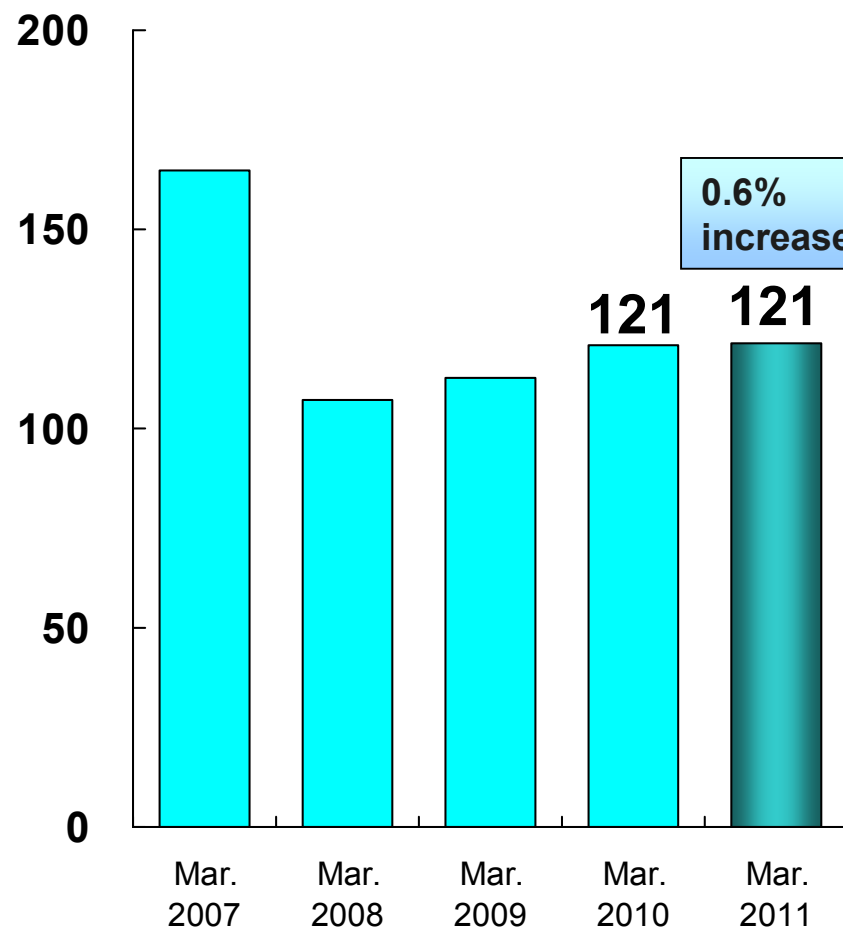
Medical Devices Business

Change in Net Sales and Operating Income



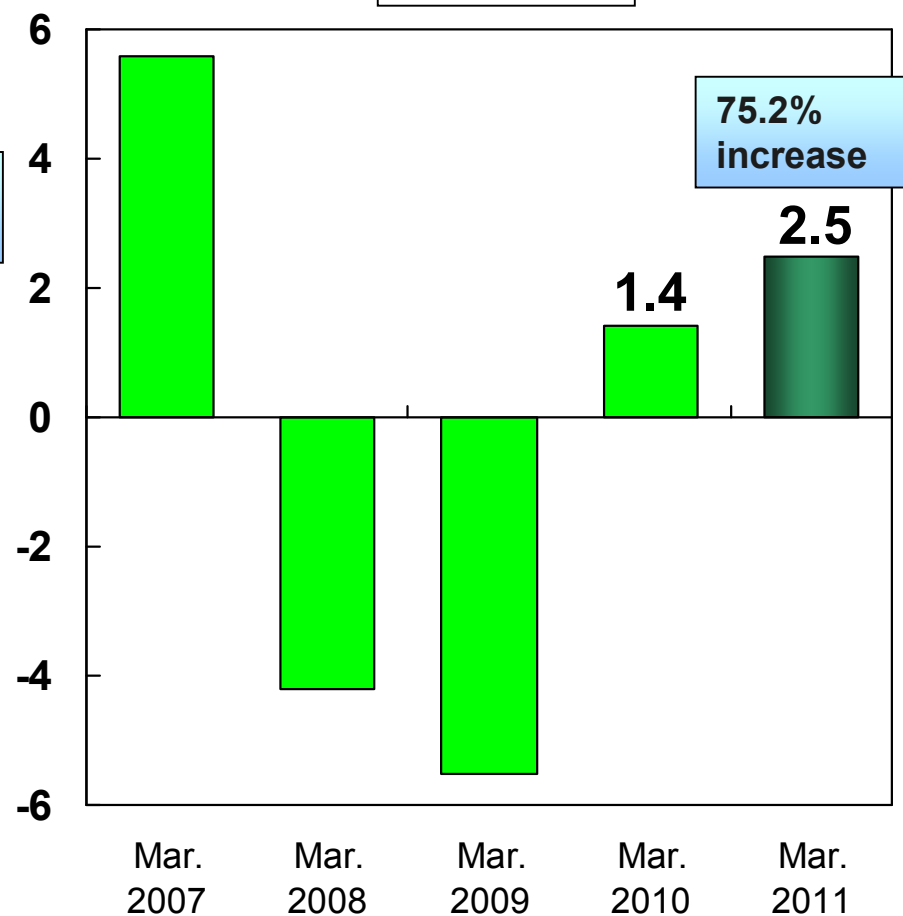
(¥100 million)

