



Consolidated Financial Statement for the Interim Period of Fiscal 2007

November 9, 2007

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Stock Exchange Listings: Tokyo, Nagoya, Sapporo
Stock Code: 9987
Scheduled date to file half-year securities report: December 20, 2007
Scheduled date to commence dividend payments: December 10, 2007

Representative : Hiroshi Ota, President and CEO
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1. Results for the Interim Period of the Fiscal 2007 (April 1, 2007 – September 30, 2007)

(1) Consolidated Results of Operations

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

(% shows change from results for same period in the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Interim Period of Fiscal 2007	767,000	11.8	9,195	27.7	15,870	15.8	8,875	16.3
Interim Period of Fiscal 2006	686,139	0.5	7,202	3.4	13,711	4.0	7,632	26.4
Year ended March 31, 2007	1,454,841	—	18,411	—	32,116	—	17,701	—

	Net income per share Basic	Net income per share Diluted
	¥	¥
Interim Period of Fiscal 2007	95.29	—
Interim Period of Fiscal 2006	84.10	—
Year ended March 31, 2007	191.72	—

Reference: Profit or loss by equity method

September 30, 2007
September 30, 2006
March 31, 2007

- ¥ million
- ¥ million
- ¥ million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
September 30, 2007	854,703	270,031	31.2	2,905.27
September 30, 2006	780,963	247,485	31.3	2,699.29
March 31, 2007	857,515	271,228	31.3	2,857.57

Reference: Equity

As of September 30, 2007 ¥267,048 million
As of September 30, 2006 ¥244,662 million
As of March 31, 2007 ¥268,385 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 period
	¥ million	¥ million	¥ million	¥ million
Interim Period of Fiscal 2007	6,506	(16,424)	(10,163)	133,330
Interim Period of Fiscal 2006	49,988	(23,680)	(3,128)	143,875
Year ended March 31, 2007	68,116	(30,194)	(5,205)	153,411

2. Dividends

(Record date)	Dividends per share		
	Interim	Year end	Full-year
	¥	¥	¥
Fiscal Year ended March 31, 2007	20.00	22.00	42.00
Fiscal Year ended March 31, 2008	25.00	—	50.00
Fiscal 2007(forecast)	—	25.00	

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

(% shows change from results for same period in the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full-year	1,563,000	7.4	21,600	17.3	34,500	7.4	19,300	9.0	208.58

4. Other

(1) Significant changes in subsidiaries (change in specified subsidiaries resulting in the change in the scope of consolidation): None

(2) Changes in accounting policies, procedures and methods of presentation [Matters described on the amendments to the basis of Consolidated Interim Financial Statements]

- i Changes due to revisions to accounting method : Yes
- ii Changes in other items than i above : None

(3) Number of shares outstanding (Common share)

- i Number of shares outstanding at year-end (including treasury shares)

September 30, 2007	93,949,167 shares
September 30, 2006	93,584,167 shares
March 31, 2007	93,949,167 shares

- ii Number of treasury shares at year-end

September 30, 2007	2,030,551 shares
September 30, 2006	2,944,651 shares
March 31, 2007	28,439 shares

[Reference] Overview on Non-consolidated Results of Operations

1. Overview on Non-consolidated Financial Results for the Interim Period of Fiscal 2007
(April 1, 2007 – September 30, 2007)

(1) Non-consolidated Results of Operations

(% shows change from results for same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Interim Period of Fiscal 2007	670,399	4.9	5,380	5.9	11,493	3.2	6,823	3.8
Interim Period of Fiscal 2006	639,306	1.4	5,082	37.2	11,132	16.1	6,576	51.3
Year ended March 31, 2007	1,315,699	—	13,917	—	25,843	—	14,951	—

	Net income per share
	¥
Interim Period of Fiscal 2007	73.26
Interim Period of Fiscal 2006	72.46
Year ended March 31, 2007	161.93

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Interim Period of Fiscal 2007	766,472	233,483	30.5	2,540.11
Interim Period of Fiscal 2006	726,253	214,748	29.6	2,369.26
March 31, 2007	767,803	236,643	30.8	2,519.61

Reference: Equity As of September 30, 2007 ¥233,483 million
As of September 30, 2006 ¥214,748 million
As of March 31, 2007 ¥236,643 million

2. Forecasts for the fiscal year ending March 31, 2008 (April 1, 2007 – March 31, 2008)

(% shows change from results for same period in the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full-year	1,357,000	3.1	13,100	(5.9)	24,900	(3.6)	14,400	(3.7)	155.62

* 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.

