



# Consolidated Financial Statement for First Quarter of Fiscal Year Ending March 31, 2009

August 4, 2008

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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, 2009 (April 1, 2008 – June 30, 2008)

### (1) Consolidated Results of Operations

(Fractions less than ¥1 million have been omitted.)  
(% shows changes from results for the same period in the previous year.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q ended June 30, 2008	399,806	-	4,072	-	7,773	-
1Q ended June 30, 2007	385,330	11.8	4,223	29.7	7,598	18.0

	Net income		Net income per share Basic	Net income per share Diluted
	Millions of yen	%	Yen	Yen
1Q ended June 30, 2008	3,029	-	32.96	-
1Q ended June 30, 2007	4,139	20.8	44.14	-

### (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
1Q ended June 30, 2008	840,251	276,732	32.6	2,976.54
Year ended March 31, 2008	822,852	274,357	33.0	2,951.19

Reference: Shareholders' equity: 1Q ended June 30, 2008 ¥273,586 million Year ended March 31, 2008 ¥271,261 million

## 2. Dividends

(Record Date)	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Full-year
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2008	-	25.00	-	25.00	50.00
Year ended March 31, 2009	-	-	-	-	62.00
Year ended March 31, 2009 (Forecast)	-	31.00	-	31.00	-

Note: Changes in dividend forecasts made during the first quarter under review: None

## 3. Forecasts for the Year Ending March 31, 2009 (April 1, 2008 – March 31, 2009)

(Percentages indicate changes on a year-on-year basis.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period	804,900	4.9	9,740	5.9	16,900	6.5	9,100	2.5	99.00
Full-year	1,662,300	4.8	25,300	8.8	39,200	5.5	22,000	3.2	239.35

Note: Changes in consolidated earnings forecasts made during the first quarter under review: None

**4. Other**

- (1) Significant changes in subsidiaries (change in specified subsidiaries resulting in a change in the scope of consolidation):  
None
- (2) Simplified methods and methods peculiar to the preparation of quarterly consolidated financial statements applied in accounting treatment: Yes  
Note: For details, please refer to 4. Others of [Qualitative Data and Financial Statements] on page 4.
- (3) Changes in accounting policies and procedures and methods of presentation concerning the preparation of quarterly consolidated financial statements (to be included in changes in important items to prepare quarterly consolidated financial statements)
- i Changes resulting from amendments to accounting standards: Yes
  - ii Changes other than i above: Yes
- Note: For details, please refer to 4. Others of [Qualitative Data and Financial Statements] on page 4.
- (4) Number of shares outstanding (Common share)
- i Number of shares outstanding at the year-end (including treasury shares)
 

1Q ended June 30, 2008:	93,949,167 shares
Year ended March 31, 2008:	93,949,167 shares
  - ii Number of treasury shares at the year-end
 

1Q ended June 30, 2008:	2,034,854 shares
Year ended March 31, 2008:	2,033,363 shares
  - iii Average number of shares for the period (Year to Date on a consolidated basis)
 

1Q ended June 30, 2008:	91,914,969 shares
1Q ended June 30, 2007:	93,770,053 shares

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

1. 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.
2. The Company adopted "Accounting Standards for Quarterly Financial Statements" (Corporate Accounting Standards No. 12) and "Application Guidelines for Accounting Standards for Quarterly Financial Statements" (Corporate Accounting Standards Application Guidelines No.14) in the first quarter under review. The Company also prepared quarterly consolidated financial statements in conformity with "Regulations Concerning Quarterly Consolidated Financial Statements."

## [Qualitative Data and Financial Statements]

### 1. Qualitative Data Regarding Consolidated Results of Operations

#### [Overview of Results of Operations]

During the first quarter of the fiscal year ending March 31, 2009, the Japanese economy seemed to remain at a standstill, given uncertain stock markets combined with weak consumption due mainly to rising prices caused by the soaring price of commodities including crude oil.

The ethical pharmaceuticals market appears to have grown moderately, supported by Japan's aging population and the expanding market for drugs used for lifestyle-related diseases, despite an average cut of 5.2% in the National Health Insurance Drug Price Standards in April 2008 and promotions of generic drug utilization.

The wholesale pharmaceutical industry has committed to improvement of distribution of ethical pharmaceuticals, considering "Urgent Proposals" made at the "Social Gathering to Discuss Improvement of Distribution of Ethical Pharmaceuticals," as a priority issue.

