



Consolidated Financial Statement for First Quarter of Fiscal Year ending March 2008

August 6, 2007

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

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1. Results for the first quarter of the Fiscal Year ending March 31, 2008 (April 1, 2007 – June 30, 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	%
1Q ended June 30, 2007	385,330	11.8	4,223	29.7	7,598	18.0	4,139	20.8
1Q ended June 30, 2006	344,760	0.7	3,256	61.9	6,437	25.0	3,427	64.7
Year ended March 31, 2007	1,454,841	—	18,411	—	32,116	—	17,701	—

	Net income per share Basic		Net income per share Diluted	
	¥		¥	
1Q ended June 30, 2007	44.14		—	
1Q ended June 30, 2006	37.71		—	
Year ended March 31, 2007	191.72		—	

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

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
June 30, 2007	859,898	269,595	31.0	2,869.47
June 30, 2006	749,113	242,626	32.0	2,646.37
March 31, 2007	857,515	271,228	31.3	2,857.57

(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 period
	¥ million	¥ million	¥ million	¥ million
1Q ended June 30, 2007	(278)	(14,710)	(4,621)	133,803
1Q ended June 30, 2006	15,047	(19,483)	(2,974)	113,284
Year ended March 31, 2007	68,116	(30,194)	(5,205)	153,411

2. Forecasts for the fiscal year ending March 31, 2008 (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 per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim	762,500	11.1	8,500	18.0	14,700	7.2	8,000	4.8	85.71
Full-year	1,563,000	7.4	21,600	17.3	34,500	7.4	19,300	9.0	207.23

3. Other

(1) Change in the number of important subsidiary (change in the number of specified subsidiary resulting in the change in the scope of consolidation): None

(2) Simplified methods applied in accounting methods : Yes

(3) Difference in accounting method from that of the previous fiscal year: None

Note: For details, please refer to 4. Other of [Qualitative Data and Financial Statements] on page 4.

* Explanations concerning the appropriate use of earnings forecast and other special remarks

The above statements about the future including earnings forecast which are listed in this material are based on information available to the Company at the time of this report and certain conditions deemed to be reasonable to the Company. Actual results, performance or achievements may differ from the above forecasts due to various factors.

For matters related to the above forecasts, please refer to attached documents on page 4.

[Qualitative Data and Financial Statements]

1. Qualitative Data Regarding Consolidated Results of Operations

In the first quarter of the fiscal year ending March 31, 2008, Suzuken estimates that the ethical pharmaceuticals market grew about 3 to 4%, helped by no revision to cut in the National Health Insurance tariff (the reimbursement schedule for listed drugs), the aging of Japan's population and the contribution of new drugs.

Some medical institutions have still not reached a settlement concerning retail prices even though a year has passed since last year's revision to the national drug price listing. In addition, some of the retail prices that were decided last year are being reviewed again from scratch. Medical institutions are persisting with their calls for prices to be discounted.

In this environment the pharmaceutical wholesaling business focused on price negotiation based on sound economic rationale to win the trust of customers, including medical institutions. As part of ongoing efforts to improve drug distribution in Japan, the pharmaceutical wholesaling business worked to secure pricing settlements with medical institutions and others as early as possible.

On May 30, 2007, Suzuken commenced sales of its small-intestine capsule endoscope. On June 27, 2007, the insurance reimbursement price was accepted by the CSIMC (Central Social Insurance Medical Council) and this treatment is scheduled to be covered by insurance in October 2007.

In the pharmaceutical manufacturing business, Suzuken is expanding the market for Seibule tablets—for the treatment of postprandial hyperglycemia—aiming to achieve ¥7,000 million in annual sales through co-promotion activities with other companies.

As a result of the above activities, net sales in the first quarter rose 11.8% from the same period last year to ¥385,330 million, reflecting the contribution from Shoyaku Co., Ltd., which became a consolidated subsidiary on October 1, 2006. On the earnings front, operating income rose a hefty 29.7% from the same period last year to ¥4,223 million, while ordinary income increased by 18.0% to ¥7,598 million.

