



Consolidated Financial Statement for the Year Ended March 31, 2007

May 14, 2007

SUZUKEN CO., LTD.
8, Higashi Kataha-machi
Higashi-ku, Nagoya 461-8701 Japan
Tel : +81(52)961-2331
URL : <http://www.suzuken.co.jp>

Representative : Hiroshi Ota, President and CEO
Contact: Harutaka Yamashita, General Manager, Accounting Department

Stock Exchange Listings: Tokyo, Nagoya, Sapporo
Stock Code: 9987
Planned Date of General Meeting of Shareholders: June 28, 2007
Planned Date of Dividends Payment: June 13, 2007
Planned Date of Filing of Annual Securities Report: June 28, 2007

1. Results for Fiscal 2006 (April 1, 2006 – March 31, 2007)

(1) Consolidated Results of Operations

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

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal 2006	1,454,841	4.8	18,411	9.6	32,116	8.4	17,701	3.0
Fiscal 2005	1,388,694	4.3	16,804	35.9	29,639	26.6	17,183	36.6

	Net income per share Basic	Net income per share Diluted	Return on equity	Ordinary income/ total assets	Operating income/ net sales
	¥	¥	%	%	%
Fiscal 2006	191.72	—	7.0	4.0	1.3
Fiscal 2005	187.42	—	7.4	4.0	1.2

Reference: Equity in earnings of associated companies: ¥-- million in fiscal 2006 ¥-- million in fiscal 2005

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
March 31, 2007	857,515	271,228	31.3	2,857.57
March 31, 2006	739,870	240,146	32.5	2,640.53

Reference: Equity: As of March 31, 2007 ¥268,385 million As of March 31, 2006 ¥-- million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	¥ million	¥ million	¥ million	¥ million
Fiscal 2006	68,116	(30,194)	(5,205)	153,411
Fiscal 2005	19,636	(6,425)	(9,241)	120,695

2. Dividends

	Dividends per share			Total dividends (Annual)	Payout ratio (Consolidated)	Dividends per net assets (Consolidated)
	Interim	Year-end	Full-year			
	¥	¥	¥	¥ million	%	%
Fiscal 2005	16.00	20.00	36.00	3,272	19.2	1.4
Fiscal 2006	20.00	22.00	42.00	3,879	21.9	1.5
Fiscal 2007 (Projected)	25.00	25.00	50.00		24.3	

Note: Year-end dividend for fiscal 2006 includes a commemorative dividend of ¥2.00.

3. Projected Results for Fiscal 2007 (April 1, 2007 – March 31, 2008)

(% shows change from results for same period of fiscal 2006.)

	Net sales		Operating income		Ordinary income		Net income		Net income
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim	762,500	11.1	8,500	18.0	14,700	7.2	8,000	4.8	85.18
Full-year	1,563,000	7.4	21,600	17.3	34,500	7.4	19,300	9.0	205.49

1. Results of Operations

(1) Analysis of Operations

(Millions of yen*)

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2006	Change (%)
Net sales	1,454,841	1,388,694	4.8
Operating income	18,411	16,804	9.6
Ordinary income	32,116	29,639	8.4
Net income	17,701	17,183	3.0
Net income per share (¥)	191.72	187.42	2.3

*Note: Amounts of less than one million yen have been rounded down.

[Performance overview for the fiscal year under review]

During the fiscal year ended March 2007, the Japanese economy continued on a recovery track despite sluggish consumer spending. Corporate earnings increased, capital investment rose and employment conditions improved.

The Japanese ethical pharmaceuticals market expanded in value by 1 to 2%, despite a cut in the NHI tariff (the reimbursement schedule for listed drugs) averaging 6.7% that was implemented in April 2006. The Japanese government also introduced measures aimed at promoting the greater use of generics (cheaper medicines with the same indications and efficacy as equivalent branded drugs whose patents have expired). These factors were offset by a combination of effects, including the continued aging of the Japanese population, the rising incidence of lifestyle-related diseases and the launch of new branded drugs.