Under such circumstances, the Pharmaceutical Distribution Business has adopted the idea of "Every Employee is A Salesperson" as a course of action shared by all employees, and continues to focus on enhanced sales and distribution systems to flexibly meet the diversified needs of each customer, thoroughly considering that customers are the starting point of the Company. In tough deal negotiations after the National Health Insurance drug price revision, Suzuken conducted price negotiations to secure appropriate profits with more attention to economic rationale.

Suzuken also worked to further expand the market for its small-intestine capsule endoscope, the only product marketed in Japan, through a stronger collaboration between its full-time persons in charge and persons in charge of medical equipment for medical materials including medical equipment and materials deployed across the country.

The Pharmaceutical Manufacturing Business made efforts to attract new users of "Seibule tablets" for the treatment of postprandial hyperglycemia due to diabetes and to convince existing users to expand their prescription in order to increase its share of the market.

In the overseas wholesaling business for ethical pharmaceuticals, Suzuken established "Shanghai Suzuken Huzhong Pharmaceutical Co., Ltd.," a joint venture with Shanghai Pharmaceutical Co., Ltd., and started operations in East China mainly in the cities of Shanghai and Qingdao in May 2008.

Meanwhile, Suzuken started operations to "Standards and Practice Standards for Management Assessment and Audit concerning Internal Control over Financial Reporting" applied in the current consolidated fiscal year, and is proceeding with concrete steps to implement management assessment.

Through these activities, the Suzuken Group is endeavoring to achieve group synergy and heighten its enterprise value as "The Suzuken Group as a Health Creator" by establishing new businesses.

As a result, consolidated net sales for the first quarter under review increased 3.8% on a year-on-year basis to ¥399,806 million and operating income decreased 3.6% on a year-on-year basis to ¥4,072 million. Ordinary income rose 2.3% on a year-on-year basis to ¥7,773 million, while net income fell 26.8% on a year-on-year basis to ¥3,029 million.

#### Overview of performance by business segment

(Units: Millions of yen)

		1Q ended June 30, 2007	1Q ended June 30, 2008	Change (%)
Pharmaceutical Distribution	Net sales	375,348	387,728	3.3
	Operating income	3,176	2,739	(13.8)
Pharmaceutical Manufacturing	Net sales	13,061	15,191	16.3
	Operating income	643	1,525	137.1
Healthcare-related Services	Net sales	9,052	11,595	28.1
	Operating income	116	(135)	-

- i In the Pharmaceutical Distribution Business, net sales advanced 3.3% on a year-on-year basis to ¥387,728 million, despite the reduction in National Health Insurance drug prices in April 2008. Gross profits improved by rising net sales, though selling, general and administrative expenses were pushed up by distribution costs. Thus, operating income declined 13.8% on a year-on-year basis to ¥2,739 million.

- ii In the Pharmaceutical Manufacturing Business, net sales rose 16.3% on a year-on-year basis to ¥15,191 million, supported by strong sales of “Seibule tablets” for the treatment of postprandial hyperglycemia due to diabetes. Operating income jumped 137.1% on a year-on-year basis to ¥1,525 million, benefiting from higher sales volume of “Seibule tablets.”
- iii In the Healthcare-related Services Business, net sales grew 28.1% on a year-on-year basis to ¥11,595 million. At the operating level, a loss of ¥135 million was reported compared with a profit of ¥116 million for the same period of the previous fiscal year. Major reasons for the loss included starting the process of expanding nursing-care services in the Chugoku area in November 2007.  
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. Qualitative Data Regarding Consolidated Financial Position

Assets, liabilities and net assets at the end of the first quarter of the current consolidated fiscal year are shown as follows:

### (Assets)

Total assets at the end of the first quarter of the current consolidated fiscal year amounted to ¥840,251 million, up ¥17,398 million from the previous consolidated fiscal year-end. Major contributors are as follows:

Current assets advanced ¥4,685 million from the previous consolidated fiscal year-end. This was mainly attributable to an increase of ¥4,372 million in trade notes and accounts receivable associated with higher net sales and an increase of ¥9,642 million in merchandises, despite a decrease of ¥5,460 million in other current assets owing to the decrease in purchase rebates receivable.

Fixed assets rose ¥12,712 million from the previous consolidated fiscal year-end, supported mainly by an increase of ¥13,250 million in investments and other assets resulting from purchasing investment securities.

