



Consolidated Financial Statement of the Fiscal Year Ending March 31, 2010

May 10, 2010

Company name: **SUZUKEN CO., LTD**

Stock Exchange Listings: Tokyo, Nagoya, Sapporo

Stock Code: 9987 URL : <http://www.suzuken.co.jp>

Representative : Hiroshi Ota, President and CEO

Contact: Mamoru Sumi, General Manager, Accounting Department

Tel : +81(52)961-2331

Planned Date of General Meeting of Shareholders: June 25, 2010

Scheduled Date for Commencement of Dividend Payments: June 4, 2010

Planned Date of Filing of Annual Securities Report: June 25, 2010

1. Results for Fiscal Year ended March 31, 2010 (April 1, 2009 – March 31, 2010)

(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	%
Year ended March 31, 2010	1,735,476	5.7	14,073	(4.1)	28,643	(0.6)
Year ended March 31, 2009	1,641,331	3.4	14,680	(36.9)	28,811	(22.5)

	Net income		Net income per share Basic	Net income per share Diluted
	Millions of yen	%	Yen	Yen
Year ended March 31, 2010	13,969	97.5	154.96	-
Year ended March 31, 2009	7,072	(66.8)	77.10	-

	Return on equity		Return on assets	Operating income on sales
		%	%	%
Year ended March 31, 2010		5.1	3.4	0.8
Year ended March 31, 2009		2.6	3.5	0.9

Reference: Profit or loss by equity method: As of March 31, 2010 ¥ million As of March 31, 2009 ¥ million

(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
Year ended March 31, 2010	858,608	277,944	32.3	3,080.67
Year ended March 31, 2009	828,515	270,854	32.2	2,961.98

Reference: Shareholders' equity: As of March 31, 2010 ¥277,758 million As of March 31, 2009 ¥266,523 million

(3) Consolidated Cash Flows

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

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2010	31,913	(25,539)	(7,436)	71,954
Year ended March 31, 2009	(4,583)	(15,454)	(10,526)	73,017

2. Dividends

(Record Date)	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2009	-	31.00	-	31.00	62.00
Year ended March 31, 2010	-	31.00	-	31.00	62.00
Year ended March 31, 2011 (Forecast)	-	31.00	-	31.00	62.00

(Record Date)	Dividends (total)	Payout ratio (Consolidated)	Dividends per net assets (Consolidated)
	Millions of yen	%	%
Year ended March 31, 2010	5,638	80.4	2.1
Year ended March 31, 2009	5,603	40.0	2.1
Year ending March 31, 2011 (forecast)		27.4	

3. Forecasts for the Year Ending March 31, 2011 (April 1, 2010 – March 31, 2011)

(% shows changes from results for the 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	%	Yen
2 nd quarter cumulative	861,400	1.4	4,700	(18.0)	12,200	(5.8)	6,700	(5.0)	74.31
Full year	1,778,000	2.5	21,800	54.9	36,500	27.4	20,400	46.0	226.26

4. Other

- (1) Significant changes in subsidiaries (change in specified subsidiaries resulting in changes in the scope of consolidation):
None
- (2) Change in accounting policies, procedures and methods of presentation concerning the preparation of consolidated financial statements (Matters described under changes to the “Summary of Significant Accounting Policies for the Preparation of Consolidated Financial Statements”)
i. Changes resulting from amendments to accounting standards: None
ii. Changes other than i above: None
- (3) Number of shares outstanding (Common share)
i Number of shares outstanding at the year-end (including treasury shares)
March 31, 2010 93,949,167 shares March 31, 2009 93,949,167 shares
ii Number of treasury shares at the year-end
March 31, 2010 3,787,533 shares March 31, 2009 3,967,415 shares
- Note: Please refer to P.30 [Per Share Data] for the number of shares used as the basis for calculating current net income per share (consolidated).

[Reference] Overview of Non-consolidated Results of Operations**1. Overview of Non-consolidated Financial Results for the Year ended March 31, 2010 (April 1, 2009 – March 31, 2010)****(1) Non-consolidated Results of Operations** (% shows changes from the results for the previous term)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2010	1,518,724	5.2	3,443	(19.8)	16,841	(1.3)	8,452	270.1
Year ended March 31, 2009	1,443,457	3.8	4,293	(69.8)	17,061	(35.0)	2,284	(85.6)

	Net income per share Basic	Net income per share Diluted
	Yen	Yen
Year ended March 31, 2010	93.76	-
Year ended March 31, 2009	24.90	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2010	762,748	231,330	30.3	2,565.73
Year ended March 31, 2009	740,800	225,932	30.5	2,510.87

Reference: Shareholders' equity: As of March 31, 2010 ¥231,330 million As of March 31, 2009 ¥225,932 million

2. Non-consolidated Forecasts for the Year Ending March 31, 2011 (April 1, 2010 – March 31, 2011)

(% shows changes from results for the 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	%	Yen
2 nd quarter cumulative	751,000	0.6	800	34.0	8,100	4.2	5,300	1.3	58.78
Full-year	1,549,000	2.0	10,400	202.1	23,800	41.3	14,000	65.6	155.28

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

The above statements about the future, including earnings forecasts 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 details concerning the above forecasts, please refer to pages 4-7 of the attached documentation.

1. Business Performance

(1) Analysis of Business Performance

(Units: Millions of yen; fractions less than ¥1 million have been omitted)

	Year ended March 31, 2009	Year ended March 31, 2010	Change (%)
Net sales	1,641,331	1,735,476	5.7
Operating income	14,680	14,073	(4.1)
Ordinary income	28,811	28,643	(0.6)
Net income	7,072	13,969	97.5
Net income per share Basic	¥77.10	¥154.96	101.0

[Outline of Performance in Fiscal Year under Review]

In the fiscal year ending March 31, 2010, difficult conditions continued in the Japanese economy, with an ongoing deterioration in the employment environment and a slump in capital expenditure, despite signs of calmer conditions surrounding the trouble of the financial crisis.

In the ethical pharmaceuticals market, it is estimated that there was growth of approximately 4.7% as a result of the advance of an aging society and an expansion in markets for medicines to treat lifestyle-related diseases, as well as increased demand in products related to the prevalence of new strains of influenza.

In April 2009, the Suzuken Group formulated the Suzuken Group corporate philosophy as a way of increasing group synergy and allowing us to make an ongoing and improved contribution to society as a “health-creating company”, and we have worked hard to create group synergy.

As part of our efforts to realize the “Establishment of a Medical Distribution Platform” contained in the Medium Term Business Vision, in September 2009 we made a wholly-owned subsidiary out of CHUO UNYU CO., LTD., which is involved in the transportation and delivery of pharmaceutical products, as a way of building a comprehensive logistics network for pharmaceutical products from manufacture through to medical institutions and patients. We also entered into a capital and business alliance agreement with Frontier Corporation in February 2010, which operates health insurance pharmacies, as a way of strengthening our contribution to regional society and regional medical healthcare

In the pharmaceutical distribution business, we have continued to strengthen sales and delivery systems to respond flexibly to diversifying customer needs under our “All Member Sales” code of conduct, which is shared by all employees. We have worked to expand the function of the new sales support system MS-PIT, which went into operation in January 2009, and to improve the quality of MS (medical supply wholesaling sales representatives) activities. Furthermore, we have supported pharmacist training given to more than 2,500 client health insurance pharmacies throughout Japan with the aim of improving customer satisfaction.

In the pharmaceutical manufacturing business, we have worked to expand prescriptions of “Seibule Tablets”, a drug that improves postprandial hyperglycemia in patients with diabetes mellitus, at both core hospitals and specialist medical facilities, after receiving in November 2009 additional approval of the medicine’s efficacy and advantages as a combined therapy with biguanides agents, which have the characteristic of controlling fasting hyperglycemia.

In healthcare-related services, in order to enhance our role and function as a healthcare provider, we have worked to become the pharmacy of choice for patients by strengthening employee training on customer welcoming and “near miss” countermeasures at Pfercos, an insurance pharmacy business. We have also expanded our business by opening new pharmacies.

Through these activities, the Suzuken Group has worked hard to maximize Group synergy and improve corporate value as a “health creator”.

As a result, results in the fiscal year ending March 31, 2010 were as follows. Net sales were ¥1,735,476 million (5.7% increase on the previous fiscal year), operating income was ¥14,073 million (4.1% decrease on the previous fiscal year), ordinary income was ¥28,643 million (0.6% decrease on the previous fiscal year), and net income was ¥13,969 million (97.5% increase on the previous fiscal year).

Overview of performance by business segment

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

		Year ended March 31, 2009	Year ended March 31, 2010	Change (%)
Pharmaceutical Distribution	Net sales	1,580,386	1,657,766	4.9
	Operating income	6,930	5,925	(14.5)
Pharmaceutical Manufacturing	Net sales	62,318	66,221	6.3
	Operating income	6,419	5,585	(13.0)
Healthcare-related Services	Net sales	59,219	81,343	37.4
	Operating income	1,199	2,294	91.3

Performance by business segment was as follows.

- i. In the Pharmaceutical Distribution Business, net sales finished at ¥1,657,766 million (increase of 4.9% in comparison to the previous year) due to factors such as the advance of aging, growth in drugs for lifestyle-related diseases and increased demand for influenza-related drugs. Despite efforts to limit falling sales prices caused by increasingly severe competition among wholesalers, operating income finished at ¥5,925 million (decrease of 14.5% in comparison to the previous year).
- ii. In the Pharmaceutical Manufacturing Business, sales of “Seibule Tablets”, a drug that improves postprandial hyperglycemia in patients with diabetes mellitus, progressed well, helping net sales to finish at ¥66,221 million (increase of 6.3% in comparison to the previous year). Operating income finished at ¥5,585 million (decrease of 13.0% in comparison to the previous year) due to falling research and development sales.
- iii. In the Healthcare-related Services Business, factors such as the October 2008 acquisition of Pfercos Co., Ltd., a company involved in health insurance pharmacy business, contributed to sales of ¥81,343 million (increase of 37.4% in comparison to the previous year) and operating income of ¥2,294 million (increase of 91.3% in comparison to the previous year).

Note: Segment sales results include intersegment transactions.

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

[Outlook for Year Ending March 31, 2011]

Actual results for fiscal year under review and outlook for the next fiscal year

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

	Year ended March 31, 2010 (Actual)	Year ending March 31, 2011 (Forecast)	Change (%)
Net sales	1,735,476	1,778,000	2.5
Operating income	14,073	21,800	54.9
Ordinary income	28,643	36,500	27.4
Net income	13,969	20,400	46.0
Net income per share	¥154.96	¥226.26	46.0

During the next fiscal year, it is estimated that the ethical pharmaceuticals market will see moderate growth as a result of an expansion in the advance of an aging society, and an expansion in markets for medicines to treat lifestyle-related diseases and anti-cancer drugs, and the effect of new drugs, despite the impact of a decrease in the National Health Insurance Drug Price Standard (to an average 6.5% including additional decreases in long-term listed products).

In the Pharmaceutical Distribution Business, we will work hard on continued distribution improvements and the implementation of thorough price controls to secure fair profits by carrying out price negotiations in line with the individual value of each pharmaceutical product in order to respond to the introduction of the new System for Promoting the Creation of New Drugs and Resolving the Problems of Unapproved Usage of Foreign Drugs (*1). Moreover, we will do everything possible to bring about “nationwide distribution with local roots” by strengthening initiatives aimed at building regional healthcare partnerships.

In Pharmaceutical Manufacturing Business, in addition to strengthening measures aimed at expanding prescriptions and acquiring new customers for “Seibule Tablets”, a drug that improves postprandial hyperglycemia in patients with diabetes mellitus, and we will strengthen initiatives aimed at the early approval of new oral hypoglycemic (SK-0403), for which a joint development contract has been entered into with Kowa Company Ltd., and an antipodagric drug for the treatment of hyperuricemia (FYX-051), for which a joint development contract has been entered into with Fujiyakuhin Co., Ltd.

In Healthcare-related Services, we have implemented developments as we seek to become patients’ pharmacy of choice in the health insurance pharmacy business. Moreover, we have streamlined work by concentrating administrative work and reviewing operational systems.

*1 The System for Promoting the Creation of New Drugs and Resolving the Problems of Unapproved Usage of Foreign Drug is a system that provides temporary relief from price falls caused by prevailing market rates for drugs fulfilling certain conditions until the time a generic drug enters the market. The system aims to promote the creation of innovative new drugs and help to resolve the problems with unapproved use of foreign drugs (the “drug lag”).

(2) Analysis of Financial Position

i. The status of assets, liabilities and net assets

(Assets)

Total assets at the end of the fiscal year ended March 31, 2010 increased ¥30,092 million in comparison to the end of the previous consolidated fiscal year to ¥858,608 million. The main causes of this increase were as follows.