The Japanese ethical pharmaceutical wholesaling industry focused on pricing negotiations on a rational economic basis to win the trust of customers, including medical institutions. As part of ongoing efforts to improve drug distribution in Japan, the industry worked to secure pricing settlements with medical institutions and others as early as possible, based on guidelines issued by the Ministry of Health, Labour and Welfare. However, pricing negotiations between the Japanese ethical pharmaceutical wholesaling industry and medical institutions and others remained problematic. The former sought to negotiate prices based on sound economic rationale, while the latter continued to seek discounts relative to the NHI price when purchasing prescription drugs from pharmaceutical wholesalers. Suzuken estimates that the proportion of

medical institutions with which agreements were successfully concluded was slightly lower than in the equivalent period after the previous NHI price revision.

Against this backdrop, the Suzuken Group worked to raise customer satisfaction through accurate and timely assessment of the needs of medical institutions, whose requirements are rapidly changing due to a greater focus on the patient's viewpoint. In its pricing negotiations with customers, Suzuken worked to improve the gross profit margin by even greater emphasis than ever on sound economic rationale.

Key operational developments included the incorporation of Shoyaku Co., Ltd., a pharmaceutical wholesaler operating in the Kyushu region, into the Suzuken Group as a wholly owned subsidiary in October 2006. This made Suzuken the first company within the industry to achieve complete nationwide coverage.

Aside from traditional wholesaling functions targeting customers such as medical institutions, Suzuken focused on building new business models aimed at pharmaceutical manufacturers whereby the company provides drug suppliers with timely information based on the data collected by MS sales people.

In April 2007, Israeli company Given Imaging Ltd. received approval to export its capsule endoscope to Japan. As a partner of Given Imaging and general sales agent, Suzuken plans to sell this endoscope, which promises considerable benefits for patients, from the end of May 2007. Focused on boosting the value of the Suzuken Group as a "health-creation enterprise," Suzuken is preparing to launch the product at the earliest opportunity.

Marketing programs focused on generating improvements in the quality of services provided to customers. In addition to initiatives to ensure the sales force has more time to focus on sales activities, Suzuken also introduced process reforms at sales divisions with the aim of boosting productivity while lowering costs. As part of these reforms, Suzuken re-examined ways to vary the frequency, timing and nature of sales visits to better match customer requirements.

On the logistics front, Suzuken expects to be able to commence full-fledged operations in the second half of the current fiscal year of the new Hanshin Distribution Center, which will serve the Kansai region in western Japan spanning the prefectures of Osaka and Hyogo. This will put into place a competitive foundation for product distribution in

the Kansai region. Furthermore, Suzuken has initiated restructuring of distribution facilities in Shizuoka Prefecture to integrate various facilities which have been dispersed in the prefecture.

In the pharmaceutical manufacturing business, Suzuken launched Seibule tablets for the treatment of postprandial hyperglycemia in January 2006. Suzuken is expanding the market for this drug through co-promotion with Dainippon Sumitomo Pharma Co., Ltd.

As a result of the above, consolidated net sales for the year ended March 31, 2007 amounted to ¥1,454,841 million, a year-on-year increase of 4.8%. Operating income rose 9.6% to ¥18,411 million, while ordinary income increased 8.4% in year-on-year terms to ¥32,116 million. Net income was ¥17,701 million, up 3.0% compared with the same period in the previous year.

Overview of performance by business segment

(Millions of yen*)

		Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2007	Change (%)
Pharmaceutical Distribution	Net sales	1,409,805	1,345,172	4.8
	Operating income	16,472	12,584	30.9
Pharmaceutical Manufacturing	Net sales	17,791	19,588	(9.2)
	Operating income	2,081	3,465	(39.9)
Other Healthcare-Related Services	Net sales	27,244	23,933	13.8
	Operating income	(39)	(165)	–

*Note: Amounts of less than one million yen have been rounded down.

Pharmaceutical distribution

Segment sales increased 4.8% year on year to ¥1,409,805 million, reflecting mainly the incorporation of Shoyaku into the Suzuken Group as a wholly owned subsidiary on October 1, 2006. As a result of efforts to improve drug wholesaling margins through even greater emphasis than ever on sound economic rationale in price negotiations with medical institutions following the April 2006 NHI price revision, segment operating income rose 30.9% in year-on-year terms to ¥16,472 million.

