

Consolidated Financial Statement for Third Quarter of the Fiscal Year ending March 2007

February 5, 2007

SUZUKEN CO., LTD.

Stock Exchange Listings: Tokyo, Nagoya, Sapporo
Stock Code: 9987

8, Higashi Kataha-machi
Higashi-ku, Nagoya 461-8701 Japan
Tel: +81(52)961-2331
URL: [http:// www.suzuken.co.jp](http://www.suzuken.co.jp)
Representative: Yoshiaki Bessho, President and CEO
Contact: Harutaka Yamashita, Managing Director,
Accounting Department

1. Matters concerning the preparation of the consolidated business results for the third quarter of the fiscal year ending March 31, 2007 are highlighted as follows:

1. Simplified methods applied in accounting method:
 - a. Inventories are calculated based on book value.
 - b. Simplified methods are used for items having little financial impact.
2. Difference in accounting method from that of the previous fiscal year: None
3. Changes relevant to scope of consolidation and application of the equity method: Yes
Consolidation: (Newly consolidated subsidiaries) 8 companies; (Excluded subsidiaries) None
Equity method: None

2. Results for the third quarter of the fiscal year ending March 31, 2007 (April 1, 2006 - December 31, 2006)

(Fractions less than ¥1 million have been omitted.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q ended Dec. 31, 2006	1,094,274	3.2	13,870	24.6	23,951	15.8
3Q ended Dec. 31, 2005	1,060,514	7.3	11,131	50.2	20,692	34.0
Year ended March 31, 2006	1,388,694		16,804		29,639	

	Net income		Net income per share Basic	Net income per share Diluted
	Millions of yen	%	Yen	Yen
3Q ended Dec. 31, 2006	13,471	16.8	146.73	-
3Q ended Dec. 31, 2005	11,534	38.8	126.89	-
Year ended March 31, 2006	17,183		187.42	-

Note: Percent changes show changes from the same period in the previous year.

Qualitative Data Regarding Consolidated Results of Operations

During the fiscal third quarter (October–December 2006), the Japanese economy displayed a certain degree of resilience. Although growth in consumer spending slowed, healthy corporate earnings stemming from Japan's longstanding dependence on external demand continued to underpin overall economic growth.

In addition to the effects of the cut in the NHI tariff (the reimbursement schedule for listed drugs), averaging 6.7%, which was implemented in April 2006, the Japanese pharmaceutical wholesaling industry faced persistent calls from medical institutions to discount prices following the cuts made to reimbursement fees for medical treatment. Suzuken estimates that the proportion of medical institutions with which sales pricing agreements were concluded successfully remained lower than in the equivalent period after the previous NHI price revision in 2004.

Under such conditions, Suzuken redoubled efforts in its pharmaceutical wholesaling operations to try to secure pricing settlements with medical institutions based on sound economic rationale.

In terms of operational developments during the period under review, the incorporation in October 2006 of Shoyaku Co., Ltd., a pharmaceutical wholesaler operating in the Kyushu region, into the Suzuken Group as a wholly owned subsidiary made Suzuken the first company within the industry to achieve complete nationwide coverage. Suzuken merged its operations in the Kyushu region with those of Shoyaku in January 2007.

In the pharmaceutical manufacturing business, Suzuken launched *Seibule* for the treatment of postprandial hyperglycemia in January 2006. The company is expanding the market for this drug through co-promotion with Dainippon Sumitomo Pharma Co., Ltd. Since the drug was approved for long-term use in January 2007, Suzuken has redoubled its market development efforts.

Consolidated net sales for the nine-month period ended December 31, 2006 amounted to ¥1,094,274 million, a year-on-year increase of 3.2%.

Successful efforts to secure pricing settlements with medical institutions on a rational economic basis exerted a positive impact on profits. The cost-of-sales ratio declined by 0.4 percentage points compared with the same period a year ago. Operating income rose 24.6% in year-on-year terms to ¥13,870 million, while ordinary income increased 15.8% to ¥23,951 million.

Consolidated financial position

(Fractions less than ¥1 million have been omitted.)