1. Interim Period Operation Results for Fiscal 2007 (April 1, 2007—September 30, 2006)

(1) Overview of Interim Period

(Units: Millions of yen, fractional units discarded)

Fiscal period	2006	2007	Change (%)	Fiscal year ended March 31, 2007
Net sales	686,139	767,000	11.8	1,454,841
Operating income	7,202	9,195	27.7	18,411
Ordinary income	13,711	15,870	15.8	32,116
Net income	7,632	8,875	16.3	17,701
Net income per share (¥)	84.10	95.29	13.3	191.72

Performance Overview

Based on the performance of the Japanese economy in the first half of fiscal 2006, it is Suzuken's view that the economy is continuing on the track of recovery. Despite uncertainties in the stock market and the high price of crude oil, private-sector capital investment rose amid higher corporate earnings, the employment situation is improving and there has been a positive swing upwards in consumer spending.

The Japanese ethical pharmaceuticals market expanded by approximately 3% in value helped by no revisions being made to the national price listing of drugs, the continued aging of the Japanese population, the rising incidence of lifestyle-related diseases, and the launch of new branded drugs.

As the Japanese ethical pharmaceutical wholesaling business moves in the direction of becoming an oligopoly, price negotiations based on sound economic rationale have been proceeding, but some medical institutions have still not reached a settlement concerning retail prices.

In this environment, the Suzuken Group has been striving to secure early price settlements with financial institutions and ethical pharmacies by gaining their trust through concerted efforts by all in the Group to meet customer needs under the motto "All-personnel sales."

On the business development side, Suzuken accomplished national-level expansion thanks to Shoyaku Co., Ltd., which operates in the Kyushu area, becoming a consolidated subsidiary in October 1, 2006. Fiscal 2007 is the first year Suzuken will enjoy a full-year contribution from Shoyaku. In addition to the existing customer-focused wholesaling function targeting medical institutions and other wholesale customers, Suzuken has been concentrating its efforts on the medical supply wholesaling sales representatives (MS) who deal directly with the pharmaceutical companies, Suzuken's suppliers. By utilizing systems that provide timely news concerning the activities of MS, Suzuken is (i) reconstructing the value-adding function of MS and (ii) constructing new business models centering on information.

On the sales side, in addition to improving the sales-to-visit ratio by resolutely following a customer-first philosophy and tailoring sales to meet the individual needs of customers, Suzuken has also been busy revolutionizing employee roles by advocating sales as the business of all employees.

On May 30, 2007, Suzuken commenced sales of its small-intestine capsule endoscope, which has been covered by insurance since October. Now it is covered by insurance, Suzuken expects a significant increase in the size of its market.

In addition, in June, 2007, Suzuken obtained approval to manufacture and sell the medical apparatus "Sleep Recorder SD-101," which is capable of testing for Sleep Apnea Syndrome (SAP) without the need to attach anything to the patient—the first of its type in Japan. Sales of the Sleep Recorder SD-101 will begin in September.

On the logistics side, Suzuken has been striving to raise the standard of its logistics service by (i) reducing the frequency of stock run-outs and (ii) revising distribution routes. In October 2007, operations began at two new centers: the Kakegawa Product Center, which fully covers Shizuoka Prefecture, and the Hanshin Distribution Center, which covers six municipal regions in the Kansai area, particularly Osaka and Hyogo.

In the pharmaceutical manufacturing business, Suzuken continues efforts to expand Seibule tablets' share in the postprandial hyperglycemia treatment market.

Also, Suzuken's subsidiary Sanki Wellbe Co., Ltd., a growing nursing care provider in the Chugoku area

is expanding into the home care nursing care business and in September, concluded the final agreement concerning a business succession.

Through these efforts the Suzuken Group strives to boost the value of Suzuken Group as a “health-creation enterprise.”

As a result of the above activities, net sales in the first six months of the current fiscal year amounted to ¥767,000 million, up 11.8% year on year, operating income was ¥9,195 million, up 27.7% year on year, ordinary income was ¥15,870 million, up 15.8% year on year and net income for the interim period was ¥8,875 million, up 16.3% year on year.