Pharmaceutical manufacturing

Sales were negatively impacted by the lower sales prices of drugs due to the April 2006 NHI price revision. As a result, despite strong sales of diagnostic reagents, segment sales decreased 9.2% compared with a year earlier to ¥17,791 million. In addition to the lower sales prices of drugs, the absence in the fiscal year under review of revenues generated by rights of co-promoted sales of the new drug Seibule posted in the previous fiscal year, resulted in a 39.9% year-on-year decline in segment operating income to ¥2,081 million.

Other healthcare-related services

Segment sales increased 13.8% compared with a year earlier to ¥27,244 million, reflecting mainly the incorporation of Shoyaku into the Suzuken Group as a wholly owned subsidiary. The segment recorded an operating loss of ¥39 million, compared with a loss of ¥165 million a year earlier. This loss was primarily attributable to the commencement of efforts to create a viable new business at CollaboWorks Co., Ltd., a company established in March 2005 to provide distribution support services to pharmaceutical manufacturers.

Note: Segment sales results do not include intersegment transactions.

Geographic segment information is not presented since Suzuken has no significant consolidated subsidiaries or offices outside Japan.

[Outlook for Fiscal Year Ending March 2008]

Performance results and forecasts

(Millions of yen*)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2007	Change (%)
Net sales	1,563,000	1,454,841	7.4
Operating income	21,600	18,411	17.3
Ordinary income	34,500	32,116	7.4
Net income	19,300	17,701	9.0
Net income per share (¥)	205.49	191.72	7.2

*Note: Amounts of less than one million yen have been rounded down.

In the fiscal year ending March 2008, Suzuken forecasts that the Japanese ethical pharmaceuticals market will expand in value by 3 to 4%, due mainly to the absence of a cut in the NHI tariff, the continued aging of the Japanese population and the launch of new branded drugs. However, Suzuken envisages that price negotiations will continue to present difficulties. Suzuken will thus focus on securing favorable outcomes from price negotiations based on rational economic arguments.

Suzuken will further strengthen its sales platform in a number of ways. One is by developing “all-personnel sales” by strengthening relationships with personnel in charge of sales, receiving orders and delivery. Other initiatives will involve preparing marketing and delivery systems that can respond flexibly through prioritization of resources in a way suited to the requirements of particular customers, and increasing the time personnel can give to marketing activities.

Suzuken will also focus on securing fee income through new business models aimed at pharmaceutical manufacturers that add value to traditional pharmaceutical wholesaling activities, and on sales of Seibule tablets, a treatment of postprandial hyperglycemia, which can be taken over an extended period.

At the same time, in its role as a “health-creation enterprise,” the Suzuken Group will work to expand the market for the capsule endoscope, a device which offers new business opportunities. In this capacity, Suzuken will also work to turn its research in healthcare guidance services into viable businesses. Furthermore, efforts are expected to move into full swing in Japan to prevent lifestyle-related diseases in this field as a result of reforms to the medical-care system in 2008.

Consolidated Financial Statements

1. Consolidated Balance Sheets

ASSETS	Current Fiscal Year April 1, 2006 — March 31, 2007		Previous Fiscal Year April 1, 2005 — March 31, 2006		Year on year Change
	¥ million	%	¥ million	%	¥ million
Current Assets:					
Cash on hand and in banks, and time deposits	162,107		117,667		44,440
Trade notes and accounts receivable	368,555		343,276		25,278
Marketable securities	5,425		2,030		3,394
Inventories	106,948		92,915		14,032
Deferred tax assets	8,636		7,927		708
Purchase rebates receivable	23,123		24,141		(1,017)
Other current assets	2,882		2,393		489
Allowance for doubtful accounts	(4,247)		(4,602)		354
Total Current Assets	673,430	78.5	585,750	79.2	87,680
Fixed Assets:					
Property and Equipment:					
Buildings and structures	35,657		34,666		990
Machinery and vehicles	2,788		3,108		(319)
Tools, furniture and fixtures	1,973		1,869		104
Land	45,900		42,733		3,166
Construction in progress	3,398		370		3,027
Total property and equipment	89,718	10.5	82,748	11.2	6,969
Intangible Fixed Assets:	13,741	1.6	10,035	1.3	3,705
Investments and Other Assets:					
Investment securities	56,966		39,459		17,507
Long-term loans	449		471		(22)
Deferred tax assets	1,373		1,398		(24)
Prepaid pension expenses	12,020		11,615		405
Others	11,733		10,220		1,512
Allowance for doubtful accounts	(1,917)		(1,828)		(88)
Total Investments and Other Assets	80,625	9.4	61,336	8.3	19,289
Total Fixed Assets	184,084	21.5	154,120	20.8	29,964
Total Assets	857,515	100.0	739,870	100.0	117,644