Current assets increased ¥8,761 million in comparison to the end of the previous consolidated fiscal year. This was mainly because of an increase in trade notes and accounts receivable of ¥10,641 million brought about by increased sales and an increase in cash and cash equivalents of ¥1,513 million, despite a decrease in marketable securities of ¥1,490 million and a decrease in merchandise and products of ¥1,247 million.

Fixed assets increased ¥21,331 million in comparison to the end of the previous consolidated fiscal year. This was mainly because of an increase in tangible fixed assets of ¥13,303 million as a result of making CHUO UNYU Co., Ltd. a wholly-owned subsidiary in September 2009, an increase in intangible fixed assets of ¥1,906 million through system investments, and an increase in investments and other assets of ¥6,120 million as a result of rising prices of owned shares and an increase in prepaid pension expenses.

(Liabilities)

Total liabilities at the end of the fiscal year ended March 31, 2010 increased ¥23,002 million in comparison to the end of the previous consolidated fiscal year to ¥580,663 million. The main causes for this were as follows.

Current liabilities increased ¥17,695 million in comparison to the end of the previous consolidated fiscal year. This was mainly because of an increase in trade notes and accounts payable of ¥10,341 million as a result of an increase in purchasing and an increase of ¥3,043 million in income taxes payable as a result of an increase in taxable income.

Long-term liabilities increased ¥5,307 million in comparison to the previous consolidated fiscal year. This was mainly because of an increase of ¥3,271 million in deferred tax liabilities as a result of the rising prices of owned shares.

(Net assets)

Total net assets at the end of the fiscal year ended March 31, 2010 increased ¥7,089 million in comparison to the end of the previous consolidated fiscal year to ¥277,944 million. The main causes were as follows.

Shareholders’ equity increased ¥8,479 million in comparison to the end of the previous consolidated fiscal year. This was mainly because of an increase of ¥13,969 million in net income, despite a decrease of ¥5,597 million in dividends on surpluses.

Minority interests decreased ¥4,144 million in comparison to the end of the previous consolidated fiscal year. This was mainly as a result of making Sanwa Kagaku Kenkyusho Co., Ltd. a wholly-owned subsidiary.

Valuation and translation adjustments increased ¥2,754 million in comparison to the end of the previous consolidated fiscal year. This was mainly as a result of an increase in net unrealized gain on available-for-sale securities because of the recovery in the stock markets.

ii. The status of cash flow

Cash and cash equivalents in the consolidated fiscal year ended March 31, 2010 (hereinafter referred to as “Funds”) decreased ¥1,062 million in comparison to the previous consolidated fiscal year to ¥71,954 million. The situation regarding cash flows in the respective activities during the same year was as follows.

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

	Year ended March 31, 2009	Year ended March 31, 2010	Change
Cash flows from operating activities	(4,583)	31,913	36,496
Cash flows from investment activities	(15,454)	(25,539)	(10,085)
Cash flows from financing activities	(10,526)	(7,436)	3,090
Cash and cash equivalents at end of year	73,017	71,954	(1,062)

(Cash flows from operating activities)

Funds acquired as a result of operating activities were ¥31,913 million (expenditure of ¥4,583 million in the previous fiscal year).

The main causes of this were an increase of ¥25,193 million in income before income taxes and minority interests, depreciation of ¥8,212 million and an increase of ¥9,548 million in trade payables, despite an increase in trade receivables of ¥9,615 million

(Cash flows from investment activities)

Funds spent as a result of investment activities were ¥25,539 million (increase of ¥10,085 million in comparison to the previous fiscal year).

The main causes of this were expenditure on tangible and intangible fixed assets of ¥21,835 million and expenditure on the acquisition of investment securities of ¥11,557 million, despite income of ¥7,146 million from the sale and disposal of investment securities and income of ¥4,797 million from the sale and disposal of marketable securities.

(Cash flows from financing activities)

Funds spent as a result of financing activities were ¥7,436 million (decrease of ¥3,090 million in comparison to the previous fiscal year).

The main causes were ¥5,596 million in dividends paid and ¥1,304 million paid in the acquisition of treasury stock.

In regard to assets, liabilities, net assets and cash flows, only a summary outlook on factors having an important impact on cash flow has been provided because of the large number of variables and uncertain data.

(Cash flows from operating activities)

Income before income taxes and minority interest is forecast to be ¥35,900 million and depreciation is forecast to be ¥9,700 million.

(Cash flows from investment activities)

Capital investment is forecast to be ¥22,300 million.

(Reference) Trends in indices related to cash flows

	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010
Equity ratio (%)	32.5	31.3	33.0	32.2	32.3
Equity ratio based on market prices (%)	45.3	45.8	45.8	28.0	34.6
Ratio of cash flow to interest-bearing debt (%)	7.9	1.8	-	-	16.8
Interest coverage ratio (times)	189.1	3,021.1	-	-	409.7

Equity ratio: equity/total assets

Equity ratio based on market prices: total market value of shares/ total assets

Ratio of cash flow to interest-bearing debt: interest bearing debt/ cash flow

Interest coverage ratio: cash flow/ interest payments

(Note 1) All of the above calculations are based on consolidated financial data.

(Note 2) Total market value of shares is calculated by multiplying the market price at the end of the fiscal year by the total number of outstanding shares at the end of the fiscal year (after subtracting treasury stock).

(Note 3) Operating cash flow in the consolidated statement of cash flows is used for "cash flow" above.

(Note 4) Interest-bearing debt includes all liabilities for which interest is paid of the liabilities recorded in consolidated financial statements. Interest paid in the consolidated statements of cash flows is used for "interest payments" above.

(Note 5) Ratio of cash flow to interest-bearing debt and interest coverage ratio are not recorded in the case that operating cash flow is negative.

(3) Basic Policy on Profit-sharing and Dividends in the Previous Fiscal Year and Fiscal Year under Review

The basic policy of the Suzuken Group is to raise the consolidated dividend payout ratio in stages to 30%, based on an ongoing policy of steady dividends, and the Group will aim to increase dividends based on ongoing improvement in business performance.

Concerning the internal reserve, given the difficult conditions currently surrounding the industry, profits are to be shared with an emphasis on strengthening business expansions and the sales, logistics and information platform in order to obtain a competitive advantage and maintain steady growth.

The basic policy governing dividends on surpluses at the Company is for two annual dividends, an interim dividend and an end-of-year dividend. The Articles of Incorporation stipulate that decisions on dividends shall be based on Article 459 Paragraph 1 of the Companies Act, and that dividends on surpluses may be paid based upon a resolution of the Board of Directors without requiring a resolution of the General Meeting of Shareholders.

Under this policy, the end-of-year dividends for the fiscal year ended March 31, 2010 will be 31 yen per share as planned, meaning that total dividends for the full year will be 62 yen per share.

Concerning next year's dividends, in overall consideration of the above policy and the need to maintain steady dividend payments to the shareholders, the Company plans to pay 62 yen per share for the year as a whole.

2. Status of the Group

The Company and its associates are composed of Suzuken Co., Ltd. (the Company), 57 subsidiaries and 10 affiliated companies. The main business of the group is the sale and manufacture of pharmaceutical products and healthcare-related services.

Details of the business and the status of the Company and its associates in relation to the business are as follows.

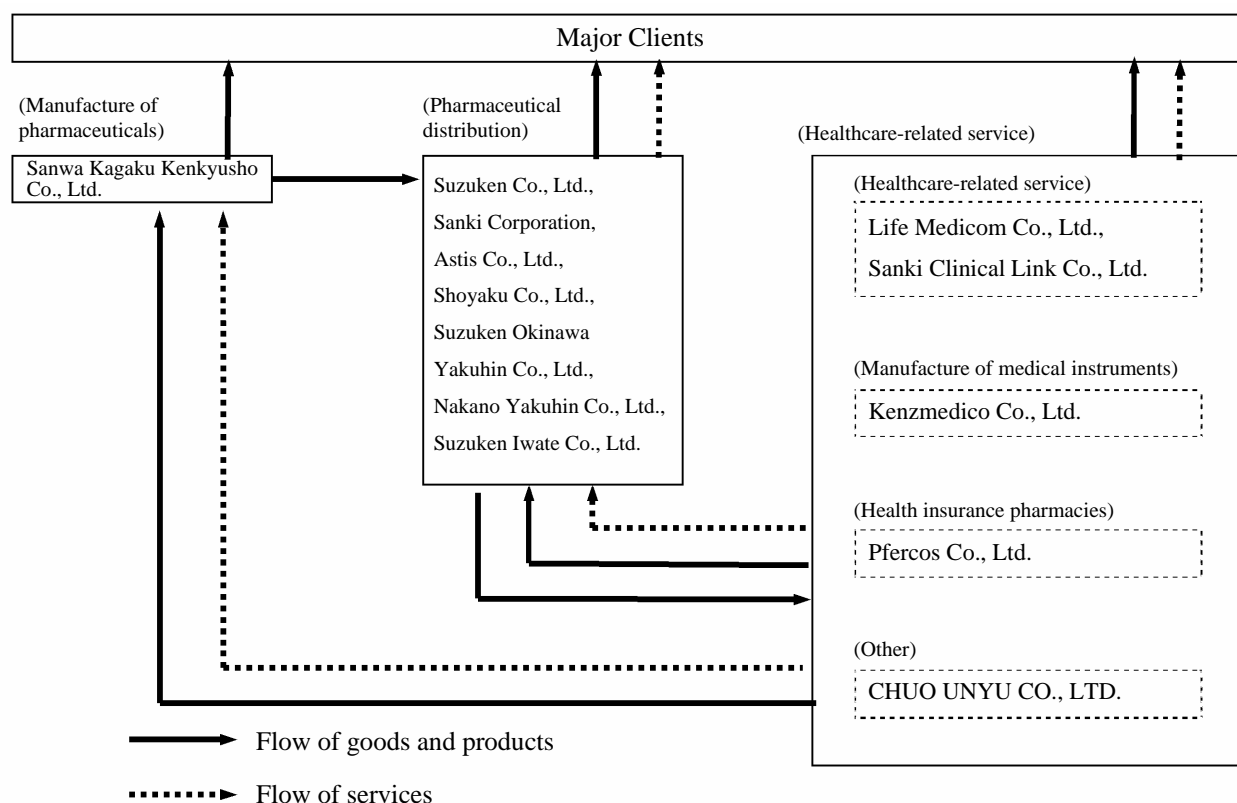
Business segment		Main companies
Pharmaceutical Distribution		Suzuken Co., Ltd., Sanki Corporation, Astis Co., Ltd., Shoyaku Co., Ltd., Suzuken Okinawa Yakuhin Co., Ltd., Nakano Yakuhin Co., Ltd., Suzuken Iwate Co., Ltd.
Pharmaceutical Manufacturing		Sanwa Kagaku Kenkyusho Co., Ltd.
Healthcare-related services	Healthcare-related services	Life Medicom Co., Ltd., Sanki Clinical Link Co., Ltd.
	Manufacture of medical instruments	Kenzmedico Co., Ltd.
	Health insurance pharmacies	Pfercos Co., Ltd.
	Other	CHUO UNYU CO., LTD.

(Notes) 1. Business segments are the same classifications as segment sales results.

2. The main contents of each business segment are as follows.

- (1) Pharmaceutical Distribution business..... sale of pharmaceutical products, diagnostic reagents and medical equipment and supplies
- (2) Pharmaceutical Manufacturing business manufacture of pharmaceutical products and diagnostics reagents
- (3) Healthcare-related services business
 - Healthcare-related services..... sale of healthcare-related literature and the dispatch of clinical research coordinators
 - Manufacture of medical instruments manufacture of biological and physiological measuring equipment, such as electrocardiographic equipment and blood pressure gauges
 - Health insurance pharmacies preparation of drugs based on prescriptions from medical institutions
 - Other transportation and delivery of pharmaceutical products

The above information can be displayed in the following systematic business diagram.