Overview of performance by business segment

(Units: Millions of yen, fractional units discarded)

Fiscal period		2006	2007	Change (%)	Fiscal year ended March 31, 2007
Pharmaceutical Wholesaling	Net sales	668,990	746,068	11.5	1,418,957
	Operating income	5,950	7,280	22.4	16,472
Pharmaceutical Manufacturing	Net sales	24,948	26,497	6.2	51,199
	Operating income	1,265	1,382	9.3	2,081
Other Healthcare-Related Services	Net sales	13,215	18,897	43.0	29,328
	Operating income	(150)	176	—	(39)

Pharmaceutical distribution

Segment sales increased 11.5% year on year to ¥746,068 million reflecting the fact that Shoyaku Co., Ltd. became a consolidated subsidiary on October 1, 2006. As a result of improved gross profitability, segment operating income rose 22.4% year on year to ¥7,280 million.

Pharmaceutical manufacturing

The strong sales of Seibule tablets—for the treatment of postprandial hyperglycemia—offset the decline in sales of simple self-diagnosis blood sugar testing products caused by increased competition in the diagnostic reagent market. Segment sales increased 6.2% compared with a year earlier to ¥26,497 million. The increased sales of Seibule tablets resulted in a 9.3% year-on-year increase in segment operating income to ¥1,382 million.

Other healthcare-related services

Segment sales increased 43% compared with a year earlier to ¥18,897 million, reflecting revenue growth on the back of support businesses associated with pharmaceutical company logistics. Segment operating income was ¥176 million compared with an operating loss of ¥150 million in the same period a year ago.

Note: Segment sales results include intersegment transactions.

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

(2) Outlook for Fiscal Year Ending March 2008

(Units: Millions of yen, fractional units discarded)

Fiscal year	2006 (Actual)	2007 (Forecast)	Change (%)
Net sales	1,454,841	1,563,000	7.4
Operating income	18,411	21,600	17.3
Ordinary income	32,116	34,500	7.4
Net income	17,701	19,300	9.0
Net income per share (¥)	191.72	208.58	8.8

In the pharmaceutical wholesaling business, as in the first half of fiscal 2007, the major focus in the second half of the year will be to continue to resolutely follow a customer-first philosophy and strengthen the organic interconnections between sales, ordering activities, distribution etc. that have been structured

for each customer individually. Suzuken will focus on constructing new business models designed to improve customer satisfaction, strengthen the fundamental sales business structures and develop the functions of the pharmaceutical wholesaling business.

While focusing efforts on strengthening sales of the small-intestine capsule endoscope, which has been covered by insurance since October 2007, Suzuken will also make preparations to get the Sleep Recorder SD-101 covered by insurance as early as possible.

In fiscal 2008, there will be further reforms to the healthcare system that will involve the Japanese government implementing strategies to prevent lifestyle-related diseases. Suzuken expects this to open up a new field of insurance advisory services, in which it will strive to offer a contract-based business offering insurance advisory services for local government and health insurance bodies. Through these efforts the Suzuken Group strives to boost the value of Suzuken Group as a “health-creation enterprise.”

Suzuken forecasts the following operating results for the year ending March 2007 as follows: net sales of ¥1,563,000 million, 7.4% higher than the previous year, operating income of ¥21,600 million, 17.3% higher than the previous year, ordinary income of ¥34,500 million, 7.4% higher than the previous year, and net profit of ¥19,300 million, 9.0% higher than the previous year.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: less than ¥1 million is omitted)

ASSETS	As of September 30, 2006		As of September 30, 2007		As of March 31, 2007	
	¥ million	%	¥ million	%	¥ million	%
Current Assets:						
Cash and cash equivalents	146,881		129,009		162,107	
Trade notes and accounts receivable	341,068		375,386		368,555	
Marketable securities	5,392		12,806		5,425	
Inventories	93,980		106,008		106,948	
Deferred tax assets	8,986		8,020		8,636	
Purchase rebates receivable	20,409		23,299		23,123	
Other current assets	3,028		2,261		2,882	
Allowance for doubtful accounts	(4,407)		(4,177)		(4,247)	
Total Current Assets	615,340	78.8	652,614	76.4	673,430	78.5
Fixed Assets:						
Property and Equipment:						
Buildings and structures	34,392		35,181		35,657	
Machinery and vehicles	2,893		2,723		2,788	
Tools, furniture and fixtures	1,814		2,303		1,973	
Land	42,466		46,562		45,900	
Construction in progress	659		6,095		3,398	
Total property and equipment	82,226	10.5	92,866	10.8	89,718	10.5
Intangible Fixed Assets:	10,941	1.4	14,576	1.7	13,741	1.6
Investments and Other Assets:						
Investment securities	50,568		70,858		56,966	
Long-term loans	470		430		449	
Deferred tax assets	1,414		1,305		1,373	
Prepaid pension expenses	11,776		12,227		12,020	
Others	10,039		11,614		11,733	
Allowance for doubtful accounts	(1,815)		(1,790)		(1,917)	
Total Investments and Other Assets	72,455	9.3	94,646	11.1	80,625	9.4
Total Fixed Assets	165,623	21.2	202,088	23.6	184,084	21.5
Total Assets	780,963	100.0	854,703	100.0	857,515	100.0

