



Consolidated Financial Statement for Third Quarter of the Fiscal Year ending March 2008

February 8, 2008

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Stock Exchange Listings: Tokyo, Nagoya, Sapporo

Stock Code: 9987

1. Results for the third quarter of the fiscal year ending March 31, 2008 (April 1, 2007 - December 31, 2007)

(1) Consolidated Results of Operations

(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, 2007	1,205,166	10.1	16,070	15.9	26,526	10.8
3Q ended Dec. 31, 2006	1,094,274	3.2	13,870	24.6	23,951	15.8
Year ended March 31, 2007	1,454,841		18,411		32,116	

	Net income		Net income per share	Net income per share
	Millions of yen	%	Basic	Diluted
3Q ended Dec. 31, 2007	15,039	11.6	Yen 162.18	Yen -
3Q ended Dec. 31, 2006	13,471	16.8	146.73	-
Year ended March 31, 2007	17,701		191.72	-

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

(2) 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, 2007	926,339	272,138	29.0	2,927.08
3Q ended Dec. 31, 2006	905,563	267,738	29.2	2,819.93
Year ended March 31, 2007	857,515	271,228	31.3	2,857.57

(3) Consolidated cash flows

	Operating cash flow	Investing cash flow	Financing cash flow	Cash and cash equivalents, end of period (year)
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
3Q ended Dec. 31, 2007	10,186	(18,438)	(12,631)	132,527
3Q ended Dec. 31, 2006	63,433	(28,527)	(5,063)	150,537
Year ended March 31, 2007	68,116	(30,194)	(5,205)	153,411

2. Forecast 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	¥
Full year	1,563,000	7.4	21,600	17.3	34,500	7.4	19,300	9.0	208.58

3. Other

- (1) Significant changes in subsidiaries (change in specified subsidiaries 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: Yes

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.

[Qualitative Data and Financial Statements]

1. Qualitative Data Regarding Consolidated Results of Operations

In the third quarter of the fiscal year ending March 31, 2008, Suzuken estimates that the Japanese ethical pharmaceuticals market expanded by approximately 3% in value helped by factors such as 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, Suzuken are advancing improvements to our distribution practices, but some medical institutions have still not reached a settlement concerning retail prices.

In this environment, we have engaged in price negotiations based on sound economic rationale in the Japanese ethical pharmaceutical wholesaling business so as to gain the trust of our customers—medical institutions and ethical pharmacies—along with meeting customer needs under the motto “All-personnel sales.” Furthermore, Suzuken has been utilizing systems that provide timely news concerning the activities of the medical supply wholesaling sales representatives (MS) to pharmaceutical companies, Suzuken’s suppliers. Suzuken is also reconstructing the value-adding function of MS and constructing new business models centering on information.

On the logistics side, as part of its efforts to raise the standard of its logistics service, operations have begun in October 2007 at the company's fourth center, the Hanshin Distribution Center, which covers six municipal regions in the Kansai area.

Also, the small-intestine capsule endoscope obtained approval for insurance coverage in October 2007, and the “Sleep Recorder SD-101,” which is capable of testing for Sleep Apnea Syndrome (SAP) without the need to attach anything to the patient, obtained approval to manufacture and sell in June 2007.

In the pharmaceutical manufacturing business, as a result of co-promotion activities with other companies to expand the market for Seibule tablets—treatment for the postprandial hyperglycemia—we expect to exceed our estimate of ¥7,000 million in annual sales of Seibule.

As a result of the above activities, net sales for the nine months of the current fiscal year rose 10.1% compared to the same period last year to ¥1,205,166 million, reflecting the contribution from Shoyaku Co., Ltd., which became a consolidated subsidiary on October 1, 2006.

On the earnings front, because of the increase in gross profitability, operating income rose 15.9% from the same period last year to ¥16,070 million, and ordinary income increased by 10.8% to ¥26,526 million.

2. Qualitative Data Regarding Consolidated Financial Position

(1) Assets, liabilities and net assets

(Assets)

Total assets for the third quarter of the current fiscal year amounted to ¥926,339 million, up ¥68,823 million from the previous fiscal year-end due to an increase in trade notes and accounts receivable and inventories resulting from increases in gross profitability, despite a decrease in cash and cash equivalents caused mainly by the acquisition of marketable securities and investment securities, and the construction of a distribution center.