Status of Affiliated Companies

Company name	Location	Capital (million yen)	Main contents of business	Percentage of voting rights held	Related information
(Consolidated subsidiary) Sanki Corporation	Nishi Ward, Hiroshima City	1,081	Pharmaceutical Distribution	100.0	Sale of pharmaceuticals in the Chugoku region, in which the Company has yet to develop business Concurrent holding of directors' posts...Yes Capital loan
Astis Co., Ltd.	Matsuyama City, Ehime Prefecture	946	Pharmaceutical Distribution	100.0	Sale of pharmaceuticals in the Shikoku region, in which the Company has yet to develop business Concurrent holding of directors' posts...No Capital loan
Shoyaku Co., Ltd.	Hakata Ward, Fukuoka City	880	Pharmaceutical Distribution	100.0	Sale of pharmaceuticals in the Kyushu region through business merger with the Company Concurrent holding of directors' posts...No Capital loan
Suzuken Okinawa Yakuhin Co., Ltd.	Naha City, Okinawa Prefecture	12	Pharmaceutical Distribution	100.0	Sale of pharmaceuticals in Okinawa Prefecture, in which the Company has yet to develop business Concurrent holding of directors' posts...No
Nakano Yakuhin Co., Ltd.	Utsunomiya City, Tochigi Prefecture	94	Pharmaceutical Distribution	100.0	Sale of pharmaceuticals in Tochigi Prefecture, in which the Company has yet to develop business Concurrent holding of directors' posts...No
Suzuken Iwate Co., Ltd.	Morioka City, Iwate Prefecture	97	Pharmaceutical Distribution	100.0	Sale of pharmaceuticals in Iwate Prefecture, in which the Company has yet to develop business Concurrent holding of directors' posts...No
Sanwa Kagaku Kenkyusho Co., Ltd.	Higashi Ward, Nagoya City	101	Pharmaceutical Manufacturing	100.0	Manufacture of ethical pharmaceuticals sold by the Company Concurrent holding of directors' posts...No
Life Medicom Co., Ltd.	Higashi Ward, Nagoya City	10	Healthcare-related service	100.0	Issue of medical information magazines to medical institution customers of the Company Concurrent holding of directors' posts...No
Sanki Clinical Link Co., Ltd.	Naka Ward, Hiroshima City	90	Healthcare-related service	100.0 (100.0)	Dispatch of clinical research coordinators to medical institution customers of the Company Concurrent holding of directors' posts...No
Kenzmedico Co., Ltd.	Honjo City, Saitama Prefecture	10	Manufacture of medical equipment	100.0	Manufacture of medical equipment sold by the Company Concurrent holding of directors' posts...No
Pfercos Co., Ltd.	Chiyoda Ward, Tokyo	382	Health insurance pharmacies	100.0	Preparation of ethical pharmaceuticals sold by the Company Concurrent holding of directors' posts...No
CHUO UNYU CO., LTD.	Chuo Ward, Tokyo	99	Other	100.0	Consignment of logistics business for pharmaceutical manufacturing companies supplying the Company Concurrent holding of directors' posts...No Capital loan
45 other companies	-	-	-	-	-

(Note) The percentage of voting rights held given in parentheses () refers to the percentage of voting rights held indirectly.

3. Management Policy

(1) Company's Basic Management Policy

The Suzuken Group has established "health creation" as its field of business. We will work hard to increase long term corporate value as we aim to achieve the "development of health resources and the global expansion of logistics", rooted in the basic management policies of "customer-oriented management" that can meet the needs of our customers and management which respects the human nature of our employees and in which "all employees participate".

Based on these management policies, we will invest managerial resources with a focus on our core business of pharmaceutical distribution, as well as healthcare-related businesses that can contribute to the profitability of our core business.

(2) Targeted Management Indices

The Suzuken Group has set a management target of consolidated net sales of 2 trillion yen and consolidated ROE of 10%, but we are currently reformulating the Medium-term Business Plan in the light of changes to the environment surrounding the pharmaceutical distribution business.

(3) Company's Medium-term Management Strategy and Future Challenges

Difficult conditions are expected to continue in the environment surrounding Japanese healthcare, with pressure from fundamental reforms of the healthcare system being implemented against a background of a falling birthrate, aging society, changes in disease structure and tighter finances in healthcare insurance.

The ethical pharmaceuticals market is expected to see modest growth as a result of the advance of an aging society, an expansion in the markets for medicines to treat lifestyle-related diseases and anti-cancer drugs, and the effects of new drugs, despite the impact of a decrease in the National Health Insurance Drug Price Standard.

Under these circumstances, the Suzuken Group will be implementing a variety of measures as we seek to realize our medium-term vision of "establishing a medical distribution platform" and "becoming the best partner for medicine and health". We will improve the Suzuken Group's standing by increasing our sense of unity and integrated strength and combining the wisdom of all companies within the Group, as well as providing wide-ranging value that could not be obtained by a wholesale group on its own. Moreover, we will aggressively pursue strategic alliances with companies that are in agreement with the Suzuken Group's management philosophy and are capable of providing mutual improvements in corporate value.

(Pharmaceutical Distribution)

In Pharmaceutical Distribution business, we will strengthen initiatives in regional healthcare partnerships in order to evolve into a "nationwide distributor with local roots", at the same time as strengthening partnerships with wholesale group companies in order to maximize group synergy as we work towards securing the No.1 nationwide share. We will also work to construct a sales and logistics system under our "All-Member Sales" strategy, which targets all employees, as we seek to meet the needs of diversifying customers, such as medical institutions.

In operations, we will work hard on the phased development of systematic functions, including the development of a marketing function for new sales support system MS-PIT, and we will work to build a system that can respond to the needs of individual customers.

In logistics, we will work towards the early realization of a logistics concept founded on the construction of nine distribution centers nationwide, and eight product centers to take responsibility for their functioning, at the same time as bringing about improvements in the accuracy of quality control through traceability centered on lot number and valid period management.

In overseas business, we will continue to work on strengthening our sales platform and expanding new sales routes in the Chinese market, with a focus on Shanghai Suzuken Huzhong Pharmaceutical Co., Ltd., a joint venture established with Chinese company Shanghai Pharmaceutical Co., Ltd. We will contribute to the development of the Chinese healthcare industry by making full use of the know-how built up within Japan at the same time as working to improve customer satisfaction.

(Pharmaceutical Manufacturing)

In the Pharmaceutical Manufacturing Business, Sanwa Kagaku Kenkyusho Co., Ltd. has set out the aims contained in its Medium-term Business Plan as follows: to strengthen our position as the best partner in diabetes treatment and support disease management in terms of prevention, diagnosis, treatment and convalescence and nursing in diabetes and associated fields as the company displays integrated strength in the three areas of “pharmaceuticals”, “diagnostic reagents” and “nutrition”. Moreover, the company will work to strengthen five business fields in total, including “commissioned manufacturing” and new tablet technology “OSDrC” (One-Step Dry-Coating).

We will strengthen initiatives aimed at achieving early approval of new oral hypoglycemic (SK-0403), for which a joint development contract has been entered into with Kowa Company Ltd., and an antipodagric drug for the treatment of hyperuricemia (FYX-051), for which a joint development contract has been entered into with Fujiyakuhin Co., Ltd.

(Healthcare-related Services Business)

In health insurance pharmacies under the Healthcare-related Services Business, we will enhance our role and functions in regional healthcare, such as responding to home care, and implement developments as we seek to become patients’ pharmacy of choice in the health insurance pharmacy business.

Moreover, we will streamline work by concentrating administrative work and reviewing operational systems.

4. [Consolidated Financial Statements]**(1) [Consolidated balance sheets]**

(Units: Millions of yen)

	Previous consolidated accounting period (March 31, 2009)	This consolidated accounting period (March 31, 2010)
Assets		
Current Assets		
Cash and cash equivalents	70,841	72,354
Trade notes and accounts receivable	402,883	413,524
Marketable securities	8,784	7,293
Merchandises and products	104,979	103,731
Products in process	2,170	2,344
Raw materials and inventories of merchandise and supplies	1,549	1,714
Deferred tax assets	10,112	8,774
Purchase rebates receivable	21,556	21,778
Other current assets	2,830	2,499
Allowance for doubtful accounts	(3,812)	(3,361)
Total Current Assets	621,893	630,654
Property and Equipment		
Tangible Fixed Assets		
Buildings and structures	86,601	96,902
Accumulated depreciation	(47,884)	(54,420)
Buildings and structure (net)	38,716	42,482
Machinery and vehicles	10,843	11,992
Accumulated depreciation	(7,400)	(8,660)
Machinery and vehicles (net)	3,442	3,332
Tools, furniture and fixtures	11,936	13,488
Accumulated depreciation	(9,300)	(10,247)
Tools, furniture and fixtures (net)	2,635	3,241
Land	49,555	53,812
Lease assets	467	642
Accumulated depreciation	(130)	(235)
Lease assets (net)	337	406
Construction in progress	1,809	6,525
Total tangible fixed assets	96,496	109,800
Intangible Fixed Assets		
Goodwill	4,304	2,174
Other	13,440	17,477
Total Intangible Fixed Assets	17,745	19,651
Total Investments and Other Assets		
Investment securities	56,562	59,992
Long-term loans	536	336
Deferred tax assets	647	559
Prepaid pension expenses	22,109	25,082
Other assets	14,025	13,532
Allowance for doubtful accounts	(1,501)	(1,002)
Total investments and other assets	92,379	98,500
Total Fixed Assets	206,621	227,953
Total Assets	828,515	858,608

(Units: Millions of yen)

	Previous consolidated accounting period (March 31, 2009)	This consolidated accounting period (March 31, 2010)
Liabilities		
Current Liabilities:		
Trade notes and accounts payable	518,244	528,585
Corporate bonds due within one year	-	60
Short-term bank loans	2,119	3,704
Lease obligations	100	-
Consumption taxes payable	536	1,055
Income taxes payable	2,694	5,738
Reserves for sales returns	486	481
Accrued bonuses	7,406	7,875
Allowance for directors' bonuses	2	-
Other current liabilities	10,911	12,695
Total Current Liabilities	542,501	560,197
Long-term Liabilities		
Corporate bonds	-	510
Long-term borrowings	379	1,090
Lease obligations	315	-
Deferred tax liabilities	6,265	9,536
Deferred tax liabilities on revaluations	2,119	2,101
Liability of employees' retirement benefits	4,539	5,012
Liability for directors' and corporate auditors' retirement benefits	749	783
Other long-term liabilities	790	1,432
Total Long-term Liabilities	15,159	20,466
Total Liabilities	557,660	580,663
Net Assets		
Shareholders' Equity:		
Common stock	13,546	13,546
Capital surplus	39,373	38,899
Retained earnings	233,856	242,152
Treasury stock, at cost	(12,682)	(12,025)
Total Shareholders' Equity	274,094	282,573
Revaluation and Translation Difference		
Net unrealized gain on available for sale securities	(491)	2,187
Land revaluation difference	(7,079)	(7,003)
Total Revaluation and Translation Difference	(7,570)	(4,815)
Minority Interests	4,330	186
Total Net Assets	270,854	277,944
Total Liabilities and Net Assets	828,515	858,608

(2) [Consolidated Statements of Income]

(Units: Millions of yen)

	Previous consolidated accounting period (April 1, 2008 - March 31, 2009)	This consolidated accounting period (April 1, 2009 - March 31, 2010)
Net Sales	1,641,331	1,735,476
Cost of Sales	1,479,321	1,565,890
Gross Profit	162,009	169,586
Reversal of sales returns	541	486
Provision for sales returns	486	481
Gross Profit after Adjustment	162,065	169,591
Selling, General and Administrative Expenses	147,384	155,517
Operating Income	14,680	14,073
Non-operating Income:		
Interests income	1,131	730
Dividends income	629	720
Purchase discounts	6,519	6,977
Commission for supplying sales data	4,345	4,555
Other	1,883	1,986
Total Non-Operating Income	14,510	14,970
Non-operating Expenses:		
Interest expenses	43	79
Real estate rental expenses	228	235
Other	107	86
Total Non-Operating Expenses	379	400
Ordinary Income	28,811	28,643
Extraordinary Gain:		
Gain on disposal of fixed assets	72	39
Gain on sale of investment securities	53	111
Subsidy income	119	301
Investment returns from anonymous associations	63	-
Other	71	70
Total Extraordinary Profits	381	523
Extraordinary Loss:		
Loss on retirement and sales of fixed assets	680	2,296
Impairment loss	380	97
Loss on revaluation of inventories	1,485	-
Loss on revaluation of investment securities	4,354	689
Special severance payments for retired employees	8,127	-
Loss on completion of eligible retirement pensions	-	410
Other	500	479
Total Extraordinary Losses	15,528	3,973
Income before income taxes and minority interest	13,664	25,193
Income taxes	4,780	8,048
Income taxes - deferred	1,307	2,787
Total income taxes	6,088	10,836
Minority Interests	502	387
Net income	7,072	13,969

(3) [Consolidated Statements of Changes in Shareholders' Equity]

(Units: Millions of yen)