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
3Q ended Dec. 31, 2006	905,563	267,738	29.2	2,819.93
3Q ended Dec. 31, 2005	833,771	234,074	28.1	2,575.30
Year ended March 31, 2006	739,870	240,146	32.5	2,640.53

Consolidated cash flows

	Operating cash flow	Investing cash flow	Financing cash flow	Cash and cash equivalents, end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
3Q ended Dec. 31, 2006	63,433	(28,527)	(5,063)	150,537
3Q ended Dec. 31, 2005	41,843	(5,631)	(5,255)	147,681
Year ended March 31, 2006	19,636	(6,425)	(9,241)	120,695

Qualitative Data Regarding Consolidated Financial Position

Cash and cash equivalents (hereafter referred to as “cash”) at December 31, 2006 amounted to ¥150,537 million, an increase of ¥29,842 million from the previous fiscal year-end. Cash flows during the third quarter are outlined below.

Cash flows from operating activities

Net cash provided by operating activities equaled ¥63,433 million, an increase of ¥21,589 million compared with the same period a year earlier. Income before income taxes and minority interests (¥23,834 million) and a rise in trade payables (¥113,267 million) helped to offset significant cash outflows such as increases in trade receivables (¥29,668 million) and inventories (¥29,688 million) and income taxes paid (¥14,201 million).

Cash flows from investing activities

Net cash used in investing activities amounted to ¥28,527 million, an increase in cash outflow of ¥22,895 million compared with the same period a year earlier. Proceeds from sales of marketable securities and investment securities totaling ¥3,635 million were offset by cash outflow items that included purchases of marketable securities and investment securities (¥20,521 million), a net increase in time deposits (¥8,713 million) and purchases of property and equipment (¥3,709 million).

Cash flows from financing activities

Net cash used in financing activities totaled ¥5,063 million, a decrease in cash outflow of ¥191 million compared with the same period a year earlier. Significant cash flow items included net cash absorption of ¥1,067 million due to treasury stock acquisitions and dividend payments totaling ¥3,638 million.

3. Forecast for the fiscal year ending March 31, 2007 (April 1, 2006 – March 31, 2007)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Full year	1,461,000	31,700	18,100

Reference: Forecast for net income per share for the fiscal year ending March 31, 2007 ¥192.71

Qualitative Data Regarding Performance Forecasts

Suzuken has not made any revisions to its initial full-year forecasts for the fiscal year ending March 2007. Results during the third quarter of the fiscal year were in line with the company's expectations, despite the poorer-than-expected progress in securing pricing settlements.

Business forecasts are based on information available at the time this report was compiled. Readers are cautioned that any number of uncertainties and unknowns may cause actual results to differ materially from these forecasts.

Quarterly Consolidated Financial Statements

1. Consolidated Balance Sheets

ASSETS	As of December 31, 2006		As of December 31, 2005		As of March 31, 2006		Increase (Decrease)	
	¥ million	%	¥ million	%	¥million	%	¥ million	%
Current Assets:								
Cash on hand and in banks, and time deposits	159,214		144,653		117,667		41,547	
Trade notes and accounts receivable	396,197		380,746		343,276		52,920	
Marketable securities	5,385		2,031		2,030		3,355	
Inventories	128,581		122,042		92,915		35,665	
Deferred tax assets	7,900		5,454		7,927		(27)	
Purchase rebates receivable	23,363		25,476		24,141		(777)	
Other current assets	4,280		3,601		2,393		1,886	
Allowance for doubtful accounts	(4,218)		(4,542)		(4,602)		383	
Total current assets	720,704	79.6	679,463	81.5	585,750	79.2	134,954	23.0
Fixed Assets:								
Property and Equipment:								
Buildings and structures	35,790		34,331		34,666		1,123	
Machinery and vehicles	2,874		3,232		3,108		(234)	
Tools, furniture and fixtures	1,830		1,851		1,869		(39)	
Land	47,343		43,119		42,733		4,610	
Construction in progress	1,101		699		370		730	
Total property and equipment	88,939	9.8	83,235	10.0	82,748	11.2	6,190	7.5
Intangible Fixed Assets:	13,363	1.5	9,288	1.1	10,035	1.3	3,327	33.2
Investments and Other Assets:								
Investment securities	58,959		39,748		39,459		19,500	
Long-term loans	464		498		471		(7)	
Deferred tax assets	1,418		1,484		1,398		20	
Prepaid pension expenses	11,846		11,672		11,615		231	
Others	12,035		10,429		10,220		1,814	
Allowance for doubtful accounts	(2,168)		(2,049)		(1,828)		(340)	
Total Investments and Other Assets	82,556	9.1	61,784	7.4	61,336	8.3	21,219	34.6
Total Fixed Assets	184,858	20.4	154,307	18.5	154,120	20.8	30,738	19.9
Total Assets	905,563	100.0	833,771	100.0	739,870	100.0	165,692	22.4