Net sales

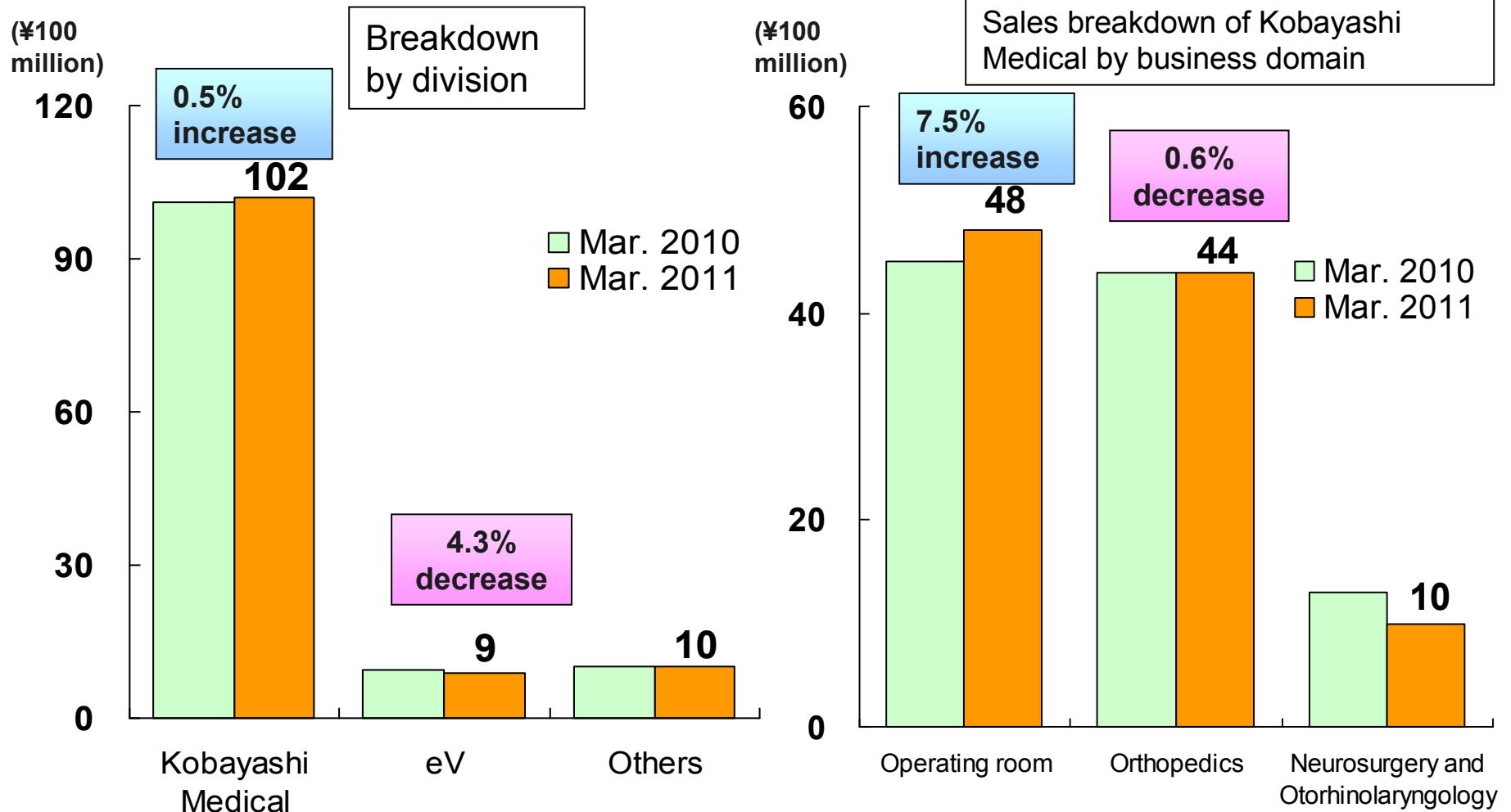


(¥100 million)

Operating income/loss



Sales Breakdown by Division & by Business Domain for Kobayashi Medical



Kobayashi Medical implemented selection and concentration of domain.
eV suffered negative effects of delayed approval of low-priced products.