	Previous consolidated accounting period (April 1, 2008 - March 31, 2009)	This consolidated accounting period (April 1, 2009 - March 31, 2010)
Shareholders' equity		
Common stock		
Balance at end of previous fiscal year	13,546	13,546
Changes during fiscal year		
Total changes during fiscal year	-	-
Balance at end of fiscal year	13,546	13,546
Capital surplus		
Balance at end of previous fiscal year	39,375	39,373
Changes during fiscal year		
Disposal of treasury stock	(1)	(473)
Total changes during fiscal year	(1)	(473)
Balance at end of fiscal year	39,373	38,899
Retained earnings		
Balance at end of previous fiscal year	231,845	233,856
Changes during fiscal year		
Dividends on surpluses	(5,147)	(5,597)
Net income	7,072	13,969
Write-off due to land revaluation difference	85	(75)
Total changes during fiscal year	2,010	8,296
Balance at end of fiscal year	233,856	242,152
Treasury stock		
Balance at end of previous fiscal year	(7,663)	(12,682)
Changes during fiscal year		
Acquisition of treasury stock	(5,028)	(1,304)
Disposal of treasury stock	9	1,962
Total changes during fiscal year	(5,018)	657
Balance at end of fiscal year	(12,682)	(12,025)
Total shareholders' equity		
Balance at end of previous fiscal year	277,103	274,094
Changes during fiscal year		
Dividends on surpluses	(5,147)	(5,597)
Net income	7,072	13,969
Acquisition of treasury shares	(5,028)	(1,304)
Disposal of treasury shares	7	1,488
Write-off due to land revaluation difference	85	(75)
Total changes during fiscal year	(3,009)	8,479
Balance at end of fiscal year	274,094	282,573

(Units: Millions of yen)

	Previous consolidated accounting period (April 1, 2008 - March 31, 2009)	This consolidated accounting period (April 1, 2009 - March 31, 2010)
Valuation and translation adjustments		
Net unrealized gain on available-for-sale securities		
Balance at end of previous fiscal year	1,150	(491)
Changes during fiscal year		
Changes during fiscal year to items other than shareholders' equity (net)	(1,642)	2,678
Total changes during fiscal year	(1,642)	2,678
Balance at end of fiscal year	(491)	2,187
Land revaluation difference		
Balance at end of previous fiscal year	(6,993)	(7,079)
Changes during fiscal year		
Changes during fiscal year to items other than shareholders' equity (net)	(85)	75
Total changes during fiscal year	(85)	75
Balance at end of fiscal year	(7,079)	(7,003)
Total valuation and translation adjustments		
Balance at end of previous fiscal year	(5,842)	(7,570)
Changes during fiscal year		
Changes during fiscal year to items other than shareholders' equity (net)	(1,727)	2,754
Total changes during fiscal year	(1,727)	2,754
Balance at end of fiscal year	(7,570)	(4,815)
Minority interests		
Balance at end of previous fiscal year	3,096	4,330
Changes during fiscal year		
Changes during fiscal year to items other than shareholders' equity (net)	1,234	(4,144)
Total changes during fiscal year	1,234	(4,144)
Balance at end of fiscal year	4,330	186
Total net assets		
Balance at end of previous fiscal year	274,357	270,854
Changes during fiscal year		
Dividends on surpluses	(5,147)	(5,597)
Net income	7,072	13,969
Acquisition of treasury stock	(5,028)	(1,304)
Disposal of treasury stock	7	1,488
Write-off due to land revaluation difference	85	(75)
Changes during fiscal year to items other than shareholders' equity (net)	(492)	(1,389)
Total changes during fiscal year	(3,502)	7,089
Balance at end of fiscal year	270,854	277,944

(4) [Consolidated Statements of Cash Flows]

(Units: Millions of yen)

	Previous consolidated accounting period (April 1, 2008 - March 31, 2009)	This consolidated accounting period (April 1, 2009 - March 31, 2010)
Cash flows from Operating Activities:		
Income before income taxes and minority interests	13,664	25,193
Depreciation	7,067	8,212
Impairment loss	380	97
Decrease in allowance for doubtful accounts	(727)	(951)
Decrease in liability for employees' retirement benefits	(10,468)	(2,832)
Increase (decrease) in provision for other allowance	(1,823)	476
Interest and dividend income	(1,761)	(1,450)
Interest expenses	43	79
Loss (gain) on sale and disposal of fixed assets	607	2,257
Loss (gain) on sale of investment securities	(11)	(5)
Profit or loss on revaluation of investment securities	4,354	689
Special severance payments for retired employees	8,127	-
Decrease (increase) in trade receivables	(13,930)	(9,615)
Decrease (increase) in inventories	(5,587)	929
Decrease (increase) in purchase rebates receivable	2,816	(222)
Increase (decrease) in trade payables	11,558	9,548
Other	(746)	3,429
Subtotal	13,563	35,834
Interest and dividend income received	1,768	1,422
Interest expenses paid	(47)	(77)
Payment of special severance payment for retired employees	(8,091)	(62)
Income tax paid	(11,775)	(5,203)
Net Cash Provided by (Used in) Operating Activities	(4,583)	31,913

(Units: Millions of yen)

	Previous consolidated accounting period (April 1, 2008 - March 31, 2009)	This consolidated accounting period (April 1, 2009 - March 31, 2010)
Cash flows from Investing Activities		
Purchase of long-term deposits	(2,719)	(5,371)
Proceeds from long-term deposits	3,424	4,789
Purchases of marketable securities	(1,490)	(516)
Proceeds from sale and disposal of marketable securities	6,300	4,797
Purchases of property and equipment	(8,500)	(12,916)
Proceeds from sales of property and equipment	954	229
Acquisition of intangible fixed assets	(5,230)	(8,919)
Proceeds from sale of intangible fixed assets	1	80
Purchase of investment securities	(10,383)	(11,557)
Proceeds from sale and disposal of investment securities	4,187	7,146
Income due to the acquisition of subsidiary company shares entailing a change in the scope of consolidation	-	312
Expenditure due to the acquisition of subsidiary company shares entailing a change in the scope of consolidation	(2,116)	-
Acquisition of subsidiary company shares	-	(3,960)
Loan payments	(284)	(58)
Proceeds from the redemption of loans	485	356
Other	(83)	50
Net Cash Used in Investing Activities	(15,454)	(25,539)
Cash flows from Financing Activities		
Increase (decrease) in short-term borrowings, net	180	98
Repayments of long-term borrowings	(523)	(605)
Income from long-term loans payable	70	300
Repayment of lease obligations	(56)	(149)
Expenditures due to the repayment of installment liabilities	-	(58)
Expenditures due to the redemption of corporate bonds	-	(30)
Acquisition of treasury stock	(5,028)	(1,304)
Proceeds from sales of treasury stock	7	8
Dividends paid	(5,146)	(5,596)
Dividends paid to minority shareholders	(29)	(96)
Net Cash Used in Financing Activities	(10,526)	(7,436)
Translation Adjustments on Cash and Cash Equivalents	(2)	(0)
Net Increase (decrease) in Cash and Cash Equivalents	(30,567)	(1,062)
Cash and Cash Equivalents, Beginning of Period	103,584	73,017
Cash and cash equivalents, end of year	73,017	71,954

(5) Notes on the Assumption of the Company as a Going Concern

N/A

(6) Summary of Significant Accounting Policies for the Preparation of Consolidated Financial Statements

1. Scope of consolidation

Consolidated subsidiaries: 57

Consolidated subsidiaries have been omitted here because the main consolidated subsidiaries are listed in “2. Status of the Group”

As a result of share acquisitions, CHUO UNYU Co., Ltd. and three other companies have been included in the scope of consolidation from this consolidated fiscal year.

Six companies have been removed from the scope of consolidation from this fiscal year as a result of mergers of subsidiaries.

2. Equity Method

(1) Affiliated companies accounted for by the equity method

None

(2) Names of major affiliated companies not accounted for by the equity method

Shanghai Suzuken Huzhong Pharmaceutical Co., Ltd.

(3) Reasons why affiliated companies are not accounted for by equity method

Shanghai Suzuken Huzhong Pharmaceutical Co., Ltd. and nine other companies have been removed from the scope of application under the equity method because there is little impact on the consolidated financial statements as a result of removing these companies from application under the equity method, both in terms of net income (in line with equity) and retained earnings (in line with equity), and because of the fact that they have little overall importance.

3. Accounting Standards

(1) Accounting standards for significant reserves

i. Reserve for employees' retirement benefits

A reserve for employees' retirement benefits is provided for based on the estimated retirement benefit obligations and pension fund assets at the end of the current fiscal year.

Prior service liabilities are amortized by the straight-line method based on the average remaining employees' service years (5 years) when incurred.

Actuarial gains or losses are amortized proportionally by the straight-line method based on the average remaining employees' service years incurred during the consolidated fiscal year in question, and their amortizations start in the respective accrual years.

(Additional information)

In October 2009, some domestic consolidated subsidiaries transferred part of their pension systems from a qualified retirement pension system to a defined contribution pension plan system, and the Guidance on Accounting for Transfers between Retirement Benefit Plans” (ASBJ Guidance No. 1) has been applied.

410 million yen was recorded under “Loss on completion of eligible retirement pensions” as an extraordinary loss in the current consolidated fiscal year as a result of the above changes.

Notes regarding matters other than the above have been omitted because there are no significant changes from the most recent annual securities report (June 26, 2009)

Changes in Methods of Presentation
(Consolidated Balance Sheet)

In the previous consolidated fiscal year “Lease obligations” (¥147 million in the current consolidated fiscal year) was recorded under current liabilities, but this has been recorded as “Other” under extraordinary losses because of its minor importance.

Moreover, “Lease obligations” (¥435 million in the current consolidated fiscal year) were also recorded under long-term liabilities, but this has also been recorded as “Other” because of its minor importance.

(Consolidated Statements of Income)

In the previous consolidated fiscal year “Special severance payments for retired employees” (¥26 million in the current consolidated fiscal year) was recorded, but this has been recorded as “Other” under extraordinary losses because the total amount fell below 10% of total extraordinary losses.

(Consolidated cash flows)

1. In the previous consolidated fiscal year “Special severance payments for retired employees” (¥26 million in the current consolidated fiscal year) was recorded under consolidated cash flows, but this has been recorded as “Other” under extraordinary losses because of its minor importance in monetary terms.
2. In the previous consolidated fiscal year “Expenditure due to the acquisition of subsidiary company shares” (¥31 million in the previous consolidated fiscal year) was recorded under “Other”, however in the current consolidated fiscal year this has been recorded under “Cash flows from investment activities” because of its increased importance in monetary terms.

(7) Notes on Consolidated Financial Statements
(Consolidated Balance Sheet)

Previous consolidated accounting period (March 31, 2009)	This consolidated accounting period (March 31, 2010)																														
<p>1. Land has been revalued in accordance with the Act on Revaluation of Land (Law No. 34 enforced on March 31, 1998). The tax effect accounting part of the revaluation amount has been recorded as “deferred tax liabilities on revaluations” under long-term liabilities and the remainder has been recorded as “land revaluation difference” under net assets.</p> <p>Method of revaluation: In order to calculate the land value to be used as the basis for calculating the tax value of land provided for under Article 16 of the Land Value Tax Act, as stipulated under Article 2 Paragraph 4 of the “Enforcement Regulations of the Law Concerning Revaluation of Land” (Ordinance No. 119 enforced on March 31, 1998), revaluation has been calculated using reasonable adjustments to the values calculated using the methods set out and published by the Commissioner of the National Tax Agency.</p> <p>Date of revaluation: March 31, 2002 Difference between market value of revalued land in the current consolidated fiscal year and the book value after revaluation: ¥(3,478) million</p> <p>2. Assets used as collateral</p> <p>(1) Assets used as collateral and liabilities in respect to collateral</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings and structures</td> <td style="text-align: right;">¥257 million</td> </tr> <tr> <td>Land</td> <td style="text-align: right;"><u>¥1,236 million</u></td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">¥1,494 million</td> </tr> </table> <p>The above property has been used as collateral for long-term borrowings (including long-term borrowings scheduled for repayment within one year) of ¥50 million.</p> <p>(2) Assets used as collateral for guarantee deposits</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and cash equivalents</td> <td style="text-align: right;">¥4 million</td> </tr> <tr> <td>Buildings and structures</td> <td style="text-align: right;">¥522 million</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">¥2,531 million</td> </tr> <tr> <td>Investment securities</td> <td style="text-align: right;"><u>¥880 million</u></td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">¥3,938 million</td> </tr> </table> <p>3. ¥4,791 million of marketable securities and ¥19,196 million of investment securities have been used as collateral in loan transactions.</p>	Buildings and structures	¥257 million	Land	<u>¥1,236 million</u>	Total	¥1,494 million	Cash and cash equivalents	¥4 million	Buildings and structures	¥522 million	Land	¥2,531 million	Investment securities	<u>¥880 million</u>	Total	¥3,938 million	<p>1. Land has been revalued in accordance with the Act on Revaluation of Land (Law No. 34 enforced on March 31, 1998). The tax effect accounting part of the revaluation amount has been recorded as “deferred tax liabilities on revaluations” under long-term liabilities and the remainder has been recorded as “land revaluation difference” under net assets.</p> <p>Method of revaluation: In order to calculate the land value to be used as the basis for calculating the tax value of land provided for under Article 16 of the Land Value Tax Act, as stipulated under Article 2 Paragraph 4 of the “Enforcement Regulations of the Law Concerning Revaluation of Land” (Ordinance No. 119 enforced on March 31, 1998), revaluation has been calculated using reasonable adjustments to the values calculated using the methods set out and published by the Commissioner of the National Tax Agency.</p> <p>Date of revaluation: March 31, 2002 Difference between market value of revalued land in the current consolidated fiscal year and the book value after revaluation: ¥(4,400) million</p> <p>2. Assets used as collateral</p> <p>(1) Assets used as collateral and liabilities in respect to collateral</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings and structures</td> <td style="text-align: right;">¥1,842 million</td> </tr> <tr> <td>Land</td> <td style="text-align: right;"><u>¥4,467 million</u></td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">¥6,309 million</td> </tr> </table> <p>The above property has been used as collateral for short-term borrowings of ¥810 million and long-term borrowings (including long-term borrowings scheduled for repayment within one year) of ¥1,072 million.</p> <p>(2) Assets used as collateral for guarantee deposits</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings and structures</td> <td style="text-align: right;">¥480 million</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">¥2,511 million</td> </tr> <tr> <td>Investment securities</td> <td style="text-align: right;"><u>¥614 million</u></td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">¥3,605 million</td> </tr> </table> <p>3. ¥4,794 million of marketable securities and ¥19,216 million of investment securities have been used as collateral in loan transactions.</p>	Buildings and structures	¥1,842 million	Land	<u>¥4,467 million</u>	Total	¥6,309 million	Buildings and structures	¥480 million	Land	¥2,511 million	Investment securities	<u>¥614 million</u>	Total	¥3,605 million
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Total	¥3,605 million																														

