

KOBAYASHI

PHARMACEUTICAL CO., LTD.

Summary Consolidated Financial Results for the First Quarter Ended June 30, 2007

Note: This document has been prepared as a guide to non-Japanese investors and contains forward-looking statements that are based on managements' estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. This document is a translation of the Japanese language original. All numbers are rounded down to the nearest unit in accordance with standard Japanese practice.

KOBAYASHI PHARMACEUTICAL CO., LTD.

Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2007

Kobayashi Pharmaceutical, Co., Ltd. (4967)

| | |
|--|--|
| Exchange Listed: | Osaka and Tokyo, First Section |
| Principal Office: | Osaka, Japan |
| Homepage: | http://www.kobayashi.co.jp |
| President and COO: | Yutaka Kobayashi |
| Contact: | Satoshi Yamane, General Manager Group Corporate Business Headquarters |
| Telephone: | +81-6-6222-0084 |
| Date of the Board of Directors' meeting to approve financial statements: | July 23, 2007 |
| U.S. (GAAP) accounting standard: | Not adopted for the purposes of these statements. |

1. Consolidated Financial Results (April 1, 2007 – June 30, 2007)

(1) Consolidated Operating Results

| | Millions of Yen – Except Per Share Data and Percents | | | | |
|---|--|-------|--------|--------|----------------------|
| | First Quarter ended June 30, | | | | Year ended March 31, |
| | 2007 | % | 2006 | % | 2007 |
| Net Sales | 62,777 | 0.2 | 62,668 | 2.0 | 257,022 |
| Operating Income | 3,783 | 4.8 | 3,609 | (9.7) | 18,029 |
| Ordinary Income | 3,148 | 1.3 | 3,106 | (13.5) | 15,012 |
| Net Income | 2,378 | (2.1) | 2,429 | 44.6 | 8,297 |
| Net Income per Share (Yen)..... | 57.53 | | 58.82 | | 200.77 |
| Net Income per Share, Diluted (Yen) | 57.45 | | 58.73 | | 200.47 |

Notes: Percentages for operating revenues, operating income, ordinary income and net income represent changes compared with the previous period.

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(2) Consolidated Financial Position

| | Millions of Yen – Except Per Share Data and Percents | | |
|--|--|----------|-----------------|
| | As of June 30, | | As of March 31, |
| | 2007 | 2006 | 2007 |
| Total Assets | 164,585 | 160,206 | 164,555 |
| Shareholders' Equity | 77,653 | 70,519 | 77,236 |
| Shareholders' Equity Ratio | 45.5% | 42.2% | 45.2% |
| Shareholders' Equity per Share (Yen) | 1,810.67 | 1,706.88 | 1,799.87 |

(3) Consolidated Cash Flows

| | Millions of Yen | | |
|--|-----------------|---------|-----------------|
| | As of June 30, | | As of March 31, |
| | 2007 | 2006 | 2007 |
| Cash Flows from Operating Activities | (255) | (1,155) | 8,833 |
| Cash Flows from Investing Activities | (1,211) | 2,981 | (11,803) |
| Cash Flows from Financing Activities | (4,694) | (2,499) | (2,433) |
| Cash and Cash Equivalents at End of Year | 12,918 | 23,761 | 19,090 |

2. Dividend Status

| Consolidated | Yen | |
|--|------------------------------|------|
| | First Quarter Ended June 30, | |
| | 2007 | 2006 |
| Dividend per share end of interim period | -- | -- |

3. Projections for the Year Ending March 31, 2008 (April 1, 2007 – March 31, 2008)

| Consolidated | Millions of Yen | | | |
|----------------------------------|-----------------|----------|-----------|----------|
| | Mid Year | | Full Year | |
| | Amount | Change % | Amount | Change % |
| Net Sales | 132,000 | 1.0 | 265,000 | 3.1 |
| Operating Income | 8,300 | (9.1) | 18,500 | 2.6 |
| Ordinary Income | 7,200 | (10.1) | 16,000 | 6.6 |
| Net Income | 4,000 | (18.0) | 8,750 | 5.5 |
| Net Income per Share (yen) | 96.72 | | 211.58 | |

Notes: Percentages represent changes compared with Full Year and Mid Year of the previous fiscal year.

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4. Other

- | | |
|---|-----|
| (1) Changes in Scope of Consolidation: | No |
| (2) Adoption of Concise Method on Accounting Procedure: | Yes |
| (3) Changes of Accounting Procedure from the Latest Consolidated Fiscal Year: | No |

Note: For details please refer Section 4, "Business Results and Financial Position," on page 4

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III. Business Results and Financial Position

1. Business Results

Throughout this first quarter, the Japanese economy has continued to recover on the strength of improved corporate profits and firmer consumer spending, but deceleration in the U.S. economy and the continued rising price of crude oil result in future trends of the economy remaining uncertain.

In these circumstances, The Group sought to cultivate fully the spirit of the Group philosophy of "Creation and Innovation", and development of customer needs by providing products and services to create new markets while striving for fresh added value products and services for entry into existing markets.

Sales for the first quarter rose to 62,777 million yen, an increase of 0.2% from the same quarter in the previous year. Operating income rose to 3,783 million yen, an increase of 4.8%, and ordinary income was 3,148 million yen, an increase of 1.3%. Meanwhile, net profit for the first quarter fell to 2,378 million yen, a decrease of 2.1%.

Consumer Products Operation

In the consumer products business, the launch of the "Keshimin Pen" medicated fleck treatment applicator and "Sarasaty Saralie" napkin, among other products in the spring, contributed to sales growth. Sales of "Naisitoru 85" tablets, which help the body to break down and burn intra-abdominal fat and "Inochi no Haha A" tablets, a health supplement for women, also continued to grow steadily, boosting sales to 25,223 million yen, up 1,714 million yen (7.3%) on the first quarter of previous year. Following sales growth in high-margin categories and a drive to cut manufacturing and other costs, operating profit rose to 3,892 million yen, up 534 million yen (15.9%) on the same period of the previous fiscal year. HEATMAX Inc., whose shares were acquired in November 2006, was included in the consolidated annual accounts from this period.

Wholesale Operation

In the wholesale business, contact lens care products, one of the Company's major categories, fared poorly owing to difficult market conditions, but, thanks to steady performance from insect repellents, insecticides and other summer seasonal products, sales rose to 42,742 million yen, up by 1,496 million yen (3.6%) on the first quarter of the fiscal year 2006. As a result, the Company's operating losses fell to 167 million yen.

Medical Devices Operation

In the medical devices business, operating room and orthopedic products, which are the mainstay of Kobayashi Medical Company's product lineup, saw steady sales. However, all shares in the 3 Shield Healthcare Center home medical care companies having been transferred in November 2006, sales fell to 2,453 million yen, down 1,803 million yen (-42.4%) as compared with the first quarter in the last fiscal year, and the Company's operating losses reached 150 million yen. As of this year, the annual business results of artificial respirator maker eVent Medical Ltd, whose shares were acquired in November 2006, was included in the consolidated annual accounts from this period.

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2. Changes in Consolidated Financial Position

Kobayashi Pharmaceutical Group's financial position in the first quarter of fiscal 2007 was as follows.

Total assets were up 30 million yen as compared with the end of the last consolidated accounting year, but as equity capital rose by 451 million yen, the Company's net worth ratio rose by 0.3 points to 45.5%.

Consolidated Cash Flow

Cash Flows from Operating Activities

Net cash used in operating activities was 255 million yen.

Although net income in the first quarter before tax and other adjustments was 4,251 million yen, corporate and other tax payments amounted to 4,246 million yen.

Cash Flows from Investing Activities

Net cash used in investing activities was 1,211 million yen.

The transfer of trading rights generated revenue of 1,277 million yen, but these cash flows are due to a 1,500 million yen rise in securities, as well as the acquisition of fixed assets, etc.

Cash Flows from Financing Activities

Net cash used in financing activities was 4,694 million yen.

These cash flows resulted from payment of 2,067 million yen in dividends, and the repayment of short-term debt loan.

3. Forecasts for Fiscal Year Ending March 31, 2008

As business results for the first quarter were virtually in line with projections, the Company has not revised the interim or full-term forecasts of business results, released on May 14, 2007.

Note: The above forecasts are based on information available at the time of publication of the documents, and actual future business performance may differ from the forecasts due to unpredictable factors.

4. Other

Changes to major subsidiaries during the period:

No

Adoption of Concise Method on Accounting Procedure:

The figures for inventory assets for the first quarter are not based on physical stocktaking, but are estimated on the basis of actual inventory for the end of the previous consolidated fiscal year, using the book inventory.