	Current Fiscal Year April 1, 2006 – March 31, 2007		Previous Fiscal Year April 1, 2005 – March 31, 2006		Year on year Change
	¥ million	%	¥ million	%	¥ million
LIABILITIES:					
Current Liabilities:					
Trade notes and accounts payable	537,848		452,374		85,473
Short-term bank loans	786		490		296
Income taxes payable	7,470		8,644		(1,174)
Reserves for sales returns	529		504		24
Accrued bonuses	9,082		8,094		988
Accrued bonuses	61		—		61
Other current liabilities	11,164		10,047		1,117
Total current liabilities	566,943	66.1	480,156	64.9	86,786
Long-term Liabilities:					
Long-term borrowings	421		1,058		(637)
Deferred tax liabilities	9,863		8,338		1,525
Deferred tax liabilities from reevaluations	2,247		2,574		(327)
Liability of employees' retirement benefits	5,569		3,461		2,107
Liability for directors' and corporate auditors' retirement benefits	590		506		84
Goodwill on consolidation	—		271		—
Other long-term liabilities	651		630		(250)
Total long-term liabilities	19,343	2.3	16,840	2.3	2,502
Total Liabilities	586,286	68.4	496,997	67.2	89,289
MINORITY INTERESTS					
SHAREHOLDERS' EQUITY:	—	—	2,727	0.3	—
Common stock	—	—	13,546	1.8	—
Additional paid-in capital	—	—	32,180	4.4	—
Retained earnings	—	—	200,588	27.1	—
Land revaluation difference	—	—	(6601)	(0.9)	—
Net unrealized gain on available-for-sale securities	—	—	6,961	1.0	—
Treasury stock, at cost	—	—	(6,528)	(0.9)	—
Total Shareholders' Equity	—	—	240,146	32.5	—
Total	—	—	739,870	100.0	—

NET ASSETS					
Shareholders' equity					
Common stock	13,546	1.6	—	—	—
Additional paid-in capital	39,375	4.6	—	—	—
Retained earnings	214,779	25.0	—	—	—
Treasury stock, at cost	(85)	0.0	—	—	—
Total shareholders' equity	267,615	31.2	—	—	—
Revaluation and translation difference					
Net unrealized gain on available for sale securities	7,660		—		—
Land revaluation difference	(6,890)		—		—
Total revaluation and translation difference	769	0.1	—	—	—
Minority interests	2,843	0.3	—	—	—
Total net assets	271,228	31.6	—	—	—
Total	857,515	100.0	—	—	—

2. Consolidated Statements of Income

	Current Fiscal Year		Previous Fiscal Year		Year on year
	April 1, 2006 – March 31, 2007		April 1, 2005 – March 31, 2006		Change
	¥ million	%	¥ million	%	¥ million
Net Sales	1,454,841	100.0	1,388,694	100.0	66,146
Cost of sales	1,306,495	89.8	1,248,258	89.9	58,236
Gross Profit	148,346	10.2	140,436	10.1	7,909
Reversal of sales returns	544	0.0	592	0.0	(48)
Provision for sales returns	529	0.0	504	0.0	24
Gross Profit after Adjustment	148,361	10.2	140,524	10.1	7,836
Selling, General and Administrative Expenses	129,950	8.9	123,720	8.9	6,229
Operating Income	18,411	1.3	16,804	1.2	1,607
Non-operating Income	14,011	0.9	13,273	0.9	737
Interest	730		436		294
Dividends	421		293		127
Purchase discounts	6,642		7,391		(749)
Commission for supplying sales data	4,028		3,630		397
Other	2,187		1,521		666
Non-operating Expenses	305	0.0	438	0.0	(132)
Interest expenses	26		110		(83)
Expenses of rental building	163		111		51
Office contract cancellation penalty	36		6		29
Other	79		208		(129)
Ordinary Income	32,116	2.2	29,639	2.1	2,476
Extraordinary Gain:	688	0.0	4,069	0.3	(3,380)
Gain on sales of fixed assets	79		303		(224)
Gain on sales of investment securities	207		2,919		(2,711)
Reversal of allowance for doubtful accounts	159		—		159
Gain on transfer of business	—		711		(711)
Other	242		135		106
Extraordinary Loss:	2,093	0.1	4,900	0.3	(2,807)
Loss on sales and disposal of fixed assets	1,377		895		481
Impairment loss	313		1,304		(990)
Special retirement pay	15		2,375		(2,360)
Other	387		324		63