Previous consolidated accounting period (March 31, 2009)	This consolidated accounting period (March 31, 2010)
<p>4. Contingency liabilities</p> <p>(1) The following guarantees have been made in respect of affiliated company Kensyo Co. Ltd.</p> <p>i. We have guaranteed borrowings from financial institutions. ¥45 million</p> <p>The total amount is ¥200 million, but the Company's obligation is specified and it is this obligation that has been recorded above.</p> <p>ii. We have guaranteed purchase liabilities to purchasers. ¥747 million</p> <p>The total amount is ¥3,323 million, but the Company's obligation is specified and it is this obligation that has been recorded above.</p> <p>Kensyo Co. Ltd. total: ¥792 million</p> <p>(2) We have carried out debt guarantees for customers' borrowings from financial institutions. ¥43 million</p> <p>5. Displaying goodwill or negative goodwill Goodwill and negative goodwill are offset and displayed as "goodwill" under intangible fixed assets. The amounts before offsetting are as follows.</p> <p>Goodwill: ¥4,390 million <u>Negative goodwill: ¥(86) million</u> Balance: ¥4,304 million</p>	<p>4. Contingency liabilities</p> <p>(1) The following guarantees have been made in respect of affiliated company Kensyo Co. Ltd.</p> <p>i. We have guaranteed borrowings from financial institutions. ¥68 million</p> <p>The total amount is ¥230 million, but the Company's obligation is specified and it is this obligation that has been recorded above.</p> <p>ii. We have guaranteed purchase liabilities to purchasers. ¥1,030 million</p> <p>The total amount is ¥3,474 million, but the Company's obligation is specified and it is this obligation that has been recorded above.</p> <p>Kensyo Co. Ltd. total: ¥1,098 million</p> <p>(2) We have carried out debt guarantees for customers' borrowings from financial institutions. ¥36 million</p> <p>5. Displaying goodwill or negative goodwill Goodwill and negative goodwill are offset and displayed as "goodwill" under intangible fixed assets. The amounts before offsetting are as follows.</p> <p>Goodwill: ¥3,660 million <u>Negative goodwill: ¥(1,486) million</u> Balance: ¥2,174 million</p>

(Consolidated Statements of Income)

Previous consolidated accounting period (April 1, 2008 - March 31, 2009)	This consolidated accounting period (April 1, 2009 - March 31, 2010)																		
<p>1. Total research and development costs Research and development costs included under general and administrative costs ¥5,390 million</p> <p>2. Details of gain on disposal of fixed assets Land ¥70 million Tools, furniture and fixtures ¥2 million <u>Total ¥72 million</u></p> <p>3. Details of loss on retirement and sales of fixed assets Loss on retirement of fixed assets Buildings and structures ¥269 million Machinery, equipment and vehicle ¥51 million Tools, furniture and fixtures ¥33 million <u>Intangible fixed assets ¥1 million</u> Total ¥355 million</p> <p>Loss on sale of fixed assets Buildings and structures ¥14 million Land ¥288 million Tools, furniture and fixtures ¥1 million <u>Intangible fixed assets ¥20 million</u> Total ¥324 million Total loss on retirement and sales of fixed assets ¥680 million</p> <p>4. Impairment losses The Suzuken Group recorded impairment losses in the following asset groups during the current consolidated accounting year.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Location</th> <th style="text-align: center;">Use</th> <th style="text-align: center;">Classification</th> </tr> </thead> <tbody> <tr> <td>Nishi Ward, Saitama City, and other locations: 8 in total</td> <td>Underutilized real estate</td> <td>Land, Buildings</td> </tr> <tr> <td>Nakatosacho, Takaokagun, Kochi Prefecture</td> <td>Real estate for rental use</td> <td>Buildings</td> </tr> </tbody> </table> <p>For real estate for business use, the Suzuken Group includes property from the pharmaceutical distribution business in each region of Japan and property from offices etc. in the healthcare service-related business in its asset groups. The Group also includes individual properties from underutilized real estate or real estate for rental use in its asset groups. Impairment losses of ¥378 million (of which ¥188 million were losses from "Land", ¥181 million were losses from "Buildings" and ¥8 million were losses from "Others") were recorded for underutilized real estate as a result of eliminations and mergers of operational bases. Recoverable amounts have been measured using net sale value and calculations have been made based upon valuations from a real estate surveyor. An impairment loss of ¥1 million for "Buildings" was recorded for real estate for rental use as a result of a fall in utility value. Recoverable amounts have been measured using utility value, with a discount rate of 2.50%.</p>	Location	Use	Classification	Nishi Ward, Saitama City, and other locations: 8 in total	Underutilized real estate	Land, Buildings	Nakatosacho, Takaokagun, Kochi Prefecture	Real estate for rental use	Buildings	<p>1. Total research and development costs Research and development costs included under general and administrative costs ¥6,437 million</p> <p>2. Details of gain on disposal of fixed assets Land ¥34 million Machinery, equipment and vehicles ¥4 million <u>Total ¥39 million</u></p> <p>2. Details of loss on retirement and sales of fixed assets Loss on retirement of fixed assets Buildings and structures ¥89 million Machinery, equipment and vehicle ¥22 million Tools, furniture and fixtures ¥34 million <u>Intangible fixed assets (Other) ¥2,098 million</u> Total ¥2,245 million</p> <p>Loss on sale of fixed assets Land ¥41 million <u>Buildings and structures ¥10 million</u> Total ¥51 million Total loss on retirement and sales of fixed assets ¥2,296 million</p> <p>4. Impairment losses The Suzuken Group recorded impairment losses in the following asset groups during the current consolidated accounting year.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Location</th> <th style="text-align: center;">Use</th> <th style="text-align: center;">Classification</th> </tr> </thead> <tbody> <tr> <td>Dispensing pharmacies: 7 in total</td> <td>Real estate for business use</td> <td>Buildings</td> </tr> <tr> <td>Hokusei-cho, Inabe-Shi, Mie Prefecture and other locations; 9 in total</td> <td>Underutilized real estate</td> <td>Land and buildings</td> </tr> </tbody> </table> <p>For real estate for business use, the Suzuken Group includes property from the pharmaceutical distribution business in each region of Japan and property from offices etc. in the healthcare service-related business in its asset groups. The Group also includes individual properties from underutilized real estate or real estate for rental use in its asset groups. For real estate for business use, an impairment loss of ¥27 million (of which ¥22 million were losses from "Buildings" and ¥5 million were losses from "Others") was recorded as a result of ongoing operational losses. Recoverable amounts have been measured using utility value, with a discount rate of 2.50%. For underutilized real estate, an impairment loss of ¥69 million (of which ¥66 million were losses from "Land" and ¥3 million were losses from "Buildings") was recorded as a result of ongoing falls in land prices. Recoverable amounts have been measured using net sale value and calculations have been made based upon valuations from a real estate surveyor.</p>	Location	Use	Classification	Dispensing pharmacies: 7 in total	Real estate for business use	Buildings	Hokusei-cho, Inabe-Shi, Mie Prefecture and other locations; 9 in total	Underutilized real estate	Land and buildings
Location	Use	Classification																	
Nishi Ward, Saitama City, and other locations: 8 in total	Underutilized real estate	Land, Buildings																	
Nakatosacho, Takaokagun, Kochi Prefecture	Real estate for rental use	Buildings																	
Location	Use	Classification																	
Dispensing pharmacies: 7 in total	Real estate for business use	Buildings																	
Hokusei-cho, Inabe-Shi, Mie Prefecture and other locations; 9 in total	Underutilized real estate	Land and buildings																	

(Consolidated Statements of Changes in Shareholders' Equity)

Previous consolidated fiscal year (April 1, 2008 - March 31, 2009)

1. Outstanding Stock

Type of stock	Previous consolidated fiscal year	Increase	Decrease	Current consolidated fiscal year
Common stock (1,000s of stocks)	93,949	-	-	93,949

2. Treasury Stock

Type of stock	Previous consolidated fiscal year	Increase	Decrease	Current consolidated fiscal year
Common stock (1,000s of stocks)	2,033	1,936	2	3,967

(Outline of reasons for changes)

The reasons for the increases can be broken down into the acquisition of 1,927,000 treasury stocks through a treasury stock acquisition resolution passed by the Board of Directors meeting held on February 6, 2009, and an increase of 8,000 stocks as a result of purchases of odd stock.

Decreases are the result of applications for further purchases of odd stock.

3. Subscription Rights to Stock

N/A

4. Dividends

(1) Dividend Payments

Resolution	Type of stock	Total dividends paid (millions yen)	Dividend per stock (yen)	Record date	Effective date
May 12, 2008 Board of Directors Meeting	Common stock	2,297	25.00	March 31, 2008	June 6, 2008
November 7, 2008 Board of Directors Meeting	Common stock	2,849	31.00	September 30, 2008	December 10, 2008

(2) Dividends the effective date for which is in the consolidated fiscal year following the consolidated fiscal year of the record date

Resolution	Type of stock	Dividend capital	Total dividends paid (millions yen)	Dividend per stock (yen)	Record date	Effective date
May 8, 2009 Board of Directors Meeting	Common stock	Retained earnings	2,789	31.00	March 31, 2009	June 5, 2009

Consolidated fiscal year under review (April 1, 2009 - March 31, 2010)

1. Outstanding Stock

Type of stock	Previous consolidated fiscal year	Increase	Decrease	Current consolidated fiscal year
Common stock (1,000s of stocks)	93,949	-	-	93,949

2. Treasury Shares

Type of stock	Previous consolidated fiscal year	Increase	Decrease	Current consolidated fiscal year
Common stock (1,000s of stocks)	3,967	434	613	3,787

(Outline of reasons for changes)

The reasons for the increases can be broken down into purchase demands from dissenting shareholders under Article 797 Paragraph 1 of the Companies Act, resulting in acquisitions of 395,000 stocks, and an increase of 39,000 stocks as a result of purchases of odd stock.

Decreases are the result of a stock swap with CHUOUNYU Co., Ltd. on September 1, 2009 totaling 611,000 stocks and applications for further purchases of odd stock totaling 2,000 stocks.