Change of Accounting Procedure from the Latest Consolidated Fiscal Year:

No

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IV. Annual Consolidated Financial Statements

1. Consolidated Balance Sheets

| Assets | Millions of Yen | | | | | | Year Ended | |
|---|------------------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
| | First Quarter Ended June 30, | | | | | | March 31, | |
| | 2007 | % | 2006 | % | Change | % | 2007 | % |
| Current assets: | | | | | | | | |
| Cash and time deposits..... | 12,198 | | 23,262 | | (10,343) | | 18,091 | |
| Trade notes and accounts receivable | 54,555 | | 53,551 | | 1,003 | | 51,340 | |
| Inventories | 21,309 | | 19,639 | | 1,669 | | 19,846 | |
| Deferred income taxes | 2,885 | | 2,705 | | 180 | | 2,953 | |
| Other | 10,882 | | 7,827 | | 3,055 | | 10,056 | |
| Allowance for doubtful receivables | (179) | | (638) | | 459 | | (186) | |
| Total Current Assets | 102,371 | 62.2 | 106,346 | 66.4 | (3,975) | (3.7) | 102,102 | 62.0 |
| Fixed Assets: | | | | | | | | |
| Tangible Fixed Assets: | | | | | | | | |
| Buildings and Structures..... | 11,093 | | 11,285 | | (192) | | 11,214 | |
| Land | 8,667 | | 8,665 | | 1 | | 8,667 | |
| Other..... | 2,519 | | 2,864 | | (344) | | 2,397 | |
| Total Tangible Assets..... | 22,279 | 13.5 | 22,815 | 14.2 | (535) | (2.3) | 22,279 | 13.5 |
| Intangible Assets: | | | | | | | | |
| Goodwill..... | 11,968 | | 972 | | 10,995 | | 11,870 | |
| Trading rights..... | 1,211 | | 1,374 | | (163) | | 1,251 | |
| Software | 1,110 | | 1,092 | | 18 | | 1,178 | |
| Consolidation Adjustments account ... | -- | | 2,666 | | (2,666) | | -- | |
| Other..... | 301 | | 298 | | 3 | | 302 | |
| Total Intangible Assets..... | 14,591 | 8.9 | 6,403 | 4.0 | 8,188 | 127.9 | 14,602 | 8.9 |
| Investments and Other Assets: | | | | | | | | |
| Investments in securities | 17,962 | | 16,590 | | 1,372 | | 17,965 | |
| Deferred Tax Assets | 1,612 | | 2,080 | | (467) | | 1,767 | |
| Other Assets | 6,840 | | 7,565 | | (725) | | 7,104 | |
| Allowance for investment liability | | | | | | | | |
| loss | (289) | | (252) | | (37) | | (289) | |
| Allowance for doubtful | | | | | | | | |
| receivables..... | (783) | | (1,343) | | 559 | | (976) | |
| Total Investments and Other Assets | 25,342 | 15.4 | 24,640 | 15.4 | 702 | 2.8 | 25,571 | 15.6 |
| Total Fixed Assets | 62,214 | 37.8 | 53,859 | 33.6 | 8,354 | 15.5 | 62,453 | 38.0 |
| Total Assets | 164,585 | 100.0 | 160,206 | 100.0 | 4,379 | 2.7 | 164,555 | 100.0 |

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KOBAYASHI PHARMACEUTICAL CO., LTD.

| Liabilities | Millions of Yen | | | | | | Year Ended | |
|--|------------------------------|-------------|---------------|-------------|----------------|--------------|---------------|-------------|
| | First Quarter Ended June 30, | | | | | | March 31, | |
| | 2007 | % | 2006 | % | Change | % | 2007 | % |
| Current Liabilities: | | | | | | | | |
| Trade notes and accounts payable | 56,155 | | 56,739 | | (584) | | 51,359 | |
| Short-term loans payable | 651 | | 2,728 | | (2,077) | | 3,205 | |
| Accrued expenses | 12,937 | | 12,420 | | 517 | | 12,437 | |
| Allowance for bonus payable | 3,238 | | 3,172 | | 66 | | 2,109 | |
| Accrued income taxes | 2,048 | | 2,621 | | (573) | | 4,505 | |
| Reserve for unsold goods | 802 | | 561 | | 240 | | 902 | |
| Other current liabilities | 1,204 | | 1,304 | | (99) | | 2,507 | |
| Total Current Liabilities | 77,037 | 46.8 | 79,547 | 49.7 | (2,510) | (3.2) | 77,028 | 46.8 |
| Fixed Liabilities: | | | | | | | | |
| Long term loans payable | 125 | | 237 | | (112) | | 207 | |
| Provision for retirement benefits | 6,459 | | 7,087 | | (628) | | 7,559 | |
| Provision for allowances for directors and corporate auditors | 1,393 | | 1,260 | | 132 | | 1,399 | |
| Other fixed liabilities | 1,917 | | 1,552 | | 364 | | 1,124 | |
| Total Fixed Liabilities | 9,895 | 6.0 | 10,138 | 6.3 | (243) | (2.4) | 10,291 | 6.3 |
| Total Liabilities | 86,932 | 52.8 | 89,686 | 56.0 | (2,753) | (3.1) | 87,319 | 53.1 |

| Net Assets | Millions of Yen | | | | | | Year Ended | |
|--|------------------------------|--------------|----------------|--------------|--------------|--------------|----------------|--------------|
| | First Quarter Ended June 30, | | | | | | March 31, | |
| | 2007 | % | 2006 | % | Change | % | 2007 | % |
| Stockholders' Equity: | | | | | | | | |
| Common stock | 3,450 | 2.1 | 3,450 | 2.2 | -- | -- | 3,450 | 2.1 |
| Capital surplus | 4,207 | 2.5 | 4,198 | 2.6 | 9 | 0.2 | 4,206 | 2.5 |
| Retained earnings | 67,086 | 40.8 | 60,906 | 38.0 | 6,179 | 10.1 | 66,775 | 40.6 |
| Treasury stock | (3,301) | (2.0) | (3,407) | (2.1) | 105 | (3.1) | (3,311) | (2.0) |
| Total Stockholders' Equity | 71,442 | 43.4 | 65,147 | 40.7 | 6,294 | 9.7 | 71,120 | 43.2 |
| Appraisal and Translation Differences: | | | | | | | | |
| Unrealized gains on securities | 2,815 | 1.7 | 2,797 | 1.7 | 18 | 0.7 | 2,815 | 1.7 |
| Foreign currency translation adjustments | 55 | 0.0 | (308) | (0.2) | 363 | -- | 201 | 0.1 |
| Profit /loss on deferred hedge | 567 | 0.4 | -- | -- | 567 | -- | 291 | 0.2 |
| Total Appraisal and Translation Differences | 3,438 | 2.1 | 2,488 | 1.5 | 949 | 38.2 | 3,308 | 2.0 |
| Minority interests | 2,772 | 1.7 | 2,882 | 1.8 | (110) | (3.8) | 2,806 | 1.7 |
| Total Net Assets | 77,653 | 47.2 | 70,519 | 44.0 | 7,133 | 10.1 | 77,236 | 46.9 |
| Total Liabilities and Net Assets | 164,585 | 100.0 | 160,206 | 100.0 | 4,379 | 2.7 | 161,555 | 100.0 |

KOBAYASHI PHARMACEUTICAL CO., LTD.