Effects of the Great East Japan Earthquake

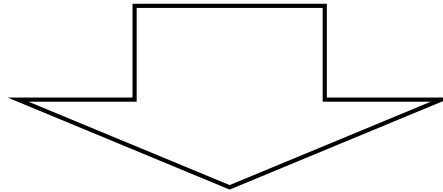
***Let's all work together with
Sendai Kobayashi Pharmaceutical!***



Damage from the Great East Japan Earthquake



- Production lines at Sendai Plant suspended.
(Sendai Plant manufactures *Bluelet*, *Sawaday*, *Eyebon*, *Ammeltz*, *Tough Grip*, *Shoshugen spray*, *Sekai Koro*, etc.)
- Sendai Kobayashi Pharmaceutical experienced difficulties in procuring some raw materials.



Sendai Kobayashi Pharmaceutical introduced a distribution quota system to adjust the shipment of products.

Resuming Production at Sendai Plant



Roads to production recovery

March 11 The Great East Japan Earthquake occurred.
Production lines stopped.

March 31 Supply of water and electricity restored.

April 1 Trial production tentatively started.

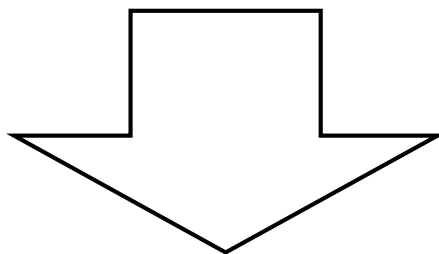
April 7 Powerful aftershock struck, shutting down production again.

April 14 Production resumed again.

June Production of all products should return to normal.
(Schedule)

Efforts to Procure Raw Materials

- Researching suppliers at home and abroad for alternate production
- Studying modification of prescriptions and specifications
- Securing raw materials on a medium to long-term basis



Establishing a structure that supports
a stable supply of products

Emergency Production Measures



- Postponing launch of new products for Spring 2011
Beads No Shoshugen from March 23 to April 20
- Giving priority to production of top-selling products:
Bluelet and *Sawaday*
- Terminating brand
Shoshu Shabon
- Postponing launch of specially planned products



Posting Expenses Related to the Earthquake



Around 500 million yen was posted

Abandonment related to the
earthquake damage and support for
restoring production

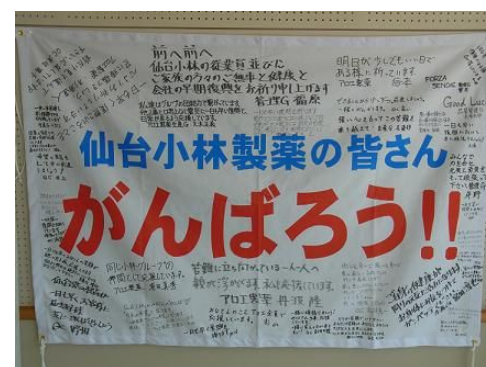
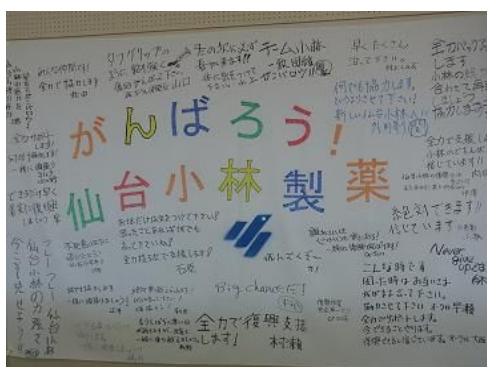
260 million yen

Supports for earthquake-
stricken regions

250 million yen

Providing donations of 100 million yen and 920,000 items of the Company's products, including sanitary products, such as sterile gel, masks, beverages, and deodorizing sprays.

Wishing for the Early Recovery of Sendai Plant





Fiscal 2012 Financial Forecasts

Highlights of Consolidated Financial Forecasts



	Year ended March 2011		Year ending March 2012		Change	
	Amount	Profit ratio	Amount	Profit ratio	Amount	Rate
Net sales	Million yen 130,824	% —	Million yen 131,000	% —	Million yen 175	% 0.1
Gross profit	74,640	57.1	74,800	57.1	159	0.2
Operating income	18,620	14.2	18,700	14.3	79	0.4
Ordinary income	19,010	14.5	19,100	14.6	89	0.5
Net income	9,335	7.1	10,000	7.6	664	7.1
EPS (yen)	227.98	—	244.21	—	16.22	7.1
Dividend (yen)	66	—	70	—	4	6.0