3. Subscription Rights to Stock

N/A

4. Dividends

(1) Dividend Payments

Resolution	Type of stock	Total dividends paid (millions yen)	Dividend per share (yen)	Record date	Effective date
May 8, 2009 Board of Directors Meeting	Common stock	2,789	31.00	March 31, 2009	June 5, 2009
November 6, 2009 Board of Directors Meeting	Common stock	2,808	31.00	September 30, 2009	December 10, 2009

(2) Dividends the effective date for which is in the consolidated fiscal year following the consolidated fiscal year of the record date

Resolution	Type of stock	Dividend capital	Total dividends paid (millions yen)	Dividend per stock (yen)	Record date	Effective date
May 10, 2010 Board of Directors Meeting	Common stock	Retained earnings	2,795	31.00	March 31, 2010	June 4, 2010

(Consolidated Statements of Cash Flows)

Previous consolidated accounting period (April 1, 2008 - March 31, 2009)	This consolidated accounting period (April 1, 2009 - March 31, 2010)
<p>1. Amounts recorded under "cash and cash equivalents, end of year" and consolidated balance sheet</p> <p>Cash and deposit accounts ¥70,841 million</p> <p>Long-term deposits of three months or more ¥(1,817) million</p> <p>Commercial paper from marketable securities <u>¥3,993 million</u></p> <p>Cash and cash equivalents ¥73,017 million</p>	<p>1. Amounts recorded under "cash and cash equivalents, end of year" and consolidated balance sheet</p> <p>Cash and deposit accounts ¥72,354 million</p> <p>Long-term deposits of three months or more ¥(2,398) million</p> <p>Commercial paper from marketable securities <u>¥1,998 million</u></p> <p>Cash and cash equivalents ¥71,954 million</p>
<p>2. Breakdown of major assets and liabilities at new consolidated subsidiaries through stock acquisitions</p> <p>The following is a breakdown of the major assets and liabilities at the beginning of consolidation at companies made into new consolidated subsidiaries in the current consolidated fiscal year through stock acquisitions.</p> <p>Current assets ¥4,628 million</p> <p>Fixed assets ¥2,273 million</p> <p>Current liabilities ¥(4,532) million</p> <p>Long-term liabilities ¥(744) million</p> <p>Minority shareholders' equity ¥(783) million</p> <p>Goodwill <u>¥2,128 million</u></p> <p>Acquisition price of stocks ¥2,969 million</p> <p>Cash and cash equivalents <u>¥(852) million</u></p> <p>Expenditure due to the acquisition of subsidiary company shares entailing a change in the scope of consolidation ¥2,116 million</p>	<p>2. Breakdown of major assets and liabilities at new consolidated subsidiaries through stock swaps.</p> <p>The following is a breakdown of the major assets and liabilities at the beginning of consolidation at companies made into new consolidated subsidiaries in the current consolidated fiscal year through stock swaps.</p> <p>Current assets ¥1,721 million</p> <p>Fixed assets ¥5,359 million</p> <p>Current liabilities ¥(3,048) million</p> <p>Long-term liabilities ¥(2,161) million</p> <p>Minority shareholders' equity ¥(60) million</p> <p>Goodwill ¥(120) million</p> <p>Acquisition price of stocks already owned <u>¥(2) million</u></p> <p>Acquisition price of stocks ¥1,688 million</p> <p>Cash and cash equivalents ¥(492) million</p> <p>Acquisition price of stocks from stock swap <u>¥(1,507) million</u></p> <p>Income due to the acquisition of subsidiary company shares entailing a change in the scope of consolidation ¥(312) million</p>

Segment information

1. Segment information classified according to business type

Previous consolidated fiscal year (April 1, 2008 - March 31, 2009)

	Pharmaceutical Distribution (million yen)	Pharmaceutical Manufacturing (million yen)	Health-related service (million yen)	Total (million yen)	Deletions or company-wide (million yen)	Consolidated (million yen)
I. Net sales and operating profits						
Net sales						
(1) Sales to external customers	1,564,873	19,741	56,716	1,641,331	-	1,641,331
(2) Intersegment sales and transfers	15,512	42,577	2,503	60,593	(60,593)	-
Total	1,580,386	62,318	59,219	1,701,925	(60,593)	1,641,331
Operating expenses	1,573,456	55,899	58,020	1,687,376	(60,725)	1,626,650
Operating income	6,930	6,419	1,199	14,548	131	14,680
II. Assets, depreciation, impairment losses and capital expenditures						
Assets	733,264	50,584	36,379	820,228	8,286	828,515
Depreciation	5,153	1,195	738	7,087	(19)	7,067
Impairment loss	380	-	-	380	-	380
Capital expenditures	12,426	1,705	1,202	15,333	-	15,333

(Notes) 1. Business segments have been classified into “Pharmaceutical Distribution”, “Pharmaceutical Manufacturing” and “Healthcare-related service” in consideration of sales methods, and similarity of business organization, markets and technology.

2. The main contents of each business segment are as follows.

- (1) Pharmaceutical Distribution business..... sale of pharmaceutical products, diagnostic reagents and medical equipment and supplies
- (2) Pharmaceutical Manufacturing business manufacture of pharmaceutical products and diagnostics reagents
- (3) Healthcare-related service business
 - Healthcare-related service sale of healthcare-related literature and the dispatch of clinical research coordinators
 - Medical equipment manufacturing manufacture of biological and physiological measuring equipment, such as electrocardiographic equipment and blood pressure gauges
 - Health insurance pharmacies preparation of drugs based on prescriptions from medical institutions
 - Other insurance agency and the sale of health foods and products

3. Company assets in the current consolidated fiscal year erased or included under company-wide headings totaled ¥42,523 million, and were largely composed of surplus management funds (marketable securities), long-term investment funds (investment securities), and assets related to management departments.

4. As pointed out in 4 (1) of “Summary of Significant Accounting Policies for the Preparation of Consolidated Financial Statements“, the Company has applied the “Accounting Standards for Measurement of Inventories” (ASBJ Statement No.9 – July 5, 2006) from this consolidated fiscal year. Accordingly, in comparison with calculation under the previous methods, operating expenses in the current consolidated fiscal year fell by the following amounts, with operating incomes rising by the same amounts: pharmaceutical distribution business ¥1,177 million; and pharmaceutical manufacturing business ¥6 million.

Consolidated fiscal year under review (April 1, 2009 - March 31, 2010)

	Pharmaceutical Distribution (million yen)	Pharmaceutical Manufacturing (million yen)	Health-related service (million yen)	Total (million yen)	Deletions or company-wide (million yen)	Consolidated (million yen)
I. Net sales and operating profits						
Net sales						
(1) Sales to external customers	1,638,026	20,168	77,280	1,735,476	-	1,735,476
(2) Intersegment sales and transfers	19,740	46,052	4,062	69,855	(69,855)	-
Total	1,657,766	66,221	81,343	1,805,332	(69,855)	1,735,476
Operating expenses	1,651,841	60,636	79,048	1,791,526	(70,123)	1,721,402
Operating income	5,925	5,585	2,294	13,805	268	14,073
II. Assets, depreciation, impairment losses and capital expenditures						
Assets	755,277	51,798	46,689	853,765	4,842	858,608
Depreciation	5,721	1,441	1,065	8,228	(15)	8,212
Impairment loss	60	2	33	97	-	97
Capital expenditures	18,989	1,641	2,153	22,783	-	22,783

(Notes) 1. Business segments have been classified into “Pharmaceutical Distribution”, “Pharmaceutical Manufacturing” and “Healthcare-related service” in consideration of sales methods, and similarity of business organization, markets and technology.

2. The main contents of each business segment are as follows.

- (1) Pharmaceutical Distribution business..... sale of pharmaceutical products, diagnostic reagents and medical equipment and supplies
- (2) Pharmaceutical Manufacturing business manufacture of pharmaceutical products and diagnostics reagents
- (3) Healthcare-related service business
 - Healthcare-related service sale of healthcare-related literature and the dispatch of clinical research coordinators
 - Medical equipment manufacturing manufacture of biological and physiological measuring equipment, such as electrocardiographic equipment and blood pressure gauges
 - Health insurance pharmacies preparation of drugs based on prescriptions from medical institutions
 - Other transportation and delivery of pharmaceutical products

3. Company assets in the current consolidated fiscal year erased or included under company-wide headings totaled ¥42,735 million, and were largely composed of surplus management funds (marketable securities), long-term investment funds (investment securities), and assets related to management departments.

2. Geographic Segment Information

Geographic segment information has been omitted because the Company has not possessed important subsidiaries or overseas offices located in countries or regions outside Japan during the current or previous consolidated fiscal years.

3. Overseas Sales

Notes regarding overseas sales in the previous and current consolidated fiscal years have been omitted because overseas sales were less than 10% of consolidated sales.

Omitted Disclosures

Notices regarding lease transactions, transactions with related parties, tax effect accounting, financial products, marketable securities, derivatives trading, accrued benefits, stock options and corporate mergers have been omitted because there is deemed to be little need in relation to the disclosure of financial statements.

Per Share Data

Previous consolidated accounting period (April 1, 2008 - March 31, 2009)	This consolidated accounting period (April 1, 2009 - March 31, 2010)
Net assets per share: 2,961.98 yen	Net assets per share: 3,080.67 yen
Net income per share: 77.10 yen	Net income per share: 154.96 yen
Net income per share after adjustments for residual securities has not been recorded because there were no residual securities in the current consolidated fiscal year.	Net income per share after adjustments for residual securities has not been recorded because there were no residual securities in the current consolidated fiscal year.

(Note) The basis for calculating net income per share is as follows.

	Previous consolidated accounting period (April 1, 2008 - March 31, 2009)	This consolidated accounting period (April 1, 2009 - March 31, 2010)
Net income per share		
Current net income (millions yen)	7,072	13,969
Amount not attributed to ordinary shareholders (millions yen)	-	-
Amount attributed to common stock (millions yen)	7,072	13,969
Average number of common stock during the period (1,000s of stocks)	91,731	90,151

Important Post-Balance Sheet Events

N/A

5. [Non-consolidated Financial Statements]**(1) [Balance sheet]**

(Units: Millions of yen)

	Previous fiscal year (March 31, 2009)	This fiscal year (March 31, 2010)
Assets		
Current Assets:		
Cash and cash equivalents	39,378	40,689
Trade notes	4,914	4,547
Account receivable	382,607	392,421
Marketable securities	8,784	7,293
Merchandises and products	75,555	73,327
Products in process	139	128
Raw materials and inventories of merchandise and supplies	403	457
Prepaid expenses	1	1
Deferred tax assets	5,862	4,318
Purchase rebates receivable	18,889	18,986
Other current assets	2,266	2,303
Allowance for doubtful accounts	(2,995)	(2,669)
Total Current Assets	535,806	541,807

(Units: Millions of yen)

	Previous fiscal year (March 31, 2009)	This fiscal year (March 31, 2010)
Property and Equipment		
Tangible Fixed Assets		
Buildings	43,654	44,509
Accumulated depreciation	(22,774)	(24,005)
Buildings (net)	20,879	20,504
Structures	2,547	2,560
Accumulated depreciation	(1,923)	(2,004)
Structures (net)	623	556
Machinery and equipment	5,872	5,916
Accumulated depreciation	(3,549)	(3,980)
Machinery and equipment (net)	2,323	1,935
Vehicles	313	279
Accumulated depreciation	(244)	(236)
Vehicles (net)	68	43
Tools, furniture and fixtures	5,928	6,425
Accumulated depreciation	(4,674)	(4,969)
Tools, furniture and fixtures (net)	1,254	1,456
Land	31,625	31,466
Construction in progress	1,187	4,551
Total tangible fixed assets	57,961	60,514
Intangible Fixed Assets		
Goodwill	80	51
Lease rights	386	386
Software	4,779	7,915
Telephone subscription rights	151	151
Other	6,386	6,704
Total Intangible Fixed Assets	11,785	15,209
Total Investments and Other Assets		
Investment securities	51,472	54,247
Subsidiaries' stocks	43,570	46,118
Investments	164	135
Investments in subsidiaries	2,338	2,338
Long-term loans	247	128
Long-term loans to employees	3	2
Long-term loans to subsidiaries	11,628	13,880
Claims in bankruptcy	1,083	529
Long-term prepaid expenses	254	287
Prepaid pension expenses	20,812	23,321
Other assets	4,897	4,854
Allowance for doubtful accounts	(1,225)	(628)
Total investments and other assets	135,246	145,216
Total Fixed Assets	204,993	220,941
Total Assets	740,800	762,748

(Units: Millions of yen)

	Previous fiscal year (March 31, 2009)	This fiscal year (March 31, 2010)
Liabilities		
Current Liabilities:		
Trade notes	2,844	2,300
Accounts payable	480,300	488,503
Accrued liabilities	6,930	7,965
Accrued expenses	1,310	1,348
Consumption taxes payable	-	475
Income taxes payable	197	2,411
Advances received	0	23
Deposits received	199	197
Advance profits received	3	1
Reserves for sales returns	365	359
Accrued bonuses	3,961	4,085
Deposits received from affiliate CMS	10,973	13,000
Other current liabilities	66	89
Total Current Liabilities	507,155	520,762
Long-term Liabilities:		
Deferred tax liabilities	5,163	8,174
Deferred tax liabilities on revaluations	2,119	2,101
Other long-term liabilities	430	379
Total Long-term Liabilities	7,712	10,655
Total Liabilities	514,867	531,418
Net Assets		
Shareholders' Equity		
Common stock	13,546	13,546
Capital surplus		
Capital reserve	33,836	33,836
Other capital surpluses	7,152	6,678
Total capital surpluses	40,989	40,515
Retained earnings		
Retained earnings reserve	3,278	3,278
Other retained earnings		
Reserve for advanced depreciation of fixed assets	527	527
Special reserve	100,000	100,000
Retained earnings carried forward	87,731	90,510
Total retained earnings	191,537	194,316
Treasury stock, at cost	(12,682)	(12,025)
Total Shareholders' Equity	233,391	236,353
Valuation and Translation Adjustments		
Net unrealized gain on available-for-sale securities	(379)	1,979
Land revaluation difference	(7,079)	(7,003)
Total Valuation and Translation Adjustments	(7,458)	(5,023)
Total Net Assets	225,932	231,330
Total Liabilities and Net Assets	740,800	762,748