2. Qualitative Data Regarding Consolidated Financial Position

(1) Assets, liabilities and net assets

(Assets)

Total assets for the first quarter of the current fiscal year amounted to ¥859,898 million, up ¥2,382 million from the previous fiscal year-end due to an increase in trade notes and accounts receivable from increased earnings, despite a decrease in cash on hand and in banks and time deposits caused mainly by acquisition of marketable securities, investment securities, and the construction of a distribution center.

(Liabilities)

Total liabilities for the first quarter of the current fiscal year amounted to ¥590,302 million down ¥4,015 million from the previous fiscal year-end due mainly to an increase in trade notes and accounts payable.

(Net assets)

Net assets for the first quarter of the current fiscal year amounted to ¥269,595 million down ¥1,633 million from the previous fiscal year-end due mainly to the payment of dividends and the acquisition of treasury stocks, despite net income for this period being up.

(2) Cash flows

As of June 30, 2007, cash and cash equivalents (hereinafter "cash") amounted to ¥133,803 million, down ¥19,608 million from the previous fiscal year-end. Cash flows during the first quarter were as follows.

Cash flows from operating activities

Net cash used by operating activities was ¥ 278 million. Cash was mainly provided by ¥7,665 million in income before income taxes and minority interests and an increase of ¥10,969 million in trade payables. These factors outweighed an increase of ¥9,986 million in trade receivables and payment of ¥7,407 million in income tax.

Cash flows from investing activities

Net cash used in investing activities was ¥14,710 million. The main use of cash was ¥17,528 million for the purchase of marketable securities and investment securities.

Cash flows from financing activities

Net cash used in financing activities was ¥4,621 million, and consisted largely of ¥2,013 million used for dividends paid and ¥3,766 million for the acquisition of treasury stocks.

3. Qualitative Data Regarding Business Forecasts

No changes have been made at the present time to initial interim and full-year forecasts for the fiscal year ending March 31, 2008 as the progress of business performance is within the scope of the forecast released on May 14, 2007.

The forecasted net income per share has been revised, however, as the average number of shares during the fiscal year has been reduced because of the acquisition of treasury stocks that was carried out in accordance with the resolution passed at the Board of Directors meeting held on May 28, 2007.

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

4. Other

- (1) Change in the number of important subsidiary (change in the number of specified subsidiary resulting in the change in the scope of consolidation): None
- (2) Simplified methods applied in accounting methods :
 - a. Inventories are calculated based on book value.
 - b. Simplified methods are used for items having little financial impact.
- (3) Difference in accounting method from that of the previous fiscal year: None

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: less than ¥1 million is omitted)

ASSETS	As of	As of	As of	Difference	
	June 30, 2007	June 30, 2006	March 31, 2007	¥ million	%
	¥ million	¥ million	¥ million		
Current Assets:					
Cash on hand and in banks, and time deposits	133,100	114,255	162,107	(29,006)	
Trade notes and accounts receivable	378,639	346,302	368,555	10,084	
Marketable securities	10,864	5,422	5,425	5,439	
Inventories	108,291	94,414	106,948	1,343	
Deferred tax assets	8,563	7,814	8,636	(72)	
Purchase rebates receivable	21,582	19,185	23,123	(1,540)	
Other current assets	4,211	3,062	2,882	1,328	
Allowance for doubtful accounts	(4,283)	(4,647)	(4,247)	(35)	
Total Current Assets	660,971	585,810	673,430	(12,459)	(1.9)
Fixed Assets:					
Property and Equipment:					
Buildings and structures	35,193	34,144	35,657	(463)	
Machinery and vehicles	2,725	3,002	2,788	(63)	
Tools, furniture and fixtures	2,064	1,820	1,973	72	
Land	45,852	42,948	45,900	(48)	
Construction in progress	5,031	402	3,398	1,633	
Total property and equipment	90,849	82,318	89,718	1,131	1.3
Intangible Fixed Assets:	13,792	10,005	13,741	51	0.4
Investments and Other Assets:					
Investment securities	70,736	49,148	56,966	13,770	
Long-term loans	426	487	449	(22)	
Deferred tax assets	1,382	1,409	1,373	8	
Prepaid pension expenses	12,125	11,695	12,020	104	
Others	11,517	10,059	11,733	(215)	
Allowance for doubtful accounts	(1,904)	(1,821)	(1,917)	12	
Total Investments and Other Assets	94,284	70,977	80,625	13,659	16.9
Total Fixed Assets	198,927	163,302	184,084	14,842	8.1
Total Assets	859,898	749,113	857,515	2,382	0.3