LIABILITIES	Previous Period April 1, 2006 — June 30, 2006		Current Period April 1, 2007 — June 30, 2007		Previous Fiscal Year April 1, 2007 — June 30, 2007	
	¥ million	%	¥ million	%	¥ million	%
Current Liabilities:						
Trade notes and accounts payable	492,649		541,056		537,848	
Short-term bank loans	766		606		786	
Income taxes payable	6,746		5,969		7,470	
Reserves for sales returns	454		490		529	
Accrued bonuses	8,097		8,634		9,082	
Allowance for directors' bonuses	—		1		61	
Other current liabilities	8,368		8,818		11,164	
Total current liabilities	517,083	66.2	565,578	66.2	566,943	66.1
Long-term Liabilities:						
Long-term borrowings	581		568		421	
Deferred tax liabilities	8,641		9,674		9,863	
Deferred tax liabilities on revaluations	2,513		2,192		2,247	
Liability of employees' retirement benefits	3,538		5,297		5,569	
Liability for directors' and corporate auditors' retirement benefits	480		618		590	
Other long-term liabilities	639		741		651	
Total long-term liabilities	16,395	2.1	19,093	2.2	19,343	2.3
Total Liabilities	533,478	68.3	584,671	68.4	586,286	68.4
NET ASSETS						
Shareholders' equity						
Common stock	13,546	1.8	13,546	1.6	13,546	1.6
Capital surplus	32,180	4.1	39,375	4.6	39,375	4.6
Retained earnings	206,379	26.4	221,668	25.9	214,779	25.0
Treasury stock, at cost	(7,578)	(1.0)	(7,653)	(0.9)	(85)	(0.0)
Total shareholders' equity	244,527	31.3	266,937	31.2	267,615	31.2
Revaluation and Translation difference						
Net unrealized gain on available for sale securities	6,881	0.9	7,081	0.8	7,660	0.9
Land revaluation difference	(6,747)	(0.9)	(6,970)	(0.8)	(6,890)	(0.8)
Total revaluation and translation difference	134	0.0	110	0.0	769	0.1
Minority interests	2,822	0.4	2,983	0.4	2,843	0.3
Total net assets	247,485	31.7	270,031	31.6	271,228	31.6
Total liabilities and net assets	780,963	100.0	854,703	100.0	857,515	100.0

2. Consolidated Statements of Income

(Unit: less than ¥1 million is omitted)

	Previous Period April 1, 2006 — June 30, 2006		Current Period April 1, 2007 — June 30, 2007		Previous Fiscal Year April 1, 2007 — June 30, 2007	
	¥ million	%	¥ million	%	¥ million	%
Net Sales	686,139	100.0	767,000	100.0	1,454,841	100.0
Cost of sales	617,057	89.9	689,561	89.9	1,306,495	89.8
Gross Profit	69,082	10.1	77,438	10.1	148,346	10.2
Reversal of sales returns	504	0.1	529	0.1	544	0.0
Provision for sales returns	454	0.1	490	0.1	529	0.0
Gross Profit after Adjustment	69,132	10.1	77,477	10.1	148,361	10.2
Selling, General and Administrative Expenses	61,929	9.0	68,281	8.9	129,950	8.9
Operating Income	7,202	1.1	9,195	1.2	18,411	1.3
Non-operating Income	6,653	0.9	6,905	0.9	14,011	0.9
Interests income	231		456		730	
Dividends income	226		279		421	
Purchase discounts	3,243		2,993		6,642	
Commission for supplying sales data	1,903		2,095		4,028	
Other	1,049		1,079		2,187	
Non-operating Expenses	144	0.0	230	0.0	305	0.0
Interest expenses	13		26		26	
Expenses of rental building	76		119		163	
Loss on cancel of lease contracts	6		33		16	
Other	49		51		99	
Ordinary Income	13,711	2.0	15,870	2.1	32,116	2.2
Extraordinary Gain:	246	0.0	913	0.1	688	0.0
Gain on prior period adjustments	6		403		1	
Gain on sales of fixed assets	65		196		79	
Gain on sales of investment securities	77		146		207	
Reversal of allowance for doubtful accounts	29		77		159	
Other	68		90		240	
Extraordinary Loss:	330	0.0	887	0.1	2,093	0.1
Loss on valuation of investment securities	0		424		15	
Loss on sales and disposal of fixed assets	247		231		1,377	
Impairment loss	46		29		313	
Concession money written off	—		140		—	
Other	37		61		386	
Income before Income Taxes and Minority Interests	13,626	2.0	15,897	2.1	30,712	2.1
Income Taxes	6,708	1.0	5,988	0.8	12,775	0.9
Income Taxes - Deferred	(809)	(0.1)	935	0.1	106	0.0
Minority Interests	94	0.0	97	0.0	128	0.0
Net Income	7,632	1.1	8,875	1.2	17,701	1.2