(2) [Statements of Income]

(Units: Millions of yen)

	Previous fiscal year (April 1, 2008 - March 31, 2009)	This fiscal year (April 1, 2009 - March 31, 2010)
Net Sales	1,443,457	1,518,724
Cost of Sales		
Beginning of term inventories of merchandise and products	71,902	75,555
Merchandise purchases	1,359,795	1,428,641
Product purchases	747	640
Total	1,432,446	1,504,837
Transfers from other accounts	1,172	109
End of term inventories of merchandise and products	75,555	73,327
Total cost of sales	1,355,718	1,431,401
Gross Profit	87,739	87,322
Reversal of sales returns	416	365
Provision for sales returns	365	359
Gross Profit after Adjustment	87,790	87,328
Selling, General and Administrative Expenses		
Freight outward	12,556	13,000
Sales promotion expenses	289	279
Vehicles expenses	1,611	1,474
Advertising expenses	309	321
Directors' remuneration	371	328
Salaries and allowances	25,186	24,987
Bonuses	4,476	3,839
Provision for accrued bonuses	3,897	4,034
Retirement benefits	2,656	2,660
Welfare expenses	4,957	4,803
Entertainment expenses	168	166
Travel and transportation expenses	790	733
Communications expenses	1,200	1,306
Utilities expenses	949	862
Taxes and public charges	1,035	1,045
Lease expenses	4,393	4,576
Business consignment expenses	10,332	10,806
Depreciation expenses	4,230	4,664
Other	4,082	3,992
Total selling, general and administrative expenses	83,497	83,884
Operating Income	4,293	3,443

(Units: Millions of yen)

	Previous fiscal year (April 1, 2008 - March 31, 2009)	This fiscal year (April 1, 2009 - March 31, 2010)
Non-operating Income:		
Interests income	428	294
Dividends income	1,386	1,851
Purchase discounts	6,378	6,883
Commission for supplying sales data	3,389	3,561
Rents received	475	500
Other	1,975	1,737
Total Non-Operating Income	14,033	14,829
Non-operating Expenses:		
Interest expenses	33	11
Sales discount	1,021	1,216
Real estate rental expenses	153	150
Other	56	54
Total Non-Operating Expenses	1,266	1,432
Ordinary Income	17,061	16,841
Extraordinary Gain:		
Gain on disposal of fixed assets	25	35
Gain on sale of investment securities	51	101
Subsidy income	204	207
Total Extraordinary Profits	281	344
Extraordinary Loss:		
Loss on retirement and sales of fixed assets	176	2,200
Impairment loss	301	43
Loss on revaluation of inventories	937	-
Loss on revaluation of investment securities	4,223	435
Loss on revaluation of stock in affiliated companies	-	363
Special severance payments for retired employees	8,112	-
Other	117	134
Total Extraordinary Losses	13,869	3,176
Pre-tax net income	3,473	14,009
Income taxes	171	2,584
Income taxes – deferred	1,018	2,972
Total income taxes	1,189	5,556
Net income	2,284	8,452

(3) [Statements of Changes in Shareholders' Equity]

(Units: Millions of yen)

	Previous fiscal year (April 1, 2008 - March 31, 2009)	This fiscal year (April 1, 2009 - March 31, 2010)
Shareholders' equity		
Common stock		
Balance at end of previous fiscal year	13,546	13,546
Changes during fiscal year		
Total changes during fiscal year	-	-
Balance at end of fiscal year	13,546	13,546
Capital surplus		
Capital reserves		
Balance at end of previous fiscal year	33,836	33,836
Changes during fiscal year		
Total changes during fiscal year	-	-
Balance at end of fiscal year	33,836	33,836
Other capital surpluses		
Balance at end of previous fiscal year	7,154	7,152
Changes during fiscal year		
Disposal of treasury stock	(1)	(473)
Total changes during fiscal year	(1)	(473)
Balance at end of fiscal year	7,152	6,678
Total capital surpluses		
Balance at end of previous fiscal year	40,991	40,989
Changes during fiscal year		
Disposal of treasury stock	(1)	(473)
Total changes during fiscal year	(1)	(473)
Balance at end of fiscal year	40,989	40,515
Retained earnings		
Retained earnings reserve		
Balance at end of previous fiscal year	3,278	3,278
Changes during fiscal year		
Total changes during fiscal year	-	-
Balance at end of fiscal year	3,278	3,278
Other retained earnings		
Reserve for advanced depreciation of fixed assets		
Balance at end of previous fiscal year	527	527
Changes during fiscal year		
Total changes during fiscal year	-	-
Balance at end of fiscal year	527	527
Special reserve		
Balance at end of previous fiscal year	100,000	100,000
Changes during fiscal year		
Total changes during fiscal year	-	-
Balance at end of fiscal year	100,000	100,000

(Units: Millions of yen)

	Previous fiscal year (April 1, 2008 - March 31, 2009)	This fiscal year (April 1, 2009 - March 31, 2010)
Retained earnings carried forward		
Balance at end of previous fiscal year	90,508	87,731
Changes during fiscal year		
Dividends on surpluses	(5,147)	(5,597)
Net income	2,284	8,452
Write-off due to land revaluation difference	85	(75)
Total changes during fiscal year	(2,777)	2,779
Balance at end of previous fiscal year	87,731	90,510
Total retained earnings		
Balance at end of previous fiscal year	194,315	191,537
Changes during fiscal year		
Dividends on surpluses	(5,147)	(5,597)
Net income	2,284	8,452
Write-off due to land revaluation difference	85	(75)
Total changes during fiscal year	(2,777)	2,779
Balance at end of fiscal year	191,537	194,316
Treasury stock		
Balance at end of previous fiscal year	(7,663)	(12,682)
Changes during fiscal year		
Acquisition of treasury stock	(5,028)	(1,304)
Disposal of treasury stock	9	1,962
Total changes during fiscal year	(5,018)	657
Balance at end of fiscal year	(12,682)	(12,025)
Total shareholders' equity		
Balance at end of previous fiscal year	241,188	233,391
Changes during fiscal year		
Dividends on surpluses	(5,147)	(5,597)
Net income	2,284	8,452
Acquisition of treasury stock	(5,028)	(1,304)
Disposal of treasury stock	8	1,488
Write-off due to land revaluation difference	85	(75)
Total changes during fiscal year	(7,797)	2,962
Balance at end of fiscal year	233,391	236,353

(Units: Millions of yen)

	Previous fiscal year (April 1, 2008 - March 31, 2009)	This fiscal year (April 1, 2009 - March 31, 2010)
Valuation and translation adjustments		
Net unrealized gain on available-for-sale securities		
Balance at end of previous fiscal year	831	(379)
Changes during fiscal year		
Changes during fiscal year to items other than shareholders' equity (net)	(1,211)	2,359
Total changes during fiscal year	(1,211)	2,359
Balance at end of fiscal year	(379)	1,979
Land revaluation difference		
Balance at end of previous fiscal year	(6,993)	(7,079)
Changes during fiscal year		
Changes during fiscal year to items other than shareholders' equity (net)	(85)	75
Total changes during fiscal year	(85)	75
Balance at end of fiscal year	(7,079)	(7,003)
Total valuation and translation adjustments		
Balance at end of previous fiscal year	(6,162)	(7,458)
Changes during fiscal year		
Changes during fiscal year to items other than shareholders' equity (net)	(1,296)	2,435
Total changes during fiscal year	(1,296)	2,435
Balance at end of fiscal year	(7,458)	(5,023)
Total net assets		
Balance at end of previous fiscal year	235,026	225,932
Changes during fiscal year		
Dividends on surpluses	(5,147)	(5,597)
Net income	2,284	8,452
Acquisition of treasury stock	(5,028)	(1,304)
Disposal of treasury stock	8	1,488
Write-off due to land revaluation difference	85	(75)
Changes during fiscal year to items other than shareholders' equity (net)	(1,296)	2,435
Total changes during fiscal year	(9,094)	5,397
Balance at end of fiscal year	225,932	231,330

(4) Notes on the Assumption of the Company as a Going Concern

N/A

(5) Significant Accounting Policies

Changes in Methods of Presentation
(Statements of Income)

In the previous consolidated fiscal year “Special severance payments for retired employees” (¥17 million in the current consolidated fiscal year) was recorded, but this has been recorded as “Other” under extraordinary losses because the total amount fell below 10% of total extraordinary losses.

(6) Notes on Non-consolidated Financial Statements

(Balance sheet)

Previous fiscal year (March 31, 2009)	This fiscal year (March 31, 2010)
<p>1. Land has been revalued in accordance with the Act on Revaluation of Land (Law No. 34 enforced on March 31, 1998). The tax effect accounting part of the revaluation amount has been recorded as “deferred tax liabilities on reevaluations” under long-term liabilities and the remainder has been recorded as “land revaluation difference” under net assets.</p> <p>Method of revaluation: In order to calculate the land value to be used as the basis for calculating the tax value of land provided for under Article 16 of the Land Value Tax Act, as stipulated under Article 2 Paragraph 4 of the “Enforcement Regulations of the Law Concerning Revaluation of Land” (Ordinance No. 119 enforced on March 31, 1998), revaluation has been calculated using reasonable adjustments to the values calculated using the methods set out and published by the Commissioner of the National Tax Agency.</p> <p>Date of revaluation: March 31, 2002 Difference between market value of revalued land in the current consolidated fiscal year and the book value after revaluation: ¥(3,478) million</p>	<p>1. Land has been revalued in accordance with the Act on Revaluation of Land (Law No. 34 enforced on March 31, 1998). The tax effect accounting part of the revaluation amount has been recorded as “deferred tax liabilities on reevaluations” under long-term liabilities and the remainder has been recorded as “land revaluation difference” under net assets.</p> <p>Method of revaluation: In order to calculate the land value to be used as the basis for calculating the tax value of land provided for under Article 16 of the Land Value Tax Act, as stipulated under Article 2 Paragraph 4 of the “Enforcement Regulations of the Law Concerning Revaluation of Land” (Ordinance No. 119 enforced on March 31, 1998), revaluation has been calculated using reasonable adjustments to the values calculated using the methods set out and published by the Commissioner of the National Tax Agency.</p> <p>Date of revaluation: March 31, 2002 Difference between market value of revalued land in the current consolidated fiscal year and the book value after revaluation: ¥(4,400) million</p>
<p>2. Assets used as collateral ¥168 million in investment securities has been used as collateral for guarantee deposits.</p>	<p>2. Assets used as collateral ¥177 million in investment securities has been used as collateral for guarantee deposits.</p>
<p>3. Major assets and liabilities in respect to affiliated companies Accounts receivable ¥86,518 million Accounts payable ¥13,359 million</p>	<p>3. Major assets and liabilities in respect to affiliated companies Accounts receivable ¥89,665 million Accounts payable ¥13,591 million</p>
<p>4. Contingency liabilities We have carried out debt guarantees for customers’ borrowings from financial institutions as follows. ¥34 million</p>	<p>4. Contingency liabilities (1) The following guarantees have been made in respect of a real estate lease contract entered into by affiliated company Collaboworks Co., Ltd. ¥1,340 million (2) We have carried out debt guarantees for other customers’ borrowings from financial institutions as follows. ¥32 million</p>
<p>5. ¥4,791 million of marketable securities and ¥19,196 million of investment securities have been used as collateral in loan transactions.</p>	<p>5. ¥4,794 million of marketable securities and ¥19,216 million of investment securities have been used as collateral in loan transactions.</p>

(Statements of Income)

Previous fiscal year (April 1, 2008 - March 31, 2009)	This fiscal year (April 1, 2009 - March 31, 2010)																																																																
<p>1. Details of gain on disposal of fixed assets</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Land</td> <td style="text-align: right;">¥24 million</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">(Nil)</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">¥25 million</td> </tr> </table> <p>2. Details of loss on retirement and sales of fixed assets</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Loss on retirement of fixed assets</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">¥100 million</td> </tr> <tr> <td>Structures</td> <td style="text-align: right;">¥4 million</td> </tr> <tr> <td>Machinery and equipment</td> <td style="text-align: right;">¥14 million</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">¥18 million</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">¥137 million</td> </tr> </table> <p>Loss on sale of fixed assets</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td>Land</td> <td style="text-align: right;">¥3 million</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">¥14 million</td> </tr> <tr> <td>Telephone subscription rights</td> <td style="text-align: right;">¥20 million</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">¥38million</td> </tr> </table> <p>Total loss on retirement and sales of fixed assets ¥176 million</p> <p>3. Impairment losses</p> <p style="padding-left: 20px;">The Company has recorded impairment losses for the following asset groups in the current business year.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 30%;">Location</th> <th style="width: 30%;">Use</th> <th style="width: 40%;">Classification</th> </tr> </thead> <tbody> <tr> <td>Nishi Ward, Saitama City, and other locations: 3 in total</td> <td>Underutilized real estate</td> <td>Land, buildings</td> </tr> </tbody> </table> <p style="margin-top: 10px;">The Company includes individual properties from underutilized real estate in its asset groups.</p> <p style="margin-top: 5px;">Impairment losses of ¥301 million (of which ¥113 million were losses from “Land”, ¥180 million were losses from “Buildings” and ¥8 million were losses from “Others”) were recorded for underutilized real estate because of changes to business use resulting from branch transfers.</p> <p style="margin-top: 5px;">Recoverable amounts have been measured using net sale value and calculations have been made based upon valuations from a real estate surveyor.</p>	Land	¥24 million	Tools, furniture and fixtures	(Nil)	Total	¥25 million	Loss on retirement of fixed assets		Buildings	¥100 million	Structures	¥4 million	Machinery and equipment	¥14 million	Tools, furniture and fixtures	¥18 million	Total	¥137 million	Land	¥3 million	Buildings	¥14 million	Telephone subscription rights	¥20 million	Total	¥38million	Location	Use	Classification	Nishi Ward, Saitama City, and other locations: 3 in total	Underutilized real estate	Land, buildings	<p>1. 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(Statements of Changes in Shareholders' Equity)

Previous fiscal year (April 1, 2008 - March 31, 2009)

Treasury Stock

Type of stock	Previous fiscal year	Increase	Decrease	Fiscal year under review
Common stock (1,000s of stocks)	2,033	1,936	2	3,967

(Outline of reasons for changes)

The reasons for the increases can be broken down into the acquisition of 1,927,000 treasury stocks through treasury stock acquisition resolutions passed by the Board of Directors meeting held on February 6, 2009, and an increase of 8,000 stocks as a result of purchases of odd stock.