2. Consolidated Annual Statements of Income

| | Millions of Yen | | | | | | Year Ended | |
|---|------------------------------|-------|--------|-------|--------|--------|------------|-------|
| | First Quarter Ended June 30, | | | | | | March 31, | |
| | 2007 | % | 2006 | % | Change | % | 2007 | % |
| Net Sales | 62,777 | 100.0 | 62,668 | 100.0 | 108 | 0.2 | 257,022 | 100.0 |
| Cost of Sales..... | 42,633 | 67.9 | 42,330 | 67.5 | 303 | 0.7 | 172,304 | 67.0 |
| Gross income..... | 20,143 | 32.1 | 20,338 | 32.5 | (194) | (1.0) | 84,717 | 33.0 |
| Selling, General, and Administrative Expense..... | 16,360 | 26.1 | 16,729 | 26.7 | (368) | (2.2) | 66,688 | 26.0 |
| Operating Income | 3,783 | 6.0 | 3,609 | 5.8 | 173 | 4.8 | 18,029 | 7.0 |
| Non-Operating Income | 310 | 0.5 | 487 | 0.8 | (176) | (36.2) | 1,597 | 0.6 |
| Interest income..... | 57 | | 27 | | 29 | | 86 | |
| Dividend income..... | 47 | | 37 | | 10 | | 91 | |
| Royalty income..... | 102 | | 96 | | 5 | | 539 | |
| Investment gains from companies accounted for by the equity method | (31) | | 188 | | (219) | | 187 | |
| Other income..... | 134 | | 137 | | (2) | | 692 | |
| Non-Operating Expenses | 945 | 1.5 | 989 | 1.6 | (43) | (4.4) | 4,613 | 1.8 |
| Interest expenses..... | 20 | | 18 | | 2 | | 70 | |
| Sales Discount | 282 | | 265 | | 16 | | 1,260 | |
| Losses on disposal of inventory evaluation | 592 | | 517 | | 74 | | 3,018 | |
| Translation loss | 24 | | 33 | | (9) | | 92 | |
| Other expenses..... | 26 | | 154 | | (128) | | 171 | |
| Ordinary Income | 3,148 | 5.0 | 3,106 | 5.0 | 41 | 1.3 | 15,012 | 5.8 |
| Extraordinary Gains | 1,520 | 2.4 | 1,752 | 2.8 | (231) | (13.2) | 2,829 | 1.1 |
| Gains on sales of fixed assets | -- | | 620 | | (620) | | 1,183 | |
| Goodwill transfer benefit | 1,277 | | 1,127 | | 149 | | 1,127 | |
| Other extraordinary gains | 242 | | 3 | | 239 | | 518 | |
| Extraordinary Losses | 417 | 0.6 | 91 | 0.2 | 325 | 356.0 | 1,804 | 0.7 |
| Losses on disposal of fixed assets | 5 | | 4 | | 1 | | 407 | |
| Losses on disposal of inventory evaluation..... | 178 | | 79 | | 99 | | 583 | |
| Allowance for investment loss Liability transfer..... | -- | | -- | | -- | | 37 | |
| Loss on shares of subsidiary evaluation ... | -- | | -- | | -- | | 405 | |
| Impairment loss | -- | | -- | | -- | | 123 | |
| Other extraordinary losses | 232 | | 7 | | 224 | | 246 | |
| Income Before Provision for Income Taxes | 4,251 | 6.8 | 4,767 | 7.6 | (516) | (10.8) | 16,038 | 6.2 |
| Tax Expense | 1,906 | 3.0 | 2,378 | 3.8 | (472) | (19.8) | 7,860 | 3.0 |
| Minority Interest in Net Income of Consolidated Subsidiaries | (34) | (0.0) | (40) | (0.1) | 5 | (14.6) | (119) | (0.0) |
| First Quarter Net Income | 2,378 | 3.8 | 2,429 | 3.9 | (50) | (2.1) | 8,297 | 3.2 |

KOBAYASHI PHARMACEUTICAL CO., LTD.

3. Consolidated Statements of Cash Flows

| | Millions of Yen | | |
|---|------------------------------|----------------|---------------------------|
| | First Quarter Ended June 30, | 2006 | Year Ended March 31, 2007 |
| | 2007 | | |
| I. Cash Flows from Operating Activities | | | |
| Income before income taxes and minority interests | 4,251 | 4,767 | 16,038 |
| Depreciation or amortization | 578 | 654 | 2,782 |
| Losses on valuation of stocks of affiliated companies | | -- | 405 |
| Impairment losses | -- | -- | 123 |
| Depreciation of goodwill | 320 | 125 | 592 |
| Provision for allowance of doubtful accounts | (200) | 42 | (773) |
| Accrued severance indemnities, net | (1,100) | 22 | 494 |
| Interest and dividend income | (105) | (65) | (177) |
| Interest expenses | 20 | 18 | 70 |
| Proceeds from investment by equity method | 31 | (188) | (187) |
| Losses on variation of disposal of inventory | 771 | 597 | 3,602 |
| Proceeds from transfer of goodwill | (1,277) | (1,127) | (1,127) |
| Losses on sales of fixed assets | -- | (620) | -- |
| Losses on disposal of fixed assets | 5 | 4 | 407 |
| Provision for investment loss carried over | -- | -- | 37 |
| (Decrease) increase in trade notes and accounts receivable | (3,031) | (3,258) | 332 |
| (Decrease) increase of inventory assets | (2,243) | (2,214) | (4,762) |
| Increase (decrease) of purchase liabilities | 4,672 | 4,609 | (1,053) |
| Increase (decrease) in consumption taxes payable | (110) | -- | (33) |
| Bonuses paid to directors | -- | -- | (40) |
| Other | 1,322 | (556) | (240) |
| Sub Total | 3,905 | 2,810 | 16,490 |
| Interest and dividends received | 105 | 65 | 177 |
| Interest paid | (20) | (18) | (70) |
| Income taxes paid | (4,246) | (4,012) | (7,763) |
| Net cash provided by operating activities | (255) | (1,155) | 8,833 |

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KOBAYASHI PHARMACEUTICAL CO., LTD.

| | Millions of Yen | | |
|--|------------------------------|----------------|-------------------|
| | First Quarter Ended June 30, | | Year Ended |
| | 2007 | 2006 | March 31, 2007 |
| II. Cash Flows from Investing Activities | | | |
| Purchases of securities | (3,300) | -- | (4,092) |
| Proceeds from redemption of securities | 1,800 | -- | 2,800 |
| Purchases of property, plants and equipment | (375) | (330) | (1,478) |
| Proceeds from sales of property, plants and equipment | -- | 1,160 | 1,490 |
| Purchases of intangible assets | (576) | (24) | (469) |
| Purchases of investment securities | (13) | (79) | (2,021) |
| Proceeds from redemption of investment securities | -- | 500 | -- |
| Purchases of intangible assets | (83) | (48) | (1,355) |
| Proceeds from sales of investments and other assets | -- | 40 | -- |
| Increase in short-term loans receivable | (70) | (97) | 0 |
| Disbursement for long-term loans payable | (15) | (29) | (62) |
| Proceeds from collection of long term loan | 15 | 11 | 36 |
| Proceeds from acquisition of shares of newly consolidated Subsidiaries | -- | 871 | -- |
| Proceeds from sale of goodwill | 1,277 | 1,127 | 1,127 |
| Payment for acquisition of shares of newly consolidated subsidiaries with change in scope of consolidation | -- | -- | (9,062) |
| Proceed from acquisition of shares of newly consolidated subsidiaries with change in scope of consolidation | -- | -- | 933 |
| Others | 129 | (119) | 349 |
| Net cash from investing activities | (1,211) | 2,981 | (11,803) |
| III. Cash Flows from Financing Activities | | | |
| Net increase (decrease) in short-term loans | (2,559) | (607) | (556) |
| Payment of long-term debt | (76) | (402) | (494) |
| Proceeds from payments by minority shareholders | (1) | (4) | (8) |
| Purchase of treasury stock | (10) | -- | 194 |
| Dividends paid | (2,067) | (1,569) | (1,569) |
| Others | -- | 84 | -- |
| Net cash used in financing activities | (4,694) | (2,499) | (2,433) |
| IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents | (10) | 0 | 56 |
| V. Net Increase (Decrease) in Cash and Cash Equivalents | (6,172) | (675) | (5,346) |
| VI. Cash and Cash Equivalents at Beginning of Year | 19,090 | 24,436 | 24,436 |
| VII. Cash and Cash Equivalents at End of Year | 12,918 | 23,761 | 19,090 |

KOBAYASHI PHARMACEUTICAL CO., LTD.

V. Segment Information

1. Segment Information by Business Category

Current Consolidated First Quarter (April 1, 2007 - June 30, 2007)

(Millions of Yen)

| Sales and operating income | Consumer Products Operation | Wholesale Operation | Medical Operation | Other Operations | Total | Eliminations | Consolidated |
|-------------------------------------|-----------------------------|---------------------|-------------------|------------------|--------|--------------|--------------|
| I. Sales to third parties | 17,133 | 42,742 | 2,453 | 447 | 62,777 | -- | 62,777 |
| II. Inter-group sales and transfers | 8,089 | -- | -- | 1,511 | 9,600 | (9,600) | -- |
| Total net sales | 25,223 | 42,742 | 2,453 | 1,958 | 72,377 | (9,600) | 62,777 |
| Operating expense | 21,330 | 42,910 | 2,603 | 1,859 | 68,704 | (9,709) | 58,994 |
| Operating income / losses | 3,892 | (167) | (150) | 98 | 3,673 | 109 | 3,783 |

Previous Consolidated First Quarter (April 1, 2006 - June 30, 2006)

(Yen)