(Liabilities)

Total liabilities for the third quarter of the current fiscal year amounted to ¥654,201 million, up ¥67,914 million from the previous fiscal year-end due mainly to an increase in trade notes and accounts payable.

(Net assets)

Net assets for the third quarter of the current fiscal year amounted to ¥272,138 million, up ¥909 million from the previous fiscal year-end due to an increase in retained earnings from the quarter’s net income, despite a decrease mainly from the acquisition of treasury stocks.

(2) Cash flows

As of December 31, 2007, cash and cash equivalents (hereinafter “cash”) amounted to ¥132,527 million, down ¥20,884 million from the previous fiscal year-end. Cash flows for the nine months of the current fiscal year were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥ 10,186 million. Main factors were an increase in income before income taxes and minority interests of ¥26,598 million and an increase in trade payables of ¥79,125 million, despite increases in trade receivables and inventories of ¥54,410 million and ¥23,231 million, and income tax paid of ¥13,812 million.

Cash flows from investing activities

Net cash used in investing activities was ¥18,438 million. Main reasons were expenditures of ¥22,131 million for the purchase of marketable securities and investment securities, as well as ¥10,052 million for the acquisition of property and equipment, and intangible fixed assets, despite income of ¥12,876 million of proceeds of time deposits and ¥3,603 million of proceeds from the redemption of marketable securities.

Cash flows from financing activities

Net cash used in financing activities was ¥12,631 million. Main factors were items such as ¥4,360 million used for dividends paid and ¥7,574 million for the acquisition of treasury stocks.

3. Qualitative Data Regarding Business Forecasts

No changes have been made at the present time to full-year forecasts for the fiscal year ending March 31, 2008, as third quarter business performance is within the scope of forecast.

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) Significant changes in subsidiaries (change in specified subsidiaries 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

Suzuken and its consolidated subsidiaries, in accordance with the revision of the Corporation Tax Law, have changed to depreciation methods stipulated in the Corporation Tax Law after the revision with regard to tangible fixed assets acquired on or after April 1, 2007.

Consequently, the effect of the changes of the new depreciation method in comparison to the original method is that operating income, ordinary income and income before income taxes and minority interest in the period under review each have decreased by ¥68 million.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: less than ¥1 million is omitted)

Item	As of December 31, 2006	As of December 31, 2007	As of March 31, 2007	Difference	
	¥ million	¥ million	¥ million	¥ million	%
Assets					
Current Assets:					
Cash and cash equivalents	159,214	128,283	162,107	(33,824)	
Trade notes and accounts receivable	396,197	423,499	368,555	54,944	
Marketable securities	5,385	11,805	5,425	6,379	
Inventories	128,581	129,967	106,948	23,019	
Deferred tax assets	7,900	6,267	8,636	(2,368)	
Purchase rebates receivable	23,363	25,531	23,123	2,408	
Other current assets	4,280	4,879	2,882	1,996	
Allowance for doubtful accounts	(4,218)	(4,200)	(4,247)	47	
Total Current Assets	720,704	726,033	673,430	52,603	7.8
Fixed Assets:					
Property and Equipment:					
Buildings and structures	35,790	38,440	35,657	2,782	
Machinery and vehicles	2,874	3,033	2,788	244	
Tools, furniture and fixtures	1,830	2,415	1,973	442	
Land	47,343	47,072	45,900	1,171	
Construction in progress	1,101	1,712	3,398	(1,685)	
Total Property and Equipment	88,939	92,674	89,718	2,956	3.3
Intangible Fixed Assets:	13,363	14,515	13,741	774	5.6
Investments and Other Assets:					
Investment securities	58,959	68,855	56,966	11,889	
Long-term loans	464	841	449	392	
Deferred tax assets	1,418	1,358	1,373	(15)	
Prepaid pension expenses	11,846	12,331	12,020	310	
Others	12,035	11,507	11,733	(225)	
Allowance for doubtful accounts	(2,168)	(1,778)	(1,917)	138	
Total Investments and Other Assets	82,556	93,115	80,625	12,490	15.5
Total Fixed Assets	184,858	200,305	184,084	16,220	8.8
Total Assets	905,563	926,339	857,515	68,823	8.0