### (Liabilities)

Total liabilities at the end of the first quarter of the current consolidated fiscal year amounted to ¥563,518 million, up ¥15,023 million from the previous consolidated fiscal year-end. Major contributors included an increase of ¥24,658 million in trade notes and accounts payable as purchases increased, though income taxes payable fell ¥7,325 million due to the payment of income taxes, and accrued bonuses decreased ¥4,407 million as bonuses were paid.

### (Net assets)

Total net assets at the end of the first quarter of the current consolidated fiscal year-end amounted to ¥276,732 million, up ¥2,375 million from the previous consolidated fiscal year-end. This was mainly because retained earnings advanced ¥748 million, helped by higher net profits, despite payment for dividends, and also because rising prices of stock holdings pushed up the net unrealized gain on available for sale securities by ¥1,600 million.

### 3. Qualitative Data Regarding Business Forecasts

The ethical pharmaceuticals market will likely continue to grow slowly, given the advancement of an aging society, the expanding market for drugs used for lifestyle-related diseases, and the contribution of new drugs, although National Health Insurance drug prices were reduced 5.2% on average in April 2008.

In the Pharmaceutical Distribution Business, Suzuken will establish solid operational bases through improved sales and distribution systems and pursue community-based, fine-tuned sales activities with the customer always as the core. The Company will also continue to strive for “distribution improvement” and focus on the economic rationale in deal negotiations.

In relation to its small-intestine capsule endoscopes, the only product marketed in Japan, Suzuken will further expand the market by geographical expansion and more visiting activities through collaboration between full-time persons in charge and persons in charge of medical equipment across the nation.

In the Pharmaceutical Manufacturing Business, Suzuken will be fully committed to reinforcing detail activities to expand the prescription by existing users and further attracting new users in order to increase its share of “Seibule tablets” for the treatment of postprandial hyperglycemia due to diabetes.

In such situations, no changes have been made to the first half year and full year forecasts for the fiscal year ending March 31, 2009 as the progress of business performance is within the scope of the forecasts, despite delays in selling price determination.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Fractions less than ¥1 million is omitted)

	End of First Quarter (June 30, 2008)	Condensed Consolidated Balance Sheet at the Previous Consolidated Fiscal Year-End (March 31, 2008)
	¥ million	¥ million
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	96,719	98,090
Trade notes and accounts receivable	390,796	386,423
Marketable securities	10,279	12,785
Merchandises	106,104	96,462
Products	2,405	2,497
Raw materials	1,268	1,213
Products in process	1,427	1,705
Other current assets	29,033	34,494
Allowance for doubtful accounts	(3,922)	(4,246)
<b>Total Current Assets</b>	<b>634,112</b>	<b>629,426</b>
<b>Fixed Assets:</b>		
<b>Property and Equipment:</b>	91,655	92,046
Intangible Fixed Assets:		
Goodwill	3,031	3,079
Other	9,398	9,497
<b>Total Intangible Fixed Assets</b>	<b>12,429</b>	<b>12,576</b>
<b>Total Investments and Other Assets</b>	<b>102,053</b>	<b>88,802</b>
<b>Total Fixed Assets</b>	<b>206,138</b>	<b>193,426</b>
<b>Total Assets</b>	<b>840,251</b>	<b>822,852</b>

(Fractions less than ¥1 million is omitted)

	End of First Quarter (June 30, 2008)	Condensed Consolidated Balance Sheet at the Previous Consolidated Fiscal Year-End (March 31, 2008)
	¥ million	¥ million
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Trade notes and accounts payable	529,173	504,514
Short-term bank loans	455	468
Income taxes payable	2,325	9,650
Reserves for sales returns	529	541
Accrued bonuses	4,642	9,050
Allowance for directors' bonuses	0	3
Other current liabilities	11,865	9,872
<b>Total Current Liabilities</b>	<b>548,992</b>	<b>534,102</b>
<b>Long-term Liabilities:</b>		
Long-term borrowings	414	487
Liability of employees' retirement benefits	4,606	5,199
Liability for directors' and corporate auditors' retirement benefits	626	645
Other long-term liabilities	8,878	8,060
<b>Total Long-term Liabilities</b>	<b>14,525</b>	<b>14,393</b>
<b>Total Liabilities</b>	<b>563,518</b>	<b>548,495</b>
<b>Net Assets</b>		
<b>Shareholders' Equity:</b>		
Common stock	13,546	13,546
Capital surplus	39,375	39,375
Retained earnings	232,594	231,845
Treasury stock, at cost	(7,669)	(7,663)
<b>Total Shareholders' Equity</b>	<b>277,846</b>	<b>277,103</b>
<b>Revaluation and Translation Difference:</b>		
Net unrealized gain on available for sale securities	2,751	1,150
Land revaluation difference	(7,010)	(6,993)
<b>Total Revaluation and Translation Difference</b>	<b>(4,259)</b>	<b>(5,842)</b>
<b>Minority Interests</b>	<b>3,145</b>	<b>3,096</b>
<b>Total Net Assets</b>	<b>276,732</b>	<b>274,357</b>
<b>Total Liabilities and Net Assets</b>	<b>840,251</b>	<b>822,852</b>