LIABILITIES	As of	As of	As of	Difference	
	June 30, 2007	June 30, 2006	March 31, 2007	¥ million	%
	¥ million	¥ million	¥ million	¥ million	
Current Liabilities:					
Trade notes and accounts payable	548,976	471,412	537,848	11,128	
Short-term bank loans	2,035	746	786	1,248	
Income taxes payable	3,309	2,752	7,470	(4,160)	
Reserves for sales returns	529	504	529	—	
Accrued bonuses	5,426	4,811	9,082	(3,655)	
Other current liabilities	10,891	10,263	11,226	(334)	
Total current liabilities	571,168	490,492	566,943	4,225	0.7
Long-term Liabilities:					
Long-term borrowings	331	657	421	(89)	
Deferred tax liabilities	9,777	7,884	9,863	(86)	
Deferred tax liabilities on revaluations	2,235	2,574	2,247	(11)	
Liability of employees' retirement benefits	5,580	3,517	5,569	11	
Liability for directors' and corporate auditors' retirement benefits	481	470	590	(108)	
Other long-term liabilities	727	889	651	75	
Total long-term liabilities	19,133	15,994	19,343	(209)	(1.1)
Total Liabilities	590,302	506,486	586,286	4,015	0.7
NET ASSETS					
Shareholders' equity					
Common stock	13,546	13,546	13,546	—	
Capital surplus	39,375	32,180	39,375	0	
Retained earnings	216,868	202,051	214,779	2,089	
Treasury stock, at cost	(3,852)	(7,569)	(85)	(3,766)	
Total shareholders' equity	265,938	240,208	267,615	(1,676)	(0.6)
Revaluation and Translation difference					
Net unrealized gain on available for sale securities	7,682	6,264	7,660	22	
Land revaluation difference	(6,907)	(6,601)	(6,890)	(16)	
Total revaluation and translation difference	775	(336)	769	5	0.8
Minority interests	2,881	2,755	2,843	37	1.3
Total net assets	269,595	242,626	271,228	(1,633)	(0.6)
Total liabilities and net assets	859,898	749,113	857,515	2,382	0.3

2. Consolidated Statements of Income

(Unit: less than ¥1 million is omitted)

	Current Period April 1, 2007 — June 30, 2007	Previous Period April 1, 2006 — June 30, 2006	Change		Previous Fiscal Year March 31, 2007
	¥ million	¥ million	¥ million	%	¥ million
Net Sales	385,330	344,760	40,569	11.8	1,454,841
Cost of sales	347,286	310,970	36,315	11.7	1,306,495
Gross Profit	38,044	33,790	4,253	12.6	148,346
Reversal of sales returns	412	435	(22)		544
Provision for sales returns	412	435	(22)		529
Gross Profit after Adjustment	38,044	33,790	4,253	12.6	148,361
Selling, General and Administrative Expenses	33,820	30,534	3,286	10.8	129,950
Operating Income	4,223	3,256	967	29.7	18,411
Non-operating Income	3,481	3,263	218	6.7	14,011
Interest and Dividends	431	252	178		1,152
Purchase discounts	1,471	1,686	(215)		6,642
Commission for supplying sales data	1,075	961	113		4,028
Other	503	361	141		2,187
Non-operating Expenses	106	82	24	29.5	305
Interest expenses	4	11	(7)		26
Expenses of rental building	55	37	18		163
Other	46	32	13		115
Ordinary Income	7,598	6,437	1,161	18.0	32,116
Extraordinary Gain:	344	96	247	255.5	688
Gain on sales of fixed assets	177	39	137		79
Gain on sales of investment securities	146	0	146		207
Other	21	56	(35)		401
Extraordinary Loss:	277	131	146	111.3	2,093
Loss on sales and disposal of fixed assets	241	116	125		1,377
Other	35	14	20		715
Income before Income Taxes and Minority Interests	7,665	6,402	1,262	19.7	30,712
Income Taxes:	3,477	2,910	566	19.5	12,881
Minority interests	49	64	(15)	(23.6)	128
Net Income	4,139	3,427	711	20.8	17,701