(Unit: less than ¥1 million is omitted)

Item	As of December 31, 2006	As of December 31, 2007	As of March 31, 2007	Difference	
	¥ million	¥ million	¥ million	¥ million	%
Liabilities					
Current Liabilities:					
Trade notes and accounts payable	597,802	617,800	537,848	79,952	
Short-term bank loans	764	467	786	(319)	
Income taxes payable	4,114	2,329	7,470	(5,140)	
Reserves for sales returns	494	489	529	(39)	
Accrued bonuses	4,769	4,603	9,082	(4,479)	
Other current liabilities	9,794	10,682	11,226	(543)	
Total Current Liabilities	617,739	636,373	566,943	69,430	12.2
Long-term Liabilities:					
Long-term borrowings	545	527	421	106	
Deferred tax liabilities	10,214	8,468	9,863	(1,395)	
Deferred tax liabilities on reevaluations	2,513	2,177	2,247	(70)	
Liability of employees' retirement benefits	5,523	5,223	5,569	(345)	
Liability for directors' and corporate auditors' retirement benefits	572	628	590	37	
Other long-term liabilities	715	802	651	151	
Total Long-term Liabilities	20,085	17,827	19,343	(1,515)	(7.8)
Total Liabilities	637,825	654,201	586,286	67,914	11.6
Net Assets					
Shareholders' Equity:					
Common stock	13,546	13,546	13,546	—	
Capital surplus	39,375	39,375	39,375	0	
Retained earnings	210,407	225,557	214,779	10,777	
Treasury stock, at cost	(72)	(7,659)	(85)	(7,573)	
Total Shareholders' Equity	263,257	270,820	267,615	3,204	1.2
Revaluation and Translation Difference:					
Net unrealized gain on available for sale securities	8,349	5,222	7,660	(2,438)	
Land revaluation difference	(6,748)	(6,993)	(6,890)	(103)	
Total Revaluation and Translation Difference	1,601	(1,771)	769	(2,541)	—
Minority Interests	2,879	3,089	2,843	246	8.7
Total Net Assets	267,738	272,138	271,228	909	0.3
Total Liabilities and Net Assets	905,563	926,339	857,515	68,823	8.0

(2) Consolidated Statements of Income

(Unit: less than ¥1 million is omitted)

Item	Previous Period April 1, 2006 – December 31, 2006	Current Period April 1, 2007 – December 31, 2007	Change		Previous Fiscal Year April 1, 2006 – March 31, 2007
	¥ million	¥ million	¥ million	%	¥ million
Net Sales	1,094,274	1,205,166	110,891	10.1	1,454,841
Cost of Sales	984,465	1,084,694	100,229	10.2	1,306,495
Gross Profit	109,808	120,471	10,662	9.7	148,346
Reversal of sales returns	504	529	24		544
Provision for sales returns	454	490	35		529
Gross Profit after Adjustment	109,858	120,510	10,651	9.7	148,361
Selling, General and Administrative Expenses	95,988	104,440	8,451	8.8	129,950
Operating Income	13,870	16,070	2,199	15.9	18,411
Non-operating Income	10,282	10,764	481	4.7	14,011
Interests and dividends income	754	1,218	464		1,152
Purchase discounts	4,989	4,686	(303)		6,642
Commission for supplying sales data	2,978	3,234	256		4,028
Other	1,560	1,624	64		2,187
Non-operating Expenses:	202	307	105	52.2	305
Interest expenses	21	33	11		26
Expenses of rental building	115	188	72		163
Other	64	85	20		115
Ordinary Income	23,951	26,526	2,575	10.8	32,116
Extraordinary Gain:	389	994	604	155.2	688
Gain on sales of fixed assets	65	241	175		79
Gain on sales of investment securities	179	146	(32)		207
Other	144	606	461		401
Extraordinary Loss:	506	921	415	82.0	2,093
Loss on sales and disposal of fixed assets	300	262	(37)		1,377
Loss on valuation of investment securities	0	425	425		15
Other	205	233	28		700
Income before Income Taxes and Minority Interests	23,834	26,598	2,764	11.6	30,712
Income Taxes	10,201	11,351	1,150	11.3	12,881
Minority Interests	161	207	46	28.4	128
Net Income	13,471	15,039	1,567	11.6	17,701