**(2) Quarterly Consolidated Statement of Income**

(Fractions less than ¥1 million is omitted)

	First Quarter (From April 1, 2008 to June 30, 2008)
	¥ million
<b>Net Sales</b>	<b>399,806</b>
<b>Cost of Sales</b>	<b>359,132</b>
<b>Gross Profit</b>	<b>40,673</b>
Reversal of sales returns	537
Provision for sales returns	525
<b>Gross Profit after Adjustment</b>	<b>40,685</b>
<b>Selling, General and Administrative Expenses</b>	<b>36,612</b>
<b>Operating Income</b>	<b>4,072</b>
<b>Non-operating Income:</b>	
Interests income	286
Dividends income	298
Purchase discounts	1,543
Commission for supplying sales data	1,088
Other	561
<b>Total Non-Operating Income</b>	<b>3,778</b>
<b>Non-operating Expenses:</b>	
Interest expenses	16
Real estate rental expenses	54
Other	6
<b>Total Non-Operating Expenses</b>	<b>77</b>
<b>Ordinary Income</b>	<b>7,773</b>
<b>Extraordinary Gain:</b>	
Reversal of allowance for doubtful accounts	235
Other	24
<b>Total Extraordinary Profits</b>	<b>260</b>
<b>Extraordinary Loss:</b>	
Loss on retirement and sales of fixed assets	398
Impairment loss	38
Loss on revaluation of inventories	1,485
Other	372
<b>Total Extraordinary Losses</b>	<b>2,296</b>
<b>Income before Income Taxes and Minority Interests</b>	<b>5,738</b>
<b>Income Taxes</b>	<b>2,630</b>
<b>Minority Interests</b>	<b>78</b>
<b>Net Income</b>	<b>3,029</b>

**(3) Consolidated Statements of Cash Flows**

(Fractions less than ¥1 million is omitted)

	First Quarter (From April 1, 2008 to June 30, 2008)
	¥ million
<b>Cash flows from Operating Activities:</b>	
Income before income taxes and minority interests	5,738
Depreciation	1,696
Impairment loss	38
Decrease in allowance for doubtful accounts	(399)
Decrease in liability for employees' retirement benefits	(7,415)
Increase (decrease) in provision for other allowance	(4,448)
Interest and dividend income	(584)
Interest expenses	16
Gain on sales of fixed assets	398
Loss on revaluation of inventories	1,485
Decrease (increase) in trade receivables	(4,257)
Decrease (increase) in inventories	(10,722)
Increase (decrease) in trade payables	24,481
Other	7,303
<b>Subtotal</b>	<b>13,331</b>
Interest and dividend income received	539
Interest expenses paid	(16)
Income tax paid	(9,561)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>4,292</b>
<b>Cash flows from Investing Activities:</b>	
Purchases of marketable securities	(493)
Proceeds from redemption of marketable securities	1,200
Purchases of property and equipment	(1,100)
Proceeds from sales of property and equipment	642
Acquisition of intangible fixed assets	(805)
Purchase of investment securities	(5,549)
Other, net	(485)
<b>Net Cash Used in Investing Activities</b>	<b>(6,592)</b>
<b>Cash flows from Financing Activities:</b>	
Increase (decrease) in short-term borrowings, net	30
Repayments of long-term borrowings	(120)
Repayment of lease obligations	(0)
Acquisition of treasury stocks	(6)
Proceeds from sales of treasury stocks	0
Dividends paid	(2,278)
Dividends paid to minority shareholders	(29)
<b>Net Cash Used in Financing Activities</b>	<b>(2,406)</b>
<b>Translation Adjustments on Cash and Cash Equivalents</b>	<b>(1)</b>
<b>Net Increase (decrease) in Cash and Cash Equivalents</b>	<b>(4,707)</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>103,584</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>98,877</b>