(Millions of Yen)

| Sales and operating income | Consumer Products Operation | Wholesale Operation | Medical Operation | Other Operations | Total | Eliminations | Consolidated |
|-------------------------------------|-----------------------------|---------------------|-------------------|------------------|--------|--------------|--------------|
| I. Sales to third parties | 16,193 | 41,245 | 4,256 | 973 | 62,668 | -- | 62,668 |
| II. Inter-group sales and transfers | 7,315 | 0 | -- | 2,309 | 9,624 | (9,624) | -- |
| Total net sales | 23,508 | 41,246 | 4,256 | 3,282 | 72,293 | (9,624) | 62,668 |
| Operating expense | 20,149 | 41,421 | 3,938 | 3,171 | 68,681 | (9,621) | 59,059 |
| Operating income / losses | 3,358 | (175) | 318 | 111 | 3,612 | (3) | 3,609 |

Previous First Half (April 1, 2006 - September 30, 2006)

(Millions of Yen)

| Sales and operating income | Consumer Products Operation | Wholesale Operation | Medical Operation | Other Operations | Total | Eliminations | Consolidated |
|-------------------------------------|-----------------------------|---------------------|-------------------|------------------|---------|--------------|--------------|
| I. Sales to third parties | 71,717 | 164,838 | 16,496 | 3,969 | 257,022 | -- | 257,022 |
| II. Inter-group sales and transfers | 30,785 | 1 | -- | 9,142 | 39,929 | (39,929) | -- |
| Total net sales | 102,503 | 164,840 | 16,496 | 13,112 | 296,952 | (39,929) | 257,022 |
| Operating expense | 85,942 | 164,516 | 15,934 | 12,721 | 279,115 | (40,122) | 238,992 |
| Operating income / losses | 16,560 | 323 | 561 | 390 | 17,836 | 193 | 18,029 |

KOBAYASHI PHARMACEUTICAL CO., LTD.

(Notes)

Method of business classification:

Businesses segments are classified into four principle areas: Consumer Products, Wholesale, Medical and Others following the product line, and the markets in which the products are distributed.

Main products of each business operation:

Consumer Products Operations --- household pharmaceuticals, oral hygiene products, sanitary products, deodorizing air fresheners, household sundries, food products, and body warmers.

Wholesale Operation --- household pharmaceuticals, household sundries and foods

Medical Devices Operation --- medical devices

Other Operation --- transport, synthetic resin products manufacturing, insurance agency business, real estate management, advertising plan and creation.

2. Segment Information by Area

Because the amount of domestic sales and assets are more than 90% of the total amount of all sales of segments and the total amount of all assets of segments on the previous first quarter and current this quarter, such information is omitted.

KOBAYASHI PHARMACEUTICAL CO., LTD.

VI. Important Items Forming the Basis for Preparation of Consolidated Financial Statements

1. Principles of consolidation

Number of subsidiaries: 31 companies

Names of major consolidated subsidiaries:

Kobashou Co., Ltd., Toyama Kobayashi Pharmaceutical Co., Ltd., Sendai Kobayashi Pharmaceutical Co., Ltd., Ehime Kobayashi Pharmaceutical Co., Ltd., Kobayashi Plax Co., Ltd., Suehiro Industrial, Archer Corporation, SP-Planning, Kiribai Chemical Co., Ltd., Kenshou Co., Ltd., KS Hokkaido, KS Tokai, KS Tohoku, Seiei, Kobayashi Health Pharmaceutical Co., Ltd., eVent Medical Ltd, eVent Medical Inc., eMed Ltd., Kobayashi Medical America LLC, Kobayashi Healthcare LLC, HEATMAX Inc., MEDHEAT Inc., THERMOMAX Inc., Kobayashi Healthcare of America Inc., Kobayashi Healthcare Europe, Ltd., Kobayashi Healthcare Germany GMBH, Kobayashi Pharmaceutical of America Inc., Shanghai Kobayashi Daily Chemicals Co., Ltd., Kobayashi Pharmaceutical (Hong Kong) Co., Ltd., Kobayashi Pharmaceutical Life Service Co., Ltd., Kobayashi Pharmaceutical Distribution Co., Ltd.

Note: Aitori Distribution Co., Ltd. was split off into Aitori Distribution Co., Ltd. and Kobayashi Pharmaceutical Distribution Co., Ltd in January 2007. Subsequently, Aitori Distribution Co., Ltd. merged with Kobasyo in April 2007.

Names of major non-consolidated subsidiaries:

Kobayashi Sales Promotion, Pt Kobayashi Eglin, KMS, Sokai Drug Ltd., Cancer Immunity Information Research Center, and Aloe Pharmaceutical Co., Ltd.

Reason for exclusion from scope of consolidation:

All of the six non-consolidated subsidiaries are small companies, and their combined total assets, sales, net income (amount corresponding to equity holding) and retained earnings (amount corresponding to equity holding) all have no important impact on consolidated financial statements.

2. Application of equity method

Number of companies accounted for by equity method: 2 companies

Names of Major companies: Medicon Inc. Itoh Kanpo Pharmaceutical Co., Ltd.

Names of non-consolidated subsidiaries and major affiliated companies not accounted for by the equity method:

Pt Kobayashi Eglin, the FAN, Sokai Drug Ltd.

Reason why the equity method is not applied:

Companies not accounted for by the equity method have been excluded from the application of the equity method because they have minimal impact on consolidated net earnings and consolidated retained earnings, and have little importance in terms of overall group earnings.

KOBAYASHI PHARMACEUTICAL CO., LTD.

3. Fiscal years of consolidated subsidiaries

Among the consolidated companies, eVent Medical Ltd, eVent Medical Inc, eMed Ltd., Kobayashi Medical America LLC, Kobayashi Healthcare LLC, HEATMAX Inc., MEDHEAT Inc., THERMOMAX Inc., Kobayashi Healthcare of America Inc., Kobayashi Healthcare Europe, Ltd., Kobayashi Healthcare Germany GMBH, Kobayashi Pharmaceutical of America Inc., Shanghai Kobayashi Daily Chemicals Co., Ltd., and Kobayashi Pharmaceutical (Hong Kong) Co., Ltd. have a consolidated account settlement date in first quarter on March 31. When preparing the consolidated financial statements, financial statement as of that date were used, and in the case of important transactions that occurred between that date and consolidated account settlement date in the first quarter, necessary adjustments were made on a consolidated basis.

In addition, as the account settlement date of the consolidated subsidiary Kiribai Chemical Co., Ltd. is September 30, the Company used consolidated financial statements in the first quarter, based on a provisional settlement of accounts conducted as of the full year consolidated account settlement date.

4. Accounting standards

(1) Valuation criteria and valuation methods for major assets

1) Marketable securities - Other marketable securities:

-- With fair market value: Market value method based on quoted market price on first-half consolidated account settlement date (Unrealized holding gain or loss is directly charged or credited to shareholders' equity and cost of securities sold is principally computed by the moving average method.)

-- Without fair market value: Principally stated at cost determined by the total cost method

2) Derivatives: Market value method

3) Inventories:

Commodities and raw materials: Principally stated at cost determined by the moving average method

Finished goods, work in process and supplies: Principally stated at cost determined by the total average method

(2) Methods of depreciation for major depreciable assets:

- Property, plant and equipment: The Company and its domestic consolidated subsidiaries compute depreciation by the declining balance method. Overseas consolidated subsidiaries use the straight-line method. However, the Company and some domestic consolidated subsidiaries apply the straight-line method to buildings acquired after April 1, 1998 (excluding equipment belonging to buildings).

- Intangible assets: Depreciation is computed by the straight-line method.

However, in the case of software used by the Company itself, the straight-line method based on the period of possible use within the Company (5 years) is adopted.

- Long-term expenses: Depreciation is computed by the amortized uniformity method.

Remaining useful lives are accounted for with the same methods as income taxes.

KOBAYASHI PHARMACEUTICAL CO., LTD.

(3) Criteria for appropriation of important reserves

- Allowance for doubtful accounts:

The Company and its domestic consolidated subsidiaries provide for doubtful accounts principally at an amount computed based on the historical bad debt ratio. In addition, an estimate of uncollectable amounts from certain specific doubtful receivables is provided.

Overseas consolidated subsidiaries post an estimate of uncollectable amounts in accordance with the actual state of loans.

- Allowance for bonuses:

The Company and its domestic consolidated subsidiaries post an estimated allowance to provide for the payment of bonuses to employees.

- Reserve for sales returns:

The Company and some domestic consolidated subsidiaries post an estimated amount of sales return losses to provide for sales return losses.

- Reserve for retirement allowances:

To provide for employees' accrued retirement benefits, the Company and some domestic consolidated subsidiaries charged to income the amount recognized as having been incurred at the end of the consolidated accounting period based on the projected amounts of the liability for accrued retirement benefit liabilities and pension assets at the end of the current first quarter consolidated accounting period. Other domestic consolidated subsidiaries posted 100% of the payment amount required at term-end. In addition, some overseas consolidated subsidiaries have adopted defined contribution pension plans. Actuarial differences are amortized on a straight-line basis over a period which falls within the average estimated remaining years of service (ten years) of the participants commencing the year following.