3. Consolidated Statements of Cash Flows

	Current Period April 1, 2007 — June 31, 2007	Previous Period April 1, 2006 — June 31, 2006	Pervious Fiscal Year March 31,2007
	¥ million	¥ million	¥ million
I. Operating Activities:			
Income before income taxes and minority interests	7,665	6,402	30,712
Depreciation	1,451	1,369	5,716
Impairment loss	—	—	313
Increase (decrease) in allowance for doubtful accounts	22	38	(466)
Increase (decrease) in liability for employees' retirement benefits	(93)	(24)	(213)
Provision for other allowance	(3,808)	(3,317)	529
Interest and dividend income	(431)	(252)	(1,152)
Interest expenses	4	11	26
Gain on sales of fixed assets	(177)	(39)	(79)
Gain on sales of investment securities	(146)	(0)	(207)
Loss on sales and disposal of fixed assets	241	116	1,377
Special retirement pay	—	—	15
Decrease (increase) in trade receivables	(9,986)	(3,026)	(2,026)
Decrease (increase) in inventories	(1,315)	(1,499)	(8,054)
Decrease in purchase rebates receivable	1,540	4,955	2,454
Increase in trade payables	10,969	19,038	53,312
Other	767	(443)	(724)
Subtotal	6,705	23,328	81,531
Interest and dividend income received	435	252	1,060
Interest expenses paid	(3)	(11)	(22)
Special retirement pay paid	(7)	—	(11)
Income tax paid	(7,407)	(8,521)	(14,441)
Net cash provided by operating activities	(278)	15,047	68,116
II. Investing Activities:			
Disbursements for time deposits	(1,594)	(5,001)	(10,488)
Proceeds from time deposits	6,994	3	2,501
Purchases of marketable securities	(2,391)	(2,393)	(2,393)
Proceeds from redemption of marketable securities	1,199	—	1,199
Purchases of property and equipment	(3,400)	(1,033)	(6,437)
Proceeds from sales of property and equipment	254	272	1,760
Acquisition of intangible fixed assets	(841)	(669)	(3,247)
Purchase of investment securities	(15,137)	(10,863)	(19,436)
Proceeds from sales of investment securities	162	6	4,517
Other, net	43	195	1,829
Net cash used in investing activities	(14,710)	(19,483)	(30,194)

	Current Period April 1, 2007 — June 31, 2007	Previous Period April 1, 2006 — June 31, 2006	Pervious Fiscal Year March 31,2007
	¥ million	¥ million	¥ million
III. Financing Activities			
Increase (decrease) in short-term borrowings, net	1,570	(3)	46
Repayments of long-term borrowings	(411)	(141)	(507)
Acquisition of treasury stocks	(3,766)	(1,040)	(1,081)
Proceeds from sales of treasury stocks	0	—	2
Dividends paid by parent company	(2,000)	(1,753)	(3,629)
Dividends paid to minority shareholders	(12)	(35)	(35)
Net cash used in financing activities	(4,621)	(2,974)	(5,205)
IV. Translation Adjustments on Cash and Cash Equivalents	1	(0)	(0)
V. Net Increase (decrease) in Cash and Cash Equivalents	(19,608)	(7,411)	32,716
VI. Cash and Cash Equivalents, Beginning of Period	153,411	120,695	120,695
VII. Cash and Cash Equivalents, End of Period	133,803	113,284	153,411