Outlook for Each Business After the Earthquake



Consumer Products Business

Japan: Production cutbacks and shipment restraint
Weak consumer sentiment

Overseas: No serious effects on the supply of products

Mail-Order Business

No serious effects on the supply of products

Medical Devices Business

Effects on operative treatment from a possible curb on power consumption this summer

Sales Outlook After the Earthquake



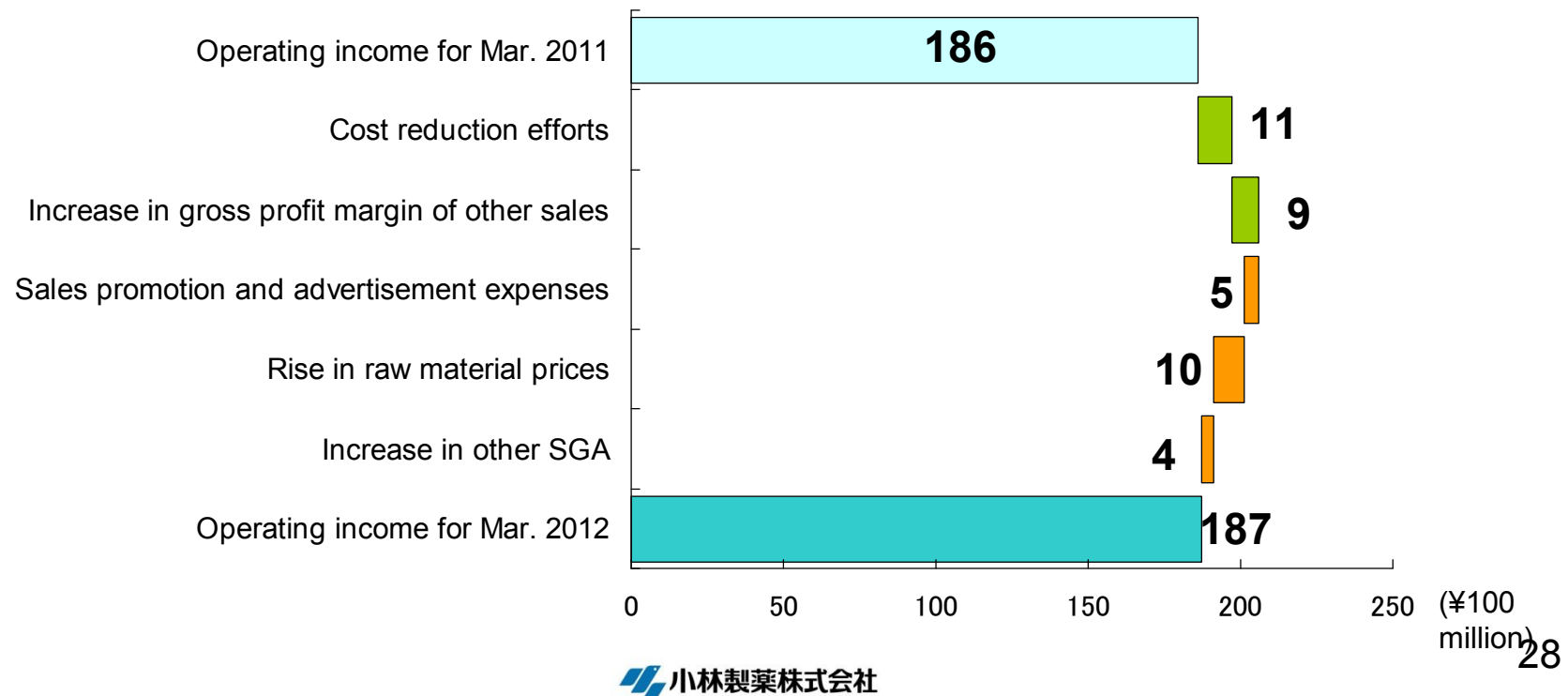
- Production and shipment restraints due to the suspension of production and difficulties in procuring raw materials
- Production cutback due to a possible curb on power consumption this summer
- Decline in consumption in disaster-stricken regions
- Increase in sales of products for lessening the heat caused by a possible curb on power consumption this summer
- Implementing a campaign to provide reconstruction assistance
“One-Yen Donation Campaign to Support Eastern Japan – Turning the Accumulation of 300 Million Thoughts into One”

The Company estimates that sales will decrease in the first half of the current fiscal year from the previous year, and will remain flat for the full year.

Profit Outlook After the Earthquake



- Continuous efforts to reduce manufacturing costs
- Increase in manufacturing costs due to alternate production
- Efficient use of marketing expenses





**Now is the time for the Kobayashi
Pharmaceutical Group to put into practice its
mission of “Providing People and Society
with Comfort” through “Creativity and
Innovation.”**