- Provision for directors' retirement allowances:

To provide for the provision of retirement allowances for directors, the Company and some domestic consolidated subsidiaries posted a payment amount required at the end of the consolidated first-half term based on internal regulations.

- Reserve for losses on investments in subsidiaries:

Estimated losses based on the financial status of each subsidiary are recorded to prepare for losses on investments in subsidiaries.

(4) Method of accounting for major lease transactions

Finance leases, except for those that transfer the legal title of the underlying property from the lessor to the lessee at the end of the lease term, are accounted for as operating leases.

KOBAYASHI PHARMACEUTICAL CO., LTD.

(5) Derivatives and hedging activities

1) Hedge accounting methods:

The Company uses deferral hedge accounting. In the case of forward foreign exchange contracts, if conditions for appropriation are fulfilled, appropriation treatment is adopted, and in the case of interest-rate swaps, if special accounting treatment conditions are met, special accounting treatment is adopted.

2) Hedging measures and hedged items:

- Hedging instruments: Forward foreign exchange contracts, interest-rate swaps
- Hedged items: Foreign currency-denominated liabilities and foreign currency-denominated options, loans

3) Hedging policy:

In the case of foreign currency option contracts, the Company's policy is to hedge the foreign exchange fluctuation risk by attaching forward foreign exchange agreements.

In the case of interest-rate swaps, the Company's policy is to hedge within the range of the applicable liability in order to reduce the interest rate risk.

4) Method of evaluating effectiveness of hedging

In the case of currency-related transactions, the Company evaluates the effectiveness of hedging by comparing the accumulated gain or loss on each hedging instrument and on the related hedged item from the commencement of the hedge.

The Company does not evaluate the effectiveness of hedging interest-rate swaps.

(6) Other important items forming the basis for preparation of consolidated financial statements

- Method of accounting for consumption tax, etc.:

The Company adopts the tax exclusion method.

5. Valuation of consolidated subsidiaries' assets and liabilities

Full fair value valuation methods are used.

6. Amortization of goodwill

Goodwill will be amortized in equal portions over a 20 year period after its acquisition, reflecting the time period during which the investment will be effective. However, goodwill with a low value will be amortized in a lump sum in the fiscal year in which it was acquired.

7. Scope of funds in consolidated cash flow statements

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits available for withdrawal on demand and highly liquid, short-term investments with a maturity of three months or less that can be readily converted into cash and which represent a minor risk of fluctuations in value.

KOBAYASHI PHARMACEUTICAL CO., LTD.

VII. Notes to Consolidated Financial Statements

(Related to Consolidated Balance Sheet)

| End of Current Consolidated First Quarter (As of June 30, 2007) | End of Previous Consolidated First Quarter (As of June 30, 2006) | Previous Fiscal Year (As of March 31, 2007) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--|------|-------------------|-----------------------|-----------------|-------|-------------------|-------|--------------------|------------------|-------------------|---------------|-------------------|---|---------------|----------------|------------------------|-------------------|------|-------------------|-----------------------|-----------------|-------|-------------------|-------|--------------------|--|------------------------|-----------------|------|-------------------|-----------------------|-----------------|-------|-------------------|-------|-------------------|------------------|-------------------|---------------|-------------------|
| <p>1. Accumulated depreciation of property, plant and equipment amounts to 19,199 million yen.</p> <p>2. The main assets and liabilities relating to non-consolidated subsidiaries and affiliated companies are as follows:</p> <p>Investments and other assets</p> <p>Investment securities (Shares) 8,458 million yen</p> <p>3. The following assets have been provided as security</p> <table><tr><td>Buildings & structures</td><td>981 million yen</td></tr><tr><td>Land</td><td>2,122 million yen</td></tr><tr><td>Investment securities</td><td>173 million yen</td></tr><tr><td>Total</td><td>3,277 million yen</td></tr></table> <p>(Liabilities corresponding to the above)</p> <p>Trade notes and accounts payable 11,835 million yen</p> <p>Short-term loans 160 million yen</p> <p>Long-term loans (including pay back within a year) 16 million yen</p> <table><tr><td>Total</td><td>12,011 million yen</td></tr></table> <p>4. Bills at maturity</p> <p>Regarding bills at maturity at the end of current period, the maturity date was a bank holiday, but accounts were settled as though the settlement was held on the maturity date. Bills reaching maturity at the end of the current period are as follows:</p> <table><tr><td>Bills receivable</td><td>1,026 million yen</td></tr><tr><td>Bills payable</td><td>1,775 million yen</td></tr></table> | Buildings & structures | 981 million yen | Land | 2,122 million yen | Investment securities | 173 million yen | Total | 3,277 million yen | Total | 12,011 million yen | Bills receivable | 1,026 million yen | Bills payable | 1,775 million yen | <p>1. Accumulated depreciation of property, plant and equipment amounts to 18,820 million yen.</p> <p>2. The main assets and liabilities relating to non-consolidated subsidiaries and affiliated companies are as follows:</p> <p>Investments and other assets</p> <p>Investment securities (Shares) 8,858 million yen</p> <p>Other (Equity) 3 million yen</p> <p>3. The following assets have been provided as security</p> <table><tr><td>Time deposits</td><td>17 million yen</td></tr><tr><td>Buildings & structures</td><td>1,346 million yen</td></tr><tr><td>Land</td><td>2,314 million yen</td></tr><tr><td>Investment securities</td><td>175 million yen</td></tr><tr><td>Total</td><td>3,854 million yen</td></tr></table> <p>(Liabilities corresponding to the above)</p> <p>Trade notes and accounts payable 10,092 million yen</p> <p>Long-term loans (including pay back within a year) 23 million yen</p> <table><tr><td>Total</td><td>10,115 million yen</td></tr></table> <p>4.</p> <hr/> | Time deposits | 17 million yen | Buildings & structures | 1,346 million yen | Land | 2,314 million yen | Investment securities | 175 million yen | Total | 3,854 million yen | Total | 10,115 million yen | <p>1. Accumulated depreciation of property, plant and equipment amounts to 18,943 million yen</p> <p>2. The main assets and liabilities relating to non-consolidated subsidiaries and affiliated companies are as follows:</p> <p>Investments and other assets</p> <p>Investment securities (Shares) 8,462 million yen</p> <p>3. The following assets have been provided as security</p> <table><tr><td>Buildings & structures</td><td>988 million yen</td></tr><tr><td>Land</td><td>2,122 million yen</td></tr><tr><td>Investment securities</td><td>170 million yen</td></tr><tr><td>Total</td><td>3,282 million yen</td></tr></table> <p>(Liabilities corresponding to the above)</p> <p>Trade notes and accounts payable 8,583 million yen</p> <p>Short-term loans 350 million yen</p> <p>Long-term loans (including pay back within a year) 18 million yen</p> <table><tr><td>Total</td><td>8,951 million yen</td></tr></table> <p>4. Bills at maturity</p> <p>Regarding bills at maturity at the end of the previous consolidated fiscal year, the maturity date was a bank holiday, but accounts were settled as though the settlement was held on the maturity date. Bills reaching maturity at the end of the current consolidated fiscal year are as follows:</p> <table><tr><td>Bills receivable</td><td>1,229 million yen</td></tr><tr><td>Bills payable</td><td>1,604 million yen</td></tr></table> | Buildings & structures | 988 million yen | Land | 2,122 million yen | Investment securities | 170 million yen | Total | 3,282 million yen | Total | 8,951 million yen | Bills receivable | 1,229 million yen | Bills payable | 1,604 million yen |
| Buildings & structures | 981 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land | 2,122 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment securities | 173 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 3,277 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 12,011 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bills receivable | 1,026 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bills payable | 1,775 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Time deposits | 17 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings & structures | 1,346 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land | 2,314 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment securities | 175 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 3,854 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 10,115 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings & structures | 988 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land | 2,122 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment securities | 170 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 3,282 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 8,951 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bills receivable | 1,229 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bills payable | 1,604 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

KOBAYASHI PHARMACEUTICAL CO., LTD.

