

Consolidated Financial Statement for Third Quarter of the Fiscal Year ending March 2007

February 5, 2007

SUZUKEN CO., LTD.

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

8, Higashi Kataha-machi
Higashi-ku, Nagoya 461-8701 Japan
Tel: +81(52)961-2331
URL: [http:// www.suzuken.co.jp](http://www.suzuken.co.jp)
Representative: Yoshiaki Bessho, President and CEO
Contact: Harutaka Yamashita, Managing Director,
Accounting Department

1. Matters concerning the preparation of the consolidated business results for the third quarter of the fiscal year ending March 31, 2007 are highlighted as follows:

1. Simplified methods applied in accounting method:
 - a. Inventories are calculated based on book value.
 - b. Simplified methods are used for items having little financial impact.
2. Difference in accounting method from that of the previous fiscal year: None
3. Changes relevant to scope of consolidation and application of the equity method: Yes
Consolidation: (Newly consolidated subsidiaries) 8 companies; (Excluded subsidiaries) None
Equity method: None

2. Results for the third quarter of the fiscal year ending March 31, 2007 (April 1, 2006 - December 31, 2006)

(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, 2006	1,094,274	3.2	13,870	24.6	23,951	15.8
3Q ended Dec. 31, 2005	1,060,514	7.3	11,131	50.2	20,692	34.0
Year ended March 31, 2006	1,388,694		16,804		29,639	

	Net income		Net income per share	Net income per share
	Millions of yen	%	Basic	Diluted
3Q ended Dec. 31, 2006	13,471	16.8	Yen 146.73	Yen -
3Q ended Dec. 31, 2005	11,534	38.8	126.89	-
Year ended March 31, 2006	17,183		187.42	-

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

Qualitative Data Regarding Consolidated Results of Operations

During the fiscal third quarter (October–December 2006), the Japanese economy displayed a certain degree of resilience. Although growth in consumer spending slowed, healthy corporate earnings stemming from Japan's longstanding dependence on external demand continued to underpin overall economic growth.

In addition to the effects of the cut in the NHI tariff (the reimbursement schedule for listed drugs), averaging 6.7%, which was implemented in April 2006, the Japanese pharmaceutical wholesaling industry faced persistent calls from medical institutions to discount prices following the cuts made to reimbursement fees for medical treatment. Suzuken estimates that the proportion of medical institutions with which sales pricing agreements were concluded successfully remained lower than in the equivalent period after the previous NHI price revision in 2004.

Under such conditions, Suzuken redoubled efforts in its pharmaceutical wholesaling operations to try to secure pricing settlements with medical institutions based on sound economic rationale.

In terms of operational developments during the period under review, the incorporation in October 2006 of Shoyaku Co., Ltd., a pharmaceutical wholesaler operating in the Kyushu region, into the Suzuken Group as a wholly owned subsidiary made Suzuken the first company within the industry to achieve complete nationwide coverage. Suzuken merged its operations in the Kyushu region with those of Shoyaku in January 2007.

In the pharmaceutical manufacturing business, Suzuken launched *Seibule* for the treatment of postprandial hyperglycemia in January 2006. The company is expanding the market for this drug through co-promotion with Dainippon Sumitomo Pharma Co., Ltd. Since the drug was approved for long-term use in January 2007, Suzuken has redoubled its market development efforts.

Consolidated net sales for the nine-month period ended December 31, 2006 amounted to ¥1,094,274 million, a year-on-year increase of 3.2%.

Successful efforts to secure pricing settlements with medical institutions on a rational economic basis exerted a positive impact on profits. The cost-of-sales ratio declined by 0.4 percentage points compared with the same period a year ago. Operating income rose 24.6% in year-on-year terms to ¥13,870 million, while ordinary income increased 15.8% to ¥23,951 million.

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, 2006	905,563	267,738	29.2	2,819.93
3Q ended Dec. 31, 2005	833,771	234,074	28.1	2,575.30
Year ended March 31, 2006	739,870	240,146	32.5	2,640.53

Consolidated cash flows

	Operating cash flow	Investing cash flow	Financing cash flow	Cash and cash equivalents, end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
3Q ended Dec. 31, 2006	63,433	(28,527)	(5,063)	150,537
3Q ended Dec. 31, 2005	41,843	(5,631)	(5,255)	147,681
Year ended March 31, 2006	19,636	(6,425)	(9,241)	120,695

Qualitative Data Regarding Consolidated Financial Position

Cash and cash equivalents (hereafter referred to as “cash”) at December 31, 2006 amounted to ¥150,537 million, an increase of ¥29,842 million from the previous fiscal year-end. Cash flows during the third quarter are outlined below.

Cash flows from operating activities

Net cash provided by operating activities equaled ¥63,433 million, an increase of ¥21,589 million compared with the same period a year earlier. Income before income taxes and minority interests (¥23,834 million) and a rise in trade payables (¥113,267 million) helped to offset significant cash outflows such as increases in trade receivables (¥29,668 million) and inventories (¥29,688 million) and income taxes paid (¥14,201 million).

Cash flows from investing activities

Net cash used in investing activities amounted to ¥28,527 million, an increase in cash outflow of ¥22,895 million compared with the same period a year earlier. Proceeds from sales of marketable securities and investment securities totaling ¥3,635 million were offset by cash outflow items that included purchases of marketable securities and investment securities (¥20,521 million), a net increase in time deposits (¥8,713 million) and purchases of property and equipment (¥3,709 million).

Cash flows from financing activities

Net cash used in financing activities totaled ¥5,063 million, a decrease in cash outflow of ¥191 million compared with the same period a year earlier. Significant cash flow items included net cash absorption of ¥1,067 million due to treasury stock acquisitions and dividend payments totaling ¥3,638 million.

3. Forecast for the fiscal year ending March 31, 2007 (April 1, 2006 – March 31, 2007)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Full year	1,461,000	31,700	18,100

Reference: Forecast for net income per share for the fiscal year ending March 31, 2007 ¥192.71

Qualitative Data Regarding Performance Forecasts

Suzuken has not made any revisions to its initial full-year forecasts for the fiscal year ending March 2007. Results during the third quarter of the fiscal year were in line with the company's expectations, despite the poorer-than-expected progress in securing pricing settlements.

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