(3) Consolidated Statements of Cash Flows

(Unit: less than ¥1 million is omitted)

Item	Previous Period April 1, 2006 – December 31, 2006	Current Period April 1, 2007 – December 31, 2007	Previous Fiscal Year April 1, 2006 – March 31, 2007
	¥ million	¥ million	¥ million
I. Operating Activities:			
Income before income taxes and minority interests	23,834	26,598	30,712
Depreciation	4,206	4,732	5,716
Impairment loss	47	29	313
Decrease in allowance for doubtful accounts	(244)	(186)	(466)
Decrease in liability for employees' retirement benefits	(85)	(580)	(213)
Increase (decrease) in provision for other allowance	(3,897)	(4,649)	529
Interest and dividend income	(754)	(1,218)	(1,152)
Interest expenses	21	33	26
Gain on sales of fixed assets	(65)	(241)	(79)
Gain on sales of investment securities	(179)	(146)	(207)
Loss on sales and disposal of fixed assets	300	262	1,377
Loss on valuation of investment securities	0	425	15
Special retirement pay	7	24	15
Increase in trade receivables	(29,668)	(54,410)	(2,026)
Increase in inventories	(29,688)	(23,231)	(8,054)
Decrease (increase) in purchase rebates receivable	2,214	(2,408)	2,454
Increase in trade payables	113,267	79,125	53,312
Other	(2,331)	(1,278)	(739)
Subtotal	76,985	22,880	81,531
Interest and dividend income received	678	1,184	1,060
Interest expenses paid	(18)	(33)	(22)
Special retirement pay paid	(11)	(32)	(11)
Income tax paid	(14,201)	(13,812)	(14,441)
Net Cash Provided by Operating Activities	63,433	10,186	68,116
II. Investing Activities:			
Disbursements for time deposits	(8,713)	(2,901)	(10,488)
Proceeds from time deposits	724	12,876	2,501
Purchases of marketable securities	(2,393)	(2,391)	(2,393)
Proceeds from redemption of marketable securities	1,199	3,603	1,199
Purchases of property and equipment	(3,709)	(7,418)	(6,437)
Proceeds from sales of property and equipment	910	568	1,760
Acquisition of intangible fixed assets	(2,303)	(2,633)	(3,247)
Purchase of investment securities	(18,128)	(19,740)	(19,436)
Proceeds from sales of investment securities	2,435	171	4,517
Other, net	1,450	(572)	1,829
Net Cash Used in Investing Activities	(28,527)	(18,438)	(30,194)

(Unit: less than ¥1 million is omitted)

Item	Previous Period April 1, 2006 – December 31, 2006	Current Period April 1, 2007 – December 31, 2007	Previous Fiscal Year April 1, 2006 – March 31, 2007
	¥ million	¥ million	¥ million
III. Financing Activities:			
Increase (decrease) in short-term borrowings, net	16	(30)	46
Repayments of long-term borrowings	(375)	(667)	(507)
Acquisition of treasury stocks	(1,067)	(7,574)	(1,081)
Proceeds from sales of treasury stocks	1	1	2
Dividends paid by parent company	(3,603)	(4,347)	(3,629)
Dividends paid to minority shareholders	(35)	(12)	(35)
Net Cash Used in Financing Activities	(5,063)	(12,631)	(5,205)
IV. Translation Adjustments on Cash and Cash Equivalents	0	(0)	(0)
V. Net Increase (decrease) in Cash and Cash Equivalents	29,842	(20,884)	32,716
VI. Cash and Cash Equivalents, Beginning of Period	120,695	153,411	120,695
VII. Cash and Cash Equivalents, End of Period	150,537	132,527	153,411