(Related to Consolidated Balance Sheet)

(Related to Consolidated Balance Sheet)

| End of Current Consolidated First Quarter (As of June 30, 2007) | End of Previous Consolidated First Quarter (As of June 30, 2006) | Previous Fiscal Year (As of March 31, 2007) | | | | | | | | | | | | | | | | | | |
|--|---|---|-----------------------|-----------------|------------|--------------------|--|-----------------------|--------------------|-----------------------|-------------------|------------|--------------------|---|-----------------------|--------------------|-----------------------|-----------------|------------|--------------------|
| <p>5. In order to provide access to a stable and effective source of operating capital, the Company and some of its subsidiaries (Kobayashi Healthcare Europe, Ltd., and Shanghai Kobayashi Daily Chemicals Co., Ltd.) have entered into commitment-line contracts with four banks with which the Company maintains accounts. The balance of un-realized debt based on these contracts at the end of the current consolidated quarter is as shown below.</p> <p>Current loans receivable</p> <table><tr><td>Total debt commitment</td><td>19,649 million yen</td></tr><tr><td>Realized debt balance</td><td>307 million yen</td></tr><tr><td>Difference</td><td>19,342 million yen</td></tr></table> | Total debt commitment | 19,649 million yen | Realized debt balance | 307 million yen | Difference | 19,342 million yen | <p>5. In order to provide access to a stable and effective source of operating capital, the Company and some of its subsidiaries (Kobasyou Co., Ltd., Kobayashi Healthcare Europe, Ltd. and Shield California Centers, Inc.) have entered into commitment-line contracts with four banks with which the Company maintains accounts. The balance of un-realized debt based on these contracts at the end of the current consolidated quarter is as shown below.</p> <p>Current loans receivable</p> <table><tr><td>Total debt commitment</td><td>29,125 million yen</td></tr><tr><td>Realized debt balance</td><td>1,450 million yen</td></tr><tr><td>Difference</td><td>27,675 million yen</td></tr></table> | Total debt commitment | 29,125 million yen | Realized debt balance | 1,450 million yen | Difference | 27,675 million yen | <p>5. In order to provide access to a stable and effective source of operating capital, the Company and some of its subsidiaries (Kobasyou Co., Ltd., Seiei, Kobayashi Healthcare Europe, Ltd., and Shanghai Kobayashi Daily Chemicals Co., Ltd.) have entered into commitment-line contracts with four banks with which the Company maintains accounts. The balance of un-realized debt based on these contracts at the end of the current consolidated quarter is as shown below.</p> <p>Current loans receivable</p> <table><tr><td>Total debt commitment</td><td>19,752 million yen</td></tr><tr><td>Realized debt balance</td><td>720 million yen</td></tr><tr><td>Difference</td><td>19,032 million yen</td></tr></table> | Total debt commitment | 19,752 million yen | Realized debt balance | 720 million yen | Difference | 19,032 million yen |
| Total debt commitment | 19,649 million yen | | | | | | | | | | | | | | | | | | | |
| Realized debt balance | 307 million yen | | | | | | | | | | | | | | | | | | | |
| Difference | 19,342 million yen | | | | | | | | | | | | | | | | | | | |
| Total debt commitment | 29,125 million yen | | | | | | | | | | | | | | | | | | | |
| Realized debt balance | 1,450 million yen | | | | | | | | | | | | | | | | | | | |
| Difference | 27,675 million yen | | | | | | | | | | | | | | | | | | | |
| Total debt commitment | 19,752 million yen | | | | | | | | | | | | | | | | | | | |
| Realized debt balance | 720 million yen | | | | | | | | | | | | | | | | | | | |
| Difference | 19,032 million yen | | | | | | | | | | | | | | | | | | | |
| <p>6. The Company has issued 42,525 shares of common stock.</p> | <p>6. Same as left.</p> | <p>6. Same as left.</p> | | | | | | | | | | | | | | | | | | |
| <p>7. The Company holds 1,169 shares of treasury stock.</p> | <p>7. The Company holds 1,210 shares of treasury stock.</p> | <p>7. The Company holds 1,172 shares of treasury stock.</p> | | | | | | | | | | | | | | | | | | |

KOBAYASHI PHARMACEUTICAL CO., LTD.

(Related to Consolidated Statement of Income)

(Related to Consolidated Statement of Income)

| End of Current Consolidated First Quarter (As of June 30, 2007) | End of Previous Consolidated First Quarter (As of June 30, 2006) | Previous Fiscal Year (As of March 31, 2007) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|-------------------|-------------------|-------------|-------------------|--------------------|-------------------|----------------|-----------------|------------------|-----------------|------------------------|-----------------|-------|---------------|-------|---------------|------------------------|---------------|-----------------------|---------------|-------------------|---------------|-------|---------------|-------|---------------|--|-----------------|-------------------|-------------------|-------------------|-------------|-------------------|--------------------|-------------------|----------------|-----------------|------------------|-----------------|------------------------|-----------------|---------------------|-----------------|-------|-----------------|------------------------|---------------|-------------------|---------------|-------|---------------|-------|---------------|---|-----------------|-------------------|-------------------|--------------------|-------------|--------------------|--------------------|--------------------|----------------|-------------------|------------------|-------------------|------------------------|-------------------|------|-------------------|-------|---------------|-------|-----------------|------------------------|-----------------|-----------------------|----------------|-------------------|----------------|-------|----------------|-------|-----------------|
| <p>1. The major components of selling, general and administrative expenses were as follows:</p> <table><tr><td>Sales promotion</td><td>1,371 million yen</td></tr><tr><td>Freight & storage</td><td>2,763 million yen</td></tr><tr><td>Advertising</td><td>3,808 million yen</td></tr><tr><td>Salaries & bonuses</td><td>3,105 million yen</td></tr><tr><td>Rental charges</td><td>791 million yen</td></tr><tr><td>Commissions paid</td><td>989 million yen</td></tr><tr><td>Research & development</td><td>560 million yen</td></tr></table> <p>2. Within extraordinary gains, gains on the sale of fixed assets comprise the following:</p> <table><tr><td>Other</td><td>0 million yen</td></tr><tr><td>Total</td><td>0 million yen</td></tr></table> <p>3. Within extraordinary losses, losses on the disposal of fixed assets comprise the following:</p> <table><tr><td>Buildings & structures</td><td>0 million yen</td></tr><tr><td>Machinery & equipment</td><td>4 million yen</td></tr><tr><td>Tools & furniture</td><td>1 million yen</td></tr><tr><td>Other</td><td>0 million yen</td></tr><tr><td>Total</td><td>5 million yen</td></tr></table> <p>4. R&D expenses included in general, selling & administrative expenses and manufacturing expenses in period:</p> <p>560 million yen</p> | Sales promotion | 1,371 million yen | Freight & storage | 2,763 million yen | Advertising | 3,808 million yen | Salaries & bonuses | 3,105 million yen | Rental charges | 791 million yen | Commissions paid | 989 million yen | Research & development | 560 million yen | Other | 0 million yen | Total | 0 million yen | Buildings & structures | 0 million yen | Machinery & equipment | 4 million yen | Tools & furniture | 1 million yen | Other | 0 million yen | Total | 5 million yen | <p>1. The major components of selling, general and administrative expenses were as follows:</p> <table><tr><td>Sales promotion</td><td>1,294 million yen</td></tr><tr><td>Freight & storage</td><td>2,778 million yen</td></tr><tr><td>Advertising</td><td>3,889 million yen</td></tr><tr><td>Salaries & bonuses</td><td>3,367 million yen</td></tr><tr><td>Rental charges</td><td>787 million yen</td></tr><tr><td>Commissions paid</td><td>882 million yen</td></tr><tr><td>Research & development</td><td>556 million yen</td></tr></table> <p>2. Within extraordinary gains, gains on the sale of fixed assets comprise the following:</p> <table><tr><td>Buildings, and land</td><td>620 million yen</td></tr><tr><td>Total</td><td>620 million yen</td></tr></table> <p>3. Within extraordinary losses, losses on the disposal of fixed assets comprise the following:</p> <table><tr><td>Buildings & structures</td><td>1 million yen</td></tr><tr><td>Tools & furniture</td><td>1 million yen</td></tr><tr><td>Other</td><td>0 million yen</td></tr><tr><td>Total</td><td>4 million yen</td></tr></table> <p>4. R&D expenses included in general, selling & administrative expenses and manufacturing expenses in period:</p> <p>556 million yen</p> | Sales promotion | 1,294 million yen | Freight & storage | 2,778 million yen | Advertising | 3,889 million yen | Salaries & bonuses | 3,367 million yen | Rental charges | 787 million yen | Commissions paid | 882 million yen | Research & development | 556 million yen | Buildings, and land | 620 million yen | Total | 620 million yen | Buildings & structures | 1 million yen | Tools & furniture | 1 million yen | Other | 0 million yen | Total | 4 million yen | <p>1. The major components of selling, general and administrative expenses were as follows:</p> <table><tr><td>Sales promotion</td><td>5,720 million yen</td></tr><tr><td>Freight & storage</td><td>10,976 million yen</td></tr><tr><td>Advertising</td><td>13,128 million yen</td></tr><tr><td>Salaries & bonuses</td><td>13,114 million yen</td></tr><tr><td>Rental charges</td><td>3,102 million yen</td></tr><tr><td>Commissions paid</td><td>4,612 million yen</td></tr><tr><td>Research & development</td><td>2,476 million yen</td></tr></table> <p>2. Within extraordinary gains, gains on the sale of fixed assets comprise the following:</p> <table><tr><td>Land</td><td>1,174 million yen</td></tr><tr><td>Other</td><td>8 million yen</td></tr><tr><td>Total</td><td>620 million yen</td></tr></table> <p>3. Within extraordinary losses, losses on the disposal of fixed assets comprise the following:</p> <table><tr><td>Buildings & structures</td><td>345 million yen</td></tr><tr><td>Machinery & equipment</td><td>21 million yen</td></tr><tr><td>Tools & furniture</td><td>25 million yen</td></tr><tr><td>Other</td><td>14 million yen</td></tr><tr><td>Total</td><td>407 million yen</td></tr></table> <p>4. R&D expenses included in general, selling & administrative expenses and manufacturing expenses in period:</p> <p>2,476 million yen</p> | Sales promotion | 5,720 million yen | Freight & storage | 10,976 million yen | Advertising | 13,128 million yen | Salaries & bonuses | 13,114 million yen | Rental charges | 3,102 million yen | Commissions paid | 4,612 million yen | Research & development | 2,476 million yen | Land | 1,174 million yen | Other | 8 million yen | Total | 620 million yen | Buildings & structures | 345 million yen | Machinery & equipment | 21 million yen | Tools & furniture | 25 million yen | Other | 14 million yen | Total | 407 million yen |
| Sales promotion | 1,371 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freight & storage | 2,763 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Advertising | 3,808 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salaries & bonuses | 3,105 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rental charges | 791 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Commissions paid | 989 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Research & development | 560 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | 0 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 0 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings & structures | 0 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Machinery & equipment | 4 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tools & furniture | 1 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | 0 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 5 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales promotion | 1,294 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freight & storage | 2,778 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Advertising | 3,889 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salaries & bonuses | 3,367 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rental charges | 787 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Commissions paid | 882 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Research & development | 556 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings, and land | 620 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 620 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings & structures | 1 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tools & furniture | 1 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | 0 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 4 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales promotion | 5,720 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Freight & storage | 10,976 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Advertising | 13,128 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salaries & bonuses | 13,114 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rental charges | 3,102 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Commissions paid | 4,612 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Research & development | 2,476 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land | 1,174 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | 8 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 620 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings & structures | 345 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Machinery & equipment | 21 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tools & furniture | 25 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | 14 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 407 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