Decreases are the result of applications for further purchases of odd stock.

This fiscal year (April 1, 2009 – March 31, 2010)

Treasury Stock

Type of stock	Previous fiscal year	Increase	Decrease	Fiscal year under review
Common stock (1,000s of stocks)	3,967	434	613	3,787

(Outline of reasons for changes)

The reasons for the increases can be broken down into purchase demands from dissenting shareholders under Article 797 Paragraph 1 of the Companies Act, resulting in acquisitions of 395,000 stocks, and an increase of 39,000 stocks as a result of purchases of odd stock.

Decreases are the result of a stock swap with CHUOU NYU Co., Ltd. on September 1, 2009 totaling 611,000 stocks and applications for further purchases of odd stock totaling 2,000 stocks.

Per Share Data

Previous fiscal year (April 1, 2008 - March 31, 2009)		This fiscal year (April 1, 2009 - March 31, 2010)	
Net assets per share:	2,510.87 yen	Net assets per share:	2,565.73 yen
Net income per share:	24.90 yen	Net income per share:	93.76 yen
Net income per share after adjustments for residual securities has not been recorded because there were no residual securities in the current consolidated fiscal year.		Net income per share after adjustments for residual securities has not been recorded because there were no residual securities in the current consolidated fiscal year.	

(Note) The basis for calculating net income per share is as follows.

	Previous fiscal year (April 1, 2008 - March 31, 2009)	This fiscal year (April 1, 2009 - March 31, 2010)
Net income per share		
Current net income (millions yen)	2,284	8,452
Amount not attributed to ordinary shareholders (millions yen)	-	-
Amount attributed to common shares (millions yen)	2,284	8,452
Average number of common shares during the period (1,000s of stocks)	91,731	90,151

Important Post-Balance Sheet Events

N/A

6. Other notes

(1) Transfer of directors

(As of June 25, 2010)

- i. Transfers of representative
N/A

- ii. Transfers of other directors
 - Candidates for new director
 - Director: Hiroshi Oba (Current position: Senior Executive Officer, Senior General Manager Sales Headquarters)
 - Director: Harutaka Yamashita (Current position: Senior Executive Officer, Senior General Manager Administrative Headquarters and Manager of China Business Promotion Dept.)

 - Candidates for new auditor
 - Permanent Auditor: Masahiro Sawada (Current position: Executive Officer)
 - Part-time Auditor: Tatsuya Inoue (Current position: Representative of Tatsuya Inoue Certified Public Accountant Office)

 - Directors scheduled to retire
 - Director: Hiroshi Kitao
 - Director: Kenji Kato

 - Auditors scheduled to retire
 - Permanent Auditor: Masaru Sumida
 - Part-time Auditor: Masafumi Nakamura

(2) Status of Production, Orders and Sales (Consolidated)**1. Production Results**

Production results in each business segment in the current consolidated fiscal year are as follows.

(Units: Millions of yen; fractions less than ¥1 million have been omitted)

Name of business segment	Amount	Year-on-year (%)
Pharmaceutical Manufacturing	16,572	115.9
Healthcare-related service	1,149	93.1
Total	17,722	114.1

(Note) Amounts are based on cost of manufacture and do not include taxes.

2. Merchandise Purchases Results

Merchandise purchase results in each business segment in the current consolidated fiscal year are as follows.

Name of business segment		Amount	Year-on-year (%)
Pharmaceutical distribution business	Ethical pharmaceuticals	1,414,850	104.8
	Diagnostic reagents	62,138	106.5
	Medical equipment and supplies	42,769	100.2
	Other	20,037	106.3
	Total	1,539,795	104.8
Pharmaceutical Manufacturing		36,778	110.8
Healthcare-related service		57,045	137.2
Subtotal		1,633,619	105.8
Intersegment elimination		(69,132)	115.1
Total		1,564,486	105.4

(Note) Amounts are based on purchase prices and do not include taxes.

3. Status of Orders

The status of orders in each business segment in the current consolidated fiscal year is as follows.

Name of business segment	Orders	Year-on-year (%)	Orders backlog	Year-on-year (%)
Pharmaceutical Manufacturing	2,344	100.1	593	89.2
Healthcare-related services	1,754	97.2	333	79.8
Intersegment elimination	(792)	97.3	(35)	130.9
Total	3,306	99.2	892	84.4

(Note) Above amounts do not include taxes.

4. Sales Results

Sales results in each business segment in the current consolidated fiscal year are as follows.

Name of business segment		Amount	Year-on-year (%)
Pharmaceutical distribution business	Ethical pharmaceuticals	1,519,933	105.0
	Diagnostic reagents	67,179	105.9
	Medical equipment and supplies	48,467	100.1
	Other	22,186	106.7
	Total	1,657,766	104.9
Pharmaceutical Manufacturing		66,221	106.3
Healthcare-related services		81,343	137.4
Subtotal		1,805,332	106.1
Intersegment elimination		(69,855)	115.3
Total		1,735,476	105.7

(Note) Amounts do not include taxes.

(3) Performance Trends and Forecasts (Consolidated)

1. Performance Trends and Forecasts for the Full Year

(Units: Millions of yen; fractions less than ¥1 million have been omitted)

	Fiscal year ending March 31, 2011 (Forecast)	Fiscal year ended March 31, 2010 (Actual)	Fiscal year ended March 31, 2009 (Actual)	Fiscal year ended March 31, 2008 (Actual)	Fiscal year ended March 31, 2007 (Actual)
Net sales	1,778,000	1,735,476	1,641,331	1,586,596	1,454,841
Operating income	21,800	14,073	14,680	23,250	18,411
Ordinary income	36,500	28,643	28,811	37,155	32,116
Net income	20,400	13,969	7,072	21,327	17,701

2. Interim and 2nd Quarter Cumulative Consolidated Accounting Period Performance Trends and Forecasts

	Fiscal year ending March 31, 2011 (2 nd Quarter Cumulative - Forecast)	Fiscal year ended March 31, 2010 (2 nd Quarter Cumulative - Actual)	Fiscal year ended March 31, 2009 (2 nd Quarter Cumulative - Actual)	Fiscal year ended March 31, 2008 (Interim - Actual)	Fiscal year ended March 31, 2007 (Interim - Actual)
Net sales	861,400	849,902	795,976	767,000	686,139
Operating income	4,700	5,735	6,465	9,195	7,202
Ordinary income	12,200	12,948	13,447	15,870	13,711
Interim income/ 2 nd quarter net income	6,700	7,054	4,883	8,875	7,632

3. Sales by Business

		Fiscal Year ending March 31, 2011 (Forecast)		Fiscal Year ended March 31, 2010 (Actual)	
		Amount	Year-on-year (%)	Amount	Year-on-year (%)
Pharmaceutical distribution business	Ethical pharmaceuticals	1,550,000	102.0	1,519,933	105.0
	Diagnostic reagents	68,300	101.7	67,179	105.9
	Medical equipment and supplies	50,000	103.2	48,467	100.1
	Other	22,700	102.3	22,186	106.7
	Total	1,691,000	102.0	1,657,766	104.9
Pharmaceutical Manufacturing		70,000	105.7	66,221	106.3
Healthcare-related service		88,100	108.3	81,343	137.4
Subtotal		1,849,100	102.4	1,805,332	106.1
Intersegment elimination		(71,100)	101.8	(69,855)	115.3
Total		1,778,000	102.5	1,735,476	105.7

4. Capital Expenditure and Depreciation Expenses

	Fiscal year ending March 31, 2011 (Forecast)	Fiscal year ended March 31, 2010 (Actual)	Fiscal year ended March 31, 2009 (Actual)	Fiscal year ended March 31, 2008 (Actual)	Fiscal year ended March 31, 2007 (Actual)
Capital expenditure	22,300	22,783	15,333	9,716	10,628
(capital expenditure on information investments)	12,500	8,853	5,979	2,580	3,126
Depreciation expenses	9,700	8,212	7,067	6,573	5,716

5. Research and Development Costs

	Fiscal year ending March 31, 2011 (Forecast)	Fiscal year ended March 31, 2010 (Actual)	Fiscal year ended March 31, 2009 (Actual)	Fiscal year ended March 31, 2008 (Actual)	Fiscal year ended March 31, 2007 (Actual)
Research and development costs	7,625	6,437	5,390	5,437	5,461

(4) Performance Trends and Forecasts (Non-consolidated)

1. Performance Trends and Forecasts for the Full Year

(Units: Millions of yen; fractions less than ¥1 million have been omitted)

	Fiscal year ending March 31, 2011 (Forecast)	Fiscal year ended March 31, 2010 (Actual)	Fiscal year ended March 31, 2009 (Actual)	Fiscal year ended March 31, 2008 (Actual)	Fiscal year ended March 31, 2007 (Actual)
Net sales	1,549,000	1,518,724	1,443,457	1,390,754	1,315,699
Operating income	10,400	3,443	4,293	14,210	13,917
Ordinary income	23,800	16,841	17,061	26,247	25,843
Net income	14,000	8,452	2,284	15,825	14,951

2. Interim and 2nd Quarter Cumulative Consolidated Accounting Period Performance Trends and Forecasts

	Fiscal year ending March 31, 2011 (2 nd Quarter Cumulative - Forecast)	Fiscal year ended March 31, 2010 (2 nd Quarter Cumulative - Actual)	Fiscal year ended March 31, 2009 (2 nd Quarter Cumulative - Actual)	Fiscal year ended March 31, 2008 (Interim - Actual)	Fiscal year ended March 31, 2007 (Interim - Actual)
Net sales	751,000	746,189	702,308	670,399	639,306
Operating income	800	597	1,673	5,380	5,082
Ordinary income	8,100	7,774	8,271	11,493	11,132
Interim income/ 2 nd quarter net income	5,300	5,230	3,407	6,823	6,576

3. Sales by Business

	Fiscal Year ending March 31, 2011 (Forecast)		Fiscal Year ended March 31, 2010 (Actual)	
	Amount	Year-on-year (%)	Amount	Year-on-year (%)
Pharmaceutical products	1,421,300	102.0	1,393,484	105.3
Diagnostic reagents	65,000	102.0	63,713	107.4
Medical equipment and supplies	43,300	102.2	42,385	100.2
Other	17,800	100.4	17,737	107.4
Merchandise subtotal	1,547,400	102.0	1,517,321	105.2
Products subtotal	1,600	114.0	1,403	86.5
Total	1,549,000	102.0	1,518,724	105.2

4. Capital Expenditure and Depreciation Expenses

	Fiscal year ending March 31, 2011 (Forecast)	Fiscal year ended March 31, 2010 (Actual)	Fiscal year ended March 31, 2009 (Actual)	Fiscal year ended March 31, 2008 (Actual)	Fiscal year ended March 31, 2007 (Actual)
Capital expenditure	14,800	13,217	11,138	5,508	7,497
(capital expenditure on information investments)	11,300	7,739	5,439	2,056	2,784
Depreciation expenses	5,600	4,794	4,342	4,177	3,643