LIABILITIES:	As of December 31, 2006		As of December 31, 2005		As of March 31, 2006		Increase (Decrease)	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Current Liabilities:								
Trade notes and accounts payable	597,802		559,421		452,374		145,428	
Short-term bank loans	764		3,981		490		273	
Income taxes payable	4,114		3,342		8,644		(4,530)	
Reserves for sales returns	494		488		504		(10)	
Accrued bonuses	4,769		4,150		8,094		(3,324)	
Other current liabilities	9,794		8,316		10,047		(253)	
Total current liabilities	617,739	68.2	579,701	69.5	480,156	64.9	137,582	28.7
Long-term Liabilities:								
Long-term borrowings	545		1,509		1,058		(512)	
Deferred tax liabilities	10,214		8,320		8,338		1,876	
Deferred tax liabilities from revaluations	2,513		2,619		2,574		(61)	
Liability of employees' retirement benefits	5,523		3,437		3,461		2,062	
Liability for directors' and corporate auditors' retirement benefits	572		501		506		66	
Other long-term liabilities	715		906		901		(186)	
Total long-term liabilities	20,085	2.2	17,294	2.1	16,840	2.3	3,245	19.3
Total Liabilities	637,825	70.4	596,996	71.6	496,997	67.2	140,827	28.3
MINORITY INTERESTS			2,700	0.3	2,727	0.3		
SHAREHOLDERS' EQUITY:								
Common stock			13,546	1.6	13,546	1.8		
Additional paid-in capital			32,180	3.9	32,180	4.4		
Retained earnings			194,906	23.4	200,588	27.1		
Land revaluation difference			(6,590)	(0.8)	(6,601)	(0.9)		
Net unrealized gain on available-for-sale securities			6,554	0.8	6,961	1.0		
Treasury stock, at cost			(6,523)	(0.8)	(6,528)	(0.9)		
Total Shareholders' equity			234,074	28.1	240,146	32.5		
Total			833,771	100.0	739,870	100.0		
NET ASSETS:								
Shareholders' equity								
Common stock	13,546	1.5						
Additional paid-in capital	39,375	4.4						
Retained earnings	210,407	23.2						
Treasury stock, at cost	(72)	(0.0)						
Total shareholders' equity	263,257	29.1						
Revaluation and translation difference								
Net unrealized gain on available for sale securities	8,349	0.9						
Land revaluation difference	(6,748)	(0.7)						
Total revaluation and translation difference	1,601	0.2						
Minority interests	2,879	0.3						
Total net assets	267,738	29.6						
Total	905,563	100.0						

2. Consolidated Statements of Income

	Nine months ended December 31, 2006		Nine months ended December 31, 2005		Increase (Decrease)		Year ended March 31, 2006	
	¥ million	%	¥ million	%	¥million	%	¥ million	%
Net Sales	1,094,274	100.0	1,060,514	100.0	33,760	3.2	1,388,694	100.0
Cost of sales	984,465	90.0	958,260	90.4	26,205	2.7	1,248,258	89.9
Gross Profit	109,808	10.0	102,253	9.6	7,555	7.4	140,436	10.1
Reversal of sales returns	504	0.0	592	0.1	(88)	(14.9)	592	0.0
Provision for sales returns	454	0.0	488	0.1	(33)	(6.8)	504	0.0
Gross Profit after Adjustment	109,858	10.0	102,358	9.6	7,500	7.3	140,524	10.1
Selling, General and Administrative Expenses	95,988	8.7	91,227	8.6	4,760	5.2	123,720	8.9
Operating Income	13,870	1.3	11,131	1.0	2,739	24.6	16,804	1.2
Non-operating Income	10,282	0.9	9,900	0.9	381	3.9	13,273	0.9
Interest and dividends	754		483		270		729	
Purchase discounts	4,989		5,557		(567)		7,391	
Commission for supplying sales data	2,978		2,739		238		3,630	
Other	1,560		1,120		439		1,521	
Non-operating Expenses	202	0.0	339	0.0	(137)	(40.6)	438	0.0
Interest expenses	21		75		(54)		110	
Expenses of rental building	115		86		28		111	
Other	64		177		(112)		215	
Ordinary Income	23,951	2.2	20,692	1.9	3,259	15.8	29,639	2.1
Extraordinary Gain:	389	0.0	4,039	0.4	(3,650)	(90.4)	4,069	0.3
Gain on sales of fixed assets	65		294		(228)		303	
Gain on sales of investment securities	179		2,907		(2,728)		2,919	
Gain on transfer of business	—		711		(711)		711	
Other	144		126		18		135	
Extraordinary Loss:	506	0.0	4,229	0.4	(3,722)	(88.0)	4,900	0.3
Loss on sales and disposal of fixed assets	300		495		(195)		895	
Impairment loss	47		1,169		(1,122)		1,304	
Special retirement pay	7		2,364		(2,357)		2,375	
Other	151		199		(47)		324	
Income before Income Taxes and Minority Interests	23,834	2.2	20,502	1.9	3,332	16.3	28,809	2.1
Income Taxes:	10,201	1.0	8,624	0.8	1,576	18.3	11,255	0.9
Minority interests	161	0.0	343	0.0	(181)	(52.9)	369	0.0
Net Income	13,471	1.2	11,534	1.1	1,937	16.8	17,183	1.2