KOBAYASHI PHARMACEUTICAL CO., LTD.

(Related to Consolidated Statement of Income)

| End of Current Consolidated First Quarter (As of June 30, 2007) | End of Previous Consolidated First Quarter (As of June 30, 2006) | Previous Fiscal Year (As of March 31, 2007) | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|---------------|-------------------|---------------|-------------------|---------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|--------------------|--|--|---------------------------|----------------------------------|--|--|---------------|---------------------------|-------|--------------------|
| <p>5. Proceeds on transfer of goodwill</p> <p>On March 27, 2002, the Company arrived at a basic agreement with Medtronic Sofamor Danek in the United States, a joint investor in equity-method affiliate Kobayashi Sofamor Danek Ltd., to terminate the companies' business relationship.</p> <p>The agreement calls for stocks to be sold off in April 2002, and to accept value of goodwill transfer over seven years beginning in March 2003. Proceeds from the transfer of goodwill will be accounted for as extraordinary gains.</p> <p>Overview of the agreement</p> <p>1) Goodwill to be transferred: Sales of medical equipment</p> <p>2) Date of the transfer: April 1, 2002</p> <p>3) Price of the transfer and receiving method: 58 million US dollars over seven years</p> <p>4) Receiving schedule and amount:</p> <table><tr><td>April 17, 2002</td><td>3 million dollars</td></tr><tr><td>April 3, 2003</td><td>6 million dollars</td></tr><tr><td>April 5, 2004</td><td>7 million dollars</td></tr><tr><td>April 4, 2005</td><td>10 million dollars</td></tr><tr><td>April 3, 2006</td><td>10 million dollars</td></tr><tr><td>April 3, 2007</td><td>11 million dollars</td></tr><tr><td>April 3, 2008</td><td>11 million dollars</td></tr></table> <p>6.</p> <hr/> | April 17, 2002 | 3 million dollars | April 3, 2003 | 6 million dollars | April 5, 2004 | 7 million dollars | April 4, 2005 | 10 million dollars | April 3, 2006 | 10 million dollars | April 3, 2007 | 11 million dollars | April 3, 2008 | 11 million dollars | <p>5. Proceeds on transfer of goodwill</p> <p>Same as left</p> <p>6.</p> <hr/> | <p>5. Proceeds on transfer of goodwill</p> <p>Same as left</p> <p>6. Impairment loss</p> <p>The Group registers impairment losses of the following property groups.</p> <table><tr><th>Location (Application)</th><th>(Category) Impairment loss</th></tr><tr><td>Osaka and other (Manufacturing facility)</td><td>(Machinery & equipment) 36 million yen</td></tr><tr><td>Same as above</td><td>(Lease) 86 million yen</td></tr><tr><td>Total</td><td>123 million yen</td></tr></table> <p>The Group's assets for each business division are grouped as the company's basic units as the smallest units generating cash flow. Further, the headquarters and distribution centers are shared assets. There is little chance of manufacturing facilities being used in the future, the book value was reduced to the collectible amount and the amount reduced was recorded as an impairment loss (123 million yen) under extraordinary losses. Other assets are valued according to its utility value.</p> | Location (Application) | (Category) Impairment loss | Osaka and other (Manufacturing facility) | (Machinery & equipment) 36 million yen | Same as above | (Lease) 86 million yen | Total | 123 million yen |
| April 17, 2002 | 3 million dollars | | | | | | | | | | | | | | | | | | | | | | | |
| April 3, 2003 | 6 million dollars | | | | | | | | | | | | | | | | | | | | | | | |
| April 5, 2004 | 7 million dollars | | | | | | | | | | | | | | | | | | | | | | | |
| April 4, 2005 | 10 million dollars | | | | | | | | | | | | | | | | | | | | | | | |
| April 3, 2006 | 10 million dollars | | | | | | | | | | | | | | | | | | | | | | | |
| April 3, 2007 | 11 million dollars | | | | | | | | | | | | | | | | | | | | | | | |
| April 3, 2008 | 11 million dollars | | | | | | | | | | | | | | | | | | | | | | | |
| Location (Application) | (Category) Impairment loss | | | | | | | | | | | | | | | | | | | | | | | |
| Osaka and other (Manufacturing facility) | (Machinery & equipment) 36 million yen | | | | | | | | | | | | | | | | | | | | | | | |
| Same as above | (Lease) 86 million yen | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 123 million yen | | | | | | | | | | | | | | | | | | | | | | | |

KOBAYASHI PHARMACEUTICAL CO., LTD.

(Related to Consolidated Cash Flow Statement)