Income before Income Taxes and Minority Interests	30,712	2.1	28,809	2.1	1,903
Income Taxes:	12,775	0.9	12,535	0.9	239
Adjustments for corporate taxes	106	0.0	(1,279)	(0.0)	1,385
Minority interests	128	0.0	369	0.0	(240)
Net Income	17,701	1.2	17,183	1.2	518

3. Consolidated Statements of Cash Flows

	Current Fiscal Year	Previous Fiscal Year
	April 1, 2006 – March 31, 2007	April 1, 2005 – March 31, 2006
	¥ million	¥ million
I. Operating Activities:		
Income before income taxes and minority interests	30,712	28,809
Depreciation	5,716	5,516
Impairment loss	313	1,304
Reversal of allowance for doubtful accounts	(466)	(355)
Increase (decrease) in liability for employees' retirement benefits	(213)	205
Provision for other allowance	529	228
Interest and dividend income	(1,152)	(729)
Interest expenses	26	110
Gain on sales of fixed assets	(79)	(303)
Gain on sales of investment securities	(207)	(2,919)
Loss on sales and disposal of fixed assets	1,377	895
Payments for spin-off (business transfer)	—	(711)
Special retirement pay	15	2,375
Decrease (increase) in trade receivables	(2,026)	12,173
Decrease (increase) in inventories	(8,054)	8,198
Decrease in purchase rebates receivable	2,454	3,289
Increase (decrease) in trade payables	53,312	(28,820)
Other	(724)	2,209
Subtotal	81,531	31,476
Interest and dividend income received	1,060	729
Interest expenses paid	(22)	(103)
Special retirement pay paid	(11)	(2,371)
Income tax paid	(14,441)	(10,093)
Net cash provided by operating activities	68,116	19,636
II. Investing Activities:		
Disbursements for time deposits	(10,488)	(10)
Proceeds from time deposits	2,501	19
Purchases of marketable securities	(2,393)	—
Proceeds from sales of marketable securities	1,199	25
Purchases of property and equipment	(6,437)	(6,658)

Proceeds from sales of property and equipment	1,760	1,749
Acquisition of intangible fixed assets	(3,247)	(4,865)
Purchase of investment securities	(19,436)	(1,420)
Proceeds from sales of investment securities	4,517	6,135
Proceeds from purchase of subsidiaries' stock, resulting in change in scope of consolidation	(833)	(26)
Proceeds from sales of subsidiaries' stock, resulting in change in scope of consolidation	2,006	136
Payments for spin-off (business transfer)	—	(2,650)
Disbursements for loans	(38)	(251)
Proceeds from collections of loans	72	279
Other, net	623	1,111
Net cash used in investing activities	(30,194)	(6,425)
III. Financing Activities		
Increase (decrease) in short-term borrowings, net	46	(4,115)
Repayments of long-term borrowings	(507)	(2,086)
Acquisition of treasury stocks	(1,081)	(34)
Proceeds from sales of treasury stocks	2	0
Dividends paid	(3,629)	(2,995)
Dividends paid to minority shareholders	(35)	(10)
Net cash used in financing activities	(5,205)	(9,241)
IV. Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(0)	1
V. Net Increase in Cash and Cash Equivalents	32,716	3,971
VI. Cash and Cash Equivalents, Beginning of Period	120,695	116,723
VII. Cash and Cash Equivalents, End of Period	153,411	120,695