3. Consolidated Statements of Cash Flows

(Unit: less than ¥1 million is omitted)

	Previous Period April 1, 2006 — June 30, 2006	Current Period April 1, 2007 — June 30, 2007	Previous Fiscal Year April 1, 2007 — June 30, 2007
	¥ million	¥ million	¥ million
I. Operating Activities:			
Income before income taxes and minority interests	13,626	15,897	30,712
Depreciation	2,748	2,986	5,716
Impairment loss	46	29	313
Decrease in allowance for doubtful accounts	(208)	(198)	(466)
Decrease in liability for employees' retirement benefits	(84)	(497)	(213)
Provision for other allowance	(72)	(644)	529
Interest and dividend income	(458)	(736)	(1,152)
Interest expenses	13	26	26
Loss on sales of fixed assets	(65)	(196)	(79)
Loss on sales of investment securities	(77)	(146)	(207)
Gain on sales and disposal of fixed assets	247	231	1,377
Loss on sales and disposal of investment securities	0	424	15
Concession money written off	—	140	—
Decrease (increase) in trade receivables	2,373	(6,286)	(2,026)
Decrease (increase) in inventories	(826)	1,094	(8,054)
Decrease (increase) in purchase rebates receivable	3,731	(176)	2,454
Increase in trade payables	40,083	2,524	53,312
Other	(2,970)	(1,142)	(724)
Subtotal	58,106	13,328	81,531
Interest and dividend income received	452	729	1,060
Interest expenses paid	(9)	(25)	(22)
Special retirement pay paid	(7)	(28)	(11)
Income tax paid	(8,552)	(7,498)	(14,441)
Net cash provided by operating activities	49,988	6,506	68,116
II. Investing Activities:			
Disbursements for time deposits	(7,003)	(1,986)	(10,488)
Proceeds from time deposits	3	11,010	2,501
Purchases of marketable securities	(2,393)	(2,391)	(2,393)
Proceeds from redemption of marketable securities	—	2,402	1,199
Purchases of property and equipment	(2,222)	(6,004)	(6,437)
Proceeds from sales of property and equipment	847	422	1,760
Acquisition of intangible fixed assets	(1,284)	(1,681)	(3,247)
Purchase of investment securities	(13,397)	(17,495)	(19,436)
Proceeds from sales of investment securities	2,200	176	4,517
Purchase of subsidiaries' stock, resulting in change in scope of consolidation	(759)	(481)	(833)
Proceeds from sales of subsidiaries' stock, resulting in change in scope of consolidation	80	—	2,006
Purchase of affiliates' stock	—	(300)	—
Other, net	247	(93)	657
Net cash used in investing activities	(23,680)	(16,424)	(30,194)

	Previous Period April 1, 2006 — June 30, 2006	Current Period April 1, 2007 — June 30, 2007	Previous Fiscal Year April 1, 2007 — June 30, 2007
	¥ million	¥ million	¥ million
III. Financing Activities			
Increase (decrease) in short-term borrowings, net	(3)	—	46
Repayments of long-term borrowings	(223)	(518)	(507)
Acquisition of treasury stocks	(1,049)	(7,568)	(1,081)
Proceeds from sales of treasury stocks	0	1	2
Dividends paid by parent company	(1,816)	(2,065)	(3,629)
Dividends paid to minority shareholders	(35)	(12)	(35)
Net cash used in financing activities	(3,128)	(10,163)	(5,205)
IV. Translation Adjustments on Cash and Cash Equivalents	(0)	(0)	(0)
V. Net Increase (decrease) in Cash and Cash Equivalents	23,180	(20,081)	32,716
VI. Cash and Cash Equivalents, Beginning of Period	120,695	153,411	120,695
VII. Cash and Cash Equivalents, End of Period	143,875	133,330	153,411