| End of Current Consolidated First Quarter (As of June 30, 2007) | End of Previous Consolidated First Quarter (As of June 30, 2006) | Previous Fiscal Year (As of March 31, 2007) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|---|----------------|-------------------------|--------------------|--|----------------------|--------------------|--|----------------|--|-----------------|-------------------------|--------------------|----------------|-------------------|--------------|-----------------|--------------|-------------------|---------------------|-------------------|-------------------|-----------------|-------------------|-------------------|---|----------------------|--------------------|---|-----------------|-------------------------|--------------------|----------------|-------------------|--------------|-----------------|--------------|-------------------|---------------------|-------------------|-------------------|-----------------|-------------------|-------------------|----------------|-------------------|--------------|-------------------|--------------|-------------------|---------------------|-----------------|-------------------|----------------|-------------------|-----------------|
| <p>1. A reconciliation of cash and time deposits in the quarterly consolidated balance sheets to the balance of cash and cash equivalents in the statements of cash flows at the end of the first quarter is as follows:</p> <p style="text-align: right;">(As of June 30, 2007)</p> <table><tr><td>Cash & time deposits</td><td>12,918 million yen</td></tr><tr><td>Securities of redemption period within 3 months</td><td>-- million yen</td></tr><tr><td>Cash & cash equivalents</td><td>12,918 million yen</td></tr></table> | Cash & time deposits | 12,918 million yen | Securities of redemption period within 3 months | -- million yen | Cash & cash equivalents | 12,918 million yen | <p>1. Accumulated depreciation of property, plant and equipment amounts to 18,820 million yen.</p> <p style="text-align: right;">(As of June 30, 2006)</p> <table><tr><td>Cash & time deposits</td><td>23,262 million yen</td></tr><tr><td>Time deposits with original maturity of more than 3 months</td><td>-- million yen</td></tr><tr><td>Short-term investments that must be redeemed within three months</td><td>499 million yen</td></tr><tr><td>Cash & cash equivalents</td><td>23,716 million yen</td></tr></table> <p>2. Assets and liabilities of company made a new consolidated subsidiary due to share acquisition</p> <p>The assets and liabilities of KS Tohoku, which became a new consolidated subsidiary in the current quarter, were as follows at the start of consolidation:</p> <p style="text-align: right;">(As of March 31, 2006)</p> <table><tr><td>Current assets</td><td>4,479 million yen</td></tr><tr><td>Fixed assets</td><td>966 million yen</td></tr><tr><td>Total assets</td><td>5,445 million yen</td></tr><tr><td>Current liabilities</td><td>5,222 million yen</td></tr><tr><td>Fixed liabilities</td><td>417 million yen</td></tr><tr><td>Total liabilities</td><td>5,639 million yen</td></tr></table> | Cash & time deposits | 23,262 million yen | Time deposits with original maturity of more than 3 months | -- million yen | Short-term investments that must be redeemed within three months | 499 million yen | Cash & cash equivalents | 23,716 million yen | Current assets | 4,479 million yen | Fixed assets | 966 million yen | Total assets | 5,445 million yen | Current liabilities | 5,222 million yen | Fixed liabilities | 417 million yen | Total liabilities | 5,639 million yen | <p>1. Accumulated depreciation of property, plant and equipment amounts to 19,026 million yen</p> <p style="text-align: right;">(As of March 31, 2006)</p> <table><tr><td>Cash & time deposits</td><td>18,091 million yen</td></tr><tr><td>Securities of redemption period within 3 months</td><td>999 million yen</td></tr><tr><td>Cash & cash equivalents</td><td>19,090 million yen</td></tr></table> <p>2. Assets and liabilities of company made a new consolidated subsidiary due to share acquisition</p> <p>(1) KS Tohoku was made a new consolidated subsidiary with the acquisition of its shares.</p> <p style="text-align: right;">(As of April 31, 2006)</p> <table><tr><td>Current assets</td><td>4,479 million yen</td></tr><tr><td>Fixed assets</td><td>966 million yen</td></tr><tr><td>Total assets</td><td>5,445 million yen</td></tr><tr><td>Current liabilities</td><td>5,222 million yen</td></tr><tr><td>Fixed liabilities</td><td>417 million yen</td></tr><tr><td>Total liabilities</td><td>5,639 million yen</td></tr></table> <p>(2) HEATMAX Inc. was made a new consolidated subsidiary with the acquisition of its shares. Its assets and liabilities at the time of consolidation are outlined below.</p> <p>HEATMAX Inc. includes Kobayashi Pharmaceutical Co., Ltd., MEDHEAT Inc., and THERMOMAX Inc.</p> <p style="text-align: right;">(As of November 30, 2006)</p> <table><tr><td>Current assets</td><td>1,601 million yen</td></tr><tr><td>Fixed assets</td><td>7,815 million yen</td></tr><tr><td>Total assets</td><td>9,417 million yen</td></tr><tr><td>Current liabilities</td><td>494 million yen</td></tr><tr><td>Fixed liabilities</td><td>10 million yen</td></tr><tr><td>Total liabilities</td><td>504 million yen</td></tr></table> | Cash & time deposits | 18,091 million yen | Securities of redemption period within 3 months | 999 million yen | Cash & cash equivalents | 19,090 million yen | Current assets | 4,479 million yen | Fixed assets | 966 million yen | Total assets | 5,445 million yen | Current liabilities | 5,222 million yen | Fixed liabilities | 417 million yen | Total liabilities | 5,639 million yen | Current assets | 1,601 million yen | Fixed assets | 7,815 million yen | Total assets | 9,417 million yen | Current liabilities | 494 million yen | Fixed liabilities | 10 million yen | Total liabilities | 504 million yen |
| Cash & time deposits | 12,918 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Securities of redemption period within 3 months | -- million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash & cash equivalents | 12,918 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash & time deposits | 23,262 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Time deposits with original maturity of more than 3 months | -- million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Short-term investments that must be redeemed within three months | 499 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash & cash equivalents | 23,716 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current assets | 4,479 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed assets | 966 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total assets | 5,445 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current liabilities | 5,222 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed liabilities | 417 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total liabilities | 5,639 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash & time deposits | 18,091 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Securities of redemption period within 3 months | 999 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash & cash equivalents | 19,090 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current assets | 4,479 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed assets | 966 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total assets | 5,445 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current liabilities | 5,222 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed liabilities | 417 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total liabilities | 5,639 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current assets | 1,601 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed assets | 7,815 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total assets | 9,417 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current liabilities | 494 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed liabilities | 10 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total liabilities | 504 million yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

KOBAYASHI PHARMACEUTICAL CO., LTD.

(Related to Consolidated Cash Flow Statement)

Related to Consolidated Cash Flow Statement

| End of Current Consolidated First Quarter (As of June 30, 2007) | End of Previous Consolidated First Quarter (As of June 30, 2006) | Previous Fiscal Year (As of March 31, 2007) | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--|----------------|-----------------|--------------|----------------|--------------|-----------------|---------------------|-----------------|-------------------|-----------------|----------------|-------------------|--------------|-----------------|--------------|-------------------|---------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
| 3. _____ | 3. _____ | <p>(3) eVent Medical Ltd was made a new consolidated subsidiary with the acquisition of its shares. Its assets and liabilities at the time of consolidation are outlined below.</p> <p>eVent Medical Ltd includes Kobayashi Pharmaceutical Co., Ltd., eMed Ltd., and eVent Medical Inc.</p> <p>(As of November 3, 2006)</p> <table><tr><td>Current assets</td><td>100 million yen</td></tr><tr><td>Fixed assets</td><td>70 million yen</td></tr><tr><td>Total assets</td><td>171 million yen</td></tr></table> <table><tr><td>Current liabilities</td><td>791 million yen</td></tr><tr><td>Total liabilities</td><td>791 million yen</td></tr></table> <p>3. Assets and liabilities of company split off the subsidiary due to transferred of its shares</p> <p>Shield California Healthcare Centers, Inc. was split off consolidated subsidiary transferred of its shares</p> <p>Shield California Healthcare Centers, Inc. includes Kobayashi Pharmaceutical Co., Ltd., Shield Denver Healthcare Centers, Inc., and Shield Distribution Incorporated.</p> <p>(As of April 31, 2006)</p> <table><tr><td>Current assets</td><td>2,794 million yen</td></tr><tr><td>Fixed assets</td><td>909 million yen</td></tr><tr><td>Total assets</td><td>3,704 million yen</td></tr></table> <table><tr><td>Current liabilities</td><td>597 million yen</td></tr><tr><td>Fixed liabilities</td><td>312 million yen</td></tr><tr><td>Total liabilities</td><td>910 million yen</td></tr></table> | Current assets | 100 million yen | Fixed assets | 70 million yen | Total assets | 171 million yen | Current liabilities | 791 million yen | Total liabilities | 791 million yen | Current assets | 2,794 million yen | Fixed assets | 909 million yen | Total assets | 3,704 million yen | Current liabilities | 597 million yen | Fixed liabilities | 312 million yen | Total liabilities | 910 million yen |
| Current assets | 100 million yen | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed assets | 70 million yen | | | | | | | | | | | | | | | | | | | | | | | |
| Total assets | 171 million yen | | | | | | | | | | | | | | | | | | | | | | | |
| Current liabilities | 791 million yen | | | | | | | | | | | | | | | | | | | | | | | |
| Total liabilities | 791 million yen | | | | | | | | | | | | | | | | | | | | | | | |
| Current assets | 2,794 million yen | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed assets | 909 million yen | | | | | | | | | | | | | | | | | | | | | | | |
| Total assets | 3,704 million yen | | | | | | | | | | | | | | | | | | | | | | | |
| Current liabilities | 597 million yen | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed liabilities | 312 million yen | | | | | | | | | | | | | | | | | | | | | | | |
| Total liabilities | 910 million yen | | | | | | | | | | | | | | | | | | | | | | | |