3. Consolidated Statements of Cash Flows

	Nine months ended December 31, 2006	Nine months ended December 31, 2005	Year ended March 31, 2006
	¥ million	¥ million	¥ million
I. Operating Activities:			
Income before income taxes and minority interests	23,834	20,502	28,809
Depreciation	4,206	4,022	5,516
Impairment loss	47	1,169	1,304
Provision for (reversal of) allowance for doubtful accounts	(244)	(195)	(355)
Decrease in liability for employees' retirement benefits	(85)	123	205
Provision for other allowance	(3,897)	(3,735)	228
Interest and dividend income	(754)	(483)	(729)
Interest expenses	21	75	110
Gain on sales of fixed assets	(65)	(294)	(303)
Gain on sales of investment securities	(179)	(2,907)	(2,919)
Loss on sales and disposal of fixed assets	300	495	895
Special retirement pay	7	2,364	2,375
Payments for spin-off (business transfer)	—	(711)	(711)
Decrease (increase) in trade receivables	(29,668)	(25,325)	12,173
Increase in inventories	(29,688)	(20,937)	8,198
Decrease (increase) in purchase rebates receivable	2,214	1,953	3,289
Decrease in trade payables	113,267	78,257	(28,820)
Other	(2,330)	(593)	2,209
Subtotal	76,985	53,782	31,476
Interest and dividend income received	678	483	729
Interest expenses paid	(18)	(69)	(103)
Special retirement pay paid	(11)	(2,355)	(2,371)
Income tax paid	(14,201)	(9,997)	(10,093)
Net cash used in operating activities	63,433	41,843	19,636
II. Investing Activities:			
Disbursements for time deposits	(8,713)	(8)	(10)
Proceeds from time deposits	724	16	19
Purchases of marketable securities	(2,393)	—	—
Proceeds from sales of marketable securities	1,199	15	25
Purchases of property and equipment	(3,709)	(5,638)	(6,658)
Proceeds from sales of property and equipment	910	1,488	1,749
Acquisition of intangible fixed assets	(2,303)	(3,808)	(4,865)
Purchase of investment securities	(18,128)	(1,328)	(1,420)
Proceeds from sales of investment securities	2,435	5,419	6,135
Proceeds from sales of subsidiaries' stock, resulting in change in scope of consolidation	(833)	(26)	(26)
Proceeds from purchase of subsidiaries' stock, resulting in change in scope of consolidation	2,007	126	136
Payments for spin-off (business transfer)	—	(2,650)	(2,650)
Disbursements for loans	(36)	(341)	(251)
Proceeds from collections of loans	55	251	279
Other, net	258	1,121	1,111
Net Cash provided by (used in) investing activities	(28,527)	(5,631)	(6,425)
III. Financing Activities			
Decrease in short-term borrowings, net	16	(989)	(4,115)
Repayments of long-term borrowings	(375)	(1,277)	(2,086)
Acquisition of treasury stocks	(1,067)	(28)	(34)
Proceeds from Sales of treasury stocks	1	0	0
Dividends paid	(3,603)	(2,949)	(2995)
Dividends paid to minority shareholders	(35)	(10)	(10)
Net cash (used in) provided by financing activities	(5,063)	(5,255)	(9,241)
IV. Foreign Currency Translation Adjustments on Cash and Cash Equivalents	0	1	1
V. Net Decrease in Cash and Cash Equivalents	29,842	30,958	3,971
VI. Cash and Cash Equivalents, Beginning of Period	120,695	116,723	116,723
VII. Cash and Cash Equivalents, End of Period	150,537	147,681	120,695